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**Towards a New Political Economy
of Social Democracy? : The Fall
and Rise of the French Parti
Socialiste 1990-1998**

PhD

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THESIS SUMMARY

This thesis seeks to explain the organisational, programmatic and ideological renewal of the French Parti Socialiste (PS), employed as a test case to examine the veracity of the 'crisis of social democracy' literature. Chapter 1 reviews the crisis of social democracy literature, introducing a framework for the analysis of social democracy in general, and the PS in particular. Chapter 2 establishes the historical and institutional context of PS development. Chapter 3 demonstrates how organisational changes have altered the opportunity structures of the key actors, crucially affecting how the party articulates its electoral and policy strategy. Chapter 4 explores PS electoral strategists' attempts to resolve problems posed by the fragmentation of homogenous electoral blocs of support, increasing electoral volatility, and the competitive challenge of new parties. Chapter 5 analyses PS ideological evolution in the 1990s in the context of the collapse of 'actual existing socialism', the exhaustion of traditional social democratic means, the enforced peaceful co-existence with the new market orthodoxy, and the increasing relevance of supra-national co-ordination for social democracy. In Chapter 6 we will explore the implications of globalisation for social democracy. The thesis rejects the 'hyperglobal' interpretation of the relationship between social democracy and globalisation, which asserts that national economies are now subsumed into a 'borderless world', within which social democracy is an historically exhausted project. Analysis of the development and implementation of the PS's macro-economic policy, job creation policy, labour market policies, and 'structural adjustment' policies, such as the shift towards a 35 hour week, demonstrate enduring social democratic policy activism. Chapter 7 presents a comparative political economic analysis of the economic strategies of the PS and the British Labour Party which further illustrates the potential for social democratic policy activism. Finally, the conclusion summarises and draws together the arguments.

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Introduction

Two factors cast a shadow over the future of social democracy. One is the ‘crisis of social democracy’, and the other is the process of globalisation. Social democracy came to rely upon the potentialities of the nation state to ‘deliver’ social democratic ‘goods’. The nation state’s role as the principal regulator of economic activity within a well-defined national economic ‘space’, was a fundamental ‘given’ of the Keynesian paradigm. ‘Hyper-global’ theorist’s excitement about the end of the nation state is surely premature. However, the areas of nation-state activity where global theorist’s predictions are most prescient (the nation-state’s ability to regulate its national economic space) are precisely those potentialities of the nation-state on which social democrats came to depend.

Programmatically, then, these are hard times for social democracy. However, we argue that it is a misconception to see markets ‘imposing’ a neo-liberal policy agenda on governments. This misreads the nature of global financial markets, seeing the markets as a unitary rational actor with a pre-established policy-agenda. To infer from the centrality of ‘credibility’, and the changing cost/benefit analysis of national economic policies, that European social democracy has become unworkable, as Gray does, is mistaken. The claim that globalisation spells the death knell of social democracy, we argue, is not sustained by coherent argument but rather relies on dubious assumptions underpinning the ‘hyperglobalist’ world view.

The definition of social democracy at the heart of the ‘end of social democracy’ argument explains the confidence in assigning it to the rubbish bin of history. By confining itself to a static conception of social democracy, as deficit-financed full employment, a comprehensive welfare state and egalitarian tax policies *à la* Golden age, the argument misunderstands the nature of social democracy and prematurely discounts its capacity for renewal. “The strategic amalgam of ‘Keynesianism plus welfare state’ is but one *historically contingent* context within which to pursue the politics of social democracy.” (Pierson 1995 : 34) Some of its relevance is on the wane, yet the themes of that ‘strategic amalgam’ still provide the building blocks of any new formulation.

This thesis explores these issues in relation to the French Parti Socialiste (PS) and argues that both the crisis of social democracy literature, and the globalisation literature underestimate the importance of national context, and of the nature of each particular party. Therefore this thesis seeks to demonstrate how the PS developed its particular strategy in response to both exogenous and endogenous pressures. The argument here is predicated upon the importance of both the importance of national context and the nature of the specific party in question.

Instead of the crisis of social democracy and globalisation ‘happening upon’ the PS, the party is here conceived as an independent variable – which interacts with and responds actively to its changing context. We examine the organisational change of the party, the development of its electoral strategy, the recent evolution of its ideology, and finally its economic strategy. In every case, we shall demonstrate that, in seeking to explain how parties of the left ‘respond’ to globalisation, we have recourse to a range of national factors. This is testimony to the limited applicability of the ‘strong’ globalist thesis - which asserts that national economies are now subsumed into a ‘borderless world’, a global economy – perceived as a perfect market. Understanding such domestic factors as the internal organisation of the party, and demands of electoral competition, is, we argue, an essential pre-condition to assessing the relationship between social democracy and globalisation. To highlight this importance of national context, the final chapter compares the experience of the French PS with that of New Labour, and explores how their respective renewal strategies are conditioned by national specific contextual factors.

Organisational Change

A recurrent problem when examining how changing economic, ideological and electoral conditions affect social democracy is that parties are viewed as dependent actors, upon whom such changes ‘impact’. Such an approach, we argue, fails to appreciate the nature of parties as independent variables – which are, in Przeworski’s phrase, ‘relatively autonomous’ from their social and economic context. The ‘black box’ of intra-party politics must be opened to understand the nature of the internal workings of the party - the ‘transmission belts’ mediating external factors within the party. The party’s

organisational structure, the role of leadership within the party, and institutionalised factionalism within the party conditions and influences internal debates on how to respond to external changes, crucially affecting the dominant ‘frame of reference’ through which the situation is interpreted. Structure also affects what resources are at actors’ disposal, providing a set of opportunities and constraints and pushing actors into coalitional strategies. Accordingly, a prerequisite of our exploration of the changing French Parti Socialiste in the 1990s is an adequate understanding of the organisational structure of the party, and the changes it underwent.

Two key crisis moments and the question mark hanging over Mitterrand’s succession crucially determined the path of internal reform within the PS. In 1990, a highly publicised bout of factional infighting made the party brutally aware of the dysfunctional nature of the party’s internal organisation. Secondly, the crushing electoral defeat of 1993 was interpreted as a vote of no confidence in the party’s behaviour in recent years. However, although the reform process began in the wake of the internal crisis, and was stepped up after April 1993, a question mark remained. The shape of the arena in which the gladiatorial encounters between competing *presidentiabiles* were carried out was a central concern of all those in the ring, and their struggle was thus an important determining factor of the pace, nature, and depth of change. This accounts for the limited nature of reforms and attempts at what was termed party renovation in the period between 1990 and 1995. At this point the need for change was acutely appreciated, but the issue of Mitterrand’s succession had not been settled. As a result, all attempts at thorough-going change either met with resistance from *courants* (factions) adversely affected by them, or were manipulated by those set to gain from such changes.

It was only after Jospin’s return that his ‘*incontournable*’ (un-bypassable) position, underpinned by a dominant coalition comprising his own followers, the friends of Pierre Mauroy, and the Rocardians, created the stability and consensus required to effect the changes discussed since 1991. Direct democracy was both a guiding principle of, and a means of legitimation for the changes. This has acted in concert with the introduction of majority voting as a counterweight to the traditional proportionality, which has in turn changed the *modus operandi* of the *courants*, or *sensibilités*. Individual members have

also seen their voice in the party enhanced, both through the one member, one vote principle, and through the expansion of the national convention as a locus of doctrinal and organisational innovation and precision.

The reforms have only been a partial success, with enduring problems, such as co-optation, requiring qualification to the party's claims to internal democracy. Furthermore, the extent to which they rely on the personal authority Jospin currently commands in the party demands scepticism about the permanence of the new stability of the PS and peaceful co-existence of its *courants*.

Electoral Strategy

This study takes issue with the view of social democracy as doomed to electoral decline by socio-economic change, notably the shrinking of the manual working class, social democracy's 'historical agent'. Such a reading is both excessively deterministic and at variance with the facts. The ability to articulate a cross-class appeal has since the 1970s been the key explanatory factor in the PS's electoral successes. That said the electoral failings of the PS in the early 1990s were, we argue, of fundamental importance as catalysts for change. Conversely, subsequent successes have been the yard-sticks by which to measure the success of the party's renovation.

Changes in the party system in the 1990s have not been as exaggerated as some predicted. Increased dissatisfaction with the political system has translated into higher levels of electoral volatility and abstentionism, and a significant reduction in 'governmental' party support. For all the talk of a crisis of governmental parties, however, there is little evidence of their terminal decline. After years of decline, the PCF is now a localised political force, routinely gaining 10% of the vote. On its road to marginality, the PCF has met a number of new political formations, travelling in the opposite direction. Smaller parties, in particular the FN and the various ecologist formations, bolstered by more proportionality, have made considerable progress, exerting competitive pressures on the PS.

These developments in the party system in part reflect the changing class structure and voting behaviour. There is a fragmentation of homogenous electoral blocs of support

which characterised the left electorate in the Fordist period. The class structure is now more variegated and decreasingly manual working class. Secondly, these sociological variables are decreasingly reliable predictors of voting behaviour, as more volatile voters display an increasing propensity to vote strategically and shift allegiance or abstain.

This has created a new configuration around the Left pole of the French party system. The PS remains the largest single electoral force, yet the crushing defeat of 1993 began an age of diminished expectations, in which the PS accepts that it cannot gain power without the help of a growing number of allies. As well as traditional partners, the Radicals and the PCF, there are new groupings, the *Verts* and Chevenement's MDC. Yet for all this proliferation, the systemic inducements for *rassemblement* of the majoritarian two-round system for decisive elections continue to lead smaller parties to come to an arrangement with the PS.

In strategic terms, the same logic that once underpinned the *Union de Gauche* was the guiding principle behind Jospin's work with electoral allies since 1993, and now brings the *gauche plurielle* together. The *gauche plurielle*, we argue, was only possible in the light of certain endogenous developments within the PS. The *courant* 'cease-fire' was an important precursor to the forging of a new electoral strategy, and Jospin's internal hegemony was essential in managing the difficult candidate nomination procedures, essential for delivering on the PS's electoral agreements with its allies.

The fruits which the strategy bore at the 1997 legislative elections are, we argue, misleading. Paradoxically, despite the success, the results point to the enduring electoral frailty of the PS, particularly in the context of fairly high levels of electoral volatility. Even with the help of its allies, the PS continues to struggle with some of the groups whose support contributed to its success in the 1980s, notably the working class and underprivileged. The diminished loyalty of the electorate, and the declining relevance of the term 'core electorate,' we argue, oblige the PS to engage in a perpetual process of the reconstitution of their electorate, attempting to reunite different segments, with diverse ideological orientations and social positions at each election. This process is made all the more problematic by certain key issues which dominate electoral

campaigns serving to draw out the tensions and divisions between constituent elements of the social democratic electorate, or indeed between partners in the *gauche plurielle* coalition. Furthermore, the alliance remains under considerable pressure, exerted as much by destabilising effects of conflicting competitive strategies induced by frequent elections as by the pressures of government on the PS dampening the radicalism desired by the PCF and the *Verts*.

Ideology

Although deeply affected by the collapse of communism, socialism in France was already undergoing a period of redefinition, as much in response to internal as to external factors. The contours of the nebulous redefinition of socialism, we argue, owe at least as much to French socialism's peculiar ideological history, and to France's specific intellectual heritage, as to any global crisis of socialism.

At first sight, the collapse of Communism appears advantageous to the PS, further undermining the already weak and declining PCF, and allowing the PS to formulate doctrine according to its internal dynamics, without an eye to the left. Yet, ideologically, the PS has evolved with reference to the PCF, and reference – implicit or explicit – to this 'other' has been a constitutive element of PS identity. This, we argue, results from the nature of party competition in France, the once extremely strong position of the PCF on the extreme left of the political spectrum, and the votes it historically commanded.

The PS was thus deeply affected by the wider collapse of Communism. Social democracy is the theory of the 'middle way' between capitalism-ordering society according to capitalist principles (private ownership, the primacy of market mechanisms); and communism-ordering society according to communist principles (common ownership, from each according to means to each according to needs). With one pole gone, the PS recognised that, "the rupture which has happened calls into question some of the foundations of the socialist project."¹

¹ Final text of the Arche conference *Le Poing et la Rose* no. 135 January 1992 p 29

This 'calling into question' has been further complicated by the occupation of governmental office. Since its inception, the dialectic between the minimalist and maximalist² traditions had ensured that French socialism always attached great importance to, 'the theology of the final goal' (Sassoon 1996). The collapse of Communism compounded the effects of the abandonment of 'transcendentalist' rhetoric which had accompanied the '*rupture avec le capitalisme*.' There was a need to fill the gap, since capitalism was not about to be transcended. What was in prospect, in Blum's terminology, was the *exercice du pouvoir* - a theoretical justification for the socialist management of capitalism. This began a process, which preceded the fall of the Berlin wall, but which was accelerated by it, referred to subsequently as the 'secularisation of French Socialism,'³ a simultaneous shift away from maximalist programmes, and from an analytical framework heavily influenced by Marxism.

The importance of Republicanism as an organising frame of reference for French socialism has been bolstered in recent years by the demise of its Marxist rival. Republicanism as an intellectual apparatus has, we argue, been at least as important as Marxism in shaping French Socialist thought, and accounts to a significant degree for the enduring faith in the state's interventionist role, and to the strength of attachment to equality as a core Socialist value. Renewed emphasis on Republicanism has compensated for the ideological deficit resulting from the decline of Marxism.

In the wake of the 1983 U-turn, the party was so caught up in the act of governing, that the task of digesting these developments at the theoretical or doctrinal level was eschewed. In order to paper over these cracks, Lionel Jospin advanced the theory of *la parenthese*, which avoided head-on confrontation of difficult questions by conceptualising the 1983 U-turn as merely a pause in its radical reformist trajectory. This formulation enabled French Socialism to avoid the extremely problematic issue of reconciling its principles to the constraints of holding governmental office. The triptych of '*planification, nationalisation, autogestion*' was defunct, but with only the warm words of modernisation to replace it as justification for a neo-liberal policy agenda,

² Which owes its longevity within French socialism first to Jaurès' formulation of 'evolutionary revolution' which retained a revolutionary end-game in a reformist strategy, and later to Blum's theorisation of the conquest and exercise of power.

³ Interview with Jean-Christophe Cambadélis 25/9/97

French Socialism in the 1980s lacked coherence.

By the 1990s, the need to rediscover a coherent ideological outlook was keenly felt. The Arche Congress was a first attempt to rediscover that coherence, which, we argue, only really began to return after 1995. The 1995 presidential candidate choice is significant in this light. The choice, by the rank and file in an extraordinary primary, of Jospin over Emmanuelli, was a break in the cycle of extreme shifts to the Left in periods of crisis and redefinition. Jospin's selection represented an internal turning point, prioritising electoral responsibility over partisan sentiment, demonstrating that the membership had assimilated to a significant degree the 'culture of government'.

Economic Strategy

We insist here on the need to distinguish between the accelerating *process* of globalisation on the one hand, and the increasing acceptance of the *rhetoric* of globalisation (strongly influenced by the neo-liberal thinking) on the other. Whilst not disputing that radical changes in economic context have occurred, the implications of the changes for the strategic options open to social democratic governments are, we argue, often misconceived, leading to excessively dire prognoses.

The new international economic context has made Socialists painfully aware of the limits of the possible. From every corner, political projects were founded on the assumption that international competitiveness was a necessary precursor to socialist advance. Pursuing Socialist policies in an open economy in the late twentieth century had been shown to be an extremely difficult task due to the competing nature of claims to social justice and economic efficiency in the international economic context of the 1980s and 1990s.

However, whilst we accept that 'credibility' is the cornerstone of macroeconomic policy, securing credibility, we argue, is not necessarily incompatible with social democratic goals. Despite the changing cost/benefit analysis of social democratic policies, there may be room to manoeuvre for governments of the left, gained by perceived overall rectitude, facilitating policy activism which does not undermine

underlying credibility. Whilst globalisation *does* constrain social democratic policy options, it is a mistake to infer from this that there are no longer significantly different approaches to economic policy, involving different hierarchies of priorities in terms of employment, inflation and redistribution, and more fundamentally, different understandings of how the economy works. The implementation of a 35 hour week, aiming to redistribute wealth and create more jobs, the state orchestrated creation of 700, 000 jobs through the *Plan Aubry*, and moves to co-ordinate growth oriented macro-economic policy and fiscal activism at the EU level are offered as evidence that globalisation does not rule out social democratic policies.

In our comparative analysis of PS and New Labour economic strategies, we argue that, despite considerable ideological and substantive differences, both *Réalisme de Gauche* and New Labour's Third Way offer potentially viable, and - albeit to different degrees - recognisably social democratic economic strategies compatible with a world characterised by globalisation. There are significant differences between New Labour's Third Way and *Réalisme de Gauche*, both in terms of national institutional settings, and intellectual aspirations. This, we argue, is evidence of social democratic governments' room to manoeuvre, and further underpins our suggestion that, whilst the constraints highlighted by 'hyperglobal' pessimists are indeed powerful, their analysis of globalisation overstates its incompatibility with social democratic policy activism.

Summary

This thesis will, in chapter 1, review the literature on the crisis of social democracy and globalisation, and establish a framework for the analysis of social democracy in general, and the PS in particular. Chapter 2 will establish the historical and institutional context within which the PS developed, and explain the impact of this context on PS development. Chapter 3 will show how organisational changes have significantly changed the opportunity structures of the key actors involved, crucially affecting how the party articulates its electoral and policy strategy.

Turning to that electoral strategy, chapter 4 explores PS electoral strategists' attempts to resolve problems posed by a number of developments. Chief among these are the fragmentation of homogenous electoral blocs of support; the decreasing reliability of

sociological variables, evidenced by more volatile voting behaviour and an increasing propensity to vote strategically, shift allegiance or abstain; and the increasing competitive pressures in a party system characterised by more new parties, both ecologist and Front National, and declining satisfaction with the party system in general, and the 'governing' parties in particular.

The implications of the collapse of 'actual existing socialism', the exhaustion of traditional social democratic means, the enforced peaceful co-existence with the new market orthodoxy and the increasing relevance of supra-national co-ordination for social democracy will be explored in chapter 5 through analysis of how the ideology of the French PS has evolved in the 1990s. In chapter 6 we will explore the implications of globalisation for social democratic economic strategy through analysis of development and implementation of the PS's economic policies in the 1990s. This will cover fields of industrial policy, macro-economic policy, job creation policy, labour market policies, and 'structural adjustment policies such as the shift towards a 35 hour week. Then, in chapter 7, we will further explore the implications of globalisation for social democratic economic strategy through a comparative political economic analysis of the economic strategies of the PS and the British Labour Party. Finally, in the conclusion, we will draw together the strands of our argument.

Chapter 1

The Crisis of Social Democracy

The aim of this thesis is two-fold. On the one hand, it seeks to explain the fortunes of the French PS, which is employed as a test case to examine the veracity of the 'crisis of social democracy' literature and its predictions for the future direction and fortunes of social democratic parties. A second concern is to explore the relationship between social democracy and globalisation. In depth analysis of PS economic strategy, and a comparative political economic analysis of the economic strategies of the PS and the British Labour party will contribute to the understanding of the relationship between social democracy and globalisation, as well as testing some of the theories emanating from the globalisation literature.

This introduction has two sections. The first focuses on the concept of social democracy, and seeks to establish a framework for the analysis of social democracy and sets out the focus of this study.¹ The second section considers some of the literature on the crisis of social democracy, and on the relationship between globalisation and social democracy. The 1980s and 1990s has been widely represented as an era of crisis for social democracy, and this crisis is seen as operating on three planes, ideological, electoral and programmatic. Globalisation is often cited as a key explanatory variable. In ideological terms, it is argued, the collapse of communism has eroded the coherence of social democracy by removing one of its definitional reference points. In electoral terms, the new international division of labour has led to a relocation of 'smokestack' Fordist industries to newly industrialised economies, stripping the West European social democratic parties of their core electoral constituency, not to mention their historical agent – i.e. a large and homogenous working class. In programmatic terms, structural changes in the international economic context have practically ruled out national Keynesianism which was for so long the cornerstone of social democratic economic strategy, undermining social democrats ability to deliver on their pledges to full employment and increased equality. This thesis challenges the view, often extrapolated from the above observations, that social democracy is forced to take on a neo-liberal

¹ We address the methodological implications of the research strategy suggested by this framework in a methodological appendix.

agenda by globalisation.

