

Neoliberalism in France

L'État Démantelé: Enquête sur une révolution silencieuse

Laurent Bonelli & Willy Pelletier (eds.)

La Découverte/Le Monde Diplomatique, Paris, 2010, 324 pp, €20

Reviewed by Evan Jones

Frenchmen Bonelli and Pelletier (and co-contributors) document the ascension and effects of neoliberalism in France. Neoliberalism in France? Improbable? On the contrary. The editors are sociologists, a key profession analysing the big issues (crisis, debt, the euro) facing Continental Europe. The economists, save for a handful, are missing in action. It is not helpful that Anglo-American economics is now rampant in the tertiary syllabus.

Various chapters (often written by insiders) document and analyse the onslaught of neoliberalism in their sectors – the public service proper (including the police and the military), health care, the justice system, the police, unemployment management, the workplace inspectorate, secondary and tertiary education, culture.

Schooling for example (Ch.13). The education budget is a significant part of the total budget, so any attack on spending was going to hit the education sector. Retrenchment of teaching staff began in 2004 and has escalated under Sarkozy. The 2012 budget passed in September 2011 plans for a further 14,000 positions to be cut, bringing to 80,000 the number of teaching positions cut under Sarkozy since 2007 (Anon, 2011c). And this as the student population grows relentlessly.

More than funding is involved. The cuts to teaching resources are class-based. Control, including of the syllabus, is being centralised in Paris. 'You don't teach the subject, you teach the test' is looming. One facet of 'reform' is the dismantling of the *carte scolaire*. The *carte scolaire* was a Gaullist measure of 1963, dictating that children attend school within a certain distance from their residence, intended to encourage 'social cohesion'. It was one of the first institutions to be dismantled after

Sarkozy's election (albeit the Socialists were mooted the same in the 1980s). The accompanying sales pitch of 'freedom of choice' hides the accessibility of choice only to those who already have the resources to buy it (Palheta, 2011).

Then there are the privatisations, with many enterprises going first through a priming corporatisation phase, as in Australia. A representative privatisation is that of France Telecom (Ch.19). Telecommunications and the postal service were split in 1991, with France Telecom privatised in 1997 (albeit the state retains an unused minority holding). La Poste proved to be more difficult, because of its labour-intensive (and non-profitable character), and because of large scale resistance from communities for whom La Poste is emblematic of an essential public service. Meanwhile, La Poste is busily cutting staff (11,700 jobs disappeared in 2010) and divesting itself of post offices, in familiar fashion, licensing the corner store and the tobacconist to provide minimal services.

It was claimed that a privatised FT would be a bonanza – through sell-off revenue, and through on-going revenue in a sector that promised endless profit growth with associated job opportunities. It didn't happen, with FT now burdened with unsustainable debt levels borrowed for rapid expansion and takeovers.

The broader results are by now predictable – a reduction in or poorer quality of service provision, and a universal attack on workforce remuneration and working conditions. Public-Private Partnerships, sub-contracting, and the complementary creation of unconstrained subsidiaries where privatisation is impeded, have been key vehicles for the transformations. A small case study is that of the sub-contracting of management of tourist facilities in 2007 at the iconic Palace of Versailles (Ch.22). The resulting fiasco led to the 10-year contract being rescinded after twelve months.

Regarding the workforce, some public sector employees, such as SNCF rail workers, have enjoyed privileged retirement conditions. Such conditions have been a special focus of attack, but the attack on the workforce has been comprehensive. No area is sacred, including specialist staff at the Department of Agriculture, whose sector is a major export earner (Ch.16). Management at La Poste are putting employees under intolerable conditions to induce them to resign. France Telecom

has been an exemplar in workplace degradation. The book notes that the suicide of a FT employee in September 2009 brought the number of FT suicides to 24. In April 2011 another FT employee burnt himself to death (Anon, 2011a).

France being France, the privatised entities should remain National Champions – think the venerable 1853 Compagnie Générale des Eaux, which in 1998 becomes Vivendi, and part of which becomes in 2003 the omnipresent Veolia. Moreover, FT buys up the national carriers (privatised under IMF pressure) of Argentina, Senegal, Mali and, most significant, Poland, where it proceeds to impose the same draconian conditions and dysfunctional culture that prevails at home.

