

# An anxious France faces 'the elephant'

By Katrin Bennhold

**PARIS:** As if they were running for office, French business and labor unions are campaigning unusually hard in this presidential election.

Hardly a day goes by without a chief executive officer urging less state intervention. The country's main employer federation, which normally stays out of politics, published its own economic platform.

Meanwhile, strikes and labor protests have mushroomed as union leaders vow to protect France's welfare state from globalization.

While the main presidential candidates have become consumed in an emotional debate about national identity and law and order, it may be that the real debate over France's future is being drawn in boardrooms and on the factory floors.

"The main issue facing France today is how we deal with globalization," said Nicolas Baverez, a political commentator and author. "Will we embrace globalization or will we keep pretending it doesn't exist for another five years?"

The g-word is the elephant in the room in a campaign where all con-

tenders claim to represent change but none is pressing for it.

The alternatives have become increasingly blurred, as the Gaullist candidate, Nicolas Sarkozy, turned more protectionist in recent weeks and his Socialist rival, Ségolène Royal, more

nationalist. Sarkozy, Royal, and their centrist challenger, François Bayrou, have all pledged to protect Airbus workers from job cuts. They have all vowed to fight "speculative" capitalism and sending jobs out of the country. And all called for a lower euro to keep up production and jobs.

Less than three weeks before the first round vote on April 22, the gap between the two front runners has narrowed in polls. In addition, the leader of the far-right National Front, Jean-Marie Le Pen, who places fourth, appears to be closing in on Bayrou.

According to the latest poll by the CSA institute, Sarkozy is backed by 26 percent of voters, compared to 24.5 percent for Royal. Le Pen is given 15 percent, his highest level since January, while Bayrou has not recovered from his decline below 20 percent, coming in at 19.5 percent. But a large number of voters say they have not firmly made up their minds.

The economic issues that dominated political rallies in the beginning of the year have given way to a grab-bag of noneconomic issues, highlighting the



Pascal Pavan/Agence France-Presse

Facing job losses, Airbus employees in France plan another strike Tuesday.

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# Anxiously, France voters confront 'the elephant'

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uneasy relationship France has with the notion of globalization.

"For the French, globalization equals outsourcing," said Claude Bébéar, an influential French businessman and founder of insurer AXA.

Fears of globalization in France go deeper than anywhere else in the European Union. Sixty-four percent of the French consider it "a threat for jobs."

In few other West European countries do governments of all stripes pay such lip-service to the anti-globalization movement. The defenders of generous agricultural subsidies, successive administrations have evoked "economic patriotism" to justify bailing out French companies and stopping foreign takeover bids. It was Jacques Chirac, a center-right president, who said free-market economics was just as dangerous an ideology as communism.

This campaign seemed poised to usher in a more reformist generation. But Royal wants to punish companies that move production sites abroad and calls for a Europe that "protects its citizens" from the chill winds of globaliza-

tion. She would re-nationalize the former electricity and gas monopolies, *Électricité de France* and *Gaz de France*, and supports a higher minimum wage.

Even Sarkozy, who started out with promises of breaking with the past, has gradually changed his language. Last week, he called free trade "a policy of naivety" and vowed to go on "a diplomatic offensive" to lower the euro. The former finance minister who bailed out the train maker Alstom, he also promised an industrial policy that would block foreign takeover bids of strategic companies.

"They tell you that the state can no longer intervene because globalization has annulled the power of states," Sarkozy said in a recent campaign speech. "They tell you that there are only two choices possible: perish or adapt, in other words renounce our values, our culture, ourselves."

But perish or adapt is exactly what this is about, said Dennis Hennequin, president of McDonald's Europe who spent seven years at the helm of McDonald's France until 2003. "There is an economic war going on," Hennequin

said. "If we want to matter in Europe and in the world, we need to sort out our economy."

French GDP per capita has slipped from 7th place to 17th place over the past quarter century. Its government debt has grown faster than that of any other western European country in the past decade, and growth has consistently fallen a percentage point short of that of the United States in the past 25 years.

Last week, one of France's richest men, François Pinault, denounced what he called France's "Social Marxist culture." Michel Pébereau, chairman of BNP Paribas, has urged candidates to cut public spending and debt.

Laurence Parisot, president of the Medef employer federation, has published a concise book outlining her vision for France, "In Need of Air." Parisot says that no candidate offers what France needs: policies that focus on bolstering supply, rather than demand.

Many entrepreneurs express frustration with all the candidates, but predict that the business vote will go to Sarkozy, who is perceived to be the "least bad."

As if to respond to the corporate ac-

tivism, unions have been busy flexing their muscles in countless protests.

On Tuesday, Airbus unions are planning another strike. In Marseille, port workers just staged their longest strike since 1993. At a PSA Peugeot Citroën factory, 10 percent of the staff has been on strike for a month for higher pay. Last week the unemployment office, the ANPE, struck against proposals to privatize it. As *Le Monde* put it in a recent editorial: "The future president is warned: He or she will not benefit from a grace period from the unions."

The paradox, some experts said, is that France is in many ways highly globalized. McDonald's makes most of its profit outside the United States in France. A third of Europe's biggest multinationals are French. More than one in seven employees in France work for a foreign-owned company.

"There are two Frances, one France that is globalized and one France that is scared of globalization," said Yvon Jacob, president of the Group of Industrial Federations. "The battle between those two Frances is what this election should be about. But I'm not sure voters will get a clear choice."