Analysing Social Democracy

Gramsci's dictum that the writing of the history of a party is like writing the history of a country from a monographic point of view offers an insight into the role the national historical and institutional context plays in shaping a party. The history of all socialist parties in the twentieth century has been the struggle with the social and economic structures of capitalism. Such fraternising with the enemy has left an indelible mark on all political movements of the left. "Any movement that seeks to transform historical conditions operates under these very conditions. The movement for socialism developed within capitalist societies and faced definite choices that arise from this particular organisation of society." (Przeworski 1985 : 3)

Padgett & Paterson identify the principle elements of social democracy as, "a hybrid political tradition composed of socialism and liberalism....inspired by socialist ideals but heavily conditioned by its political environment and incorporating liberal values. The social democratic project may be defined as the attempt to reconcile socialism with liberal politics and capitalist society." (Padgett & Paterson 1991 : 1) The interaction of social democracy as an actor and advanced capitalism as a system is thus central to a deepened understanding of social democracy.

Yet each socialist party did not develop within some abstract 'capitalism', but within a specific historical capitalist formation wedded to a nation-state. Some have characterised this as social democracy's 'methodological nationalism.' "[P]olitical parties ... work out the ethics and the politics corresponding to these conceptions and act, as it were, as their historical 'laboratory'." (Gramsci 1971 : 273) Each national setting provided a different set of laboratory conditions in which social democracy 'worked out its ethics and politics.'

National-level Factors

Accordingly, in the process of analysing social democracy, we will explore the enduring

and overriding importance of national context in explaining how social democracy has responded to the changing international context. At the national level, structural variables are threefold. Firstly, there are the constraints imposed by the organisation of the state and the political system and its resultant constitutional and electoral practices. Secondly, the socio-economic structure of society, and in particular the working class is an important contextual influence on the workings of socialist parties. Thirdly the contours of the insertion into the interdependent international economy, by which we mean the size, profile, and relative openness and competitiveness of the economy, plays a key role in influencing behaviour.

Analysis of the interaction of these variables and the PS is an essential precursor to the changing strategies of the PS in the 1990s. The national institutional context of the French Parti Socialiste (PS) structured the field of action within which it operated and evolved. The most significant nation-specific variable influencing the PS has been the institutional context of the Fifth Republic. The 'strong state' nature of France's Semi-Presidential democracy made pursuit of the Elysée the ultimate political goal. It was a key determining variable in the development of the party system, heralding the change from 'polarised pluralism' to a bi-polar pluralism, dominated for the first twenty years of the Republic by the Right.² A second variable is the contours of local-level democratic institutions in France, which shaped the internal organisation of the party. In the 1960s, when the conflict of interests between local and national political strategies became acute, a process of restructuring was undertaken - the outcome being a more nationally co-ordinated party. Thirdly, the weak and fragmented nature of trade unionism, together with its confrontational traditions affected the party's development, explaining its failure to develop a mass base. In ideological terms, weak fragmented unions prevented the development of the neo-corporatist strategies which helped some Northern social democratic parties cope with the economic crisis of the 1970s and 1980s. These themes will be developed at greater length in chapter 2. A fourth, very important though not exclusively national factor is the position of France within the process of European construction. The effects on French economy and society of the advancing process of European integration will be considered in chapters 6 and 7.

² The development of the party's internal structure can be seen as a response to the new context of a presidentialised party system.

Party specific factors: Social Democratic Party as *Independent Variable*

A recurrent problem when examining how changing economic, ideological and electoral conditions affect social democracy is that, “parties are viewed as completely dependent actors.”³ (Koelble 1991 : 4) Yet parties are independent actors – which are, in Przeworski’s phrase, ‘relatively autonomous’ from their social and economic context. “Parties do have some choices about how to respond to social changes in the electorate, how to respond to economic difficulties, and how to react to new social demands.”(Koelble 1991 : 4) Such observations also inform Kitschelt’s contention that the explanation for party decline or success is to be found not in the external environment but in the internal workings of the party.(1994)

The ‘black box’ of intra-party politics must be opened to understand the nature of the ‘transmission belts’ mediating external factors within the party. This demands consideration of a series of party specific variables, which include the party’s organisational structure, and the role of leadership and factionalism within the party. As Koelble argues, “institutional structures shape the rationalities of actors inside a political party in a profound way institutional structures shape political outcomes by setting limits and creating opportunities for the participants of the intra-party competition over positions and policy.” (Koelble 1991 12) The organisational structure of the party conditions and influences internal debates on how to respond to external changes, crucially affecting the dominant ‘frame of reference’ through which the situation is interpreted. This is what Scharpf has termed the ‘cognitive framework’ which requires analysis of the conditions of the ‘decision environment.’(1991 : 14) Structure also affects what resources are at actors’ disposal, providing a set of opportunities and constraints and pushing actors into coalitional strategies. (Panebianco 1988;)

Mindful of such considerations, recent changes in the PS’s organisational structure will be explored in depth. Chapter 3 will show how organisational changes have significantly changed the opportunity structures of the key actors involved, crucially affecting how the party articulates its electoral and policy strategy.

³ For an example of such an approach, see Gray (1996)

Global-level factors

Finally, we come to a set of global factors, which we will broadly categorise as the crisis of socialism, and the crisis of social democracy. The collapse of communism in the former USSR and eastern Europe effectively put an end to ideological competition between capitalism and socialism, leaving capitalism of some form as 'the only game in town' thus seriously damaging the prospects of transition to a socialist society. The crisis of social democracy is more complex, involving structural and ideological elements. Structurally, there have been changes in the international economic order over the last twenty-five years. Accelerating 'globalisation,' defined as the growing economic interdependence of the world's economies, has undermined the Keynesian welfare state model predicated upon the fixed exchange rate regime of 'embedded liberalism' which obtained in the 1945-1971 period.(Ruggie 1982) Ideologically, there has been the perceived failure of the Keynesian policy paradigm to deal with ensuing economic crises problems such as stagflation. Secondly the rise, on an international scale, rival neo-liberal policy paradigm as a potentially viable alternative to the old orthodoxy.

The Crisis of Social Democracy: 3 planes

1. The Electoral Crisis

Analysis of the electoral 'crisis' of social democracy has tended to be excessively apocalyptic. As Bergounioux & Grunberg point out, "if one compares the average percentages of votes cast for all [European] democratic socialist parties since the war between the years 1945-1974 and the years 1975-1995, the decline appears very slight : 31.7% in the first period against 30.4% in the second."(1996 : 271-277)⁴ This is corroborated by Merkel(1992) and Sassoon.(1996) What has changed significantly, however, is the socio-economic composition of the left electorate. As the industrial profile of Western democracies changed, with a new international division of labour seeing 'smokestack' manufacturing industries shift south, and increasing tertiarisation of OECD economies, so the traditional social democratic electoral base – the unskilled manual working class – shrank. Thus while talk of social democratic electoral decline is

⁴ The authors exclude Spain, Greece, and Portugal, which have not been democratic systems throughout the period, but argue that if those countries are added, the decline is yet more negligible.

misleading, the relation of social democracy to its electoral base is changing, in part in response to socio-economic change.

In the post war era, the social democrats prioritised workers' interests, due in part to economic policies whereby, "through the alchemy of Keynesian economics, the particular interests of the workers in redistribution toward themselves was transformed into a general social interest." (Rogers & Streeck 1993) Socialist and social democratic parties remained largely working class in character during the Fordist era. "Up to the end of the sixties..the industrial proletariat was numerically the largest component of the electorate, structurally the best organised, morally the most authoritative....it was what Italian theorists termed *centralita operaia* - the 'centrality of the working class' - that welded together an array of forces of the left. Typically, this is no longer so today." (Anderson 1994 ; 11) Yet even during the 'Golden Age', as Przeworski and Sprague's *Paper Stones* attempts to rigorously demonstrate, social democracy's relationship with the working class was problematic. Socialism's 'electoral dilemma' is that a 'pure' class strategy will not succeed, because of a shrinking working class. On the other hand, cross-class strategies aimed at courting the middle class involve alienation of some working class support – seen by the authors as more or less a zero sum trade-off. (1986: 25,31, 50-62) The thesis is 'proved' through extensive statistical testing of European electoral results.

However, although attractively parsimonious, the theory is problematic. Firstly, the definition of working class employed by Przeworski & Sprague is rather narrow, "manual wage earners in mining, manufacturing, construction, transport and agriculture and their inactive household members"(1986 : 72), thus excluding manual workers in 'unproductive' sectors and white collar workers.(see Kitschelt 1993; King & Wickham-Jones 1990 : 390) A bigger problem with the model is that it is at variance with the facts. Assumptions made about the composition of socialist parties and electorates do not hold. The French PS was never a predominantly working class party, either in terms of its sociological composition or in terms of its electorate. (Hanley 1987) Similar problems are identified by King & Wickham-Jones regarding the British case. (1990 : 390-395) As Merkel points out, "the electoral appeal of the French, Spanish, and Greek socialists to large segments of the middle class shows that the social democratic parties

are not irrevocably doomed due to Przeworski's dilemma."(1992 : 146) Indeed, it is generally accepted that the ability to articulate a cross-class appeal in the 1970s is the key explanatory factor in the PS's subsequent electoral successes.(Bell & Criddle 1988; Bergounioux & Grunberg 1992)

Furthermore, electoral socialism has not 'failed,' even after the 'Golden Age.' More Left governments were in power at the end of the 1980's than was the case at the beginning of the 1970's. (Sassoon 1996 : Table 16.5, 467) Crude causal relationships between a shrinking industrial manual worker population and fewer socialist voters are thus difficult to sustain. For Bergounioux & Grunberg, what is remarkable is electoral socialism's resilience despite difficult circumstances. (1996 : 278) The reason for this mismatch between theory and facts can be traced to assumptions made about the 'micro-foundations' of the model – i.e. voter choice. "Analysis of electoral politics voter preferences are implanted from outside so that workers becomes dupes of macro-actors, in particular, of parties and trade unions."(Buraway quoted in King & Wickham-Jones 1990 : 391)

The problem is the degree of sociological determinism inherent in their assumptions. (Merkel 1992) Przeworski and Sprague seem unable or unwilling to take their valuable insights into the 'relative autonomy' of parties from their social/structural context and apply them to working class voters and their social context. A similar problem underpins Gray's less sophisticated analysis about the implications of the numerical decline of the working class, which Gray interprets as the death knell of social democracy, "social democracy is now a political project without an historical agent." (1996 :12) Underlying both Gray's assertion and Przeworski and Sprague's analysis is a rather crude, sociologically deterministic view of the relationship between social democracy and the working class.

In order to avoid the sociological determinism of the approaches outlined above, this study will adopt the framework suggested by Mayer & Perrineau, the 'supply and demand model' of voting behaviour. (1992 : 72-111; see also Boy & Mayer 1997b) Within the model, the electorate is conceptualised as the demand side, and the configuration of the election, the electoral strategy, and the political conjuncture

conceptualised as the supply side. It is beyond the ambit of this study to explain every aspect of voting behaviour in France. The focus here is on the electoral strategy pursued by the PS in the 1990s. This is clearly based on certain assumptions about voting behaviour, and on an interpretation (or set of interpretations) about the cause of electoral defeat in 1993, hence the need for a framework for analysis of the electoral fortunes of the PS.

On the demand side, the model attempts to synthesise 'sociological' and 'rational' approaches to voting, seeing the two as complementary. The voter is neither a prisoner of sociological variables, nor the footloose utility maximiser of neo-classical economic theory. Thus the sociological make-up of the electorate is a significant contributory factor to discerning electoral behaviour, but "the model is not a deterministic one. The key variables entail probabilities more or less strong – of voting left or right, but no group is politically homogenous, and no individual defines themselves with reference to a sole group."(Mayer & Perrineau 1992 : 83) Furthermore, these 'variables' operate 'through the prism of subjective definition in one group or another.' Secondly, socio-economic change is altering the class structure, and thus the relative importance of the key variables. With the expansion of the public and tertiary sectors, a 'new middle class', composed of office workers, administrative staff, technicians, teachers, and health and social professionals more than doubled in size between 1954 and 1975 to equal the size of the working class. The influence of these sociological factors is tempered by acceptance of elements of the 'rational voter thesis'. The principle expression of this autonomous rationalism being a more 'strategic' approach to voting, increasing electoral volatility. In part as a result, the strength of the correlation, for example, between Catholicism and right voting, or between working class status and left voting, is declining.

On the supply side, a large number of contextual factors crucially affect voting behaviour. First and foremost, there is the nature of the election - be it national (presidential) or local (municipal). In France, there is also great variation of electoral system depending on what office is being sought. A second supply factor is the point of insertion into the party system. Both Bergounioux & Grunberg and Merkel insist on the importance of situating the parties within the context of their national party systems to

understand their competitive situation. (something Przeworski and Sprague's methodology precludes). With the decline of communist parties, socialist parties now constitute the principal parties of the Left. As a result, all social democratic parties have participated in government for many years, and all (with the exception of Ireland and Belgium) have led governments for a number of years. (Bergounioux & Grunberg 1996; 282 Table 8)

Other 'supply' factors include the personal popularity of a candidate, the key issues of the campaign, and the nature of the campaign itself. The fact of incumbency, Bergounioux and Grunberg argue, is the best starting point for explaining the difficulties of electoral socialism in the last 20 years. "The numerous electoral defeats are explained by the difficulties of governing in a period of recession and high unemployment which has seen rising inequalities. If one considers the electoral evolution of socialist parties over their last three legislative elections, it appears clearly that the fact of being in power or in opposition in the parliament prior to the election is the real key to explaining these evolutions. (1996 ; 271 & Table 6 277) Such consistent rejection of governing parties lead some to speculate about a crisis of representation within political systems. The 'systemic' trends of abstentionism and volatility, 'decline' of governmental parties is often cited as evidence of such a crisis. Exploiting the perceived shortfalls of governmental parties, 'protest' or anti-system parties have made significant advances. In France, the role of such 'supply' variables as the declining vote share for 'governmental' parties, and competition from the Greens, PCF, and other Left groupings, not to mention the FN is crucial to understanding PS's point of insertion into the electoral environment of the 1990s.

The lessons to be drawn from the demand side of the 'supply and demand model' of electoral behaviour are principally two-fold. Firstly, class structure is changing, with a fragmentation of homogenous electoral blocs of support which characterised the left electorate in the Fordist period. The class structure is now more variegated and decreasingly manual working class. Secondly, these sociological variables are decreasingly reliable predictors of voting behaviour, as more volatile voters display less satisfaction with the party system in general, and 'governing' parties in particular, increasing their propensity to vote strategically, shift allegiance or abstain. On the supply side, the party system is characterised by more new parties, both ecologist and

Front National, exerting competitive pressures on the PS.

All this has implications for social democratic electoral strategy. “Not able to count on the loyalty of the electorate as much as before, they are now pushed, at each election, to engage in a process of reconstitution of their electorate, attempting to reunite different segments, with diverse ideological orientations, preoccupations, and social positions.”(Bergounioux & Grunberg 1996 : 292) This process of perpetual reconstruction of the core electorate is made all the more problematic by certain key issues which dominate electoral campaigns serving to draw out the tensions and divisions between constituent elements of the social democratic electorate. Chief among these is the issue of European construction. “In the 1995 presidential election first ballot, 34% of voters who voted yes in the Maastricht referendum voted for Jospin, compared to only 8% of those who had voted no.”(Bergounioux & Grunberg 1996 : 286) Further analysis shows that this hostility to European construction correlates with class quite strongly, with the *'couches populaires'* (working class) more likely to respond to accelerating European construction through increased nationalism. Thus voting on European issues, “reinforces the cleavage between the middle and working classes.” (Bergounioux & Grunberg 1996 : 292) PS electoral strategists' attempts to resolve such contradictions are considered in chapter 4.

2. The Ideological Crisis

“Once, in the founding years of the Second International, it was dedicated to the overthrow of capitalism. Then it pursued partial reforms as gradual steps towards socialism. Finally it settled for welfare and full employment within capitalism. If it now accepts a scaling down of one and giving up of the other, what kind of movement will it change into?”(Anderson 1994 15-16)

i) Crisis of Socialism

The triumphalist ‘end of history’ proclamations of Fukoyama *et al* in the 1990s suggest that the historic dichotomy – between ordering society according to capitalist principles (private ownership, the primacy of market mechanisms in most or all walks of life) and ordering society according to communist principles (from each according to means to each according to needs) - is now resolved. 1989 marked the “triumph of the West” as

well as “the total exhaustion of viable systemic alternatives to Western liberalism.” It heralded “end of history as such: that is, the end point of mankind’s ideological evolution and the universalisation of Western liberal democracy as the final form of human government.”(1989 : 3-8) Or as Dr. Pangloss would have it, ‘all is for the best in the best of all possible worlds.’

The anti-Communist revolutions⁵ upset socialism’s positivistic, rationalist ‘meta-narrative’ of modernity. These developments suggested, *contra* socialist received truth, that the market, not the state, appeared a more likely harbinger of modernity.⁶ Assumptions about the dovetailing of the project of modernity and the establishment of a socialist society became unsustainable. Events pointed in a radically different direction to the one prescribed by that comforting telos. The final goal – the rationalist creation of a differently ordered society to transcend capitalism - which has motivated generations of socialists seemed now beyond reach. It became a commonplace even on the Left that, “Socialism can no longer be considered as an alternative socio-economic system that is viable and superior to capitalism.”(Lukes 1990 : 573-4)

Habermas offers a welcome corrective to the ‘liberal interpretation’ which see the “development of a market economy independent of the political system” as, “a surge in the modernisation process reaching out towards Central and Eastern Europe.” “The liberal interpretation is not wrong,” Habermas notes, “it just does not see the glint in its own eye.”(Habermas 1991 : 31) The problem with this triumphalist liberalism is that instead of *critiquing* the ‘philosophy of history’ that most socialists trace back to Marx, which sees at work immanent laws of historical development which will ultimately favour socialism, liberal triumphalists *hijack* this ‘historicism’. Triumphalists simply claim that socialists have read their historical maps wrong, and furthermore that ‘we have arrived.’

Yet for parties of the left, the seismic shift is a major transformation. “The collapse of Communism in the East, far from strengthening its historical rival, has for the moment further weakened it. For all their mutual disclaimers, the two were joined as heirs of the ideals of nineteenth-century socialism. The victory of capitalism over the revolutionary

⁵ Or more precisely the prevalent (liberal/conservative) interpretation of the revolutions

⁶ see Anderson (1991)

attempt to replace it was never likely to leave untouched the reformist endeavour.”(Anderson 1991 : 324) As Mann observes, “the collapse of Soviet autarchy opened up most of Eurasia to capitalist penetration capitalist commodity exchange clearly dominates. With no confident adversary in sight, capitalism is becoming – at least minimally – global. That was not so in 1940, or even in 1980.” (1997 : 479) As the PS itself realised, “the rupture which has happened calls into question some of the foundations of the socialist project.”⁷

Social democracy is the theory of the ‘middle way’ between capitalism - ordering society according to capitalist principles (private ownership, the primacy of market mechanisms in most or all walks of life); and communism- ordering society according to communist principles (from each according to means to each according to needs). Paradoxically, the formal ‘social democratisation’ of the PS (at the Arche Congress in 1991) coincided with the disappearance of one of the ‘poles’ in relation to which social democracy has historically defined itself. This disappearance has left social democracy in a state of ideological flux in the 1990s.(Anderson 1991; Bergounioux & Grunberg 1996; Sassoon 1996) The fact that formal social democratisation came so recently is testament to the importance of the commitment to a transition to a socialist society within the PS's ideological heritage. The crisis of socialism, “poses the question of a redefinition of what the left may be tomorrow. Not in relation to communism, but intrinsically.”⁸ It begs a further question, of the relationship with capitalism, an answer to which has never been codified in PS doctrine. Mitterrand's ‘*économie mixte*’ fell some way short of unquestioning embrace of the capitalist society. Subsequent attempts to address the question are considered in chapter 5.

ii) The Crisis of Keynesian Social Democracy.