Another vehicle for neoliberal inroads is in the hierarchical relationship between levels of government (Ch.17). Some principled decentralisation occurred in the early years of the Mitterrand Presidency (1982-3) and in 2003, with devolution of more responsibilities to lower levels. Sarkozy overturned that process in 2009, not in re-centralising responsibilities, but in cutting budgets and re-centralising controls. Politically, the substantial presence of elected officials representing minor Parties will be obliterated. Economically, the lower levels are forced to make the budgetary cuts at levels pressured from the centre. The refrain is ‘starve in order to better reform’. Thus, as elsewhere, libraries, that quintessential embodiment of the public purpose towards social improvement, face the axe.

Neoliberal ideology is in the ether. Add to that the institutional pressure. If the OECD and the IMF are significant vehicles for its dissemination in first world and non-first world countries respectively, France is also beset by pressure from Brussels. One chapter in this book (Ch.5) claims that “In reality, the deregulation of the mechanisms of public control of the economy is at the heart of the European project.” The authors quote the neoliberal economist Jean Pisani-Ferry from 2005 (p.78), “Europe has been our program of structural adjustment.” Again, former French competition regulator head, Marie-Dominique Hagelsteen, claimed in 2004 that the whole point of European integration is to destroy France’s *dirigisme* (p.79). This interpretation is consistent with the recent moves to centralise fiscal control in Brussels, bizarrely sanctioned by the European Parliament (George, 2011), while private capital flows remain unregulated.

The rhetoric and reality of neoliberalism diverge. The French state is as strong as ever; its orientation, however, has been re-directed. Ironically, the content of this book gives the lie to its title, a misnomer. The French state is not being dismantled. Indeed, the amount of enabling legislation for the neoliberal project has been massive.

Of substantial significance is that neoliberalism has appropriated and infiltrated the infrastructure that many English speakers imagine to be emblematic of the peculiarly French version of national capitalism, and which is presumed to have been impervious to the Anglo-American 'model' (Ch.3). The *École nationale d'administration*, founded in 1945, has been the premier vehicle for the meritocratic admission and training of an elite whose destiny it was to serve the broader public interest. But the ENA has now experienced an infiltration, both in personnel and orientation, from the business schools, especially the prestigious *École des hautes études commerciales de Paris* (HEC). The then HEC director in the mid-1960s brought in the US business school as the ideal model, initiating mechanisms to send French students to the US to create a missionary cadre. Even the humanities-oriented *Institut d'études politiques* (Sciences-Po), traditional source of recruits to the ENA, has partly changed its syllabus to accommodate the new regime.

The new breed move effortlessly between top levels of corporate management, public sector management, and political office. This French version of the revolving door was unexpectedly given a boost during the early years of the Mitterrand Presidency (1981-3) and the large-scale nationalisations of commercial entities, followed by the large-scale privatisations of such entities under the 'neo-Gaullist' Prime Ministership of Jacques Chirac (1986-8), with key personnel wearing different hats during the turbulence (Schmidt, 1996).

Accompanying the transformation is a new language, variations on a theme familiar to Anglo-American citizens. We now have the muscularity of the entrepreneurial risk-takers, exhibiting both courage and moral virtue in their application of private sector values to the modernisation and efficient management of the state (Ch.4). This visionary and valiant new guard is confronting the sclerosis of the old regime – the crisis of the welfare state, public impotence, and so on. The language and supportive literature took off after the early 1980s, in the context of reaction to the Mitterrand Presidency and the Thatcher and

Reagan Administrations in Britain and the US. The increasingly hegemonic discourse comes courtesy of a proselytising home grown priesthood (for example, Michel Crozier, Alain Minc, Nicolas Bavarez, Denis Olivennes). Some of this new priesthood (like Jacques Attali) have dramatically shifted their allegiances. These latter instances of musical chairs have been facilitated by the new Right's appropriation of the traditional critique of the state by the radical Left.

