

Report from Paris by Christine Bierre and Dana Scanlon

Behold, the 'dirigist liberal'

Less than a month in power, the new government under President Jacques Chirac is forced to rethink privatization plans.

The newly formed cabinet of President Jacques Chirac got a small taste during the last week in May of the kind of popular unrest it will face if it proceeds with plans—being promoted by European bureaucrats in Brussels as well as France's own home-grown variety of privateers—to dismantle the large state sector of industry in the country. This dismantling is a key component of the Maastricht treaty, signed by the major countries of western Europe, which calls for coordination of budgetary and financial policy in pursuit of the goal of European unity and a common currency in the coming years.

More than 50,000 workers from the public sector, including postal, railroad, and energy employees, demonstrated or went on strike to protest against the threat of privatization. A large demonstration was also held in Paris of workers from the electricity and gas companies, both state-run. The demand to privatize these latter companies in particular, supposedly to cut state deficits, is absurd, and simply demonstrates the bankruptcy of the "free enterprise" logic: Electricité de France (EDF) receives no state subsidies and in fact produces a profit, and is a model company in many respects.

The unions have declared war on the privatization scheme promoted by Brussels. The secretary general of Force Ouvrière wrote a letter to Prime Minister Alain Juppé, calling on France to use its position as current head of the European Union to "en-

sure the perennial existence of public services which are able to insure equality of rights for all citizens and continuous and coherent development." The president of the union of white collar workers, the CGC, denounced "the excess of ideology of the European Commission." The CGT, the union formerly affiliated with the French Communist Party, also demanded that the government "oppose its veto and reject the directives from Brussels."

The prime minister responded with a public declaration that his government would defend the public sector in its negotiations with Brussels, and he may well be able to use the strike activity as a weapon in those talks. Industry Minister Yves Galland presented a spirited defense of France's public energy sector in an article which appeared in the June 1 edition of *Libération* newspaper. Galland extolled the achievements of EDF as "a great success" even in the context of the free markets, since it "does not receive any state subsidies and makes money. It preserves the essential missions which are those of continuity of product, equality of treatment, and quality of service." This, he noted, was in large part "thanks to the excellence of our nuclear program."

He rejected the system of British deregulation which, he stated, "would not allow us to finance heavy and long-term investments such as nuclear power," which is the *sine qua non* of EDF's success.

The Chirac cabinet has emerged as a battleground for this debate. Although it was the postwar government of conservative nationalist Gen. Charles de Gaulle who created most of today's public sector in France, the school of liberal economics became increasingly vocal within the Gaullist party during the late 1980s especially. The tradition of state-fostered industry actually harkens back to the days of Jean-Baptiste Colbert, the early-18th-century founder of the French school of "dirigist" economics. Chirac's own cabinet is a hybrid of the two tendencies, with his Economic and Finance Minister Alain Madelin representing the neo-liberal ("free market") faction.

But there are important indications that even Madelin's enthusiasm for privatization and similar economic schemes may be waning, and that despite his belonging to the leadership of the Mont Pelerin Society, he may have evolved into a uniquely French phenomenon: what the French press is calling a "dirigist liberal."

Christian Stoffaes, an extremely close collaborator of Madelin, has given numerous interviews in recent weeks, explaining Madelin's position. When Madelin was industry minister in 1986 under Socialist President François Mitterrand, he sent Stoffaes into the directorship of EDF to conduct a study on its possible privatization. Stoffaes emerged from the experience as a publicist for the French public service. "We have the best public services in Europe," he told *Libération* on May 31, praising the accomplishments of France's telecommunications, electricity, railroad, rapid train, and other companies. "Why break what works?"

Perhaps, explained Stoffaes, if we rename these firms "public utilities," people in the Anglo-Saxon world will better understand their function.