The damaging effects of the crisis of socialism were compounded by the fact that social democracy’s traditional programmatic ‘strategic amalgam’ proved increasingly incompatible with the new economic context. The crisis took place on two planes. Firstly, as we shall see later objective conditions were changing to the detriment of social democracy and Keynesianism. A series of crippling external shocks - the Nixon

⁷ Final text of the Arche conference *Le Poing et la Rose* no. 135 January 1992 p 29

⁸ P. Mauroy speech 24/11/91 Paris ; Fondation Jean Jaurès. 1992

shock which scuppered Bretton Woods and then the oil price hikes being the most spectacular and structurally significant among them - increased the strain on a social democratic consensus already showing the cracks in the form of rising wages and flagging productivity. The dramatic effects of these shocks on indicators such as inflation precipitated calls for something to be done. Secondly, on the subjective plane an ideological onslaught from the New Right fed off the difficulties social democracy was having in dealing with these structural shocks. The history was being told by the New Right, and their apparent intellectual 'monopoly on good ideas' meant that the battle of ideas over what kind of policy prescriptions would be appropriate to deal with the objective change in conditions was, for social democracy, a rout.

“Interests, however, like intents, necessarily remain platonic unless they are translated into politics by the means of some social instrumentality.” (Polanyi 1945 : 8) In the post-war era, the establishment of the social democratic welfare state can be seen in these terms as the social instrumentality which resulted from the translation of the interests of the social democratic left into politics. In his attempt to open “the black box that separates the declared programmatic intentions from the output of policies” Merkel identifies two core social democratic policy outputs. These are state intervention in the sense of macro-economic steering and policy regulation, and welfare commitments to provide collective goods and monetary transfers. (1992 : 152-3) Keynesian economics emerged as the theoretical lynch-pin of both social democratic ‘outputs’ in the post-war world. (Przeworski 1985; 7-45)

Keynesianism laid down a blueprint of how the economic regulatory potentialities of the nation state could be tailored to secure social democratic goals of full employment and more equitable distribution, “the means of steering the capitalist economy to deliver [welfare and full employment].....through monetary policy and fiscal policy. The basic instruments of macroeconomic management were, on the one hand, setting of interest rates and exchange rates, and on the other, control of taxation”.(Anderson 1994 : 14) As Pierson puts it, “social democracy... attached its political aspirations to the Keynesian Welfare State project” (Pierson 1995 : 52) The use of Keynesianism as a justification for social democratic action by governments was crucial to social democrats’ perceived ‘fitness to govern’. In the last 25 years, changing global economic

conditions on the one hand and sustained political attack from the New Right on the other have served to radically undermine the intellectual paradigm of Keynesian economics. As a result the political economy of social democracy has entered a prolonged crisis.

The theoretical reaction against Keynesianism was multi-faceted and diverse, but can be categorised into three groups. The theme which unites all facets of New Right economists' assault on Keynesianism is the theoretical undermining of the size and scope for state activism in economic affairs. Foremost in terms of chronology and impact were the monetarists. In principle, monetarism reopened a technical debate to which both Keynesians and monetarists could contribute. However, the monetarists based their analyses on a series of assumptions which meant that in practice, no dialogue was possible. The neo-classical view of the world rejected all the assumptions about the state's beneficial role in the running of the economy which form the bedrock of Keynesian economic analysis. Friedman's argument was, "that as high inflation became anticipated this would lever the inflation rate up again and again, eliminating any stability in the inflationary price for high employment."(Glyn 1995 : 36) The significance of this is in altering the relative importance of tackling unemployment and inflation overwhelmingly in favour of the latter. Lurking beneath the model is the assumption that the state cannot be responsible for securing the full employment of the workforce.

The second strand of anti-Keynesian thought, which built on foundations laid by the monetarists, is New Classical Macroeconomics (NCM). At the heart of NCM is the rational expectations hypothesis; "economic agents are completely aware of the true structure of the economy (i.e. the form of each equation and the size of the coefficients in the econometric model which mirrors it)and make full use of this knowledge in forming their expectations."(Bleaney 1985 144) So influential were these arguments that, even on the Left, "there is a strong belief that higher levels of inflation tend to accelerate - and so lead eventually to counteracting deflationary policies."(Corry 1994 : 53)

Friedman first introduced the expectational aspect to labour market behaviour. NCM

applied the rational expectations framework more widely, with clear implications for the assumed effectiveness of state intervention in the economy. The logic of NCM assumes “no expectational errors to push the economy above or below its sustainable growth path. Thus without cyclical activity appearing - or it only appearing because of expectational errors which would not systematically persist - fiscal and monetary policy would be useless. The inflationary effects of these would be fully anticipated, and thus discounted by economic agents.” (Thompson 1990 : 195-196) The state, then, cannot act to affect the economy, because any measure taken will fall foul of a pre-emptive strike by agents fully anticipating the consequences. This is what Iversen terms the *policy neutrality thesis*.(1999 : 19)

If NCM seeks to establish that the state *could* not act, the third strand of anti-Keynesian ideas, the Austrian or Hayekian strand, is preoccupied by an insistence that the state *should* not act. “Since the state can never know more than markets because of the way knowledge is dispersed in a modern economy,” Hayek would argue, “all forms of intervention are likely to be harmful and destabilising.” (Gamble 1986 : 42) Any attempt to control the marketplace, however honourable in intent, is necessarily doomed to failure. Keynes’ insight was that markets can fail, Hayek’s article of faith was that governments will fail. This conviction appeared increasingly pertinent as the crisis of Keynesian political economy deepened, and the state seemed increasingly powerless, despite its size and reach, to counter the simultaneous manifestation of stagnation and inflation and halt the relative decline of the British economy.

This onslaught coincided with a period of intellectual inertia for social democracy, and “resurgent economic liberalism easily drowned out the resulting silence.” (Marquand 1991 : 220) This ideological victory, over how to correctly read the events of the last twenty-five years, and what policy prescriptions are now appropriate has fostered a nascent new economic orthodoxy inimical to social democracy. The state was now seriously discredited as an effective economic actor, and the market fully rehabilitated. “A tight monetary policy, fiscal self-discipline and a growing reliance on the private initiative in a context of competitive market forces - this was the way forward that monetarists exhorted governments to take, over the corpse of Keynesianism.”(Thompson 1996 : 236)

Subsequently, however, New Keynesian Macroeconomics (NKM) has offered a critique of the conception of the self-sustaining market at the heart of NCM and the Hayekian approach, as well as the *policy neutrality* thesis. NKM's more complex approach to markets invites scrutiny not only of market type, but also of the institutional context in which a market is embedded. NKM, in modelling the insight that markets are occasionally prone to fail formally, questions the core assumptions about uncertainty and information, upon which NCM models expectation formation and wage and price setting. NKM points out that markets operate in real, historical time, where information is neither perfect nor perfectly distributed. Furthermore, markets rely on the operation of contracts and trust, which markets on their own cannot sustain. (Hargreaves-Heap 1992)

NKM also highlights the possibility of multiple equilibria; "there are a number of expectations any *one* of which will prove to be a rational expectation if expected and acted upon *all* agents, and any *one* of which will *not* prove to be rational if held in isolation." (Hargreaves Heap 1994 : 39) The selection of an equilibrium requires co-ordination, "multiple equilibria occur under the assumption that individuals are instrumentally rational. Hence it requires the introduction of some other guide to action to explain equilibrium selection." (Hargreaves Heap 1994 : 40) This co-ordinating role is played, within the NKM framework, by the institutions and mechanisms which provide the context within which the economy operates. The various possible equilibria may have widely divergent welfare properties, and therefore this co-ordinated equilibria selection constitutes a political choice of the appropriate social institutions of capitalism - a selection in which the state will play a pivotal role.

Nevertheless, the Hayekian and NCM challenges to the role of the state coincided with practical demonstrations of the limited ability of the nation state to govern over its national economic space, most notoriously the failure of the 'Mitterrand experiment'. (Muet & Fonteneau 1985; Hall 1986, 1990) This dual assault on the nation state was extremely problematic for social democracy. As we have already seen, 'methodological nationalism' has been a defining feature of social democracy throughout the century. With the 'limits of the possible' at the national level being starkly demonstrated, social democracy was obliged, at the ideological level, to explore other arenas, the most

fruitful being supra-national co-ordination. Such ideas as Delors' 'post-national' socialism began to gain a certain currency, centring on the EU as the appropriate arena within which to pursue social democracy.(Delors 1989) The increasing significance of supra-national level policy activism for the viability of national level social democracy demands that, at an ideological level, social democracy confronts a paradox. "The politics of a rational Left needs to be international in a new and more radical way today: global in its conclusions. But it has not yet ceased to be national in its conditions."(Anderson 1991 : 351)

The implications of the collapse of 'actual existing socialism', the exhaustion of traditional social democratic means, the enforced peaceful co-existence with the new market orthodoxy and the increasing relevance of supra-national co-ordination for social democracy will be explored in chapter 5 through analysis of how the ideology of the French PS has evolved in the 1990s.

3. The Programmatic Crisis: Globalisation and Social Democracy.

As well as changing PS ideology, the crisis of social democracy (or perhaps more accurately the structural economic changes which heralded it) necessitated a re-evaluation of economic strategy. The framework used to explore the issue of social democratic economic strategy in a changing economic environment will be the literature on globalisation and social democracy.

Kenichi Ohmae's *The End of The Nation State* asserts that national economies are now subsumed into a 'borderless world', a global economy – perceived as a perfect market - where financial markets and transnational corporations dominate. "In terms of the global economy, nation states have become little more than bit actors."(1995 : 11-13) The other position, espoused by Hirst & Thompson, (1996, see also Drache & Boyer 1996, Vandebroucke 1998) is more sceptical about how far the process has advanced. The sceptics seek to distinguish between the accelerating *process* of globalisation on the one hand, and the increasing acceptance of the *rhetoric* of globalisation (strongly influenced by the neo-liberal thinking outlined above) on the other. Whilst not disputing that radical changes in economic context have occurred, the implications of the changes,

and the strategic options open to social democratic governments in the wake of them remains in dispute. Such questions are by their nature almost impossible to answer conclusively - but this general problematic offers a backdrop to the specific consideration of the impact of developments within the international political economy on the French PS and the British Labour Party.

As we saw above, over the course of the century, socialism and social democracy came to rely upon the potentialities of the nation state to 'deliver' social democratic 'goods'. Within its model the key locus of economic and political activity has been the nation state, whose role as the principal regulator of economic activity within a well-defined national economic 'space' able to secure economic growth, full employment and welfare provision, was a fundamental 'given' of the Keynesian paradigm. It is to this use of the nation state within the economic realm that Gosta Epsing-Andersen refers when observing that, at its core, social democracy is about 'politics against markets'(1985). If the global theorists are to be believed, in today's international economic environment, markets are of ever increasing importance, whilst the importance of politics is on the wane. 'Hyper-global' theorist's excitement about a borderless world is surely premature.(Ohmae 1995) Indeed, the extent to which, in seeking to explain how parties of the left 'respond' to globalisation, we have recourse to national factors (see above), is testimony to the limited applicability of the 'strong' globalists thesis. However, the areas of nation-state activity where global theorist's predictions are most prescient (the nation-state's ability to regulate its national economic space) are precisely those potentialities of the nation-state on which social democrats came to depend in order to deliver their political programmes.

There appears to be broad acceptance that low inflation, national competitiveness, attracting foreign direct investment (FDI), securing market confidence to avoid capital flight, and the credit rating of national governments must be central to *any* government's economic strategy. Such concerns point towards the centrality of anti-inflationary policy and the reduction of national debt and deficit, as codified in the Maastricht Treaty and its convergence criteria. Many commentators believe that these new parameters of national economic management have fed through into a new 'settlement', replacing the social democratic 'settlement' of the post-war era. "The

indicators (inflation, profitability, strikes) suggest that the distributional conflict declined during the 1980s and that by the end of the decade a 'stabilisation' had been reached on terms much more acceptable to the employers than those pertaining at the beginning of the decade." (Glyn 1995 : 46) Keohane argued that the post-war regime of 'embedded liberalism' (Ruggie 1982) retained "a bias against those forms of social democracy that do not sufficiently take account of the constraints of the market"(1984) However, whereas in the era of embedded liberalism, the international political economy still offered social democratic governments considerable room to manoeuvre, today social democrats appear ever more tightly constrained.

In terms of the economic processes of globalisation, three phenomena are of fundamental importance. These are the growing intensity of international trade, of international financial exchanges, and the increasingly dominant role of multinational corporations and foreign direct investment. Debates rage as to the appropriate choice and interpretation of economic indicators to empirically evaluate how far advanced these processes are. (Hirst & Thompson 1996, Held *et al*, 1999) In chapter 6 we will explore the implications of these changes in depth. Here our aim is to examine whether conceptions of the relationship between globalisation and social democracy and globalisation prevalent within the literature are accurate.

Is Social Democracy Unworkable Given Advancing Processes Of Globalisation?

One way of answering this question is through cross-national quantitative analysis of government expenditure and deficit levels. Whilst accepting the logical consistency of the position which sees capital mobility as tightly constraining government macro-economic policy-making options, Garrett's analysis of 16 OECD countries between 1967 and 1990 seeks to unearth how far the process has actually progressed. The findings suggest considerable variations in expenditure and a wider room to manoeuvre for governments than is generally appreciated.(1995) Janoski's study of levels of spending on active labour market policies (1996), and Hicks' analysis of the social democratic corporatist model of economic performance (1996) offer similar insights. As well as macroeconomic room to manoeuvre, these studies also emphasise the role of

(more or less centralised) corporatist wage bargaining institutions within social democratic economic strategy. (see also Iversen 1999) The absence of such institutions from the French context (see chapter 2), and their marginal relevance to New Labour's economic strategy (see chapter 7) in part explains the focus of our study. As a complement to the above approaches, our case-based qualitative study aims to explore in depth the interrelationship between social democracy and globalisation, and the possibilities for social democratic activism in the absence of strong and centralised 'corporatist' institutions.⁹

At first glance, John Gray's contribution to the social democracy and globalisation debate seems to go beyond the simple-minded hyperglobalist position, aware as he is of its limitations and of contradictions within it. Gray departs from 'hyperglobal' hyperbole, observing that, "policy options open to nation-states in the 1990s are not delivered to them as a menu with fixed prices ... there are few, if any, rules of monetary and fiscal rectitude whose violation will result in predictable penalties." (1998 : 66) As such he escapes the misconception that markets 'impose' a neo-liberal policy agenda on governments. Such a view seriously misreads the nature of global financial markets, seeing the markets as a unitary rational actor with a pre-established policy-agenda.

As Perraton *et al* point out, "markets' responses to government policies depends on their assessments of the economic credibility of the government; as such there is no set response to particular policies Rather than global financial markets imposing specific policies on national governments, they have significantly changed the costs associated with particular and instruments through their effects on interest rate risk premia and exchange rate movements." (1997 : 270) Gray infers from this centrality of 'credibility' , and the changing cost/benefit analysis of national economic policies, that, "global mobility of capital and production in a world of open economies have made the central policies of European social democracy unworkable" (1998 : 89)

Gray interprets globalisation as the death knell of social democracy, "the new global freedom of financial markets so hems in national governments as to limit severely, or to rule out altogether, traditional social-democratic full employment policies." (1996 :

⁹ See the methodological appendix for a more detailed discussion of the reasons for the choice of cases.

12,13) Globalisation, Gray argues, makes the egalitarian aspirations of social democracy unachievable, and “without this animating egalitarian political morality, social democracy is nothing.”(1996 : 26)

Gray’s apocalyptic vision is, in one sense, a welcome corrective to accounts of social democracy which conceptualise the economic difficulties experienced by Keynesianism since the 1970s as just another downturn. Merkel refers to the “temporary blockage of the Keynesian co-ordination.”(1992 : 126) For Koelble, “de-industrialisation and increased unemployment” presented “adjustment problems in terms of electoral and political strategies.”(1991 : 116) Whilst this is no doubt the case, it is rather lame terminology for developments which left social democracy bereft of a cogent economic strategy. Kitschelt treats the problems facing Keynesianism more seriously (1994 : 99-104) yet still insists, “if social democratic parties wish to remain ‘progressive’ in advanced Keynesian welfare states, they cannot confine themselves to the pursuit of equality, the value social democrats have best institutionalised in contemporary capitalism.” (1994 : 299) Kitschelt’s assumption that equality has been successfully institutionalised within capitalism is questionable, given that the welfare state’s ability to secure egalitarian goods is increasingly undermined by the international economic context. Indeed, elsewhere, Kitschelt himself highlights precisely those international economic developments which undermine the ‘social democratisation’ process. (1994 : Ch. 3)

In this light, Gray’s shot across the bows is necessary. His inference, however, is not sustained by a coherent argument. For all Gray’s critique of modernity, there is a telos at work here, “distinctively social democratic policies have suffered *irreversible* setbacks in several European countries, including France and Sweden economic life in Sweden is now evolving *ineluctably* towards the neo-liberal norm increasingly dominant in the rest of Europe.”(1996 : 24 & 36 emphasis added) Gray seeks to align himself with the position of Perraton *et al.* (1998, 55) however, his approach seems to smack of the ‘hyper-globalists’ air of inevitability more than he might care to admit. The rhetoric of globalisation is used to undermine ideological directions he considers unviable, but the case against such directions does not appear as compelling as Gray asserts.

Similar limitations underpin Kitschelt's account. The "globalisation of the economy" forces European social democracy to "give up far-reaching objectives to change economic property rights and income equalisation."(1994 : 297) As a result, left and right parties offer, "only slightly different methods of support and correct private market allocation of scarce goods. In advanced industrial democracies, parties no longer offer voters stark alternatives on the distributive dimension."(1994 : 297) Whilst globalisation *does* constrain social democratic policy options, it is a mistake to infer from this that there are no longer significantly different approaches to economic policy, involving different hierarchies of priorities in terms of employment, inflation and redistribution, and more fundamentally, different understandings of how the economy works. Kitschelt may be correct in observing that such differences are more marginal today than during the Golden Age, but in asserting that, "economic policy turns from being a 'positional' issue to a 'valence' issue on which technocratic 'capacity' of parties is all that divides them in voters' eyes"(1994 : 297) Kitschelt surrenders to the neo-liberal assumption that 'there is no alternative'.

At the heart of this problem is a dubious reading of the implications of globalisation for social democratic economic strategy, packed with many of the assumptions underpinning the 'hyperglobalist' world view. Kitschelt observes that 'libertarian policies' of the Mediterranean socialists, "could be maintained only inasmuch as they did not conflict with the *imperatives of capital accumulation*."(1994 : 275 emphasis added) The similarity of the terminology to economistic Marxism is significant. There is an underlying dichotomous opposition between "responding vigorously to the challenge of supply-side market efficiency", and "the intellectual ghetto of traditional socialist visions of nationalising industry, economic planning, expansionary fiscal policy, and incomes policy."(1994 ; 104) Kitschelt's accounts of 'successes' and 'failures' are straight-forward 'policy learning' tales, assuming that supply side policies to improve market competitiveness are 'right', demand policies are now 'wrong'. Embracing the neo-liberal policy prescriptions which, Kitschelt assumes, the 'challenge of market efficiency' demands, is the only answer.

Whilst theorists, and indeed social democrats, accept the importance of 'credibility' as

the cornerstone of macroeconomic policy (see e.g. Moscovici 1997, Balls 1998), not all see the securing of such credibility as incompatible with social democratic goals. We may take the Maastricht criteria as a shorthand for the kind of limits that the securing of credibility entails. There may, however, be room to manoeuvre for governments of the left, which can be exploited in terms of policy activism which does not undermine underlying credibility. As Perraton *et al* point out, “governments pursue policy packages, and markets impose opportunity costs on the package as a whole.”(1997 : 270) Within the overall policy-package, leeway may be gained by perceived overall rectitude of policy to allow policy activism at the margins.

