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FRANCE: AN ECONOMIC AND POLITICAL PICTURE.

SUMMARY

1. MITTERRAND IN THE LIMELIGHT AS FRANCE SIMULTANEOUSLY HOSTS THE ECONOMIC SUMMIT, PRESIDES OVER THE EC AND CELEBRATES THE BICENTENARY OF THE FRENCH REVOLUTION. ASSESSMENT OF HIS ASPIRATIONS AND OF THE ECONOMIC AND POLITICAL REALITIES.

DETAIL

2. BEFORE THE ECONOMIC SUMMIT ON 14 JULY AND IN THE OPENING DAYS OF THE FRENCH PRESIDENCY OF THE EC I OFFER A PICTURE OF SOME CENTRAL ISSUES OF FRANCE TODAY AND OF THE POSITION OF MITTERRAND IN RELATION TO THEM. MIFT DEALS WITH THE FRENCH BICENTENARY CELEBRATIONS THEMSELVES, WHICH FORM A SIGNIFICANT BACKCLOTH TO THE SUMMIT, AND THE FRENCH VIEW OF THEM.

3. IT SOMETIMES APPEARS TODAY AS IF THERE ARE TWO FRANCES. ONE IS THE UNOFFICIAL, CAPITALIST, OUTWARD-LOOKING FRANCE, WITH A MODERN ECONOMY, STRONG WELL-BALANCED GROWTH AND A DYNAMIC ENTREPRENEURIAL SPIRIT. THIS FRANCE, ALTHOUGH GOVERNED BY THE LEFT, IN MANY WAYS RESEMBLES THE OTHER NON-SOCIALIST COUNTRIES. IT IS INCEASINGLY OPEN TO INTERNATIONAL INFLUENCE AND INVESTMENT AND IS ITSELF INVESTING SUBSTANTIALLY ABROAD. BUSINESSMEN ARE LOOKING FORWARD TO 1992 AND IMPORTING QUOTE ANGLO-SAXON UNQUOTE BUSINESS AND FINANCIAL PRACTICES. THE ANCIENT CLOSED WORLD OF FINANCE IS BEING LIBERALISED TO COMPETE ON THE WORLD MARKETS. THERE IS A GROWING AND WIDESPREAD FASCINATION WITH THE BOURSE (NOW TRADING AT RECORD LEVELS). BEHIND THE ACTIVE FINANCIAL MARKETS FRENCH INDUSTRY IS GROWING RAPIDLY AT HOME AND, INCREASINGLY, ABROAD. AS THE OECD PUT IT IN THEIR RECENT REPORT, QUOTE FRANCE HAS EXPERIENCED SUBSTANTIAL MACRO-ECONOMIC ADJUSTMENT SINCE 1983, REFLECTING FAR-REACHING EFFORTS TO RESTORE ECONOMIC HEALTH UNQUOTE. THIS IS THE FRANCE WHICH IS USUALLY ASSOCIATED HERE WITH THE PRAGMATISM AND RIGOUR OF ROCARD AND BEREGOVY.

4. BUT THERE IS ALSO ANOTHER FRANCE, EVIDENT IN PRESIDENTIAL AND MINISTERIAL PRONOUNCEMENTS ON SOCIAL AND MORAL THEMES, IN THE CLOSE RELATIONS BETWEEN THE SOCIALIST PARTY AND GOVERNMENT AND IN MUCH OF FRANCE'S FOREIGN AND EC POLICY. THIS FRANCE TENDS TO BE MORALISTIC, IMAGE-CONSCIOUS AND BACKWARD-LOOKING, AND PRONE TO PROTECTIONISM. IT IS CHARACTERISED BY A LARGE PUBLIC SECTOR. IT IS STILL ATTACHED TO DIRIGISTE AND CENTRALISING PRACTICES AND WAYS OF THOUGHT. IT SETS HIGH VALUE ON SOCIAL SOLIDARITY. IT SOMETIMES BETRAYS A SURPRISING INSECURITY ABOUT THE REST OF THE WORLD. MITTERRAND'S UP-BRINGING WAS DEEPLY ROOTED IN THIS FRENCH CATHOLIC TRADITION, WITNESS HIS ATTACKS ON THE PREDATORY WORLD OF INTERNATIONAL FINANCE (QUOTE EASY MONEY UNQUOTE, QUOTE MONEY THAT CORRUPTS UNQUOTE). HE SETS A TONE WHICH OTHERS FOLLOW: FABIUS'S EUROPEAN ELECTION CAMPAIGN AGAINST AN UNCONTROLLED QUOTE LAISSER-FAIRE UNQUOTE EUROPE OBEDIENT ONLY TO THE LAW OF THE JUNGLE (ROCARD - A PROTESTANT - TENDS TO SPEAK IN THE SAME WAY). MANY OF THE EUROPEAN AND FOREIGN POLICY IDEAS EMANATING FROM PARIS (SOCIAL EUROPE, WORKERS' EUROPE, SOLIDARITY WITH THE THIRD WORLD ETC) ARE REMINISCENT OF THOSE OF THE EARLY EIGHTIES. THE WORLD HAS MOVED ON, THE FRENCH ECONOMY HAS MOVED ON, BUT THE POLITICAL RHETORIC OF MITTERRAND AND THE FRENCH SOCIALIST PARTY HAS NOT.

