

France: The “Socialist” Government’s Neoliberal Autocracy

By Gerard Stephens, Revolutionary Communist International Tendency (RCIT), 27.2.2015, www.thecommunists.net

On February 17, 2015, French Prime Minister Manuel Valls’ government autocratically enacted legislation for large-scale liberalization of the French economy, entirely bypassing a parliamentary vote. The so-called “*Macron Law*,” named after the ruling Socialist Party’s economy minister, Emmanuel Macron, a former investment banker, constitutes a frontal assault on the French working class. Among its more than 200 provisions, the law: privatizes numerous public companies; permits employers to demand longer working hours from staff on Sundays without paying an increment for overtime; facilitates the laying off of workers by making it more difficult for the aggrieved to sue for wrongful firings; revamps fees for a number of medical and legal services, opening up these regulated professions to “*enhanced competition*” (read “proletarianization of the professionals in these fields”); and deregulates intercity bus transport services to foster greater competition (read, “tilts the playing field to the further benefit of the transportation monopolies”).

Valls’ enacting of the Macron Law by governmental dictate is based on the archly undemocratic clause 49-3 provided by the France’s bourgeois constitution. Ironically, when 49-3 was last used, in 2006 by Prime Minister Dominique de Villepin, François Hollande, then the First Secretary of the French Socialist Party and head of the opposition to President Jacques Chirac’s government at the time, was vehement in his attack, declaring: “*49-3 is an act of brutality, 49-3 is a denial of democracy, 49-3 is a way of blocking or preventing parliamentary debate.*” (1)

Unpopular Government

Indeed, Valls’ resorting to tactical use of the authoritarian clause to pass the Macron Law, after consulting with Hollande, essentially empties the legislation of any political legitimacy from a democratic perspective. But, furthermore, it signals the government’s total contempt for the electorate which brought the Socialist Party to power in 2012 but, according to a poll conducted last year, only 3% of which then still approved of Hollande’s economic policy based on placating the demands of the European Union. But what are these but mere details when the current regime of France finds itself between the anvil of its own electorate and the imperious hammer wielded by the EU. Rather, it is exclusively the full weight of the latter which counts, seeing as the EU views with such skepticism all previous French attempts to convince its financial masters that it deserves a new reprieve on budget targets based on implementation of pro-business and anti-working class reforms. (2)

Facing rebellion from among “left” members of the Socialist Party itself and defeat of the Macron legislation, Valls pulled the ultimate trump card, 49-3, to pass the law. In a manner worthy of Colbert, Minister of Finance for Louis XIV (“*L’État c’est moi!*” – I am the state!), the

French Prime Minister said in his speech before deputies of the National Assembly: “*Right now as we speak, the bill would not pass. We are at a time when we cannot, in good conscience, weaken the head of the state and the government*” – the head of state, of course, being the socialist-in-nothing-but-name, François Hollande, so renowned for his double-edged policy of austerity at home and imperialistic, military adventures abroad, since having entered the *Palais de l’Elysee* as President of the French Republic in 2012. Three days after running the Macron Law by parliament, the government of Valls easily survived a no confidence vote, a matter to which we will return further on. (3)

Holland’s Support Following Charlie Hebdo

When the need to detour parliament overtook Hollande and Valls, their otherwise astoundingly unpopular government had been riding high on the wave of “*national unity*” drummed up by the French media following the January 7 attack by *ihadists* on the offices of *Charlie Hebdo* in which 12 people were killed including the editor-in-chief, journalists, and policemen. In the wake of this attack and a second one on the very next day, in which four French Jews were shot dead in a kosher supermarket in Paris by two *ihadist* gunman, 10,000 soldiers began patrolling the streets of France. As the RCIT has written elsewhere, the ruling classes in France and throughout the entire EU worked day and night to exploit these terrorist attacks, depicting them as nothing short of a European 9/11. (4)

The resulting “*Je Suis Charlie*” (I am Charlie) propaganda campaign which rapidly went viral internationally – in particular among the imperialist states – attempted to manipulate the population into showing their solidarity with the *Charlie Hebdo* magazine, purportedly emblematic of the “*liberal values of the West*” most prominently “*freedom of speech*” and a “*free press*.” But if *Charlie Hebdo* is indeed representative of the West and western values, ostensibly “*progressive*” and “*freedom-loving*,” it is so precisely because of its cynical and arrogant liberalism which is so thoroughly pro-imperialist, chauvinistic, and counter-revolutionary. Fostering, as it has for years, sympathy among the popular masses for the racism against Muslim people, this “*satirical*” magazine has given ideological support to France’s imperialist war drive manifested in the country’s official participation in the invasion and occupation of Afghanistan, the invasions of Mali and the Central African Republic, and its participation in US crusade in Iraq and Syria.