The reason Gray does not entertain this possibility, is the *kind* of social democratic policies he is referring to. “The inheritance of neo-liberal deregulation, together with ongoing globalisation,” Gray observes, “constrain or remove many of the policy levers on which social democratic governments have hitherto relied. More particularly, they make the distributional goals of social democracy unachievable, at least by *traditional* social-democratic means.”(1996, 32 emphasis added) Pursuing the goals of social democracy by means other than Keynesian national economic management may not meet with the same obstacles. As Vandembroucke has pointed out, (1998) Gray’s caveat undermines the confidence of the rest of the argument.

Gray’s definition of social democracy explains his confidence in assigning it to the rubbish bin of history. “By social democracy I mean the combination of deficit-financed full employment, a comprehensive welfare state and egalitarian tax policies that existed in Britain until the late 1970s and which survived in Sweden until the early 1990s.”(1998 : 88) By confining himself to such a static conception, Gray misunderstands the nature of social democracy and prematurely discounts its capacity for renewal. “The strategic amalgam of ‘Keynesianism plus welfare state’ is but one *historically contingent* context within which to pursue the politics of social democracy.” (Pierson 1995 : 34) There is a sense in which *some* of its relevance is on the wane, and that particular conjuncture is past. Yet even if some elements of this particular ‘strategic amalgam’ are now untimely, the themes of its arguments and the nature of its compromise still provide the building blocks of any new formulation.

Where Gray's argument most glaringly underestimates the limits of the possible in terms of social democratic strategy is in the realm of supra-national co-ordination and policy activism. An increasingly important component of social democratic economic strategy in the post-Bretton Woods world is the potential advantages of international co-operation and co-ordination. Regionalism, understood as, "a state-led or states-led project designed to reorganise a particular regional space along defined economic and political lines," (Payne & Gamble 1996 : 2) is an increasingly significant element of social democratic economic strategy. The constraints on social democratic strategy at the national level have led to an increasing propensity to explore the possibilities of activism at the supra-national level, which for European social democracy means the EU.

It is increasingly at the European level that social democrats seek to resolve the tensions between globalisation and social democracy. This explains moves at the supra-national level to prevent 'beggar-thy-neighbour' downward tax regime competition. Co-ordination and harmonisation of minimum standards and tax regimes is seen as essential to prevent 'tax dumping', or 'social dumping'. Such co-ordination also has the potential to foster more growth and job-creation-orientated macro-economic policies. More generally, it is at European level that social democrats seek to protect workers rights, ensure minimum standards, and protect social cohesion.

One potential avenue for social democrats is the revival of a Keynesian policy agenda at the EU level.(Delors 1993) Global capital flows, it has been accepted, rule out traditional Keynesian macro-economic policies, because of the anticipated reaction of financial markets to such policies. Keynesian-style policies at the EU level, some social democrats insist, may not be incompatible with the need for peaceful co-existence with global financial markets. Gray, predictably, asserts otherwise, "continental Keynesianism is a dead end. Europe-wide social democracy has been removed from the agenda of history." (1998 : 98-99) This disagreement returns us to the distinction between the *rhetoric* and *process* of globalisation. Has financial integration and capital mobility practically ruled out 'Keynesian' policies at the European level?

At the fundamental ideological level, we may conceptualise the debate between Gray,

and Vandembroucke, as one about the implications of globalisation for social democracy regarding the level of commitment to egalitarianism (and in turn redistribution), and the role of the state in the economy. Gray asserts that 'social democratic deals of equality' are incompatible with an increasingly 'globalised' economy (1998 : 88-89) whilst Vandembroucke is at pains to insist that 'egalitarian employment policies' *are* compatible with recent changes in the international political economy. (1998 : Chs 4-7) At the policy level, these differing conceptions of the limits of the possible have implications in terms of macroeconomic policy and the feasibility of European-level Keynesian policies, job creation and employment policy, labour market policy and the appropriate level at which the minimum standards 'ceiling' should be set.

In reality the social democratic economic policy debate is carried out in the middle ground which Kitschelt's underlying dichotomous opposition between "responding vigorously to the challenge of supply-side market efficiency", and "the intellectual ghetto of traditional socialist visions of nationalising industry, economic planning, expansionary fiscal policy, and incomes policy." (1994 ; 104) ignores. Whilst full employment through domestic demand management may no longer be an option, sceptics such as Gray fail to entertain the possibility of supply-side measures which further social democrats' economic goals. Reducing unemployment through job-sharing, reducing the working week, or active public sector job-creation schemes are not necessarily unattainable. Nor are such objectives necessarily incompatible with international competitiveness. Furthermore, Gray's assumptions about the degree of welfare state retrenchment may be overstated, and predictions of a convergence towards a minimal 'liberal' welfare state premature.

In chapter 6 we will explore the implications of globalisation for social democracy, rejecting the 'hyperglobal' interpretation of the relationship between social democracy and globalisation, which asserts that national economies are now subsumed into a 'borderless world', within which social democracy is an historically exhausted project. Analysis of development and implementation of the PS's macro-economic policy, job creation policy, labour market policies, and 'structural adjustment' policies such as the shift towards a 35 hour week demonstrate enduring social democratic policy activism. Chapter 7 presents a comparative political economic analysis of the economic strategies

of the PS and the British Labour Party which further illustrates the potential for social democracy in a global era.

Chapter 2

The Historical and Institutional Context of the Parti Socialiste

“[P]olitical parties ... in the elaboration and diffusion of a conception of the world ... work out the ethics and the politics corresponding to these conceptions and act, as it were, as their historical ‘laboratory’.” *Antonio Gramsci* (1971 : 273)

The nation institutional and historical context of France provided a particular set of laboratory conditions in which French socialism and social democracy, as articulated by the PS, ‘worked out its ethics and politics.’ This chapter will assess in turn the structural variables, outlined in our framework for analysis (see chapter 1) which crucially affected (and continue to affect) the path of development of the PS. Firstly, there are the constraints imposed by the organisation of the state and the political system and its resultant constitutional and electoral practices. Secondly, the socio-economic structure of society, and in particular the working class is an important contextual influence on the workings of socialist parties. Analysis of the interaction of these variables and the PS is an essential precursor to understanding the changing strategies of the PS in the 1990s.

The French national institutional context structured the field of action within which the Parti Socialiste (PS) operated and evolved. We will analyse a number of key factors and their influence in turn. Firstly, the nature of centre-periphery relations in France, and their effects on both local and national political organisation, will be explored. The conflicting traditions of Jacobinism on the one hand and notablism - the tendency of local notables and their electoral machines to overshadow the national party influences - will be outlined. We will explore how the contours of local-level democratic institutions in France shaped the internal organisation of the party, and the effects of these intra-party centre periphery relations on the organisation of the French Socialist Party. In the 1960s, when, we argue, the conflict of interests between local and national political strategies became acute, a process of party restructuring was undertaken - the outcome being a more nationally co-ordinated party.

Secondly, the weak, fragmented and confrontational characteristics of organised labour

in France will be outlined, and impact on the party's development of the arms-length relationship with organised labour examined. Anderson's distinction between 'northern' and 'southern' social democracy will be invoked to explore the ideological, and organisational effects on the PS of the absence of a strong organised labour movement. This absence, we argue, explains its failure to develop a mass base and the particular sociological profile of the party's membership and elite. In ideological terms, weak fragmented unions prevented the development of the neo-corporatist strategies which helped some Northern social democratic parties cope with the economic crisis of the 1970s and 1980s.

The most significant nation-specific factor shaping influence on the PS is the institutional context of the Fifth Republic. The inadequacy of the simple view of the political system as a 'transmission belt' of interests and ideas shall be demonstrated when the effects of the new constitutional context of the Fifth Republic on the Parti Socialiste's ideology and economic and political strategy are explored. The Presidentialism of the new system, as codified in the constitution, but also as personified by De Gaulle's behaviour in office underlined the 'strong state' nature of France's Semi-Presidential democracy. This, we argue, made pursuit of the Elysée the ultimate political goal.

Our analysis of the French polity will primarily take place at the level of the party system. We insist that Presidentialism was a key determining variable in the development of the party system, heralding the change from 'polarised pluralism' to a bi-polar pluralism dominated for the first twenty years of the Republic by the right.¹ Given the centrality of the party system to the analysis, considerable attention will be paid to the PS's competitor parties, both new and old, in explaining the evolution of the system itself, and of the PS's fortunes within it. Any assessment of the changing political fortunes of the Parti Socialiste under the Fifth Republic has as its necessary corollary an evaluation of the changing fortunes of the PCF. This is because the French Socialists were the second party of the left in the three decades following 1945. The trajectories of the two parties, it shall be argued, have been mutually reinforcing, particularly in the years after Epinay (1971). A further key determinant of the fortunes

¹ The development of the party's internal structure can be seen as a response to the context of a presidentialised party system.

of the PS is the socio-economic structure of society. We will thus outline the evolving electorate of the Parti d'Épinay, examining change in both geographical distribution and socio-economic composition.

The Impact of Centre-Periphery Relations on the Parti Socialiste

Understanding the impact of centre-periphery relations in France on the evolution of the French Socialist Party requires appreciation of two conflicting traditions. Firstly, there is the historic significance in France of the Jacobin tradition. The contours of the French local political system today bears startling similarities to the prefectural system, set up by Napoleon in 1800. This was an hierarchical division of the French territory into bureaucratic units, establishing a pyramid of command, all under central control. Each of the 90 *départements* had a prefecture situated in its administrative capital, housing Napoleon's representative, the *préfet*. The *départements* were subdivided into (2-5) *arrondissements*, containing a sub-prefecture. The *arrondissements* were subdivided into Cantons (over 2,000 in all), which were in turn divided into communes (numbering over 38,000). The permanence of this system is remarkable. As Machin notes, "the boundaries and names of almost all the units, at all levels have remained largely unchanged.... even in the 1970s, the local government units remained very largely the same as in 1800." (1979 : 30)

The other tradition is one of a rural, localised society with a highly fragmented local government structure. This tradition is attested to by the sheer scale of local government in France. Each level of administration has a representative assembly. At the departmental level, there is the *conseil général* elected for a six year term (with half the seats contested every three years) from single member constituencies, the cantons. The *conseils généraux* vary in size from 17 (Lozere) to 109 (Paris) members. (Wright 1989 : 300) Furthermore, each of the 36,000 or so French communes has its own mayor and municipal council, elected for 6 years by a list system. At this level alone, "roughly half a million French men and women - nearly 1% of the population - hold municipal elective office."(Knapp 1991 : 18) The predominance at this local level of local political *notables* has been a defining feature of local French politics.

As Frears notes, “local government is very presidential local power is a reality in France, and a local notable – the mayor of a large town, for example, or president of a *conseil général* – has the standing, the resources – office, personal staff, a car, a budget – and the opportunity for tangible local achievement to build a national leadership role.”(1991 : 195-196) Indeed, Meny argues that given the hold notables have gained over partisan political organisations, “*notables* are a central feature of French political life, and are a kind of Republican aristocracy. Unlike the traditional aristocracy, the status of the *notable* is purely political the parallel lies in the use of a local power base to achieve influence in the national political arena.”(1995 : 183) These two traditions, the centralising Jacobinism and the localised *notablism*, inform the “curious hybrid of national and local political power that is the bedrock of French democracy.” (Ashford 1990 : 47)

This already dense mosaic has been added to under the Fifth Republic, with the creation of 22 regional bodies. Although created in 1960, the laws of 1964 and 1972 did not seriously empower regions. The 1982 Defferre laws were a wide-ranging ‘legislative avalanche’(Loughlin & Mazey 1995 : 2) aimed at decentralising power within the French political system. In this aim, the laws were at least partially successful. To the above list Defferre added the *conseils régionaux*, directly elected (on departmental PR lists) for 6 years. Regional independence, both financial and administrative, from the state was increased (*a priori* tutelage was replaced by *a posteriori* supervision, and block grants replaced many project specific grants). Executive power was transferred from the departmental and regional prefects to the chairperson of the elected departmental and regional assemblies. Thirdly, regions became fully fledged local authorities (*collectivités territoriales*) with corresponding upgrading in their legal and political status. (Douence 1995: 11)

However, the Defferre reforms have done little to simplify the French polity. Rather than apportioning powers rationally, the reforms merely added new bodies to the existing patchwork of local bodies, causing further duplication and overlapping of competencies. The boundaries of local government were not rationalised, nor were the number of units reduced.² Thus in practice, local administration involved many elected

² France still has in excess of 36, 000 communes, 26, 000 of which have a population of less than 700 (Ashford 1990 : 57) indeed, Mazey notes that some communes have no population at all. (1989 : 43)

actors, as well as the technical field services, operating under ministerial auspices. Even before the decentralisation reforms, the theoretical hierarchy of prefect and state field services over local elected officials did not obtain in practice. As Knapp observes, municipalities needed central services for subsidies and technical expertise. State field services in turn needed mayors and councillors as allies (in their competition against other service providers), and as clients for their consultancies. Prefects (who move on average every 2 years) needed local mayors and their contacts and the local legitimacy they embody. Thus, “the real relationship between central government representatives and local elected officials was one of interdependence rather than hierarchy.” (1991 : 26)

Predictably, in the wake of the reforms, the relation between centre and periphery has become more complex still, varying considerably according to the resources at the disposal of local political actors. The key role of local *notables* remains unchanged, not least because Defferre himself was a formidable political ‘boss’ in Marseilles, with a sizeable political machine, intricately enmeshed with local elective office in the Bouches-du-Rhone area. Thus, Knapp notes, “the new legislation bore the imprint of the notables modelled on big cities with big budgets and their own technical services.” (1991 : 27) For smaller municipalities, without such resources, the degree of dependence on central provision remained largely unchanged.

Cumul Des Mandats and Political Parties

One means of overcoming the co-ordination problems in such a complex set of institutional relationships between the centre and the periphery is the tendency of politicians to straddle the local-national divide by simultaneously holding office at various levels (national, departmental, regional, or municipal) through the *cumul des mandats*. As well as smoothing the relations between the centre and an extremely fragmented periphery, the *cumul* also facilitates co-ordination at the local level. Thus, the *cumul* gives a coherence to the local / national link which would otherwise be lacking, and is, “highly functional to the system.”(Knapp 1991 : 25) Whilst the *cumul des mandats* is not unique to France, “its extent and its near-systematic character are.”(Knapp 1991 : 18) Of all the *députés* elected in the 1978, 1981, 1986 and 1988

parliamentary elections, “over three quarters of the total for the four elections also held office as mayors, *adjoints*, municipal councillors, *conseillers généraux*, or regional councillors.” (1991 : 19, & Tables 1-5) Within the French political system, “the incentive to combine local and national office appear to operate more or less indiscriminately on all parties.”(Knapp 1991 : 25)

Although the Jacobin tradition places certain limits on the importance of local office-holding, the mayoral office, especially in larger towns and cities, remains a significant centre of local political power and has been a traditional stepping stone in any national political career. The favourite combination being the *député-maire*. “Mayors seek national office either for itself or for the resources that access to Paris can deliver. Deputies seek municipal office either for itself or for the local resources - in terms of goodwill, cash and logistical support - that a town hall can deliver. Thus national office reinforces local office and *vice versa*.”(Knapp 1991 : 30)

French parties exhibit low membership rates,³ which means that revenues from subscriptions are low. There are no union dues to rely on, but elections are frequent and expensive (although, unlike the USA, parties cannot buy air time). As a result, party resources at the local level are often meagre, with all but the biggest federal offices comprising a small office with phone, photocopier, and a small meeting room. (Rey & Subileau 1991 : 126) Local elected office provides a source of funds and resources to help fight these campaigns. Thus there are strong systemic incentives to establish a localised power base or ‘party machine’. “The functions normally fulfilled by political parties at local level - recruiting and retaining activists, grooming candidates for office, and raising funds -are to a considerable extent under municipal control, managed by the *notable* rather than the party section.”(Knapp 1991 : 33)

The often determining role that municipal power plays in the relative strength of the PS at the local level is attested to by Rey & Subileau’s classification of PS federations which distinguishes on the grounds of the percentage of mayors in a *département* who are socialist. In particular, municipal mandates in towns of 20, 000 inhabitants or more,

³ In 1980 the Socialists claimed 189,580 members, rising to a peak of 204,172 in 1989 (Bergounioux & Grunberg 1992 : 361) – the total is less than a third of their German counterparts. Given the French tradition for exaggerating membership levels, the actual figure may be presumed to be lower still.

which are of considerable importance on the local political scene, offer, “an indicator of the dynamism and the solidity of structure in a given federation, and a demonstration of the ability to root the organisation in local politics.” (Rey & Subileau 1991 : 128) The importance of a federation cannot be assessed merely in terms of the number of members. This is in part because such statistics are notoriously unreliable in French politics.⁴ More importantly, however, the appropriate criteria for judging a federation’s strength must be more broadly conceived; “the *ensemble* of means of intervention, and capacity for political expression, including the ability of leaders to put this expression into effect.”(1991 : 129) This approach is necessary because, “even with few members, if a federation succeeds in getting one of its own as leader of the *conseil général*, or runs one or many of the larger towns, it will be more influential than a federation with more members but fewer electoral mandates.” (1991 : 129; see chapter 3)

Elective office provides means, in terms of both materials and influence. More so than national parliamentary office, municipal offers “status, without necessarily onerous duties (particularly in the case of *maire-adjoint*) and financial and material resources (offices, subsidies, a place on the board of local public/private initiatives) but also means for propaganda, and several opportunities to meet the population, and its representatives.”(1991 : 129) This can be seen as part cause and part effect of the weakness of French political parties.

The existence of strong local power centres induces a tradition of local autonomy which, combined with wide regional variation in party strength and influence, has made national-level action difficult to co-ordinate. The implications for the post-war development of French socialism were damaging, for it permitted the simultaneous flourishing of the SFIO at local level (for example under Defferre in Marseilles, and Mauroy in Pas-de-Calais) with its floundering at national level. The ‘third force’ rationale of centrist alliances, which worked at municipal level, was incompatible with the new national context of the Fifth Republic (see later), yet continued municipal success lessened the urgency of drastic strategic and organisational reassessment to improve national fortunes. Indeed, insulated as he was by his impregnable Bouches du

⁴ Ysmal observes that, given the extraordinary secrecy and opacity surrounding French party membership levels, no reliable data has yet been acquired about any French party, despite the attentions of many analysts, using a number of different methodologies. (1989 : 157-162)

Rhone party machine, Defferre only became fully aware of the need for national-level reform after his derisory 5% showing in the 1969 presidential election.

