

## **EIR**Feature

# Jospin stuns London by defense of the nation-state

by Christine Bierre

The first statements and measures adopted by Lionel Jospin since he was designated French prime minister in June, have had a major impact in this country, raising expectations that he might indeed be the man of character that the nation has been waiting for, to reestablish its financial, economic, and moral health. His method of government—a respectful attitude toward his collaborators and toward the French people—the seriousness of the men and women he chose to be part of the government, as well as his calm but dogged determination to effect change in the areas where he deems it necessary, have pleasantly surprised many across the political spectrum.

Also surprised—but not pleasantly so—were the British oligarchs, who had counted on continuing their destruction of the French nation-state. Jospin's election has shifted the center of gravity in European politics away from Thatcherite austerity, and toward a positive role for government in supporting the well-being of the citizenry. This shift is reflected not only in France. For example, as we report below, 331 economists from 14 European nations are circulating an open letter to governments, denouncing the European Union's Maastricht Treaty and calling for national banking policies to boost investment and employment.

As for Jospin, above and beyond his economic program, which contains many features that are limited or just plain wrong, it is his sense of personal identity, his conception of man and the nation, which might cause him to become the European leader who will overturn the disastrous Maastricht Treaty and bring Europe back to a policy of economic growth and full employment.

Lyndon LaRouche, asked to comment on the new French government in an interview with the international radio broadcast, "EIR Talks," on June 24, noted that Jospin is "a very humane person. And he is very responsive, not only to the demands of labor and farmers, but also of industry, and of others. He thinks about the future. He says that what Tony Blair is proposing, what these globalists are proposing, is insane. He is, in effect, echoing the formula of Charles de Gaulle, of



*Supporters of LaRouche associate Jacques Cheminade organize in Paris, during Cheminade's 1995 Presidential campaign. Cheminade warned that the nation was heading for disaster, if Thatcherite free-market policies were not scrapped. The elites rejected that warning; but today, its truth is increasingly obvious. France's new prime minister, Lionel Jospin, shows signs that he may be willing to act in the direction that Cheminade has demanded, in the interests of his nation.*

a Europe of the Fatherlands, that is, a group of sovereign nation-states, living in the same neighborhood, establishing measures of cooperation to promote national interests of each and all.”

Jospin's electoral victory represented a repudiation by the French people of the neo-liberal Thatcherite dogmas proposed by conservative President Jacques Chirac and his first prime minister, Alain Juppé. The Chirac-Juppé program called for new austerity measures to comply with the Maastricht Treaty, and for a considerable “streamlining” of the state's role in the economy. Claiming to embody “modernity,” the right-wing coalition focussed its attacks on the allegedly “archaic” quality of the French republican system, which traditionally relied on strong state intervention in the economy to guarantee modern infrastructure, as well as quality public health and education systems for the whole population.

All of Jospin's acts since he came to power, from the composition of his government, to his speeches before the Socialist International conference in Malmö, Sweden, and to the French National Assembly, as well as his stance at the June 16-17 Amsterdam European Union summit, confirm that he will be putting up a fight to defend France's republican values.

### **The end of the Mitterrand era**

Ironically, it is a Socialist who will shut the door on Mitterrandism, the 14-year era of financial deregulation, eco-

nomical liberalism, and state corruption that characterized the two terms of Socialist President François Mitterrand. Jospin, one of the only two national leaders of the Socialist Party to have walked out on Mitterrand, resigning from his post as minister of education in the 1980s, named not one of Mitterrand's “elephants” to the government.

The three most important ministries have gone to Jospin's own close friends or to opponents of the Mitterrand system. Dominique Strauss-Kahn, minister of economics, finances, and industry, often crossed swords with Mitterrand's finance minister, Pierre Bérégovoy. Claude Allègre, minister for scientific research, technology, and education, is a very close friend of Jospin, going back to their school days. Martine Aubry, the minister of labor, social, and urban affairs, has voiced much criticism of the Mitterrand era and Mitterrand's style of government. Hubert Vedrine, Jospin's new foreign minister, is the only Mitterrand intimate (he was Mitterrand's longtime chief of staff at the Elysée, France's White House). The main reason he won his new appointment is that he has close ties to Germany's Chancellor Helmut Kohl and his entourage, especially Joachim Bitterlich. Jospin chose Vedrine for the task of helping to solve the extremely delicate problems between France and Germany, while maintaining the privileged Franco-German ties. Jospin was also astute enough to name Pierre Moscovici, a close friend of his, and a known Euro-skeptic, as Secretary of State for European Affairs, who will closely collaborate with Vedrine.