In this sense, for Hollande and Valls, the timing of the *ihadist* attacks in Paris proved to be fortuitous. For amidst all of the patriotic, hysterical banter which was signed onto virtually by all political sectors in the country (including, not unexpectedly, some who purport to be Marxists), the government was able to deflect the public’s attention from the real attacks by the ruling class, just ahead at home. Indeed, time was running out for the French government opposite the European Union’s demands for greater austerity measures. What was immediately at stake was France’s missing its 2015 deadline to reach its deficit targets and the threat of penalties to be incurred. And clearly the Macron Law, and the efficient and undemocratic way it was passed, was the signal that the EU masters needed, for on February

26 the EU gave the French another two years to get their shop in order (i.e., bring its deficit below 3%) at the expense of the working class. (5)

Background to Hollande's Authoritarian Measures – The Crisis of Global Capitalism

As the RCIT has pointed out in its past analyses, the capitalist world economy – and in particular its core sectors, the old imperialist countries in North America, Western Europe, and Japan – have still not recovered from the Great Recession of 2008/09. (6) As we shall see below, this is reflected in the underutilization of productive capacity, low rates of growth including even several smaller recessions in important countries, and an overall decline of business investment. These, in turn, have created an environment of stagnating wages and growing rates of unemployment.

A fundamental indicator of the capitalist decline is the low level of capacity utilization in the manufacturing sector in the largest of the old imperialist powers, the G7 countries. This rate is currently about 66%, meaning that about 1/3 of productive capacity is not being used by capitalists because they don't expect sufficiently high profit rates to "justify" such utilization. Figure 1 illustrates how the current level of capacity utilization – at the peak of recovery – is still 6–7% below the level of 2007 (see the Appendix). Or, in other words, in a world in which billions of people live daily in misery, hunger, and poverty, imperialist capitalism intentionally restrains its output because the products otherwise produced could not be sold in accordance with capitalism's only criterion: sufficiently high profit. By contrast, in a socialist planned economy, which can only be achieved by the expropriation of the capitalists around the world, all of humanity could ensure that the productive forces are used to its own general interests, and not those of a greedy, miniscule minority of super-rich!

All talk about an end to the recession which began seven years ago is simplistic and intentionally misleading. In fact, in 2013, the economy of the EU shrank by –0.5% and in 2014 it experienced stagnation with a modest growth of only +0.8%. Japan has recently entered its fourth recession in six years. While the US economy is ostensibly doing better, with a growth in GDP of 2.2% for both 2013 and 2014, this growth was predicated on the exorbitant pumping of new money into the US economy with the outbreak of the Great Recession, what the Federal Reserve called "*Quantitative Easing*." Nevertheless, in its latest forecast the *European Commission* had to admit "*In fact, the recovery from the recession in 2008-09 has been slower than any other recovery in the post-World War II period on both sides of the Atlantic.*" The *Washington Post* recently wrote about the Euro Zone: "*With an unemployment rate of 11.5 percent, the euro zone is experiencing conditions that some economists say echo the Great Depression.*" British Prime Minister David Cameron warned that the world is functioning against "*a dangerous backdrop of instability and uncertainty.*" The OECD in its latest Outlook implicitly acknowledges the persistent stagnation (global growth is still "*stuck in low gear*") and hopes once more for a recovery next year – five years after the official end of the last recession!