The Parti D'Épinay: Internal Centre-Periphery Relations and the *Union De Gauche*

In the 1971 local elections, the cost of pursuing uncoordinated strategies began to be felt at local level as well. "In 45 cities over 30,000 the left was still unable to form a unified list, and in 13 cities the Rocardians helped to shatter Socialist unity." (Ashford 1990 : 48) At the Épinay conference which followed just three months later, the need for unity must have been keenly felt. Arguably, part of the reason for the party's post-Épinay resurgence at national level is its ability to co-ordinate and discipline local actors. (Lewis & Sferza 1987) The 1977 local elections displayed two significant trends in this regard. Firstly, local observance of the *Union de Gauche* strategy meant that a unified list was presented in 90% of cities with 30,000 plus inhabitants. Secondly, and demonstrating the power shift in internal centre-periphery relations within the party, "national headquarters was able to discipline local Socialist parties for alliances with centrist groups in violation of the joint programme." (Ashford 1990 : 49) The fact that the Socialists' tripling of their hold of cities over 30,000 between 1965 and 1977 coincided with a national resurgence suggests that national-local co-ordination was an important factor in Socialist electoral success. This success in municipal elections was replicated in the cantonal elections of 1976 and 1979. (Knapp 1991 : 24)

The context of this resurgence was what would today be called a 're-energising' of the grassroots. Not only were the numbers increasing sharply, but the kind of members, and indeed the nature of membership, were being transformed. As Lewis & Sferza note, "by the mid-1970s, the PS did indeed look different from the SFIO. Many once-stagnant federations had become promising melting pots bringing together activists from a variety of cultural and ideological backgrounds. Party congresses were no longer controlled by the party bosses..... new members brought valuable militant capital from union and associational movements which could be used to extend Party influence among previously hostile or indifferent groups such as Catholic workers or peasants in Western and Eastern France." (1987 : 104) Since the party's refoundation at Épinay,

there has been a considerable shift in the geographical distribution of power within the party. Whereas in the 1960s, the three 'bastions' of Nord, Pas-de-Calais, and Bouches du Rhone represented 43% of the PS membership, today, that proportion is down to 25%. This is largely due to the new recruits flocking to the party in areas of traditional weakness such as Lorraine, Brittany, notably in the wake of the Assises du socialisme in 1974. (Ysmal 1989 : 175, & Maps 4.3 & 4.5) However, this did not lead to a sea change in modes of centre periphery relations – quite the opposite. The local power bases, gained in 1977, “had the effect of turning the young Turks of the PS into *notables*. One after another would exploit to the limits the possibility of cumulating offices ... extremely functional in the double quest for an anchorage at the base and the conquest of the summit.”(Meny 1995 : 184)

The decentralisation and regionalisation reforms entailed a partial de-coupling of the links between national, regional, and local institutions, and a further strengthening of local power bases. The 1985 law limiting the *cumul des mandats* to just two major offices further weakened what Machin has called, “the nationalising and coherence-inducing effect on parties of the participation of members of the national assembly in local councils at all levels.”(1989 : 78) This in part explains the continued importance of autonomous local expression to PS internal relations. Large federations such as Bouche-du-Rhone, Nord and Pas-de-Calais, continued to flex their muscles, particularly when the First Secretary was in a weak position internally.⁵ Local prerogatives, such as candidate selection, tended to be jealously guarded by the federations, particularly for legislative elections. Local particularities remain very much in evidence, and, “the process of party homogenisation is only relative, the weight of local tradition, and of the particular histories of federations continue to leave their mark on the federations.”(Rey & Subileau 1991 : 141) The internal workings of the party are still dominated by a few large federations, even if the number of medium-sized federations has increased considerably.

In this light it is not surprising that the problems associated with the domination of local politics by party bosses presiding over extensive 'party machines' have not all been solved. The extremely long reigns of some mayors, who were at the same time bosses of

⁵ Interview with Jean-Christophe Cambadélis 25/9/97

a powerful local political machine, were doubtless facilitated by the fact that “French political finance has traditionally been shrouded in obscurity”, and the long standing precedent that, “official receipts and actual expenses incurred do not add up.” (Knapp 1991 : 30) The culture of clientelism, a corollary of the very significant powers of patronage at the Mayors’ disposal, endured.(Rey & Subileau 1991 : 147; Hanley 1987 : 21) Numerous corruption scandals befell local Socialist politicians, notably Defferre’s successor as Mayor of Marseilles, Bernard Tapie. The prevalence of creative municipal accounting was unearthed in the early 1990s by “a series of indictments of leading Socialists for fraudulent campaign fund-raising - typically, faked invoices to PS municipalities for fictitious services, with the money kicked back into the party.”(Ross & Jenson 1994 : 183)

French Trade Unionism and the Parties of the Left

The first point is that, “financial and institutional links [between unions and parties of the left] do not represent fruitful areas of study ... French trade unions do not make major contributions to the coffers of political parties are not represented on the governmental and administrative bodies of political parties, nor do they wield a block vote at party conference ... nor do they have the opportunity to exercise some tenuous control over political parties through the sponsoring of individual Members of Parliament.” (Bridgford 1991 : 7-8) This conveyed certain advantages, allowing the PS to develop its programme without requiring union assent.⁶

Analytically, then, organised labour represents an exogenous factor. This is not to say that French unionism is irrelevant to the study of the PS, but its influence is less direct. In particular, it shall be argued, the absence of formal links led to much weaker associations between Socialist Party and the working class than has historically been the case in Britain. Two fundamental features characterise French trade unionism. Firstly, the French union movement is very weak in terms of the formal organisation of the workforce. Studies differ, but most put the figure at just over 2 million members, or 11% of the workforce (Labbé 1996 : 1) which puts France behind all other industrialised countries. Relatively low unionisation levels have a long historical pedigree in France,

⁶ A point which leads Kitschelt to suggest the PS structure as the optimal organisation form of social democratic parties.(1994)

partly because the conditions which fostered strong unionism elsewhere in Europe never obtained in France to the same degree.⁷

Some of the reasons for the weakness of French trade unionism are, however, endogenous to the movement. Firstly, French unionism has been more fragmented, reflecting more cross-cutting divisions than have been prevalent in British unionism. Of importance earlier in the century were unions organising on revolutionary versus reformist lines, but perhaps most important for the left parties have been the divisions between Catholic and lay unions. Such ideological divisions have meant that union pluralism was rarely co-operative or constructive. The second characteristic- the historic radicalism of the French unions - may be partially explained by the former. Its weakness fostered the early development of French unionism as an outsider.⁸ Thus because “the labour movement did not have the opportunity to influence working conditions through collective bargaining, it sought to make virtue out of necessity by developing a strategy of confrontation.”(Milner 1995 : 229) This then fostered a further characteristic weakness, namely difficult and distant relations with the employer association, the *patronat*.

The effects of these characteristics on the relationship between unions and left parties has been significant. The trade unions decided in the *Charte d'Amiens* of 1906 that, “confederal organisations are unions, and should not have dealings with parties and organisations which may elsewhere freely pursue the goal of social change.”(quoted in Bridgford 1991 : 7) Union strategy was one of complete independence from any political party, and a refusal of parliamentary political means in the pursuit of the interests of the working class. (Bergounioux & Grunberg 1992 : 40-41) By the time the CGT did choose to seek political allies, the more radical (and numerically stronger at

⁷A large part of the explanation for this can be found in the slow, late and only partial industrialisation that France underwent in the twentieth century. Agricultural workers outnumbered industrial workers in France into the post-war years. (Milner 1995) It was only in the 1954 survey that manual workers finally out-stripped agricultural workers, comprising 33.8% and 26.7% of the workforce respectively. (Economique et Statistique : July 1977) Furthermore, the large-scale Fordist production plants, such as the Billancourt Renault plant were the exception and not the rule until well into the 1960s. In 1962, only 37% of the industrial workforce worked in 500+ plants. By 1974 it rose to 45%, but fell again by 1983 to 38% (Borne 1988)

⁸ The institutionalisation of French unionism only began in 1936 with the Matignon accords (which in theory recognised collective bargaining rights, but did not in practice lead to their proliferation) agreed by Blum's popular front government. The process continued after the second world war, but the only formal ally of a union - the PCF - was excluded from office from 1947 onwards.

both electoral and membership level) PCF was understandably considered a more natural ally. The more moderate second strongest union in France, the Catholic CFTC, could have provided a natural ally for a more moderate reformist left party. However, that Party was the SFIO, which was staunchly secular.

This had important implications for the role of the working class in left wing politics in France, “whereas the Communist Party maintained strong ties with the working class through its link with the CGT and its ‘mass and class’ policies (and largely because the Communist Party occupied this political space after 1920), the Socialist Party failed to achieve real mass working-class support.” (Milner 1995 : 213) The absence of a strong working class membership is reflected by the virtual absence of working class representation within the PS elite. (Hanley 1987 : 20; Ysmal 1989 : 198-204)

The Absence of Social Democratic Corporatism in France

Anderson distinguishes between northern or ‘classical’ social democracy and its southern variant. northern social democracy, which obtained in Britain, the Low Countries and the German speaking lands, has been characterised by either a working class “industrially stronger or more numerous than anywhere else”, or by “favourable social alliances with a rural population of small independent farmers.” In this environment, it is argued, “northern social democracy won its electoral spurs early on.” With institutionalised corporatist structures, and the policy tools of the Keynesian revolution in their hands, northern social democrats “could typically preside over full employment, rising incomes and improved services.”(1992 : 310)

In some countries, notably Sweden , the structural assets of northern social democracy enabled it to manage the conflict brought about by the economic crisis of the 1970s quite effectively. This can be understood if “inflation and the medium term level of unemployment [are] viewed as the outcome of the ‘distributional struggle’ - the tug of war where the rope is income and the teams are firms and workers.” (Driver & Wren-Lewis 1995 : 28) The outcome is determined at national level. “In a context of weak private demand and slow productivity growth, maintaining full employment required severe restraint on workers’ pay and consumption to keep exports competitive,

investment profitable, and the budget under control. Where social democracy was capable of mobilising such support and self-discipline, full employment and an extension of other egalitarian policies was sustainable.” (Glyn 1995 : 54)

Despite a certain rapprochement between the PS and unions, and formal links such as delegations of the CGT and CFDT⁹ at the 1977 Nantes conference (Bridgford 1991 : 8), the development of a ‘neo-corporatist’ strategy would never have been easy given the historical and institutional context of industrial relations in France. When the economic crisis hit the Mitterrand experiment, the potential conflict between full employment and inflation became evident. However, an incomes policy could not be effected beyond the public sector, for the reasons of the weakness and fragmentation of French industrial relations outlined above. Nor was the degree of social consensus orchestrated, not least because the public sector workers who were subjected to the wage freeze were the PS’s core constituency. The failure to articulate a ‘neo-corporatist’ strategy meant there was no viable alternative to the ‘quasi-monetarist’ deflation embarked upon in March 1983, and Mitterrand may have had cause to rue the absence of the structural assets of northern social democracy, and the ideological options they offered.(see chapter 6) Therborn’s observations about some nation’s greater ability to keep unemployment down, often hinge on the presence of the structural assets of northern social democracy.(1986) Their absence in France could be argued to be a key factor in Ross and Jenson have termed the subsequent *Tragedy of the Left In France*.

The Institutional Context of the Fifth Republic and Presidentialism

The parameter-setting effects of the organisation of the state and the electoral system on the Party system generally, and the Socialist Party specifically, are particularly visible in France because twentieth century France has witnessed four very different sets of constitutional arrangements. The affect of these institutional parameters on the evolution of the Socialist Party has been both profound and dynamic, evolving considerably since the formation of the Fifth Republic in 1958.

The need to overcome the *immobilisme* which had characterised the Fourth Republic

⁹ As 90% of the CFTC renamed itself after its secularisation in 1964.

was at the heart of the new constitutional project. Government, it was argued, had to be afforded supremacy over Parliament, and this supremacy was codified in the new constitution. This appeared to be a blueprint for Prime Ministerial government. The following constitutional analysis draws on Wright (1989), Keeler (1993) and Machin and Elgie (1991). Firstly, government was empowered through a series of 'structural assets' which institutionalised his dominance over parliament. (Keeler 1993 : 521) The censure vote regulations were severely tightened, precluding the frequent dissolutions of parliament of the past. The area where parliament could legislate were tightly delimited by article 34, with legislation on all other matters necessarily emanating from the government (article 37). The government sets the legislative agenda (article 45), and can declare unconstitutional any amendments which entail a reduction in revenue or an increase in spending.

Secondly, the government possessed a set of 'constitutional weapons' to be wielded in response to particular circumstances. (Keeler 1993 : 521) The government has the ability to speed up the legislative process through a *declaration of urgency* (article 45.2), thus avoiding a second reading of a bill. Alternatively, it can by-pass the parliamentary process altogether by legislating through ordinances (article 38). Lastly, the government has at its disposal a number of mechanisms for preventing the legislature's interference. The house may be required to decide with a single vote on an entire bill, retaining only amendments suggested or approved by the government.(article 44.3) A bill may be decreed an issue of confidence, whereby the bill is passed unless the National Assembly succeeds in passing a censure motion; "the truly 'exorbitant' quality of 49.3 is that it allows for the adoption of a law not only without debate or amendment, but also without a vote on the law itself." (Keeler 1993 : 526) Finally, article 45.4 allows the National Assembly to circumvent the senate and rule definitively on a bill when a joint parliamentary committee cannot provide a common text.

By comparison, the President's constitutional powers, although not insignificant, appear limited. He may negotiate foreign treaties (article 52), appoint the Prime Minister (article 8), dissolve the Assembly (article 12), and most ambiguously of all, the President must ensure respect for the Constitution by his arbitration to provide for the regular functioning of public authorities (article 5). However, a purely textual analysis

of the new constitution fails to capture its significance. A distinction must be made between constitutional theory and Presidential practice, for if the new constitution codified the shift from 'weak' to 'strong' government, De Gaulle personified that shift.

The birth of the Fifth Republic must be understood in the context of the Algerian crisis. Machin and Elgie offer a useful 'segmented decision model' of the French polity, in which certain policy areas are considered the exclusive domain of the President. These include foreign policy, colonial policy, defence policy and crisis management (1991 : 74-76). The origins of these areas of Presidential predominance can be found in De Gaulle's instrumental role in solving the Algerian crisis. De Gaulle was seen to offer the only hope of its resolution, and thus the National Assembly afforded the President constitutional leeway in the above areas. Desperate situations require desperate measures, and the 'presidential' majority may not have accepted such constraints had there not been a constant threat of civil war or military coup. Nevertheless, as far as De Gaulle was concerned, the precedent had been set.

Hence upon resolution of the crisis in 1962, De Gaulle moved quickly to ensure his predominance continued by other means. He sought to make the President directly elected by universal suffrage (instead of electoral college), thus giving the President an enhanced national mandate and a degree of legitimacy to challenge the National Assembly. De Gaulle then dissolved the hostile Assembly, and went to the electorate asking for both a yes vote in the referendum and a vote for a candidate who would form part of a '*presidential majority*'. This masterstroke precipitated a revolution in the French parliamentary system. The presidential majority cast the mould for future relations between President and Prime Minister. The Prime Minister, commanding a sizeable majority, should have been powerful, but henceforth, that majority's *raison d'être* became voting for the government and policies chosen by the President. The President's electoral campaign platform became the blueprint for the subsequent government programme.

One should be careful not to overstate Presidential predominance. The segmented decision model does leave significant areas of policy in the Prime Minister's and the government's hands. This was attested to in the period of cohabitation between 1986

and 1988, and France is best characterised as 'semi-Presidential'. However, in the final analysis there is little doubt who, potentially at least, has the upper hand. These developments in the locus of power structured the French polity within which the Socialist Party operated. The powerful Presidency became the ultimate political goal of all major parties, including the 'anti-system' Communist Party. In its pursuit sacrifices would have to be made. The impact of this new institutional context will be explored in terms of the Party system, and the Socialists' point of insertion into it.

The Fifth Republic and the Presidentialised Party System

The advent of the fifth Republic brought with it a new electoral system for presidential and legislative elections, specifically designed to preclude the perceived systemic weaknesses of the fourth Republic. The *scrutin d'arrondissement à deux tours*, requiring parties to reach a threshold vote before proceeding to the second ballot¹⁰, presented a hurdle to smaller parties. However, this change alone cannot explain the subsequent developments in party politics under the fifth republic. For that, the procedural change must be placed in a wider context, and analysis must take place at the level of the party system. For whilst the new electoral arrangements permitted the mutation from multi-polar to bi-polar pluralism¹¹, they did not determine the change. To adequately explain that change, we must also consider Presidentialism, and the impact on the party system of Gaullism.

Sartori highlights a number of important analytical distinctions which are instrumental in understanding the fortunes of the Left under the Fifth Republic. Firstly, Sartori sets out, on two levels, criterion of *relevance* of parties. At the levels of party strength and ideology or 'its position value...along a left-right axis' we must examine the 'governing' or 'coalition potential'.(1990) We may apply these criteria to the *Cartel des Non* exercise of 1962. This event was a straw in the wind of growing Presidentialisation of the new Republic. It was an attempt by the SFIO, the Radicals and the MRP (left-leaning Catholics) to prevent De Gaulle from changing the constitution to permit direct

¹⁰ Set at 5% of those voting in 1958, revised to 10% of the registered electorate in 1966, which was in turn raised to 12.5% of the registered electorate in 1976.

¹¹ In 1958, only 20% of second round contests were straight fights. By 1981 that proportion was 96.6%. (Bell & Criddle 1988 : 23)

election of the President. Their approach entailed the same 'third force' logic - of coalition between centrist and left parties - which they had used to curb De Gaulle's influence under the Fourth Republic.

The Fifth Republic's empowered Presidency, coupled with De Gaulle's huge popularity, meant that Mollet's desire to return to Parliamentary, Cabinet government remained adrift in the sea of pious wishes. De Gaulle's 'presidential majority' succeeded in capturing the old 'centrist' constituency. (Bell & Criddle 1988 : 28) Thus Mollet was at odds not only with the institutional logic of the Fifth Republic, but also with the electoral realities of a France swayed by Gaullism. The failure of the blocking move enhanced De Gaulle's legitimacy, and his consolidation of the Gaullist position through the creation of the 'presidential majority' exacerbated the declining *relevance* of parties wedded to the institutional logic of the old order, virtually eliminating their *governing potential*.

The demise of the SFIO was not uncausal. It was declining long before 1958, thanks in part to Mollet's handling of Algeria whilst Prime Minister, to the PCF cornering the working class vote, and to the MRP capitalising on the SFIO's anti-clericism. However, the incompatibility between its *modus operandi* and the institutional context of the Fifth Republic was arguably the catalyst which administered the *coup de grace*. Mollet personified this incompatibility, he was unpopular in the country and uncharismatic - therefore never a serious presidential candidate. Indeed, the incompatibility was consciously reinforced by him, since he believed Fifth Republic to be a flash in the pan Gaullist interregnum, soon to be superseded by a reversion to coalitional Cabinet government. (Wilson 1988 : 508)

Mitterrand and the *Union de Gauche*

Mitterrand appreciated Presidentialisation for the irresistible force that it was, and accordingly "became the first politician of the Left to recognise the implications of Presidential politics" (Bell & Criddle 1988 : 29) This was signified by his candidacy in the 1965 Presidential elections. Gaining as he did 45% of the vote in the second ballot, he proved to others on the Left what a potential asset he was in the new Presidentialised Fifth Republic. In ideological terms, Presidentialism and Gaullism were changing the

'direction of party competition'. Sartori distinguishes between centripetal and centrifugal forces of party competition. Whereas Mollet had always looked to the centre for his coalitional allies, Mitterrand appreciated that centrist support had either withered on the vine or already been picked up by De Gaulle. Thus Mitterrand was forced to look elsewhere for support. Gaullism's dominance, which encompassed most of the Right, but extended into the centre and even to elements of the working class Left electorate (Bell & Criddle 1988) suggested a shift to the Left, "for the very fact that the central area is occupied feeds the system with centre-fleeing drives and discourages centripetal competition."(Sartori 1990 : 332)

This is a case of Kirchheimer's catch-all thesis turned on its head, skewed by France's pluralistic bi-polar presidentialised party system, and the extraordinary 'catch-all' success of the Gaullist UNR, which Kirchheimer himself commented upon.(1990 : 54-55) Yet, the 'competitive phenomenon'(1990 : 56), of other parties responding with similar catch-all strategies did not at this stage materialise. The *governing potential* enhancing rationale of key actors, "turning more fully to the electoral scene, trying to exchange effectiveness in depth for a wider audience and more immediate electoral success" (Kirchheimer 1990 : 52) could be argued to conform to the catch-all thesis. However, the *direction* of ideological change that this rationale suggested was a surprising one. There was none of Kirchheimer's 'de-ideologization' and no hint of a "drastic reduction in the party's ideological baggage."(1990 : 58) On the contrary, there was a reaffirmed turn to the left, which, "far from indicating any desire to retreat into socialist purity, was marked by a positive craving for political power. No longer was there a perceived contradiction between the idea of gaining power and a distinctive socialist profile."(Sassoon 1996 : 535)

Historically, the French socialists have felt the need to remain ideologically distinct from the Communists - an imperative which in part explains the SFIO's curious doctrinaire but only *quasi-Marxist* rhetoric.(see chapter 5) However, whilst an affordable luxury in a multipolar system, such ideological distance was less compatible with a party system bipolarised by Gaullism. This is not to say that the distance itself reduced. Bartolini quite rightly points to the ideological gulf which separated the PS and PCF.(1984) The centrifugal tendencies of the French Left certainly did not vanish, as

the Communists' turning on the PS in the 1974 elections, and its temporary abandonment of the *Union de Gauche* strategy in the summer of 1977 proved, but such tendencies were on the whole overwhelmed by countervailing forces. The fact that parliamentary and presidential elections take place over two rounds makes the need for a transfer of votes from other Left groupings to the most likely winner between ballots of utmost importance. Appreciation of these systemic factors lay at the heart of Mitterrand's strategic vision. As Bichat observes, "the PS is an extraordinary 'machine' for bringing together diverse electorates at the second ballot. That is a considerable strength."¹² The resulting balance of electoral forces became known, during the 1970s, as the 'quadrille bipolaire';

"The combination of the two-ballot majority system of legislative elections with the popular election of the president has thus yielded 4 large parties in two opposing coalitions [RPR + UDF vs. PS + PCF] The discipline of the alliances is made necessary by the system of governmentbased on a president who is also the head of a parliamentary majority obedient to him. His challenger must secure the same docility from the opposition in order to be regarded as a serious rival."(Duverger 1986 : 82-3)

The bipolarity of the Party system encouraged by Gaullism and Presidentialism was conducive to centripetal forces operating around the Left 'pole' - or perhaps more accurately between the two Left poles (Machin 1989). These centripetal forces are instrumental to an understanding of PS ideology in this period, "the balance of forces between the PCF and PS was such that through 1981 the strategic puzzles of managing these divisions within the left pointed it towards strongly radical projects." (Ross & Jenson 1994 : 159) The need to effectively oppose a predominant and, until the mid-1970s relatively united Right informed the *Union de Gauche* strategy. This was no fundamental unity of purpose, but an operational necessity.