Even though there are strong Europeanists in his govern-

ment, signalling that Jospin is still committed to the single European currency enshrined in the Maastricht Treaty, the government also includes a strong contingent of Maastricht opponents, such as Jean-Pierre Chevènement at the Interior Ministry, and three Communists—two ministers and one secretary of state. Chevènement and the Communists are also very much in favor of state-fostered large infrastructure and high-technology projects. Their presence in the government indicates that Jospin will not make major concessions to Maastricht's austerity regime for Europe.

### **A counterpole to Tony Blair**

Internationally, Jospin's most important role is that he will be a counterpole to Britain's Labour Party Prime Minister Tony Blair, within the Socialist International, thereby largely destroying the British oligarchy's most carefully built operation to put the stamp of Blair's "democratic face" on continued, brutal Thatcherite austerity as the model for Europe. The opposition between the two men at the Malmö Socialist International meeting was intense. While Blair, who was also just recently elected, had expected to be the headline attraction and to exercise maximum impact over his fellow Socialists, he was irritated in the extreme when Jospin pulled the rug out from under him, by strengthening the anti-Blair factions of the Socialist International. Rumors of heated tensions between the two men were confirmed later, during Blair's visit to Paris, when he met only with President Chirac, because Jospin was "too busy."

Days before his political address to the National Assembly of France on June 18, his speech to the Malmö meeting gave already crucial indications as to what his policies would be. Jospin delivered a scathing attack on the "radical free market" and called for a "commitment to regulation," because if the markets are "freed of all controls," they "will threaten the very concept of our civilization." He showed more economic insight than most, by emphasizing the need for public investments, which are "not necessarily profitable in the short term, but are vitally important and profitable in the long run." Without them, he said, "Europe will not find the road to stronger and more balanced growth." He went on to warn Europe against lagging behind the "major economic blocs, namely American and Asian, embarked in major investment programs of modernization," and reiterated that the Delors Plan, the 1993 blueprint for Europe-wide infrastructure projects, should be vigorously pursued.

### **Inspiring respect for the Republic**

Jospin's political address before the National Assembly made a deep impression on both the nation's elected legislators and the citizenry who voted them in. The new prime minister demonstrated a strong sense of personal authority, while also appearing warm and open to dialogue—all the qualities his psycho-rigid predecessor, Prime Minister Alain

Juppé, utterly lacked.

He delivered his speech with passion, inspiring respect for the Republic, that which, in the minds of Frenchmen, unites and uplifts all citizens, independent of race, religion, and social status, giving them a higher sense of mission in life. This is the Republic, in the tradition of Plato, Renaissance humanism, and the American Founding Fathers—not the U.S. Republican Party of George Bush.

The son of a Socialist teacher—a profession in which the sense of mission to achieve the common good of the Republic has remained strong, and whose history goes back to Charlemagne—Jospin taught for 15 years at a public University of Technology in the Paris area, after a short-lived career in public administration at the Foreign Affairs Ministry. Under Mitterrand, he served as minister of education.

Throughout his speech, Jospin stressed the role of education in forming a republican citizenry. The school, he said, is the "birthplace of the Republic," whose mission, beyond instruction, is to "ensure the learning of citizenship."

Jospin's remarks also point to a deep attachment to the nation, all the stronger, as it remains free of chauvinistic overtones. The Republic, he said, "is a state of mind," the "natural framework of all the essential reforms" and the "living reality to which we all are attached," while Europe and European integration can only "extend it or amplify it," but not replace it.

On the economy, several decisions indicated that he intends to resist the financial interests. He announced that the government would review a law recently passed, that allowed, for the first time ever, pension funds to be invested in the financial markets. He also indicated that income taxes will be reduced, while taxes in other domains will be increased.

Jospin also made an impassioned defense of the public social services, something at the heart of the French Republic since at least Louis XIVth's minister, Jean-Baptiste Colbert. Jospin expressed hostility to any further privatization. "The French economy has always relied on a strong public will. We will not break with that tradition. . . . Public services . . . are at the heart of the social fabric; they guarantee equality of access and treatment to all citizens. . . . This is why we reject their transformation into objects of profit." Jospin is also hostile to the privatization of state-sector companies in industries such as aerospace or telecommunications, and declared that, "in the absence of justification connected to national interest, we do not look favorably on privatizing that common good, when it is able to compete."

Also interesting in terms of the economy, the prime minister indicated his attachment to promoting research and development, as the means to create jobs in the future, and announced that credits to high-tech small and medium-sized companies, crucial conveyors of industrial development, will be facilitated. The government will more generally act to

favor capital for investment, he said.