Production is stagnating because capital accumulation is decelerating. In other words, nervous capitalists invest less and less because they have low profit expectations. According to a recently published study, in the first three quarters of 2013, investment by non-financial

G7 corporations amounted to 11.4% of GDP, compared with 12.7% in 2008. This means that business investment (i.e., investment in machinery, equipment, means of transport, and building structures) in 2013 – a year of so-called recovery – was weaker than during the recession year of 2008! As the RCIT has already pointed out in past publications, this reflects a long-term trend of declining capital accumulation. This is particularly obvious if we examine the decline of net investment (i.e., the investment for expanding the purchase of machinery, while gross investment also includes the investment for replacing worn machinery). As we can see in Figure 2, both gross and net investment – calculated as a share of GDP – have declined tremendously during the past 25 years in the G7 economies, and net investment has been oscillating between 0% and 1% since 2008!

In this stagnating industrial environment of decreasing investment, the greatest achievement of the economic policy of the imperialist ruling classes during the past six years has been their ability to avoid a complete breakdown. How was this achieved? – Basically, by initiating a massive accumulation of debt. As can be seen in Figures 3, total debt – i.e., the accumulated debt of households, corporations, and governments – has increased substantially in nearly all imperialist and advanced semi-colonial countries around the world (the only exception is India).

Despite all proclamations about cutting debt, all the larger economies are more indebted today than they were before the last recession, as well as before 2000. According to the *Bank for International Settlements*, total debt (excluding the financial sector) of the US is at 252% of GDP in 2013 (23% higher than in 2007); at 398% of GDP in Japan (70% higher); at 272% in the Euro Area (43% higher); and at 274% in UK (36% higher).

Furthermore, while the OECD predicts a recovery for 2015, it makes this conditional on imperialist states undertaking massive “*growth-supportive measures*,” i.e., state-capitalist intervention in the economy by increasing public debt. However, this is hardly possible and, in particular, not in the sense of revitalizing the economy via public investments. In fact, we have witnessed in the past years and decades a declining dynamic of public investment in the old imperialist countries (see in Figure 4).

As always, the working class is bearing the brunt of the capitalists’ inability to revive their doomed profit-driven economy. Despite the so-called recovery, unemployment in Europe is higher today than it was during the recession.

But irrespective of the capitalists’ fanatic drive to let the workers pay for the crisis, their economy is mired in decay. As a result, the old imperialist economies were in a worse state in 2014 than they had been in 2007, i.e., before the beginning of the Great Recession. This is reflected at various levels. Capitalist production is much lower than the levels prior to 2008. After a brief rebound of +8% in the first year after the recession (2010), industrial production has grown only by 3.5% (2011) and then respectively stagnated during 2012 and 2013 at +0.9% and +0.5%.

It is the context of the lengthening and exacerbated capitalist crisis that we must understand the latest, undemocratically instituted reforms of the French government, anti-labor reforms under the auspices of so-called “socialist” government.

Bourgeois Class Character of “Socialist” Party

A reactionary division of labor has emerged among bourgeois political forces to impose further austerity on the working class. On the one hand, pseudo-left and so-called “rebel” members of the French Socialist Party actively obstruct the formation of a united working class struggle and, in the case of the former, instead continually persuade the masses to pin their hopes on parliamentary opposition to the party under the bourgeois leadership of Hollande and Valls.

On the other hand, in parallel, Hollande and his successive finance ministers work hand in hand with their EU cronies (even at times becoming these cronies!) to devise yet more attacks on the working class. For example, Hollande’s former Finance Minister Pierre Moscovici, today the EU’s Economics Affairs Commissioner, recently demanded that the French government be more ambitious, going beyond the liberalization and austerity measures instituted by the Macron Law. (7)

The role of the Stalinist *French Communist Party* (PCF) in this saga was, characteristically, far from honorable. As consistent supporters of the Hollande government, most notoriously in matters related to past economic reforms and France’s recent imperialist military adventures abroad, this time the ten “communist” deputies had pledged to vote *against* the government sponsored Macron bill, along with 40 “rebels” from the ruling Socialist Party and some Greens. It was, in fact, these numbers which precipitated Valls’ decision to resort to clause 49-3 in the first place, enacting the legislation without debate or a vote. However, on February 20, three days after its autocratic decree, Valls’ government faced a motion of no confidence drafted by the right-wing Union for a Popular Movement (UMP), a motion which actually called for adopting *deeper* austerity measures. Reckoning that the Socialist Party majority was safe, six of the “communist” deputies actually allowed themselves the vicarious pleasure of “symbolically” protesting against the government’s undemocratic ploy – by voting for an even more reactionary censure!

