

Cahuzac tax scandal, neo-fascist ties stagger France's ruling Socialist Party

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The growing scandal over undeclared overseas bank accounts held by France's former Budget Minister Jérôme Cahuzac has staggered the Socialist Party (PS) administration of President François Hollande.

Cahuzac—a key architect of last year's multi-billion-euro budget cuts in France, an advocate of support for European Union (EU) austerity policies directed by Berlin, and the leader in the PS' supposed campaign against tax evasion—apparently evaded his own taxes.

Cahuzac confessed on Tuesday to holding the overseas accounts, and in a blog post, announced that he was returning 600,000 euros (US\$776,000) held in a bank account in Singapore to his account in Paris.

Cahuzac resigned as Hollande's approval ratings collapsed to new record lows, around 30 percent, amid mass anger in the working class with his policies of austerity and war in Syria and Mali. On Wednesday, Hollande recorded a brief speech, proposing greater financial disclosure requirements for public officials before hurrying off for two days of trade talks in Morocco.

With the story leading France's newspapers and broadcast news throughout the week, officials and journalists are asking what Hollande and Prime Minister Jean-Marc Ayrault knew of the matter. Hollande reportedly had information supporting claims that Cahuzac was evading his taxes by December, shortly after the story was broken by the *Médiapart* web site. Nonetheless, the Hollande administration and large sections of the press defended him until this week.

Revelations concerning Cahuzac's secret accounts have brought to light his ties to the neo-fascist National Front (FN). The funds Cahuzac now holds in Singapore were first deposited into an account in Switzerland opened for Cahuzac by Philippe Péninque, a top FN

official and adviser of FN leader Marine Le Pen, in 1992.

At the time, according to *Le Monde*, Cahuzac had close financial and personal relations with members of the 1970s-1980s fascist student organization, the Union Defense Group (GUD), including Péninque. Today, these forces now make up the FN's so-called "Black Rats" faction. Péninque reportedly created the account to receive a payment from GUD member Lionel Queudot, who was repaying Cahuzac's investment in a failed Peruvian mining scheme that Queudot had hatched.

Marine Le Pen defended Péninque, saying: "It was a completely banal action. Twenty-five years ago, when I was in law school, one of my lawyer friends opened an overseas account for a client."

Ruling circles clearly fear that this scandal will discredit the entire political system, after a wave of scandals that has hit Hollande's conservative predecessors. Charles Pasqua and President Jacques Chirac have faced corruption charges, with Chirac being found guilty, and Sarkozy administration Budget Minister Eric Woerth was forced to resign amid charges that he illegally funneled money from billionaire Liliane Bettencourt to Sarkozy's campaign. *Médiapart*'s editor, Edwy Plenel, formerly editor of *Le Monde* and an ex-member of the petty-bourgeois Revolutionary Communist League (LCR), is backpedaling from the Cahuzac affair. Warning that "there is no point keeping on attacking Cahuzac"—a shift on his part, after attacking Cahuzac for months—he said, "What harms democracy does not makes journalists happy."

The Stalinist daily *L'Humanité* warned of a "brown wave" of neo-fascists exploiting the crisis of the PS and called for "strengthening the colors of the Republic."

Le Point, which initially criticized Cahuzac’s resignation as a “danger to democracy,” wrote that the government was “hit at its heart.”

PS politicians are declaring themselves “thunderstruck” that Cahuzac could have hidden offshore accounts—a position made all the less credible by revelations that Jean-Jacques Augier, Hollande’s friend and campaign finance manager, had offshore accounts in the Cayman Islands. Hollande was forced to issue a statement yesterday, stressing that his campaign’s accounts were “perfectly regular” and denying any knowledge of Augier’s investments.

Hollande also responded to calls from the conservative and neo-fascist politicians for the resignation of Finance Minister Pierre Moscovici or Prime Minister Jean-Marc Ayrault. He said, “As for the functioning of the government, there is on this issue no decision to be taken, as this would suggest that it [i.e., the government] has something to do with the matter.”

In fact, if Cahuzac’s finances have emerged as a major political issue in France, it is hardly because of his personal tax violations. These are financially far outweighed by PS corruption scandals like the Péciney or Taiwan frigate sales kickback scandals under President François Mitterrand in the late 1980s and 1990s, or the ongoing investigation into the mafia’s role in granting regional contracts in Marseille.

It is because Cahuzac’s actions are symbolic of those of the Hollande administration and of the PS itself. The budget minister who evaded his taxes while denouncing tax evasion is of a piece with the PS, whose mildly reformist rhetoric is simply a cover for right-wing, pro-business policies that contradict its promises at every step.

Hollande, who came to power promising that “austerity is not an unavoidable destiny” and pledging to impose a 75 percent tax on the rich, owed his victory primarily to popular opposition to his predecessor, Sarkozy. Since his election, he has imposed tens of billions of euros in social cuts, praised EU austerity measures that have devastated Greece in a February trip to Athens, and seen his 75 percent tax proposal ruled unconstitutional.

This tax was itself a fraud, as it applied to only to income of over €1 million—thus sparing the income on capital that makes up the quasi-totality of the ruling class’ income.

Cahuzac’s statement that as a PS member, “I neither believe in a great revolution nor a great reform,” is far more indicative of the PS’ character. Hostile to reforms to improve workers’ living standards, and even more hostile to socialist revolution and to the working class, it is a bourgeois party whose members can easily develop personal and business ties with fascists, as Cahuzac did.

Such ties are not chance occurrences, but deeply embedded in the political history of the PS—formed after the 1968 general strike as an electoral vehicle for François Mitterrand, a social democrat who began his career as an official in the fascist Vichy regime during World War II. It began as a coalition of ex-student radicals seeking to make a career in a bourgeois party led by Mitterrand, many of them ex-Trotskyists, and bourgeois youth entering politics on the basis of attraction for Mitterrand. It appears that Cahuzac was in the latter group.

In the late 1980s, Mitterrand used his friend, lawyer Roland Dumas, to enter into negotiations with FN leader Roland Gaucher and secure a promise by the FN to split the right-wing vote in the 1988 presidential elections. This allowed the Mitterrand and the PS to win, despite mass opposition to the austerity policies the PS had carried out against working people in the 1983 “austerity turn.”

As Cahuzac’s career shows, these relations have lasted to this day and continue to shape the PS’ politics.



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