His program also has severe limitations, however. The most important decisions on a government plan to create 700,000 jobs for unemployed youths, have been postponed until the National Conference on Employment can be held next September, when a government-ordered audit of public finances will be complete. But even then, the new jobs will be created via short-work schemes (35 hours' work for 39 hours' pay), and remain nothing but makework projects. Worst of all, in a major concession to the Green Party, which contributed 3% of the vote to the coalition government, two vital great projects will be dropped: the Rhine-Rhône Canal and the Superphénix nuclear breeder reactor. Otherwise, the minimum wage was only increased by 4%, to the great disappointment of the Communist Party, which was demanding double that. Beyond a significant increase of state aid to families for the purchase of necessary school supplies for their children, the only other concrete measure announced was the rehabilitation of 1 million homes by the end of the five-year term of the legislature.

### **The Amsterdam summit compromise**

Like the previous conservative government, the key area which will define how far the new government can really deal with unemployment and other aspects of the crisis, will be Europe. Beyond the general consequences of the world economic crisis, it is the Maastricht Treaty, with its "Contract on America"-style budget-balancing "convergence criteria"—including the stipulation that public deficits must not exceed 3% of GNP—which is killing the European economies. The more governments cut their budgets in the struggle to meet these criteria, the greater the deficit grows, since the cuts cause greater unemployment, which in turn forces a drop in tax revenues.

Europeans know that this system is killing them, but they are terrorized that, if they dump the treaty, the financial markets will react by making speculative attacks against currencies, sudden drops in the stock exchanges, and other forms of financial temper tantrums.

This is the crucial challenge for Jospin: Either he takes on the financial markets, or he will fail as miserably as Chirac and Juppé did before him. So far, while being fully committed to the fight against unemployment, Jospin has also committed himself to the present timetable for the realization of the European Monetary Union (EMU) and its single currency, the euro. He will soon have to choose between these two incompatible programs.

Jospin's fight around the Amsterdam summit enables us to measure his best qualities, but also his limitations. On the positive side, Jospin was willing to risk a mini-crisis in order to get a commitment to an employment program from his European allies. The mere fact that, prior to the Amsterdam summit, Dominique Strauss-Kahn demanded time out to con-

sider the full implications of the monetary Stability Pact, provoked a full-blown crisis between France and Germany and the other EU member states. The Stability Pact, scheduled to be adopted at the Amsterdam summit, is a system of harsh sanctions to be applied to member states violating the convergence criteria.

This showdown led to frantic diplomacy in Paris, and resulted in a compromise solution: the adoption, alongside the Stability Pact, of a resolution on increasing employment. Even though this resolution, unlike the Stability Pact, is not binding, it is the very first time that a document of the Maastricht Treaty series, has held governments responsible for maintaining adequate levels of employment. The mere fact of having placed such a resolution in this document, represents a breach in the Maastricht monetarist fortress. The resolution on growth indicates the areas where the EU could commit itself to job creation—high-tech small and medium-sized companies are explicitly mentioned, while only a vague mention of the Delors White Paper on infrastructure projects appears. The resolution also points to possible sources of funding, namely the European Investment Bank, which already lends or organizes collateral for Europe's public projects. While all this remains general and non-binding, as Lyndon LaRouche and various European specialists noted, the fact of having formalized the fight for employment within this treaty, opens the possibility for an institutionalized fight for employment, if the French and other European leaders seize this opportunity.

### **Only the beginning**

Not only Jospin, but other Socialist Party leaders, have declared this compromise to be only the beginning of a struggle. François Hollande, the newly named Socialist Party secretary general declared after the compromise, that in the future the government will have to obtain many more concessions from Europe. Speaking from Amsterdam, Pierre Moscovici even intimated that the move to a single currency would be defined in the next six months—a statement quickly denied by Jospin, who, for the time being at least, is still declaring that he is firmly committed to the euro.

It is important to note, however, what Jospin had proposed as the agenda for Amsterdam. The daily *Le Monde* published extracts of a confidential memorandum sent by Jospin to Chancellor Helmut Kohl, calling for the Delors Plan for great infrastructural projects to be relaunched, in order to create jobs. Jospin proposed that the European Investment Bank and the European Investment Fund created at the 1994 Edinburgh EU summit be used to finance those projects, as well as drawing funds from the EU Steel and Coal administration. According to *Le Monde*, this proposal was shot down by Kohl, who expressed his annoyance with Jospin during their meeting in Poitiers, the week before the Amsterdam summit. Having staked his career on Maastricht, Kohl is, at this point, together

with Britain's Tony Blair, the strongest defender of Maastricht monetarism.

