Pointing to rise of neo-fascists, banks demand austerity in France

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Financial markets are demanding sweeping, Greek-style attacks on workers in France, criticising the French political establishment for being far behind in imposing austerity measures.

In an April 23 op-ed column titled "The most overvalued market in the world? France," the online financial journal *Market Watch* wrote: "The economy is flat-lining. Unemployment remains chronic. Competitiveness is declining. And the political system is heading for a meltdown. There is no country in the developed world right now facing more serious challenges than France, nor any in greater need of reform and re-invigoration."

"The stock market is buoyant, washed higher by a tide of enthusiasm for European equities. Bond yields remain low. Confidence has not yet cracked," it acknowledged. However, it wrote, "that can't last… France is in far worse shape than Germany or even Spain—and almost as bad as Italy."

Through this article, the banks sought to give their marching orders to the incoming Socialist Party (PS) government of Prime Minister Manuel Valls. Public anger is mounting over the record 5 million jobseekers in France, and markets want deep cuts in French public spending, which currently stands at 57 percent of GDP. Valls has made law-and-order appeals to far-right sentiment, while pledging €50 billion in spending cuts and €30 billion in corporate tax breaks as part of PS President François Hollande's so-called Responsibility Pact.

There is deep opposition in the working class, however, to Valls' initiatives. They will primarily strengthen the neo-fascist National Front (FN), which made significant gains in the March municipal elections due to popular disillusionment with the PS and its pseudo-left satellites, such as the Left Front and the New Anti-capitalist Party.

Significantly, moreover, *Market Watch* worried that the PS will not be able to push through Valls' program, dismissing it as a failure. It wrote, "Ominously, there is no prospect of political reform on the horizon—the only alternatives are even worse than the current failing establishment." It pointed to the rise of the FN, which recent polls still show receiving the largest vote in elections for the European parliament next month.

"Sooner or later investors are going to wake up to that, and start getting their money out," it wrote, "and the trigger could easily be the European elections in late May."

Such a crisis, were it to occur, would have broader ramifications than even the Greek debt crisis. France's sovereign debt, which is to hit €2 trillion later this year, is roughly 10 times larger than that of Greece. Like Spanish and Italian sovereign debt, it is too big to be covered by the bailout funds assembled by the euro zone countries in 2010 to cover the major banks' loans to Greece.

The banks and bourgeois politicians of all stripes would exploit such a crisis to press for deep attacks on the working class, along the lines of the devastation of Greece. It could also spell the end of the euro and of the European Union. If Paris decided to debase its currency and print money to cover capital outflows from France and repay its debts, this would face opposition in many European capitals—notably Berlin, who currently shares the euro currency with France.

Such considerations underlay the threat by then-French President Nicolas Sarkozy to pull France out of the euro in 2010, as tensions erupted between Berlin and Paris over the formation of the first Greek bailout package.

There is no question that the FN will emerge as a

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ruthless defender of capitalism against the working class. In this, it will have the support of the banks. It descends politically from the most ferocious forces of counterrevolution, the French collaborationists of the Nazi Occupation period and the hardline defenders of "French Algeria" during the war for Algerian independence.

The FN stresses its allegiance to capitalism, in terms largely indistinguishable from those adopted by the PS and many of its political allies. Last year, FN's leader Marine Le Pen said, "We still believe in free markets. The danger is ultra-liberalism, where financial markets impose all the rules."

What underlies the objections of *Market Watch* is, however, is its concern over the international implications of the adoption of a more nationalistic policy in France, in line with the rising influence of the FN.

It warns that the FN's "economic program remains insane. Pulling out of the euro, imposing trade barriers, forcing the Bank of France to print money to fund the budget deficit and reducing the retirement age to 60, it is a weird mix of the left and the right reminiscent of 1930s-style economic nationalism."

In fact, the character of the FN's program arises directly out of the criminal policies of the banks and, in particular, of Europe's bankrupt bourgeois "left" parties. Five years after the financial markets, the EU, and the social-democratic PASOK government began dismantling the Greek welfare state, social-democratic parties are seen throughout Europe as instruments of a bankers' dictatorship. Broad layers of workers hate the euro and the EU.

The PS and its pseudo-left satellites such as the New Anti-capitalist Party (NPA) have proven to be deeply reactionary organizations. Their free-market policies and close alignment on US foreign policy, viewed historically, are unusual even in the context of French imperialist politics. They have not only adopted free-market policies and promoted the EU, which the PS helped create. They also aligned themselves with US-led interventions in Syria and Ukraine, working closely with Washington in French imperialism's wars in sub-Saharan Africa.

The political vacuum created on the left by the reactionary evolution of the bourgeois "left" parties has allowed the FN to posture as France's only opposition party and demagogically advance policies associated with French bourgeois "left" politics of an earlier era.

The FN has not only stated its opposition to the euro and to the EU on the basis of a weak-money policy. It has also criticized the unpopular international policies of the PS and the NPA, like their alignment on Washington and Berlin in the Ukraine crisis—even though the fascist forces supported by imperialism in the Ukraine, such as the Svoboda party, are affiliated to the FN.

On a visit to Russia this month, FN leader Marine Le Pen said that Russia is being unfairly "demonized", and that a campaign against Russia has been cooked up at the highest levels of the EU leadership, with the implicit support of the United States. "I am surprised a Cold War on Russia has been declared in the European Union," she said.

It is a highly significant fact that the political party in France expressing the strongest opposition to the provocative Western intervention in Ukraine is the neo-fascists. The fact that the far right is emerging as the bourgeois alternative to the discredited policies of the bourgeois "left" groups underscores the violent trajectory upon which French imperialism is moving, amid the deepening crisis of European capitalism.

This demonstrates the urgent necessity of creating a new political leadership in the working class, fighting on a socialist, internationalist platform against capitalism and all of its representatives, from the pseudo-left and the bourgeois "left" parties to the neo-fascists.

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