The neoliberalist imperative has been ultimately bipartisan, although the trajectory has been unpredictable. An explicitly 'free market' President, Valéry Giscard d'Estaing (1974-81), in company with an economist as Prime Minister, Raymond Barre (1976-81), barely rocked the boat. The neo-Gaullist Chirac headed an anti-Left Administration (1986-88), and did engage in large scale privatisation of commercial entities (with Chirac himself apparently not enthusiastic), but little else. The beginning of a broader undermining of public services appears to have begun with the pragmatic Parti Socialiste Prime Minister Michel Rocard (1988-91), in the context of increasing pressure from Brussels.

Although facilitating legislation has been on-going, two significant comprehensive legislative developments were the August 2001 *loi organique relative aux lois de finances* (LOLF) and the July 2007 *révision générale des politiques publiques* (RGPP). The LOLF – an exemplar of the New Public Management creed – was legislated by the Government of Parti Socialiste Prime Minister Lionel Jospin. The RGPP – towards a state apparatus titularly 'customer-focused' and fiscally austere – was passed under the Right-wing UMP Presidency of Nicolas Sarkozy and his collaborating government. Efficiency and effectiveness are the watchwords but, regardless of the claims, the bottom line takes priority over functionality.

The uneven trajectory of the neoliberal onslaught is of course also a product of the extent to which the 'old regime' is deeply embedded and the extent and depth of the resistance.

One arena covered at length in the book is that of transformation of orientation of the unemployment payment (established in 1958) and jobs assistance (established in 1967) systems to a punitive semi privatised structure (Ch.12). The unemployment relief system was an exemplar of Gaullist corporatism and operated under a tripartite structure, administered by a French 'Industrial Relations Club'. Ironically, the

dismantling of this structure took decades because of the drawn out rebalancing of power within the dominant employers' organisation. The transformation was underpinned by the shifting ground – from (crudely) 'Fordist' to 'post-Fordist' economic conditions. The employer organisation power base shifted from the metal trades to insurance (led by AXA) and finance. The workplace experienced loss of jobs, loss of permanence, loss of conditions – undermining union influence. And the administering bureaucracy's mentality went from Gaullist to managerialist/entrepreneurial.

Denis Kessler (insurance) has been the public face of the new employer regime, considered authoritative by the *Financial Times* on the French 'malaise'. Said Kessler in 2007 (p.84), "The French social model is the pure product of the Conseil national de la Résistance. Take all that which has been put in place between 1944 and 1952, without exception. It is a matter today of saying goodbye to 1945, and of dismantling systematically the programme of the CNR! To disavow the founding fathers is a problem only in psychoanalysis."

Sarkozy's 2008 *Pôle Emploi* combined the unemployment payment and jobs assistance systems into what looks remarkably like Australia's Jobs Network structure. The legislation is a response to Sarkozy's pre-election promises to work towards tackling France's persistently high unemployment rate – a formally admirable goal, but the administration is punitive towards recipients and applicants with a dominant emphasis on cost-cutting.

The book paints a picture of a near-comprehensive infiltration of neoliberalism of French public institutions. The authors rarely acknowledge reigning problems in services delivery that provided leverage for the neoliberal perspective. In addition, the authors rarely document the existence and nature of resistance to the onslaught.

Neoliberalism's inroads have been incomplete. Although the railway system has been undermined with the creation of 'liberated' subsidiaries, the bulk of the system remains government-owned (compare the comprehensive disastrous privatisation in Britain). Battles over teaching staff cuts and retirement conditions are key areas of ongoing contestation. Teachers went on strike *en masse* on 27 September 2011 over staffing cuts. In November 2010 Sarkozy signed into law changes to the pension system – increasing the minimum retirement age from 60 to

62, and pushing back the retirement age at which a full pension can be claimed from 65 to 67. The changes were effected in spite of massive popular resistance. Previous rights have been undermined, but the system remains intact for now (the proponents of change claimed that the changes were necessary to ensure the ongoing integrity of the system). In August 2011, the government lengthened the years of contribution necessary before future retirees will be able to claim a full pension. On 6 October 2011, retirees demonstrated across the country against rising living costs in the face of stagnant pensions.