The situation Jospin had to face up to in Amsterdam was extremely difficult, for several reasons: 1) France had already accepted the treaty; 2) Chirac, who is the President of France, is favorable to it; and 3) the German government is totally opposed to any further spending on jobs, because of its mammoth budget deficit.

The fear in Paris, however, among Jospin's supporters, is that the prime minister is relying on his usual step-by-step, prudent, and negotiated approach, instead of taking the bold strides needed for a time of tremendous economic, financial, and social crisis. The population is fed up with the financial markets, fed up with unemployment, and will not wait long for Jospin to deal with those problems. The main slogan shouted out at the recent Paris demonstration of European workers—"Juppé, we got you; Jospin, we have an eye on you"—is indicative of the popular mood.

From this standpoint, the warnings by LaRouche associate and former Presidential candidate Jacques Cheminade to Jospin, to rid his cabinet of the Maastricht eggheads (or the "technostructure crocodiles," as Laurent Joffrin has called them in the daily *Libération*), are most important. Cheminade was referring to Pierre Jouyet, the assistant director of Jospin's cabinet, who had been staff director for Jacques Delors, during the latter's tenure as president of the European Commission. There is also François Villeroy de Galhau, a former Bérégovoy adviser named to head Dominique Strauss-Kahn's staff, who is known to be soft on liberalism and the free market. The influence of these "experts on adaptation to the laws of the markets" in daily decision-making is catastrophic, because they become inside conveyors of the dictates from the financial oligarchy. Simply put, Cheminade admonished Jospin, you cannot make an omelette without breaking the eggs!

The other test for Jospin's determination to break with the financial oligarchy now or in the near future, will be the relationship he establishes with Cheminade and his Solidarity and Progress movement in France. Cheminade remains, to this day, the only person who did what other leaders like Jospin only dream of doing: publicly and programatically challenge the financial markets. What separates the mere desire of fighting the markets from actually doing it, is the courage to stand up to the furious counterattacks of the financial oligarchy. Despite coming under intense attack during—and after—his Presidential campaign, Cheminade's example has undoubtedly had the effect of encouraging others to follow his political and moral lead.

The question of the role Cheminade can play within the French Republic is crucial: He is the only economist in France who can tackle the many problems left unresolved by Jospin's economic program—dealing with the world financial crisis, and returning to a dirigist economic system, driven by scientific development and high technology, which increases productivity while creating full employment as well.

## Economists denounce 'monetarist' EMU

by Mary Burdman

A group of 331 European economists has signed an open letter to European heads of government, which breaks many of the taboos of international economic policy discussion. Prompted by the emergency they see arising in Europe, the economists denounce the economic fraud that is the basis of the European Monetary Union, established in the 1991 Maastricht Treaty, and warn that there are powerful "interests" in the financial sector profiting from the current crisis. The economists propose such measures as a tax on international financial transactions, use of national banks to issue low-interest credits to governments, and re-birth of the moribund "Delors Plan," including the Trans-European Networks of infrastructure development, as real alternatives to the Maastricht disaster.

This letter, which was published following the election of Lionel Jospin as prime minister of France, is an indication of policy shifts in Europe. Nothing concrete is yet being done, but the genie is out of the bottle. As Lyndon LaRouche noted in a radio interview with "EIR Talks" on June 19, even while proposals to counteract unemployment, such as that made by Jospin, are not being funded or enacted now, they are being put on the table. As the financial crisis worsens, and as national constituencies demand full-scale recovery programs, the policies are there, waiting for implementation.

The economists' open letter was sent to heads of government and to European newspapers the week of June 9, shortly before the biannual European Union summit held in Amsterdam on June 16-17. The open letter was initiated by three Dutch economists, Geert Reuten, Kees Vendrik, and Robert Went, in May, and has been signed—so far—by economists from 14 of the 15 European Union nations, including 66 signers from the United Kingdom, 65 from the Netherlands, 38 from Italy, and 25 from Austria. Signers include former German Bundesbank board member Wilhelm Noelling, who recently attacked the EMU as having triggered a "Maastricht depression" in the German economy, and Cambridge economist and Labour Party adviser John Wells.

The letter to the heads of government states: "Your economic advisers have told you that the EMU, as laid out in the Maastricht Treaty and further regulated in the Dublin Stability Pact, will bring Europe more jobs and prosperity. We . . . are afraid that the opposite is true. This project for economic and monetary integration not only falls short from a social, ecological, and democratic perspective, but also from an economic one. . . ."