

French President Hollande attends Berlin summit after inauguration

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French President François Hollande flew directly from his inauguration in Paris yesterday to Berlin, to meet with German Chancellor Angela Merkel for a discussion on economic policies.

The meeting came as attempts to form a government in Greece collapsed amid rising popular hostility across Europe to austerity policies demanded by the European Union (EU) under the leadership of Merkel and Hollande's conservative predecessor, Nicolas Sarkozy. The meeting was fraught with tension, as Hollande criticized the policies of Merkel and Sarkozy during his campaign, declaring that "austerity is not an unavoidable destiny."

In a joint press conference last night after meeting with Merkel, Hollande said he was sending a "signal" to the Greek people: "We will approach them with growth measures, so their continued presence in the euro zone can be assured."

Merkel also said that she wanted Greece—which is in danger of defaulting on its debts, as its economy has been shattered by devastating social cuts imposed by the banks and the EU—to keep using the euro.

Hollande's comments made clear, however, that he accepts the basic framework of budget cuts and social austerity laid out in the European fiscal pact negotiated this March. This is also in line with his policies at home. During his election campaign, he promised to cut French budget deficits to zero by 2017—eliminating over 100 billion euros (\$127 billion) in yearly deficits via a combination of spending cuts and tax increases.

He indicated that instead of renegotiating the fiscal pact, as he proposed during his campaign, he might accept simply a separate declaration on "growth" policies. He advocated using EU funds for investment and issuing so-called "euro bonds," debt obligations jointly backed by EU countries, to finance European

states' sovereign debts. He explained, "Everything must be put on the table by all sides, anything that can contribute to growth."

For her part, Merkel stressed that she would work with Hollande: "We are aware of our two countries' responsibilities to ensuring that Europe has good development. It is in this spirit that we will search for solutions."

Her subsequent comments made clear, however, that the German government does not intend to abandon its insistence on austerity policies. She called growth "a general concept" that could be implemented by various different policies and suggested that Hollande's policies were not so far removed from her own: "On the public square, one sees more divergences than actually exist in reality."

Merkel was apparently referring to Hollande's signals that immediately after the June legislative elections in France, he will dump many of his campaign promises and embark on a more openly pro-austerity program. (See: Incoming French president signals budget cuts, handouts to banks)

This week, Hollande's advisors again suggested that on European policy, the changes the new French president would seek would be entirely within the orbit of existing austerity policies.

Writing on Monday in the *Financial Times*, Harvard economics professor and Hollande economic advisor Philippe Aghion said: "[Hollande's] role model is Jacques Delors, former head of the European Commission and architect of the single market. Europe and the concern for budgetary discipline both run in his blood. ... Ms. Merkel should be in an optimistic mood. The fast-thinking, slow-moving new president should prove a willing partner in her mission to revive Europe."

While there are many indications that Hollande will largely line up with Merkel's agenda of cuts against the working class, there are sharp divisions over how to promote the diverging interests of Europe's ruling classes. Berlin has often refused to let the European Central Bank (ECB) print money to pay off banks holding European sovereign debt—a policy Hollande has repeatedly advocated.

The rest of Hollande's inauguration ceremony further underscored the moderate, pro-business character of his presidency. In an inaugural speech at the Elysée presidential palace, he warned of France's "massive debts" and "failing competitiveness," declaring that his agenda was "Rebuilding France fairly, opening a new way in Europe, and preserving world peace."

Hollande pledged to further decentralize French administration, to devolve state spending onto local administrations and to intensify negotiations with the "social partners"—the employers groups and trade union federations that oversee social spending.

He paid tribute to all the presidents of France's Fifth Republic which, apart from François Mitterrand of Hollande's own Socialist Party (PS), were all from the bourgeois right. Hollande praised "Charles de Gaulle, who put his prestige in the service of the grandeur and sovereignty of France, George Pompidou, who made the industrial imperative a national priority, Valéry Giscard d'Estaing, who re-energized France's modernization." He addressed a "very special thought" to Mitterrand and also praised Mitterrand's successor, the conservative Jacques Chirac.

Hollande then named his Elysée staff and the new prime minister of a temporary government that will rule until the June 10-17 parliamentary elections.

He selected Pierre-René Lemas, a former Interior Ministry official charged with decentralization policy during the 1980s, who went on to serve as prefect of Corsica and the Moselle, then as a secretary for Senate President Jean-Pierre Bel. Lemas will be assisted by Emmanuel Macron, a former official of the Rothschild bank who will counsel him on economic issues, and Nicolas Revel, the former chief of staff for Paris Mayor Bertrand Delanoë.

The Elysée diplomatic counselor will be Paul Jean-Ortiz, formerly the director for Asia and Oceania at the Foreign Ministry.

Lemas announced that Hollande has selected Jean-

Marc Ayrault, the former leader of the PS legislative group in the National Assembly, as interim prime minister. Announcements of other interim ministers are expected today. The French press described the nomination of Ayrault, the mayor of Nantes and a former professor of German, as a signal that Hollande would seek to maintain close ties with Germany.

Officials of France's right-wing Union for a Popular Movement (UMP) criticized Ayrault's nomination, noting that in 1997 he was given a 30,000-franc (4,600 euro) fine and a suspended six-month prison term for favoritism in awarding public contracts. They cited Hollande's declaration in an April 15 interview that if elected, "I will not have around me at the Elysée anyone who was tried and convicted."

Neo-fascist leader Marine Le Pen said that Ayrault's nomination was "a first break in the contract of confidence that François Hollande has tried to negotiate with the French people, since Jean-Marc Ayrault, given his trial and conviction, does not meet the criteria laid out by François Hollande."

She attacked claims that Ayrault would help smooth over relations with Germany: "We did not need a German-speaking prime minister. It is enough to know one word faced with Mrs. Merkel, which is 'Nein.'"

Ayrault responded that his "personal probity" was not put in question by the ruling, which was overturned in 2007. His lawyer told TF1 that "mentioning" this conviction is "violating penal law."



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