

# French government collapses amid mounting anger over austerity policies

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French President François Hollande dissolved the five-month-old government of Prime Minister Manuel Valls on Monday, firing leading ministers who had publicly attacked the Socialist Party (PS) president's unpopular austerity policies.

Over the weekend, Economy Minister Arnaud Montebourg and Education Minister Benoît Hamon, in separate interviews in *Le Monde* and *Le Parisien* and together at a Socialist Party (PS) meeting Sunday at Frangy-en-Bresse, had denounced Hollande's austerity agenda as suicidal and dictated by Germany.

The two ministers speak for growing sections of the French ruling class that are dissatisfied with Hollande and fear a social explosion, as Europe's economy verges on a deflationary downward spiral, compounded by sanctions against Russia imposed in response to the Ukraine crisis.

With France's economy stagnant, opposition to the PS tops 80 percent in polls and support for the National Front (FN) continues to rise. Nonetheless, Hollande is rigidly pressing ahead with tens of billions of euros in unpopular social cuts.

"The forced march to slash public budget deficits is an economic aberration, a financial absurdity and a political disaster," Montebourg told *Le Monde*, adding that it was throwing the French population into the arms "of extremist parties."

In *Le Parisien*, Hamon criticized Hollande's austerity policies and accused Berlin of serving its own selfish interests within the European Union (EU). "Boosting demand is the precondition for the success of the supply-side policy we have carried out for two years. We cannot sell anything to the French people if they do not have enough revenue," Hamon said.

"[German Chancellor Angela] Merkel cannot be the person who sets the agenda on European policy," Hamon added. "Germany is pursuing its individual interests, and not those of Europe."

Montebourg echoed Hamon's criticisms of Germany in his address at Frangy-en-Bresse. "France is the euro zone's second biggest economy, the world's fifth-greatest power, and it does not intend to align itself, ladies and gentlemen, with the excessive obsessions of Germany," he said. "That is why the time has come for France and its government, in the name of the European Union's survival, to put up a just and sane resistance."

Coming from within the PS, the criticisms of Montebourg and Hamon accept the reactionary framework of the EU, reflecting the hopes of sections of French capital that Paris might obtain larger bank bailouts, like those of the Obama administration in the United States. Montebourg had last month set up an advisory council to "look for growth," including economists such as Joseph Stiglitz, Philippe Martin of the US Federal Reserve, and *Sciences-Po* Professor Jean-Paul Fitoussi.

On Monday, Hollande and Valls signaled that such comments were unacceptable, with the prime minister's office saying that Montebourg had crossed "a yellow line." After the government was dissolved, Valls invited the ministers one by one for discussions. Montebourg, Hamon and Culture Minister Aurélie Filippetti all resigned; the naming of a new ministerial cabinet is expected today.

After his departure from the government, Montebourg gave an extensive press conference. Explaining that he had "tried to convince and adjure the president" to change his policies, Montebourg said, "We have a high and collective responsibility to interrupt this collapse of the economy." Calling austerity policies "unfair because they hit the middle and popular classes who are not responsible for the crisis," he warned that they were a danger to democracy. "To continue and obstinately pursue this path would contribute to endangering the Republic," he said.

What is emerging in France and across Europe is a crisis

of capitalist rule. The EU and the main bourgeois “left” parties that helped build it, such as France’s PS, are deeply discredited.

Montebourg’s posturing as a “left” savior of democracy against neo-fascism and as an alternative to Hollande is a political fraud. Like the entire PS government, he fell into line with Washington and Berlin as they relied on Ukrainian fascist militias to organize a putsch in Kiev and then crush all opposition to a pro-Western puppet regime in Ukraine. As for his economic proposals, their main thrust is to loosen credit and push through bigger stimulus packages and bank bailouts.

While such policies bailed out US banks and propped up the living standards of the affluent middle class, they entailed the slashing of wages and gutting of social spending to claw back money handed over to the banks. Such reactionary programs—backed by Obama’s Democratic Party, Montebourg’s allies in the PS, and pseudo-left groups like SYRIZA in Greece and France’s New Anti-capitalist Party (NPA)—are only a different way of placing the burden of the capitalist crisis on the backs of the workers.

Montebourg speaks not as an alternative to decaying European capitalism, but as the representative of sections of French capital disappointed that Hollande did not do more after his election in 2012 to shift EU policy in the direction of monetary stimulus and bigger bank bailouts and away from the budget-cutting overseen by Berlin.

One anonymous disgruntled PS official told the press two weeks ago: “If France wants to obtain a change in European economic policy, it will not obtain it by begging from Germany. The problem is that it missed its chance in 2012. All of southern Europe was waiting for France and was ready to follow it. François Hollande preferred to sign the stability pact without discussion and to cut the budget deficit to 3 percent. France lost all its influence. Since then, Italy went its own way. Spain went behind Germany. No one expects anything from France anymore.”

Under the surface, however, inter-imperialist tensions surged, with significant sections of the French ruling class and political establishment viewing the strengthening of Germany as a threat. EU policies of credit tightening and austerity benefited Europe’s most competitive economy, Germany, which largely maintained output levels and jobs, while economies collapsed and joblessness surged in France and across southern Europe.

Over the last year, Berlin has also moved to re-militarize its foreign policy and, together with the United

States, aggressively confront Russia over Ukraine in a conflict that threatens to sever Europe’s deep economic ties with Russia and provoke outright war between nuclear-armed states.

Under these conditions, a disparate coalition of forces has emerged across the spectrum of French bourgeois politics calling for a more aggressive and independent policy. Significantly, the neo-fascist National Front (FN) has played a leading role. FN leader Marine Le Pen traveled to Moscow to give a speech criticizing the EU’s hostility to Russia during the Ukraine crisis, and the FN adopted an economic program calling for France to leave the euro and the EU and return to its own national currency.

More nationalist voices have been raised in the PS and its political periphery, offering tepid criticisms of Hollande’s support for EU austerity and NATO’s confrontation with Russia. Montebourg cynically presented himself as a defender of “Made in France” goods and French industry, while shutting down factories, while the Left Front’s Jean-Luc Mélenchon tried to distance himself from the PS with a few criticisms of the fascist-led putsch in Ukraine.

Significantly, despite the Ukraine crisis, Hollande fought to maintain the sale of Mistral helicopter carrier warships to Russia negotiated in 2010. At the time, the sale was described in the press as a warning both to the United States that France did not want a war with Russia, and to Germany that France did not intend to let it economically dominate Russia.

With the risks of war and economic collapse rising across Europe, the bitter inter-imperialist conflicts within the euro zone have once again come to the fore, claiming the short-lived government of Prime Minister Manuel Valls.



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