For some participant observers such as Benassayag and Weber, the dichotomy between the two 'cultures' of the French Left is ultimately reducible to a differing electoral strategy – hinging on the acceptance or otherwise of the *Union de Gauche*. Alliance with the Communists, according to Benassayag, "is the whole question at the centre of the cleavage between Rocard and Mitterrand. Mitterrand's analysis was pertinent, he

¹² Interview with Jean-Marcel Bichat 22/9/97

believed that the PCF did not represent a threat in France..... Whereas Rocard feared that the PCF would strip the PS of votes, Mitterrand understood that it was he who would strip the Communists of votes.”¹³ At the July 1972 Vienna conference of the Socialist International, Mitterrand clarified this position to Social Democratic leaders. “Our fundamental objective is to recreate a large socialist party on the terrain occupied by the Communist party itself, in order to demonstrate that, out of 5 million communist voters, 3 million may vote socialist.”(quoted in Charlot 1994 : 269) This objective was to prove eerily prophetic of the results of the 1988 presidential election.(Frears 1991 : 64)

The Congenital Weaknesses of the French Party System¹⁴

The French Party System is characterised by frequent change, displaying few ‘systemic’ qualities – such as consistent patterns of voting behaviour or party competition - over long periods of time. Machin charts 4 ‘stages’ in the development of the system between 1970 and 1990,(1989) and Guyomarch, in bringing the evolution up to date, offers at least two more.(1996) Meny identifies a, “persistent incapacity of France and the French to construct a solid and stable party system.”(1995 : 192) One reason for such inconsistencies is that French political life involves many different electoral systems, electing the numerous representative bodies within the French polity, “elections are too numerous and frequent, different electoral systems encourage different and sometimes conflicting competitive strategies and electoral systems are often changed.”(Machin 1989 : 76)

The complex nature of the pressures felt by parties operating within the French system is compounded by the tradition of change and experimentation with electoral systems. (see Criddle 1992) Different electoral rules in effect demand conflicting electoral strategies. The need to distinguish between ephemeral and lasting changes is paramount. In that respect, one can discern a shift away from an almost exclusively majoritarian system which fostered the ‘quadrille bipolaire’ in the 1970s. Even here, however, the process is anachronistic, “the ‘rules of the game’ were changed, but not in any consistent or coherent way, so parties were pushed towards different strategies in the

¹³ Interview with Maurice Benassayag 22/9/97

¹⁴ The title is borrowed from Meny (1995)

many different elections they contested.”(Machin 1989 : 75)

The winner takes all nature of the ‘first past the post’ second round of presidential, parliamentary, and (until 1982) municipal elections, “penalised isolated and small parties, especially if geographically evenly spread, and stimulated coalition formation and ‘centripetal’ competition between coalitions.”(Machin 1989 : 75) With the advent of proportional European elections in 1979, that majoritarian dominance began to be challenged. With a 5% threshold, and the country treated as one constituency, this encouraged centrifugal competition and discouraged coalitions. In 1982, Municipal elections became semi-proportional – with 50% of the seats awarded to the majority (or plurality) in the second ballot, but with the other 50% of seats shared in proportion to votes cast.

The trend towards proportional representation reached its peak in the 1980s. “A single-ballot proportional representation system was introduced for the 1986 parliamentary elections, the same system was adopted for the first ever elections of the regional councils and the two elections were scheduled for the same day. The 96 *departements* were taken as multi-member constituencies for both elections, a 5% threshold for representation was set, and the ‘highest average principle’ chosen for distribution of seats.”(Machin 1989 : 75) Although the Chirac government reverted straight back to the old majoritarian system for parliamentary elections, proportional representation remained for the regional councils. Thus small parties such as the Front National and the ecologists, were no longer condemned to obscurity, even if they chose not to forge alliances. Proportionality in regional, European and (to an extent) municipal elections allowed them a political foothold, even if their support were not densely concentrated in localised pockets.

In order to simplify a very complex reality, analysts separate French elections into two categories. On the one hand, there are the presidential and legislative elections, whose level of importance leads commentators to describe them as ‘*decisive*’ elections. On the other, there are European, Regional, Municipal and Cantonal elections, which, because of their lesser impact on national political life, are called ‘*intermediary*’ elections. On the ‘decisive’ front, “the rules of parliamentary and presidential elections push for coalition building , especially at the second ballot when the winner is ‘first past the post’.” This contrasts sharply with the strategies pursued by both small and large parties

in elections, “held under rules of proportionality, whether restricted (1989 municipal elections), departmentally based (1992 regional elections), or nationally organised (1989 European elections).”(Guyomarch 1995) The proportional nature of many of these ‘intermediary’ ballots induce small parties to ‘stand up and be counted’, an impulse which is likely to be much less in evidence at (majoritarian) legislative or presidential elections.

Thus understanding party competition, influenced by these different electoral rules, according to the different offices being sought, requires distinction between types of election and the treating of electoral strategy for each, if not in isolation, at least separately. The situation is further complicated by the different process of designation *within* the PS, affording different degrees of influence to the national and local organisations.¹⁵ This must be put into the context of the traditional ‘weakness’ of the PS, due largely to the hold that local *notables*, what Meny calls the ‘Republican aristocracy’, have over the national party organisation.

This tradition of local autonomy is highly significant in terms of electoral alliances, given the differential local performance of some of the PS’ allies. An established *notable*, taking account of the relative strength of potential electoral allies in his or her locality, will decide the appropriate strategy accordingly, with scant regard for national strategic directives to the contrary. For example, as Bichat recalls, “even though ‘*l’ouverture*’ did not happen in the Assemblée nationale in 1988, in 1989, at the municipal level, there were still instances of alliances more akin to Rocard-style ‘*ouverture*’ than the traditional ‘*Union de Gauche*’.”¹⁶

The localised strategic variation can be demonstrated by briefly analysing the variable nature of the PS’s relations with the PCF. As Claude Bartolone, former national secretary in charge of elections, observes, “the problem is that our allies are not really national, but regional.” The PCF’s localised support mean that, “different departments, different zones or regions can induce very different electoral behaviour on the part of the PS .. in a *département* like Seine-St. Denis, where the PCF and the PS are equal, our

¹⁵ The proportional list elections (Regional, European) involve a high degree of central input into list construction. For cantonal, and municipal elections, candidate selection is, on the whole, decided at the Section level. For parliamentary elections, candidate selection takes place at the departmental or federation level.

¹⁶ Interview with Jean-Marcel Bichat 22/9/97

discourse is very much influenced by that power relationship. But in Brittany, where the PCF scores below 5%, the dominant discourse is one which targets the Christian democrat composition of a section of that electorate.”¹⁷ The powers of patronage at the town hall’s disposal can be instrumental in smoothing the otherwise fractious relations between socialists and communists forced into tactical majority coalitions on local councils. As Frears notes, “according to Socialist mayors, the Communists need paid jobs for their full-time party workers. French local councils are generous payers of allowances and providers of office accommodation and staff to mayors and *maires-adjoints*. The price of these perquisites in a Socialist-led town is to refrain from criticism of Socialist policy and to vote for the budget.”(1991 : 65) The end result is that no strict generalisations can be made about national electoral strategy, since it varies in accordance with local electoral realities. These are variations which the national organisation has neither the ability, nor perhaps the inclination, to counter.

Party System Change in the 1980s and 1990s

“In the space of a decade, there has been a fragmentation of the system which has put an end to the ‘quadrille bipolaire’ which once structured the French political system.”(Bergounioux & Grunberg 1992 : 412)

A cursory glance at electoral results for the period 1989-1994 suggest dissatisfaction with the traditional ‘governmental’ parties, and an increase in support for small parties. The 1994 elections – Cantonal then European, are witness to this proliferation of smaller parties, and the ensuing fracture of the Left vote. “With 40.9% of the votes cast,” concludes Le Gall, “the Left sees at last an end to the disgrace which has afflicted it since 1991.”(1994a : 6) Despite this fact, the fragmentation of this vote across a greater number of political formations, including Communists, MDC, extreme Left, Radicals and other Left wing formations, and the absence of co-ordination or co-operation between these groups prevented the conversion of this regained electoral strength into political capital.

However, as Charlot notes, reading a ‘systemic’ change into the improving electoral fortunes of smaller parties between 1989 and 1994, may be premature. Most of the elections held were not ‘decisive’, but ‘intermediary’ – which, because national power-

¹⁷ Interview with Claude Bartolone 11/12/97

wielding is not at stake, lend themselves to 'protest' voting¹⁸. The 1994 European elections, fitting both the intermediary and proportional bill, were always likely to exaggerate both the decline of larger parties and the rise of smaller ones. For these reasons, "a protest vote, at an intermediary election, offers little indication of an eventual vote at a decisive election."(Charlot 1992 : 21)

In this light, the 1993 result represents a more significant shift for the parties of the French Left, with the level of disenchantment amongst the electorate such that the PS did not benefit from the 'centripetal' logic of the two round majoritarian electoral system. With nearly 40% of the votes cast, "never before, in legislative elections, have the 'peripheral' political forces [FN, PCF, extreme Left and ecologists] received so many votes....this level shows that disaffection with parties of government now affects the most 'decisive' elections in our political system."(Perrineau & Ysmal 1994 : 14) As further testament to this 'disaffection', abstention levels have increased steadily in the last 20 years. Habitually below 20% in the 1970s, the level has exceeded 30% for the last three legislative elections. Spoilt or blank ballot papers have increased from below 2% in the 1970s to 3.7% in 1993.¹⁹

The coincidence of this growing disaffection with the political system, and the governmental parties within it, with the electoral system changes outlined above is significant. Proportional representation greatly increased the effectiveness of expressing such disaffection through protest voting. In this context, "the electorate has become more volatile, more fluid, adjusting its behaviour as a function of the economy, of men or of strategic choices much more than through allegiance to a party. This electorate, which prefers to order a la carte rather than from a fixed menu, is highly unstable and modulates its participation and its vote as a function of the stakes of the election."(Meny 1995 : 189)

This parallel development in voting behaviour, is attested to by the increased tempo at which the political pendulum has swung in France in the last two decades. "The number of those who identified with any party fell from 29% in 1978 to 17% in 1984, according

¹⁸ Commenting on the 1992 cantonal and regional elections, Le Gall identifies "the desire to sanction the executive," in elections which are "not really regional or cantonal [but national]."(1992 : 3-4)

¹⁹ All figures are for first ballots. (Le Gall 1997 : 16)

to *Eurobarometer* polls In these circumstances an increase in electoral volatility seemed likely, and post-electoral analyses showed that a substantial increase did indeed occur after 1979.”(Machin 1989 : 69) This high level of volatility, was accepted as a given by PS strategists.(see chapter 4)

That said, 1993 did not represent the triumph of smaller parties over ‘governmental’ parties, even within the Left. The PS, even in its darkest electoral hour, still received more support than any other political grouping on the Left. Whilst the hegemony of the governmental parties has receded since the 1970s, in the face of increasing volatility and abstention which signals significant disaffection with the system, the smaller parties have not made the advances some analysts predicted for them. None of the larger parties (PS, RPR, or UDF) has sustained claims to the ‘catch-all’ party status Kirchheimer bestowed upon the Gaullist UNR in the 1960s. This is in part because smaller parties have been able to exploit the ‘protest voters’ disaffected with the system as a whole. Yet, these smaller formations have not been able to more than dent the support of the large parties.

In this situation, with the PS unlikely to succeed alone, but likely to remain the most important single Left grouping, the need for electoral allies is clear. As Charlot puts it, “this combining of forces between forces necessarily close at the level of ideas and political interests ... finds its cement in the institutional constraints which make the abandonment of union politically costly.”(1992 : 23) These ‘institutional constraints’ are, firstly, the need reach the 12.5% threshold in the first ballot of parliamentary elections and the rule that only two candidates progress to the second ballot of presidential elections. Allied to this is the need, in the second ballot, to gain votes transferred from the likes of the PCF, eliminated after the first. Secondly, the majoritarian two ballot legislative system favours both alliance candidates from the first ballot, and agreements of the weaker Left candidate to stand down between the two ballots.

The extent of the redrawing of the electoral landscape of the Left in France cannot be judged on the 1993 defeat alone, nor indeed on surrounding ‘intermediary’ electoral defeats. Successive ‘decisive’ or ‘governmental’ elections are a more appropriate

yardstick to assess the electoral health of the various parties of the Left. For this reason, in chapter 4, whilst taking account of some ‘intermediary’ electoral results, will concentrate mainly on the two ‘decisive’ elections after March 1993, to discern the state of the French party system, and the PS position within it, in the late 1990s.

Socio-economic structure and the PS Electorate 1970-1990

The development of the PS vote in the two decades after the Epinay conference was characterised by two trends, best analysed on two different planes – geographical and sociological.²⁰ Firstly, in geographical terms, there has been a ‘nationalisation’ of the Socialist vote. Previously, Socialist electoral support was largely confined to a number of pockets, “socialist strongholds in certain south-western departments, such as Landes, Haute-Garonne, Tarn, Ariège, Aude, Gers, Hautes-Pyrénées and Gironde, but also in the Nord, Pas-de-Calais, and in Bourgogne, the department of Nièvre...there was also the ‘Red Midi’ – from Languedoc-Roussillon to the Var, as well as parts of the Massif Central.”(Brechon 1991 : 19)

Apart from the industrial North, Socialist strength was centred in the traditional, agricultural zones south of the Loire. The PS had previously failed to make an impression in the old bastions of the Catholic right, such as the west interior, and Alsace-Lorraine. Through the 1970s, the PS, “succeeded in ‘nationalising’ its electoral influence, halting the decline in its bastions as well as making significant progress in the old target areas – Alsace, Lorraine, Brittany, Normandy, Rhone-Alpes, Loire and Ile-de-France. Socialist influence homogenised, passing, in 1978, 20% in every region.”(Grunberg 1994a : 199) By 1988, PS support exceeded 20% in all but 5 *départements*. There were, however, losses as well as gains. The PS declined along the eastern Mediterranean Coast (a former bastion), and in the Gard. Brechon puts this down to migration, “the midi witnessed an influx of pied-noirs, senior cadres, and OAPs – all marked right wing voters.”(1991 : 20) Yet overall, the picture is one of a sharp upturn in electoral fortunes.

The progress made by the PS in this period is explicable in part in terms of the internal process of revitalisation *within* the party in the decade after Epinay. As noted earlier, an

²⁰ In chapter 4 we analyse the PS’ relationship with its electorate in more detail, employing the demand and supply model to strongly reject sociological determinism.

increase in membership and activism levels linked to a rejuvenation within the party were important contributory factors.(Sferza & Lewis 1987) However, wider socio-economic changes within French society were also providing an environment conducive to Socialist advancement. One such development was the secularisation of French society. Traditionally, as Frears notes, “where the Catholic church is strongest, the vote for the left is weakest. The map [correlating religious practice with voting behaviour] has endured for generations because it is a map of where the church retained its influence after the upheavals of the French revolution – notably the west, Alsace-Lorraine, and parts of the Massif Centrale.”(1991 : 132)

In the last three decades, the number of *practising* Catholics declined steadily, reaching a low of 8% of the population in 1990.²¹ The declining influence of the Catholic church helped loosen the grip of the conservative right in areas such as Brittany where, for many years, Catholicism had been an obstacle to the electoral advancement of French socialism.(Frears 1991 : 133) “The new ‘permeability to socialism’ of areas with strong Catholic and conservative traditions can be explained by the changes experienced by a society in the process of urbanisation, where the church plays an ever lesser role in socialisation and ideological formation. To this may be added the ageing of conservative elites unable to articulate these changes politically.” (Bergounioux & Grunberg 1992 : 386; see also Frears 1991 Tables 11.2-11.4)

Contemporaneous to this partial secularisation was the increasing popularity of Catholic traditions within the French Left, Chevenement’s CERES and Rocard’s *Courant des Assises*. This created an environment more conducive to left-wing Catholicism. These two developments enabled the PS to extend beyond its previous strongholds which were in areas of strongly secular tradition. “The West, the East, the East Centre, and the Parisian region are the four areas where the relative increase in membership was greatest, these were the areas where the courants of Rocard and Chevenement are strongest, and those where socialist militant membership of the [predominantly catholic] CFDT is greatest.” (Bergounioux & Grunberg 1992 : 390)

Turning now to the sociological plane, the PS after Epinay made progress both among social groups growing rapidly within French society, and also among groups whose support had long eluded them. For much of the century, the electoral strength of the

²¹ Guyomarch (1996 : 159); see also Frears (1991 : 133) Table 11.2

PCF constituted an obstacle to the socialist electoral infiltration of the working class. After Epinay, the *Union de Gauche* strategy, codified in the 1972 *Programme Commun*, gradually redressed the PS's traditional weakness among the working class. This dynamic of 'rééquilibrage' of the working class vote from the PCF towards the PS, anticipated by Mitterrand, was further facilitated as the decline of the PCF accelerated into the 1980s. As we shall see later, however, the PS was not the sole benefactor from the decline in communist voting among the working class.