The Working Class Must Fight Back

In their own class-based fashion, Hollande and his minions for capitalism have done the working class a service by so publicly displaying, in their autocratic enactment of the Macron Law, the bluff of bourgeois parliamentarism. At this stage, the only way forward for the workers, the only possible means of struggling for their own class-based interests, is by massively mobilizing in the trade unions and their places of work. The workers must pressure the trade union leaders to organize the struggle. To this point, several labor unions have taken to the streets in protest, while professions such as notaries, bailiffs, and court clerks have also demonstrated against deregulation. At least, three trade unions have called for a nationwide strike on April 9 against the Macron Law and other austerity measures. But the workers must also be vigilant to ensure that the labor bureaucracy within the unions does not, on a strategic level, betray the masses and divert their anger and energy to paths of reconciliation with the capitalists. To ensure that this does not happen, the rank and file must,

in parallel to pressuring their trade union leaders, independently establish action committees in the factories, in all workplaces in fact, and in their neighborhoods. These action committees will be instrumental in successfully mobilizing the workers and the poor oppressed to participate in mass demonstrations, strikes, and culminating in a general strike.

The RCIT calls all authentic socialists in France to unite and build a revolutionary party based on a program for socialist revolution. The RCIT looks forward to collaborating with French revolutionaries and to support them in achieving this goal.

Footnotes:

(1) Quoted in: French government forces through austerity measures without vote in parliament, by Alex Lantier, WSWS, 18 February 2015, <http://www.wsws.org/en/articles/2015/02/18/macrf18.html>

(2) On this, see French PM skips parliament vote to push through reforms, by [Ingrid Melander](#), PARIS Feb 17, 2015, <http://www.reuters.com/article/2015/02/17/us-france-economy-idUSKBN0LL00320150217>

(3) French PM goes all-in to push liberalisation bill through, 17 February 2015, <http://openeurope.org.uk/blog/french-pm-goes-push-liberalisation-bill/>

(4) For our position on the January terrorist attacks, see RCIT: France after the Attacks in Paris: Defend the Muslim People against Imperialist Wars, Chauvinist Hatemongering, and State Repression! 9.1.2015, <http://www.thecommunists.net/worldwide/europe/statement-paris-attacks/>; Michael Pröbsting: France: "Communist" Party fails to Vote in Parliament against Imperialist War in Iraq! 15.1.2015, <http://www.thecommunists.net/worldwide/europe/french-pcf-iraq-war/>; Michael Pröbsting: After the Paris Attack: Socialists must Join Hands with Muslim People Against Imperialism and Racism! Reformist and Centrist Forces try to derail the Workers Movement by Failing to Stand up for Solidarity with the Muslims and Against Imperialist War-Mongering! 17.1.2015, <http://www.thecommunists.net/worldwide/europe/france-defend-muslims/>; Michael Pröbsting: The Racist Character of Charlie Hebdo and the pro-imperialist campaign "Je Suis Charlie", 17.1.2015, <http://www.thecommunists.net/worldwide/europe/racist-charlie-hebdo/>

(5) Lubica Schulczova: More Time for France to Reduce Deficits: EU, 26 February 2015, <http://wbponline.com/Articles/View/43657/more-time-for-france-to-reduce-deficits-eu>

(6) This section of the present article is based on the RCIT's latest World Perspectives document from January 2015. See RCIT: Perspectives for the Class Struggle in Light of the Deepening Crisis in the Imperialist World Economy and Politics. Theses on Recent Major Developments in the World Situation and Perspectives Ahead, 11 January 2015, <http://www.thecommunists.net/theory/world-situation-january-2015/>. There you will also find all the sources for the various figures and quotes which we reproduced in this section.