5. THE TENSION BETWEEN THESE TWO FRANCES PRODUCES SOME ODD RESULTS. A SOCIALIST GOVERNMENT IS PRESIDING OVER ONE OF THE HIGHEST UNEMPLOYMENT RATES IN EUROPE, YET SPEAKS RELATIVELY LITTLE ABOUT JOB CREATION AND, IN THE NAME OF SOCIAL EUROPE, COULD FIND ITSELF BUILDING FURTHER RIGIDITIES INTO ITS LABOUR MARKETS. APART FROM A FREEZE ON PRIVATISATION, ECONOMIC POLICY REMAINS LARGELY AS IT WAS UNDER CHIRAC'S GOVERNMENT, WITH TOUGH ANTI-INFLATION POLICIES, TIGHT BUDGET POLICY AND A PRAGMATIC RECOGNITION THAT IN A GLOBAL MARKET FRANCE CANNOT GO IT ALONE. MITTERRAND MAY SOUND OFF AGAINST CORPORATE RAIDERS, BUT FRENCH COMPANIES ARE BUYING MORE BUSINESSES ABROAD THAN FOREIGNERS ARE HERE. DRAWN ALONG BY 1992 AND THE COMMITMENT TO EUROPEAN INTEGRATION, FRANCE IS HAVING TO REFORM ITS TAXATION SYSTEM, WITH THE EMBARRASSING RESULT THAT TAXES ON CAPITAL AND CONSUMPTION WILL HAVE TO COME DOWN AND TAXES ON LABOUR (IE DIRECT TAXATION AND THE INTRODUCTION OF PAYE) WILL HAVE TO BE PUT UP OR PUBLIC EXPENDITURE CUT. NONE OF THESE WILL BE POPULAR WITH THE SOCIALISTS' OWN POLITICAL BASE.

6. THIS CURIOUS SITUATION MAY PERSIST FOR SOME TIME YET. THE MOVEMENT TOWARDS OPENNESS IN THE FRENCH ECONOMY - SPURRED ON BY THE EC - CAN HARDLY BE REVERSED. AND WITH THE NEXT NATIONWIDE ELECTIONS NOT DUE UNTIL 1992 THE SOCIALIST GOVERNMENT IS UNDER NO SERIOUS

POLITICAL PRESSURE EITHER. MITTERRAND AND ROCARD REMAIN POPULAR WITH THE COUNTRY AS A WHOLE, AND THE RIGHT IS STILL DIVIDED. FOR THE SOCIALISTS THE ONLY CLOUD ON THE POLITICAL HORIZON IS THE PARTY CONGRESS IN MARCH 1990. THERE ARE ALREADY RUMBLINGS ON THE LEFT OF THE PS WHICH MAY CAUSE MITTERRAND IN THE COMING MONTHS TO NUDGE THE GOVERNMENT FURTHER LEFTWARDS IN AREAS WITH HIGH RHETORICAL PROFILE SUCH AS EC (SOCIAL, AID), AND FOREIGN AFFAIRS.

7. IT IS LEFT TO THE PRAGMATIC ROCARD TO ENGINEER COHERENCE OUT OF ALL THIS. POLITICALLY, HE WILL HAVE TO AVOID BECOMING ISOLATED ON THE RIGHT OF THE PS, WHILST APPEALING TO THE PARTY TO PUT REALISM BEFORE RHETORIC. HE HAS CONCENTRATED ON MAINTAINING A MODERN, OPEN, ECONOMICALLY EFFICIENT FRANCE RUNNING UP TO 1992, BUT REMAINS AWARE THAT THE LEFT OF HIS PARTY IS CLAIMING THE MORAL HIGH GROUND AND COULD SCUPPER HIS CHANCES OF THE PRESIDENCY. HE HAS SHOWN A MARKED SKILL IN SURVIVING SO FAR.

8. MITTERRAND'S DETERMINATION TO RETAIN CONTROL OF HIS OWN PARTY, AND TO KEEP IT UNITED, AS WELL AS HIS DESIRE TO GO DOWN IN THE HISTORY BOOKS AS A PRESIDENT OF A STATURE TO RIVAL HIS ARCH-ENEMY DE GAULLE, IS LIKELY TO PUSH HIM TO EXTRACT THE MAXIMUM EFFECT FROM THE EVENTS OF THE NEXT MONTHS. PUBLICITY ASIDE, HIS ROOM FOR MANOEUVRE IS LIMITED. AFTER MADRID, EC ISSUES ARE LOOKING LESS FERTILE FOR THE FRENCH PRESIDENCY. FRENCH INITIATIVES ON THE INTERNATIONAL STAGE - FOR INSTANCE ON DEBT, THE ENVIRONMENT, HUMAN RIGHTS, CAMBODIA - ARE ALL PROBLEMATIC. THE BICENTENARY HAS NOT UNITED THE FRENCH PEOPLE DOMESTICALLY. THE FRENCH POLITICAL SCENE, EVEN ON THE LEFT, IS RIDDLED WITH FACTIONALISM. MITTERRAND, HOWEVER, REMAINS A MASTER POLITICAL TACTICIAN, HEAD AND SHOULDERS ABOVE HIS SUPPORTERS AND OPPONENTS, AND A SHREWD AND EXPERIENCED OPERATOR ON THE WORLD STAGE. HE HAS ALREADY SECURED HIS PLACE IN THE HISTORY BOOKS FOR THE WAY HE FIRST EMASCULATED THE FRENCH COMMUNIST PARTY AND THEN STEERED THE SOCIALISTS FROM THEIR DOGMATISM OF THE EARLY 1980S TO THEIR RELATIVE PRAGMATISM OF TODAY. HE WOULD ALSO LIKE TO CONSOLIDATE THAT PLACE IN HISTORY AS A STATESMAN OF LASTING ACHIEVEMENT ON THE EUROPEAN AND INTERNATIONAL STAGE. HE IS STILL FORMIDABLE AND STILL HAS A LOT TO PLAY FOR.

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