French society has undergone considerable change in the last three decades, and a by-product of the process of urbanisation and economic changes heralded by the *trente glorieuses* was a rapid increase in the salaried middle classes. Whilst farmers declined from 12% to 6% of the electorate between 1962 and 1982, and manual workers from 31% to 26%, white collar clerical workers increased from 14% to 21%, and junior professionals and management increased from 6% to 13%. (Frears 1991 : Table 11.5) "These social groups," Bergounioux & Grunberg argue, "young, well-educated, urban, and as much female as male – working predominantly in the tertiary sector, saw in the Left, politically renovated after the *Union de Gauche*, the political inheritance of May 68 and the best political translation of their aspirations." (1992 : 390) Ysmal's analysis of the development of the Socialist electorate from 1962 to 1986 unearths a number of trends; "a feminisation, a rejuvenation, an influx of workers in the tertiary sector, the Parti Socialiste is thus firmly rooted at the heart of the modern and dynamic sections of society. It best represents the 'new' women and the 'salaried middle classes.' Since workers, although underrepresented in 1986, are not absent, the objective of the class front is achieved at the electoral level, in contradistinction to the sociological profile within the party itself." (1989 ; 284 & Tables 6.23, 6.24) The degree to which the PS was the benefactor of this explosion of the salaried middle classes in the 1970s and 1980s has led Grunberg to speculate that, rather than a 'catch-all' party, the PS in this period may best be characterised as 'the party of the salariat.' (1994a)

This chimes with Bell and Criddle's assessment of the PS in the 1970s and 1980s, swimming as it was with the tide of socio-economic change, as a party "whose time had come". (1988 : 191-210) The growing and better educated salaried middle classes, the development of individualism and values of cultural liberalism, and the transformation of the lot of women, all provide the context for the synthesis in terms of electoral appeal developed by the PS in the two decades since Epinay. Grunberg summarises it thus; "On

the one hand, the working class, who saw the PS as the defender of the small man, of the workers against the bosses, and the defender of a state protecting them against the dangers of liberalism. On the other hand, the new salaried middle classes, who saw the party as the defender of individualist values and cultural liberalism.”(1994a : 210)

However, socio-economic change was not all beneficial for the PS in electoral terms. Whilst it caused an expansion in one core PS constituency, it also caused that more traditional electoral mainstay of social democracy - the working class – to shrink. Whereas in 1960-61, 27% of the active population were involved in manufacturing, by 1992-93, that figure was down to 18.9%. In the same period, those working in community, social, and personal services had increased from 20.1% to 27.8%²². To take the example of one industry, France lost 80,000 steelworkers between 1961 and 1991. (Sassoon 1996 : 652) Clearly, this did not necessarily bode ill for the PS. Indeed Kitschelt asserts, “the varying electoral fortunes of socialist parties are all but unrelated to national differences in the size of the working class or working class decline over time.”(1994 : 41)

As Sassoon points out, “on their own, [socio-economic] changes do not militate against the fortunes of the Left. The key variable is the ability of the Left to exploit them.” (1996 : 656) Claude Estier, who has spent 30 years at the helm of PS election campaigns, argues the PS has more than compensated for working class decline with its advances in growing social groups. “The PS’s clientele is less and less the working class – because the working class itself exists less and less. The base clientele is the middle classes, middle management, white collar workers, teachers, civil servants. Those are the people who, first and foremost, we address, because in order to win a majority, you must first gather your own electorate, and then afterwards try to expand.”²³

Yet the fact that, during the 1980s and 1990s, the salaried middle classes have tended to be more volatile voters meant that the progressive erosion of a solid working class electoral base did prove a handicap. There is no reason to expect the working class to be less volatile than any other section of the electorate. However, the fact is that, in its old industrial bastions like the Nord, the working class continued to support the PS, but – in relative terms – that support was less significant. For example, in the 1995 presidential election, “Jospin’s second-ballot geographical strength lay in traditional bastions of the

²² All figures from ILO yearbooks of Labour Statistics.

²³ Interview with Claude Estier 19/9/97

left which are no longer the most populous regions ... the combined number of votes in the three most populous regions which he won, Nord/Pas de Calais, Midi Pyrénées, and Picardie, was less than that of the Paris region.”(Guyomarch 1996 : 159)

Although the socio-economic changes in France bestowed mixed blessings on the PS's electoral fortunes, into the 1980s PS strategists continued to be optimistic. The best-case scenario of Mitterrand's *Union de Gauche* strategy was that ultimately, the PS would come to represent a truly hegemonic electoral force similar to that which Gaullism represented for the first 20 years of the Fifth Republic, commanding around 40% of the vote. However, the PS never really sustained its claim to Kirchheimer's 'catch-all' party status. Indeed, Grunberg argues that the 'permanent electoral fragility' of the PS must be recognised. Its great successes of 1981 and 1988 were always on the coat-tails of presidential victories, which somewhat artificially inflated the PS vote. Left to its own devices, the PS in the absence of the help provided by a wave of popularity for a socialist president, remains “a medium sized party, and certainly not the large social democratic party which some socialists imagined it to be in the aftermath of the great victories of 1981 and 1988.”(1994a : 188)

Conclusion

This chapter has shown how the institutional context of the Parti Socialiste structured the field of action within which it operated and evolved. The contours of local French democracy, it has been argued, shaped the internal organisation of the party. In the 1960s, when the conflict of interests between local and national political strategies became acute, a process of restructuring was undertaken - the outcome being a more nationally co-ordinated party, albeit with enduring local autonomy. The weak and fragmented nature of trade unionism, together with its confrontational traditions, have been seen to have a significant impact on the party's development, explaining its failure to develop a mass base. In ideological terms, weak fragmented unions prevented the development of the neo-corporatists strategies which helped some Northern social democratic parties cope with the economic crisis of the 1970s and 1980s.

The most significant nation-specific shaping influence on the French Socialist party, it has been demonstrated, is the institutional context of the Fifth Republic. Presidentialism has been shown to be a key determining variable in the development of the party

system, heralding the change from ‘polarised pluralism’ to a bi-polar pluralism dominated for the first twenty years of the Republic by the right. The development of the party’s internal structure, it has been argued, can be seen as a response to the new institutional context of a presidentialised party system. The impact of the party system, despite its changing nature, continues to exert strong pressures to forge electoral alliances with competitor parties on the extreme and centre left, as well as with the ecologists. The changing socio-economic structure of society, entailing both fragmentation of electoral blocs, and increasing electoral volatility, has important implications for the electoral fortunes of the PS, leading us to insist – despite appearances to the contrary - upon the party’s enduring electoral fragility.

Chapter 3

Organisational Change In The Parti Socialiste In The 1990s

Some accounts of how changing economic, ideological and electoral conditions affect social democracy see such 'external' conditions as simply 'impacting upon' parties, which are treated as dependent variables.¹ Yet as we saw in chapter 1, parties are independent variables – which are, in Przeworski's phrase, 'relatively autonomous' from their social and economic context. The 'black box' of intra-party politics must be opened to understand the nature of the 'transmission belts' mediating external factors within the party. This demands consideration of a series of party specific factors, which include the party's historical traditions, organisational structure, leadership, and the role of factionalism within the party. The organisational structure of the party conditions and influences internal debates on how to respond to external changes, crucially affecting the dominant 'frame of reference' through which the situation is interpreted. This is what Scharpf has termed the 'cognitive framework,' which requires analysis of the conditions of the 'decision environment.'(1991 : 14) Structure also affects what resources are at actors' disposal, providing a set of opportunities and constraints and pushing actors into coalitional strategies.(Panebianco 1988) This chapter will begin with an insistence upon the importance of this 'structural' approach to the study of political parties in general, and of the importance of the role of internal factionalism to the study of the PS in particular.

The examination of the organisational changes within the PS presented here brings to the fore the importance of conjunctural factors, both internal (such as the proximity of party congresses, the formation of tactical coalitions) and external (phenomena within the wider political system, such as the proximity of major elections). These conjunctural factors have been both the catalysts and facilitators of change. There has been an interrelationship between internal power struggles within the party (centred on Mitterrand's succession) and projects for internal reform. The shape of the arena in which the gladiatorial encounters between competing *présidentiabiles* have been carried out has been a central concern of all those in the ring, and their struggle has thus been an

¹ For an example of such an approach, see Gray (1996)

important determining factor of the pace, nature, and depth of change. Essentially, this acted as a force of inertia, since any fundamental change emanating from an opposition camp would necessarily be viewed with suspicion, yet any project of reform failing to secure the support of all major groupings within the party would be unlikely to succeed.

Competing with these forces of inertia, a number of crisis moments have also provided powerful incentives for evolution. The damaging effects of the Rennes conference, which tarnished the public image of the party, made changes in behaviour and structure imperative, it was perceived, if the party was to function in an increasingly media-centric environment. Secondly, the immense scale of the defeat in 1993, which propelled the Parti Socialiste from natural party of government status to virtual obscurity, engendered a realisation that fundamental change was a pre-requisite to political survival. The defeat ended a number of political careers, and thus provided the conditions for a shift within the party's make-up. The dire prophecies which abounded at the time proclaimed a minimum of 10 to 15 years opposition. Given this long timescale, it is perhaps not surprising that a younger generation began to flex its muscles within the national leadership of the party. Allied to this change was a partial feminisation of the party, a long-held objective which found the extraordinary post-defeat circumstances more conducive to success.

Under Jospin, thanks to his personal authority within the party, to tactical allegiances first forged at Rennes, and to the extraordinary turn of events which dragged him back from the political wilderness to the presidential candidacy, the party has experienced a rare degree of internal stability. This has permitted the distilling of all the above influences into a coherent reform project, built on foundation stones laid at the Arche conference in December 1991. The most important guiding principle of the project has been the injection of direct democracy into all levels of representation within the party. Indeed, nearly all the changes the party has undergone have been sanctioned by a direct vote of all members at the time of Jospin's election, and the reform process undertaken since has been legitimated by that direct democratic mandate.

Having demonstrated the importance of the 'structural' approach in establishing a framework for analysis of PS organisational change, this chapter will provide the

historical context of the 1990s changes by outlining the SFIO's organisational history before 1971, and then underlining the constitutional stability which characterised the first 20 years of the PS's existence. This will form a backdrop to consideration of the various stages of the organisational reform. The *courant* system will be examined as both a focus of the process of reform, as well as a constitutive feature of the party which structured the decision environment in which that reform process was worked out. The early reforms were of two types, formal institutional, such as the instigation of one member one vote, and informal conventional, such as the revival of prior compositing of major *courant* motions ahead of party Congresses to present a united front. Once these foundations have been set out, the acceleration of the reform process under Jospin will be assessed, looking first at his own direct election, then the direct election of the federal secretaries and the implications of this for the nature of the 'parliament of the party', the *Conseil national*. A number of enduring problems will be highlighted, before going on to explore the changing composition of the party, both in terms of the generational change witnessed in recent years and in terms of its feminisation. Finally, the evolving methods of organisational change, and the importance of the national convention to the direct democratic reforming praxis of the reforms under Jospin, will be insisted upon.

The Party as an *Independent Variable*

Some years ago, William Schonfeld noted the need for a 'structural approach' to the study of political parties (an approach neglected since the path-breaking work of Michels, Schonfeld argued). This approach involves viewing political parties as "settings for activity", and as such requires a research technique which involves developing an "organisational sociology of parties." The variable set is identified by Schonfeld as, "authority relations (participation, responsiveness, influence flows, and patterns of compliance) among members of the top national leadership and between them and other segments of the party; the bases and degree of cohesion and division, the climate of everyday human relations, the decision-making processes, the motivational factors leading to commitments of time and energy, and recruitment to top leadership positions." (1983 : 494-495)

“The settings approach,” involving “a deep understanding of types of party organisation,” could, Schonfeld noted, “provide a context in which to examine how parties perform the various functions that have been attributed to them.”(1983 : 496-497) In recent years, scholars such as Koelble, Kitschelt and Panebianco have answered Schonfeld’s call. Their work treats parties not simply as ‘victims’ of their social and economic environments, but as *independent variables*. Such an approach appreciates that, “to explain why certain parties were able to respond better than others [to the economic crisis of the 1970s] one has to look carefully inside the parties themselves, to their institutional structures, ideological traditions, and leadership.”(Berman 1997 : 102-103)

Koelble’s work seeks to transcend what he sees as the oversimplistic Michelsian framework, which is considered too constricting a lens through which to view developments of internal organisation. Importing as he does the framework of analysis from the ‘new institutionalist’ school, Koelble seeks to rigorously establish firm ‘micro-foundations’ for explaining party actor behaviour. As one might expect, institutions do much of the explanatory legwork. “The institutional structure of each party provided each group of players with a set of opportunities and constraints, while their respective strategies in building coalitions with other policy groups were imposed on them by the institution.”(1991 : 9) This approach draws on the rational choice perspective, but modifies it slightly, insisting that personal rationality is bounded by institutional frameworks. “Institutional structures shape the rationalities of actors inside a party in a profound way.. ..by setting limits and creating opportunities for the participants of the intra-party competition over positions and policy.... Decisions are to a large extent shaped by their perception of how institutional rules and structures help or hinder them in their pursuit of policy and organisational power.” (1991 : 12)

Whilst sharing with Michels the conviction that organisational structure in political parties plays an important role in shaping the outcome of intra-party conflict, Koelble differs greatly in *how* this role is played out. The root of the difference is partly methodological, based upon Koelble’s importing of the ‘systematically ignored’ structuralist and choice approaches into analysis of intra-party politics. Once the fine-grained understanding of institutional structures which a combination of these

approaches permits is 'factored in' to analysis, it is possible, Koelble argues, to "define the power of one set of actors – party leaders, activists, or members of interest groups – over another set." (1991 : 13)

Panebianco, whilst retaining Koelble's concern for institutional structure, seeks to reconcile this with a deeper understanding of agency within that structure to explain power relations within political parties. The role of organisational resources is central to understanding the internal distribution of power. Six key power resources are involved; firstly, competency, understood, "both as an attribute of the actor and as the attribution of a quality to the actor by others in the organisation."(1988 : 34) The second is environmental relations management, or controlling the 'frame of reference' of a party's response to exogenous factors such as a changing electoral or public opinion climate, or altering the nature of relations with competitor parties. The third is internal communication, "he who can distribute, manipulate, delay or suppress information controls a fundamental zone of uncertainty."(1988 : 34)

The fourth area is that of control of interpretation of the formal rules of a party organisation.² As Panebianco notes;

"in every organisation there are many rules which are not observed due to a tacit agreement that Downs has defined as the 'institutionalisation of deviation from written norms' The establishing of rules, the manipulation of their interpretation, and their enforcement are thus zones of uncertainty, of organisational unpredictability whose control is another decisive resource in power relations. A party's statutes do not describe its organisation any more than a political system's written constitution does. It is only a pallid trace, fleeting and imprecise, little more than a point of departure for the organisational analysis of a political party." (1988 : 35)

A fifth and more obvious resource is finance, "he who controls the channels through which flow the money that finances the organisation controls another crucial resource."(1988 : 35) Finally, there is recruitment – controlling the joining of an organisation, and more importantly, the advancement of internal careers within the

² An excellent example of this is the formal outlawing of organised *tendances* in the Parti Socialiste's constitution. The particular interpretation of this clause by Mitterrand permitted the proliferation of factions within the party in the 20 years after its foundation, but at a particular moment the CERES faction was deemed to have fallen foul of this statute, and was disciplined by the party conference. (Bell & Criddle 1994 : 117)

organisation. These power resources, Panebianco argues, tend to accumulate, but a leader, “even if he leads because he controls crucial zones of uncertainty, must (more often than not) negotiate with other organisational actors: he is at the centre of a coalition of internal party forces with which he must at least to a certain degree negotiate.”(1988 : 37) This ‘dominant coalition’ controls the key resources outlined above, and “the control over these resources, in its turn, makes the dominant coalition the principal distribution centre of organisational incentives in the party.”(1988 : 38)

A Framework for the Analysis of Intra-Party Politics in the PS: the Importance of Presidentialised Factionalism

This framework for analysis, outlined by Koelble and Panebianco represents a general theoretical approach to the study of intra-party politics. In order to apply it to our particular case, we must add certain factors. Key among these are the institutional context of a presidentialised Fifth Republic, and internal proportionality institutionalising factionalism within the party.

The centrality of *courants* to the *parti d’Epinay*, and the significant evolution of their role in more recent years, demands that we consider the limited theoretical literature on factionalism in political parties. Rose distinguished between a ‘faction’, which he identifies as an organised, disciplined and self-aware group, and a ‘tendency’, which he sees as a ‘stable set of attitudes,’ without any formal organisation. (1964) This useful distinction, however, leaves certain questions unanswered, (questions which are particularly pertinent to the recent history of the PS) such as how does one classify a clearly cohesive and homogenous group with definable common interest distinct from those of the wider party, but who eschew formal organisation?

As Cole notes, “to label certain groups as factions (or fractions), but to spare others that title would be in itself to impose a negative value-judgement on ‘factional’ activity.”(1989 : 78) There has been a long-running semantic debate, which need not detain us at length, over the appropriate choice of terms.³ Whilst mindful of this

³ Hanley and Sartori reject ‘faction’ as too pejorative, and choose instead ‘*fraction*,’ a ‘purely descriptive term.’ This position is rejected by Cole, who sees ‘*fraction*’ as “possibly the most pejorative manner of labelling intra-party group conflict.” (1989 : 78) The situation is further complicated by what the various

semantic minefield, this study will employ the term '*courant*', and where appropriate (see later) its more recent replacement '*sensibilité*' in a neutral descriptive manner.

The Causes Of Factionalism

Hines' framework for the analysis of factionalism in West European parties identifies 'structural' incentives to factionalism. Following Sartori⁴, Hine places considerable emphasis on the role of internal PR, arguing that, "the use of proportionalism can have an important impact on the nature of intra-party conflict, and, when introduced, can make actions more rigid and draw more individuals into their ambit." (1983 : 45) Sartori makes the case stronger still, arguing "a highly proportional type of electoral system will encourage and produce fission." (1976)

Following Cole, we argue that whilst this hypothesis is intuitively plausible, it must be approached with caution. The reason is that such structural incentives provide a necessary, but not sufficient explanation of factionalism. As Hine himself notes, "proportional representation is certainly not the only variable to consider when analysing the nature and causes of intra-party conflict." (1983 : 45) This point is best illustrated by charting the fluctuating levels and intensity of factionalism within the PS since 1971. There were periods of intense factional infighting, notably 1978-1980 (Cole 1986;1989) and 1988-1992 (see later)— which were interspersed with periods of relative calm. Such fluctuation leads us to search for other factors influencing factionalism, since the system of PR, in operation throughout, cannot explain the variation.

This leads us to explore other explanatory factors, such as the political context of factionalism. As Hine notes, "there are certain *incentives* rooted in party procedure or custom or in the wider political system, which lead or indeed force politicians to form factions." (1983 : 42) This highlights an important point, that the *courants* respond to external as well as internal stimuli. As Cole notes, "factional relations are governed by a

terms gain (or lose) in translation. '*Tendance*' is inextricably linked with the factional infighting in the pre-war SFIO, 'fraction', as Cole alludes, is tarred with the same brush. '*Courant*' emerged as (initially, at least) a neutral replacement for these discredited categories. However, with the degeneration of *courant* pluralism into an open civil war to determine Mitterrand's succession, in full view of the media, in the late 1980s and early 1990s, *courant* too acquired pejorative overtones.

⁴ G.Sartori (1976 : 94-104).

combination of external incentives and constraints (the party is only one element of a wider political system), by the internal dynamic created by external pressures, and by the mechanisms of intra-party competition itself.” (Cole 1986 : 189) This central role of external circumstances makes appreciation of context crucial, “within the PS, factionalism results from the existence of a complex, interrelated cleavage structure, whose visibility will depend on the external concatenation of circumstances, and on the party's salient external objectives, for example, the proximity of elections.” (Cole 1986 : 189)

In the case of the Fifth Republic, the presidentialism inherent in the political system shapes that external incentive. Bell & Criddle have labelled the PS variant of intra-party conflict ‘presidentialised factionalism.’ Each *courant* leader had also, if they were to be powerful, to be a potential future presidential candidate, or *présidentiable*. This potential presidential candidate status is a key element, within the French context, of the ‘competency’ seen by Panebianco as an important resource.(1988 : 34) After Mitterrand successfully saw off Rocard in 1979-80, a partial factional cease-fire descended, because once the presidential candidate issue is decided, accommodation must be sought so as not to miss out on the spoils of presidential patronage. Later in the 1980s, and particularly after 1988, the search for the next presidential candidate began in earnest. The true nature of the *courants* as ‘presidential stables’ quickly revealed itself. This flags up what Hine calls the ‘non-structural incentives’ to factionalism. These are identified by Cole as, “personality (of heightened importance in the presidentialised Fifth Republic), ideology/policy, strategy/tactics, organisation and historical origins.” (Cole 1986 : 189)

Given that structural incentives to factionalism are not all determining, the role of ‘non structural’ incentives to factionalism must not be underestimated. However, the importance of ‘structural incentives’ or ‘rules of the game’ will be amply demonstrated when we examine how the mechanisms of intra-party competition became a key battleground between competing *courants*. The shape of the arena constituted one of the key sites of gladiatorial skirmishing. This illustrates Panebianco’s point about the interpretation of the formal rules of party organisation being a key power resource.(1988 : 35) The significance of the mechanisms of intra-party competition is still more evident

when we explore the means by which the PS sought to curb the excesses of internal factionalism in the years following the disastrous Rennes congress. Great emphasis was placed on the need for statutory change in general, and the limiting of proportionality in particular, as a means of moving away from divisive *courant* infighting.