(7) Cécile Barbière: Brussels demands more ambitious reforms from France, 26 February 2015, <http://www.euractiv.com/sections/euro-finance/brussels-demands-more-ambitious-reforms-france-312472>

Appendix:

Figure 1: G7 Capacity Utilization – Manufacturing (Index, GDP-Weighted)

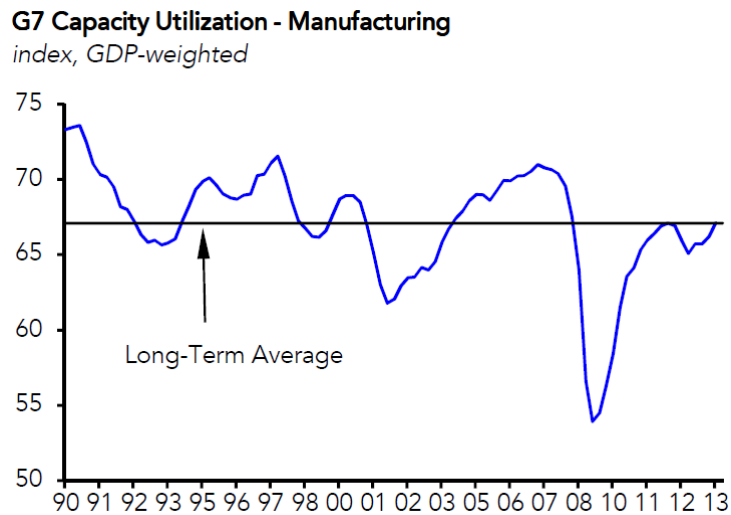


Figure 2: G7 Non-Financial Corporations' Gross and Net Investment (Percent of GDP, GDP-Weighted)

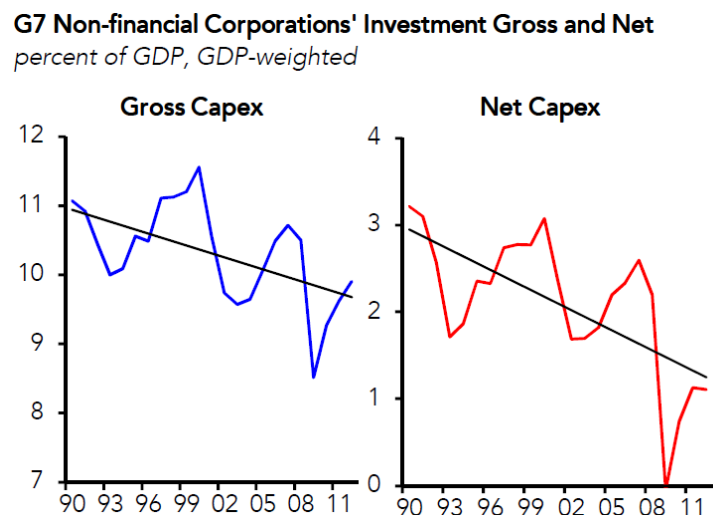


Figure 3: Debt Excluding the Financial Sector (Per cent of GDP)

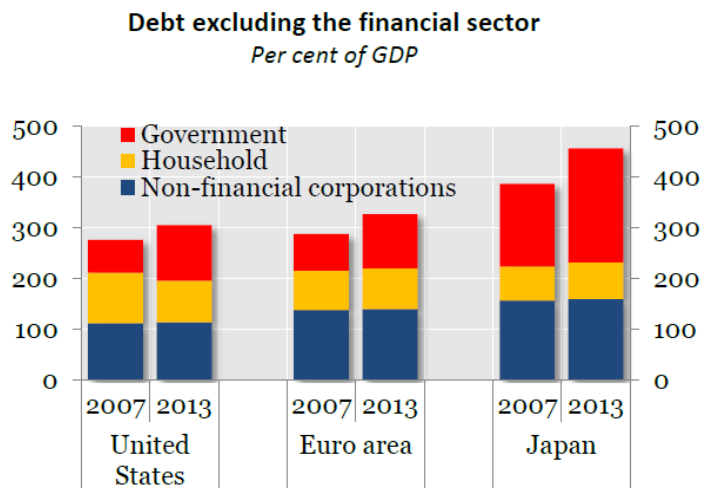


Figure 4: Real Public Investment in Advance Economies 1970-2012(as percentage of GDP)

