

# France ratifies European Stability and Growth Pact

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On Tuesday October 9 the French National Assembly ratified the European Stability and Growth Pact (SGP), by a joint vote of the ruling Socialist Party (PS) and the opposition conservative UMP (Union for a Popular Movement) of former President Nicolas Sarkozy.

The next day the Senate also voted for ratification, making France the ninth of seventeen euro zone countries to ratify the Pact, which will be operational by January 1, in the likely event that at least 12 euro zone countries have done so by then.

The SPG, also known as the Fiscal Pact, imposes the reduction of a country's budget deficit to 3 percent of its gross domestic product (GDP) under pain of a fine of up to 0.5 percent of GDP. It also limits the national debt of 60 percent of GDP. It is part of a Europe-wide austerity drive, carried out on behalf of the banks, which has reduced the economy of Greece by 20 percent and hit social conditions throughout Europe, provoking massive protests by the working class.

Of the 568 deputies, 477 voted for the treaty, with 70 against and 21 abstentions. The majority was made up of 285 PS deputies joined by 167 UMP deputies. The "Merkozy" treaty, named after its main instigators—former conservative French President Nicolas Sarkozy and German Chancellor Angela Merkel—was ratified without a comma changed.

This exposes PS President François Hollande's fraudulent campaign pledge that he would renegotiate the fiscal pact. It also underlines the fundamental continuity between the current PS government and its UMP predecessor.

The bourgeois "left" deputies voting against the ratification included 20 PS deputies, 12 of the 17 Greens, and the 10 representatives of Left Front (FG) coalition—which includes former PS minister Jean-Luc Mélenchon's Left Party (PG) and the French

Communist Party (PCF). In the Senate, the majority of the Greens did not vote against.

In order for the Pact to be integrated into French law, a further organic law had to be passed, incorporating the so-called golden rule, or budgetary straight jacket. It was passed by the deputies on October 11, and this time only 3 of the PS group voted against, while 11 Greens voted for it. The Senate will vote on it on October 29.

These votes were taken with total contempt for opposition to social austerity from the working class in Europe. In recent weeks, millions of workers have gone on strike or marched in protests around Europe, including in Greece, Portugal, and France.

The government, which plans to reduce the deficit next year by over €30 billion, now proposes to cut €40 billion from employers' yearly social security contributions by the end of Hollande's term. It will pass on the cost to taxpayers and onto purchase tax, in order to cut labour costs and boost corporate profits.

The PS' support for a completely unmodified version of the European fiscal pact starkly exposes the bankruptcy of France's petty-bourgeois pseudo-left parties. The PS government was voted in with the support of the pseudo-left New Anti-capitalist Party, the PG, the PCF and the unions, on the basis that Hollande was more susceptible to pressure from the working class than Sarkozy.

In fact, it is a tool of the capitalists. The Medef, the main French employers association, hailed the ratification as "indispensable" for "the future of the euro and the stability of Europe". It also took the opportunity to claim that "the only possible road [against the deficits] is reforms and the cutting of public spending."

On October 14 Laurence Parisot, president of the Medef told *Le Figaro* that a "competitiveness

shock”—i.e., a drastic reduction in wage and labour costs of at least €30 billion over the next 2 or 3 years—was imperative. She claimed, “We have gone from a gale warning to a hurricane warning”, adding: “Some employers are in a state of quasi-panic. ... The rate of bankruptcies accelerated over the summer, and no sector is predicting anything other than pessimistic forecasts till the end of the year.”

The government responded by reducing proposed taxes for start-up companies, known as “pigeons”. The PS speaker of the National Assembly, Claude Bartolone, stated on Sunday: “Europe cannot be the continent where they say ‘austerity, austerity, unemployment. At the same time, France must be very careful to show that it wants to get the country out of debt.’”

Mélenchon commented after the vote for the ratification of the Pact that “a left alternative has emerged with the joint votes of the Socialist, Greens and Left Front votes against the treaty. There you have the future of the left...”

Since he has guaranteed that the PG would never support a vote of censure of the PS government, and Mélenchon defends the European Union and the euro, this is empty bluster.



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