Marxist economist Gérard Duménil (visiting Sydney in April) notes that the forces gathered around Sarkozy, recognising the ‘blockages’, have strategically moved to quietly slice funding behind the scenes from selected areas through a ‘death of a thousand cuts’ routine. The once vaunted health system is a key target. Representative of the squeeze was the ‘sensational resignation’ of a neurologist professor from a Marseille hospital in June 2011, citing the glaring and persistent inadequacy of resources necessary to respond to the demands of quality health care (Anon, 2011b). The author asks how long it will be before France will be able to boast again of being in the first rank of countries with respect to health care, given that it was so judged by the World Health Organization in 2000.

Duménil also notes the elimination of programs that are out of the public spotlight – citing programs and facilities for women and children suffering from domestic abuse, and the ‘educateurs’ programs for students with special needs to help them to integrate better into the schools’ programs.

A telling, if narrowly focused, representation of the draconian cuts to public services under the Sarkozy regime has been made by a Parisian who has observed the cuts due to RGPP and ancillary rationalising policies at first hand in her own quarter (le Gall, 2011). The resident highlights that the cuts have affected, for example: school classes and educational services, especially special needs facilities; hospital services, putting quality care, especially emergency services, under threat; social security services; local policing; and post office facilities. In all these areas, functionality is being sacrificed. Her friends tell her that in their quarters the cuts are at least as draconian, if not worse.

A commenter on the le Gall online posting has highlighted the gross hypocrisy of the cuts with a quote from a Sarkozy speech on 19 September 2007:

To all the public servants of France, to all the officials, I want to show my respect. I want to say to them that I share their values which are those of a particular idea of the Republic and of citizenship. I want to show them my respect for the often difficult work that they carry out each day for the service of all, for their devotion, for their sense of duty. Our civil service is one of the most remarkable in the world for the quality of those who work there, by their high level of skills, their morality, by their professionalism. ... We must radically reform a civil service where officeholders should not feel that they have been reduced to powerlessness, because they do not know today what's in store, because they feel unloved, badly perceived ...

Let public servants and the citizenry eat cake. Under the banner of reforming the public service, successive Administrations are now cutting it to shreds. Sarkozy has buried Gaullism. The Parti Socialiste is at an impasse, bowing to the seeming imperatives of Brussels and globalisation, and the seeming constraints on budgetary possibilities. In the meantime, the reconstructed Front National, catering to the loss of security experienced by significant sections of the population, is advancing steadily in political significance.

There is a bright spot on the horizon. In November 2008 the Socialist-dominated municipality of Paris voted to 'remunicipalise' its water services, privatised under a Chirac mayoralty in 1985. The impending ending of the City's contracts with the two French water giants (Veolia and Suez) provided the opportunity. Anne Le Strat, Paris' Deputy Mayor and head of Eau de Paris, unrepentantly aggressive, claims resulting benefits in efficiency and lower prices, appropriating the language previously monopolised by the private entities and their ideologues (Locher & Marx, 2011). More, Eau de Paris has now returned water to the status of a public right. Meanwhile, the companies are fighting a belligerent rear-guard action to maintain contracts with the suburbs of Paris which have confronted the alternatives offered by Paris itself. Does the creeping de-privatisation of water offer hope for other public services?

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A Modern Guide to Keynesian Macroeconomics and Economic Policies

Eckhard Hein and Engelbert Stockhammer (eds.)

Cheltenham: Edward Elgar, 2011; xxii + 365pp. £95
ISBN 978 1 84980 140 9 (hb).

Reviewed by J.E. King

Several decades ago Robert Solow complained that, while Post Keynesians knew what they were against, they did not know what they were for. At the time there may have been some truth in this verdict, but it is certainly not correct today, as this excellent volume demonstrates. Hein and Stockhammer have brought together an impressive array of authors from Britain, Germany and North America to provide a comprehensive guide to Post Keynesian theory and policy. Their shared