French Socialist Factionalism in the 20th Century

As Panebianco points out, the formal structures, the statutes, do not tell the whole story of how parties organise, it is nevertheless with the constitutional arrangements that our enquiry must begin. Our central concern is with changes in the party's organisational form in the 1990s, however, we must contextualise this study with a brief outline of the organisation of the PS both before and after the 1971 congress. A defining feature of French socialism at least as far back as the Paris Commune has been its organisational and doctrinal diversity. The plethora of small, well organised, and sharply ideologically differentiated groupings which existed between before 1905 did not entirely disappear when the Socialists unified. (Cole 1986; Portelli 1992 ; Kergoat 1997) The use of PR in internal party elections contributed to this.⁵ In the inter-war years, the SFIO leadership under L. Blum, and P. Faure, was unable to prevent the emergence of organised factions, first Zyromski's *Bataille Socialiste*, formed in 1927, and later Pivert's *Gauche Révolutionnaire*, formed in 1935, and ultimately expelled from the party in 1938.⁶ The influence of these factions translated into a culture of internal pluralism and doctrinal diversity within the movement. This internal diversity was curbed between 1945-1971, when the refoundation of the party after the war abolished internal proportional representation in favour of majority voting. In the post-war SFIO, led by Guy Mollet after his displacement of Blum at the 1946 congress, majority suffrage gave the majority at both national and local level complete freedom to decide candidates and key office-holders. The plight of minorities in the Mollet era is attested to by the nick-name the majoritarian system received – 'the pigeon shoot'.

The Fifth Republic and the end of the SFIO

⁵ B.Graham (1982 : 142).

⁶ Other factions included the 'neo-socialists' around Marcel Déat, who, in contra-distinction to all other Socialist groups, went on to be collaborators in the Vichy regime.

The chief reason for the demise of the SFIO and the advent of the PS was need for the non-Communist Left to group under one party banner, rather than to continue operating as an amalgamation of 'political clubs'.⁷ The electoral failures of 1968 and 1969 were seen by Mitterrand as in part a result of the structural variegation of the federation of the Left (FDGS). The two years after Defferre's comprehensive defeat were spent trying to agree a new organisation structure between the diverse elements including Chevenement's CERES, Mitterrand's CIR, Mauroy's working class bastion in the Nord federation and Defferre's 'municipal' socialist Bouches du Rhone federation.

At the crucial Epinay conference, organised factions were made 'legal', which had not been the case in the SFIO. The new structure allowed the PS to confront the relatively united Gaullist right with at least the public facade of a unified non-Communist left. Lieber takes a sanguine view of the party's internal arrangements, seeing them as the operationalising of a core socialist value, as socialist *praxis*. "It is quite consciously that Socialists defend internal party democracy as the best guardian against the abuses of arbitrary decision-making and bureaucratic fossilisation...a Socialist Party therefore is not expected to be homogeneous, but pluralistic - like the future Socialist society it seeks." (Lieber 1977 : 455)

Whilst this may be the case, internal proportional representation was arguably the only feasible mode of organisation given the diversity of the factional elements. The superficial unity of purpose concealed sharply divided factions constrained by a fairly fragile non-aggression pact. This pact was 'enforced' by the legacy of repeated recent electoral failure. Significantly, the new arrangement was in tune with the institutional logic of the fifth Republic. The party's structure facilitated the uniting of the diverse factions behind the left's *presidentiable* - or prospective presidential candidate. At the same time, however, each of the factions was afforded the luxury of their own *presidentiable* who could play a prominent role in internal party life, could fight his or her faction's doctrinal corner, and in the longer term could groom themselves and position themselves as Mitterrand's heir apparent. In this sense, "the socialist party

⁷ Initially, the 'clubs' presented a more attractive organisational prospect than the SFIO, since they carried none of the baggage of association with the fourth Republic. (Wilson 1988 : 508) However, lacking the organisational strength to stand alone, they still had to work with the SFIO and the Radicals in the FDGS between 1965 and 1968. It was the enduring influence of Mollet's SFIO which, Mitterrand was convinced, enabled Defferre to take the 1969 presidential candidacy from him. (Bell & Criddle 1988 : 61)

modelled itself on the state it yearned to possess and modify.”(Sassoon 1996 : 535)

Le Parti D’Epinay

When, in 1971, proportionality was re-instated, ideological diversity flourished once more. Under the new proportional representation system instigated at Epinay, organised internal factionalism was allowed to structure the life of the party, permitting minority *courants* who could pass the 5% threshold a voice in the party and seats on its governing bodies. This fundamental shift allowed greater internal pluralism, but the corollary was heightened competition. So deep-seated are these norms of diversity and pluralism that one commentary sees the PS as, “more a juxtaposition of *courants*, traditions, and personalities than a genuinely unified party.” (Bergounioux & Grunberg 1992 : 293)

The formal power structure of the parti d’Epinay is outlined by Cole thus;

“Theoretical power ascends from the base to the summit, or from the section, through to the federation, and to the bi-annual party Congress, the party's supreme authority. The Comité Directeur (henceforth CD) is elected on a proportional basis according to the percentage proportion of mandates achieved by competing motions at Congress. On the same principle, the smaller Bureau Exécutif is composed of representatives of all factions having achieved more than 5% of the mandates at Congress, and is responsible for precise functions delegated by the CD. Real power, however, lies with the Secrétariat National (henceforth SN) composed only of the party majority, and with the Premier Secrétaire. The party majority consists of that faction, or combination of factions agreeing to the text receiving a majority of votes in the final vote at Congress, after the proponents of the various motions have attempted to reach a compromise in the Commission des Résolutions (Resolutions Committee). This considerably limits the impact of PR : the leader of the dominant faction can call the tune, and usually decide the contours of a future leadership alliance.”(Cole 1986 : 10)

The factions are thus the key organisational unit within the party, and the congress resolutions became the yardsticks by which factional strength was judged. After publication in the party newspaper, *Le Poing et la Rose*, with a list of signature appended, resolutions were, “sent down to activists for debate, amendment and voting. The leadership of the party at local level is decided by votes on these resolutions.” (Bell & Criddle 1994 : 117)

Each *courant* leader – or ‘elephant’ as they are not-so-affectionately called in the party – must be the first signatory to their *courant*’s ‘motion’ or general political statement⁸ which is presented at a conference, or occasionally a convention. After the leader’s name come other key figures within his or her ‘*courant*’. The federal structures mirror the national, where, at the departmental level, all factions are represented proportionately on the Federal Executive. The majority in the Federal Congress controls the federal Secretariat. The same organisational blueprint applies at the section level, be it a geographical, workplace, or university section. (see Bell & Criddle 1988 : pp210-216 & Fig 10.1) Within a given *section* or *fédération*, the strength of any given ‘*courant*’ – in terms of candidacies or positions of power on the party’s governing bodies⁹ - is directly related to the number of votes the motion it puts to the party vote receives. The bottom line is a mathematical equation between proportion of votes obtained and proportion of internal positions of responsibility. It then falls to the leader and first signatory to allocate his or her allotted number of seats to his allies, i.e. the other signatories of the motion.

The Official and Actual Authority Structures

As Panebianco would predict, however, “the official authority structure bears only a distant relationship with reality.”(Cole 1986 : 10) The reason for this owes much to the control of the internal career structure outlined by Panebianco above. The first secretary of the party was originally conceived in 1971 as *primus inter pares* within the national secretariat.(Portelli 1985) However, in practise, it falls to the first secretary to appoint the national secretariat, which clearly puts the first secretary in a strong position. Furthermore, as first signatory of the majority motion, the first secretary also ultimately decided who fills ‘their’ allocation of seats on the parliament of the party, further

⁸ Another of the foundation stones of the party, established at Epinay, was a principle and an operating procedure firmly linking key actors to their stated orientation. This link dove-tailed with the novel internal pluralism in the party heralded by proportional representation. The principle reason for this was the discrediting of the old SFIO due to the gulf between official doctrine and actual practice, particularly when Mollet was in the coalition government during the Algerian war. It was assumed that the stronger this link between personality and doctrine was, the more difficult it would be to indulge in ‘Molletist’ schizophrenia. The link is also of central importance in understanding the relationship between mandated voting and internal factionalism within the PS.

⁹ *Bureau National*[formerly *bureau executif*], *Conseil National*[formerly *Comité Directeur*], and *Conseils Fédéraux*

underpinning his or her internal strength. This power of the *courant* heads to determine the roll calls on the lists attached to motions (which determine who sits on the party's governing bodies), meant power was concentrated in the hands of the *elephants*, the faction leaders.

A convention developed early in the PS's history¹⁰ which further underpinned the first secretary's internal strength. Major factional players composited a motion prior to congress, which a number of major factional leaders signed. Such a situation considerably strengthened Mitterrand's hand, affording him 'leader above faction status.' (Cole 1986 : 190) Thereafter, even major players owed their position in the party hierarchy ultimately to Mitterrand as first signatory of the composite motion. This deviation from the kind of internal pluralism which one might expect given internal proportional representation can be explained by the Presidentialism inherent in the French Fifth Republic. Mitterrand's peculiar position as the only credible *Presidentiable* on the left at the time brought centripetal¹¹ pressures to bear on other actors.¹²

Thus in the 20 years after Epinay, some significant changes to the internal functioning of the party did occur. Firstly, there was an evolution in the factional system away from straightforward pluralism which, Sartori argues, internal PR should create. Particularly after 1981, Mitterrand's 'leader above faction' status brought powerful centripetal forces to bear on other *courant* leaders. Secondly, there were changes heralded by the accession to governmental office and the need to define the role of the party relative to the government in what was, for the socialists, a novel institutional setting (holding the reigns of power in the Fifth Republic). However, in terms of codified organisation and internal selection, the constitution of the party went largely unamended. This constitutional stability came to an end at around the same time as the climate of internal

¹⁰ First instigated at the 1973 Grenoble congress, reversed in 1978, only to return, reaching its apogee with the unanimity at the 1981 Valence congress.

¹¹ The term is employed here not to refer to the centre along a left/right ideological axis, but rather to refer the centre in terms of organisational power.

¹² As Cole notes, "[t]his system of leadership cooption increased Mitterrand's margin of manoeuvre. Savary had signed Mitterrand's motion, and had to recognise the Mitterrand/Mauroy axis as the dominant element, and Mitterrand as the centrist element of the leadership. It also limited the effect of PR in internal party elections as a structuring variable of factionalism (a hypothesis retained amongst others by Sartori and Hine). For minority factions, fearing extinction if they presented a distinct motion, or merely seeking to preserve a measure of authority in the leadership, would henceforth be inclined to compromise with Mitterrand before Congress, in return for recognising Mitterrand as 'leader above faction.'" (1986 : 190)

stability, exemplified by the unanimous vote at the 1981 Valence congress, provided by Mitterrand's unquestioned leadership. After re-election in 1988, it was clear that Mitterrand would not be the next Socialist presidential candidate. It was equally clear that his successor would be drawn from among the big *courant* leaders. As the stakes of intra-party fighting were raised, so too was the degree of hostility.

Worst Excesses Of *Courant* Fighting : The 1990 Rennes Congress

The Rennes Congress was the first time that the convention established at Valence was ignored by all major *courants*. Despite isolated exceptions,¹³ the practice of composing a motion before congress, to which not only the Mitterrandists but also other key factions (such as Mauroy) sign up in advance, putting Mitterrand's authority within the party beyond question, had been observed by all major players. (see Philippe & Hubscher 1991 pp186-187) At Rennes, Mitterrand's authority in the party was waning. This had been demonstrated two years earlier by the party's choice of Mauroy over Fabius (Mitterrand's *dauphin*) for first secretary.(see below) With that countervailing force on the centrifugal impulse of proportionality removed, everyone chose to 'stand up and be counted'. A total of 7 motions were presented:

1. Mauroy-Jospin	Motion 1	29%
2. Fabius	Motion 5	28.9%
3. Rocard	Motion 3	24.2%
4. Chevenement	Motion 7	8.5%
5. Poperen	Motion 2	7.1%
6. Dray-Melenchon	Motion 4	1.3%
7. Liennemann	Motion 6	0.6%

source Philippe & Hubscher (1991 : 187)¹⁴

The cracks had begun to emerge within the Mitterrandist camp in 1986, with Jospin's outrage at Fabius' attempt to monopolise the running of the general election campaign.

¹³ Notably Chevenement in 1983, and Rocard in 1985.

¹⁴ Bell & Criddle offer slightly different percentages, but very similar margins between scores.(1994)

Indeed, some traced hostility between Fabius and Jospin back as far as 1981.¹⁵ By 1990, this had led to a wholesale split within the Mitterrand camp, between Jospin and Fabius.¹⁶ (see chapter 5) Jospin's dogged opposition to Fabius' candidacy for the 1995 presidential elections allied him with Mauroy, and to a lesser extent Rocard. Fabius' own behaviour further strengthened the *rassemblement* against him. As Bell & Criddle note, "Fabius, as a more credible presidential contender [than Jospin], could conceivably have expected a nomination from those in the party who did not want Rocard, but a degree of rather too obvious political manoeuvring, and an attempt to claim the position too brusquely, had again united a coalition against the former prime minister."(1994 : 126)

At Rennes, the logic of PS internal fighting was taken to absurd extremes. Such was the bitterness that the different *courants* could not even agree on a voting process, let alone a text. The number of mandates allotted to each *courant* was hotly disputed – particularly given the narrow margin between Jospin/Mauroy and Fabius. The losers complained of vote-rigging and other improprieties. Thus although all the delegates were gathered together, no votes could be taken on any subject – indeed it could not function as a party conference. For the first time in the party's 20 year history, no synthesis motion, based on a deal between the *courants*, was established.

The Changing Structure Of The *Courants*

The perceived pejorative overtones of the terms *courant* has, in recent years led to the evolution of a new label, which also claims to reflect a change in nature, and thus returns us to Rose's distinction.(1964) In the aftermath of the calamitous Rennes conference, the most urgent priority for any project of internal reform became the curbing of the worst excesses of the *courants*. *Courants*, the received wisdom goes, are a positive and enlivening element of internal debate when they bring forth new ideas and engage in debates. However, those tasks, which were performed admirably in the

¹⁵ A sentiment noted of Fabusians by Jean-Marcel Bichat in interview with the author (4/12/97), although Bichat himself suspected a retrospective exaggeration of earlier rifts.

¹⁶ Fabius took the fight to the Jospinistes, extending beyond his traditional stronghold in Seine-Maritime to make progress in Bouches-du-Rhone and Pas-de-Calais, as well as gaining support in the FEN (the French teachers union) during Jospin's tenure as education secretary between 1988-1992.(Bell & Criddle 1994 : 121)

1970s, have been superseded. In the mid to late 1980s, *courants* – with their own finances, offices, and newspapers, behaved increasingly like parties within a party. The importance to each *courant* of its own means of communication – through its own press and journals, underscores Panebianco’s point about the means of internal communication providing a key organisational resource within parties.(1988 : 35) The title ‘*courant de pensée*’ became decreasingly appropriate as the doctrinal role diminished, leaving only the organisational, power-brokering role. Rennes, the apogee of the *courant* system as a gladiatorial power struggle, made this drift all the more apparent. There ensued, in the years after the Rennes Congress, a sea change in the approach to internal pluralism, with a shift away from formal organisation along the ‘parties within parties’ lines, and towards Rose’s ‘stable sets of attitudes’ model.

Cole has developed a useful set of ideal types to aid the classification of *courants* in the PS. These are, “the organisation faction, with its roots in the party apparatus itself, and refusing the label faction (Mitterrand/Mauroy), the parallel faction, manifesting a relatively high level of independent factional organisation, parallel to the party’s official structures (CERES, to a lesser extent Rocard) ; the external faction, seeking to rely on public popularity to conquer opinion within the party (Rocard).” (Cole 1986 : 189) No *courant* can be expected to consistently display all the attributes of its ideal typical form. Furthermore, the model allows for evolution, enabling us to retain the framework for analysis to account for subsequently developments which have changed the PS’s factional landscape considerably.(see chapter 5) Thus in recent years, the former ‘parallel faction’, CERES, has left the PS altogether. However, the *Gauche Socialiste* and the *Poperenistes* now operate along ‘parallel faction’ lines, although their weight and influence in the party is somewhat limited. These ‘parallel factions’ continue to run their own newspapers (or newsletters), to present motions to congress which are ideologically distinct from the majority motion, and to display high degrees of organisational independence.¹⁷

Rocard’s followers no longer operate as an ‘external’ faction, since within the post-Mitterrand PS they have become part of the mainstream ‘*ligne majoritaire*.’ The Rocardian’s new labels, ‘*ex-courant*’, ‘*sensibilité*’ or ‘historical allegiance,’ reflect this

¹⁷ Interview with Marie-Therese Mutin (23/9/97), interview with Jean-Luc Melenchon (29/9/97)

shift, superseding as they do the ostensibly tarnished terminology of *courant*. Other *sensibilités* include Jospinistes, Fabiusians, and Mauroy's former followers, along with smaller groupings around figures like Mermaz. These *sensibilités* tend to eschew formal organisation, do not tend to have permanent offices, and are generally less inclined to publish their own newspapers and journals. Indeed, the subsuming of most of the former factions under the umbrella of the '*ligne majoritaire*' allows the latter to present itself as part of a post-*courant* landscape. This suggests that the *ligne majoritaire* comprising *inter alia* Jospinistes, Rocardians, and Mauroy's former followers, is the closest current approximation to the 'organisation faction.' (see later)

This analysis, however, is not unproblematic. The problems are allied to the grey areas associated with Rose's distinction between faction and tendency alluded to earlier. We may illustrate this point with reference to the Fabiusian *sensibilité*. Like other '*ex-courants*,' they have shifted away from formal organisation, and from running their own newspaper. However, it remains unclear whether this reflects a fundamental shift in nature, or merely the response to a political conjuncture where any opposition to Jospin's *ligne majoritaire* would be politically suicidal. Should circumstances change, it is far from inconceivable that the Fabiusians would re-emerge as a *courant à l'ancienne* in any future power struggle (see chapter 5).¹⁸ Such questions are impossible to resolve adequately until such a change of context occurs, but the long-held habits of internal skirmishing within the PS are likely to die hard, despite the reduction of structural incentives to return to familiar ways.

The Changing 'Political Space' Of Factionalism

One reason for the drift towards power brokering functions and away from doctrinal debating functions by factions in the PS in the 1980s is an important development in the 'political space' of internal factionalism within the PS. In his study of PS factionalism from 1971-1981, Cole identified the strategic advantage enjoyed by the Mitterrand faction which resulted from its central position within an ideological 'triangulation' between CERES to the Left on the one hand, and Rocard and Mauroy to the Right on

¹⁸ A prospect made all the more likely by Fabius' recent acquittal from any blame over the contaminated blood scandal. This scandal hanging over him was for years seen as Fabius' main barrier to the Elysée Palace.

the other.¹⁹(1989) This ‘triangular’ dimension of brokering between left and right is considerably less relevant today because the ideological range of PS *courants* has reduced. This is due in part to the novel experience of ‘*la durée*’, literally staying in power for a considerable period,²⁰ in the 1980s and early 1990s. This novel situation, which co-incided with the ideological ‘secularisation’ of French Socialism, involving a shift away from maximalist programmes, and away from a frame of reference strongly influenced by Marxism, affected the degree of doctrinal diversity within the party.(see chapter 5) The relationship between the Socialist government and the party was complex, as Vaillant noted in the early 1990s, “there is a need for autonomy vis-à-vis the government, we must support it, whilst continuing to listen carefully to public opinion.”²¹ However, the autonomy never led to out and out contradiction of government policy or opposition to the government.

These changing parameters on the ideological activities of the party in the 1980s meant that the ideological battles the *courants* had fought in the 1970s were no longer feasible. Years of being either being part of the government, or offering support to it, either way of being made sharply aware of the limits of the possible, reduced the sharp programmatic and ideological diversions which characterised the interplay between the *courants* in the 1970s, at conferences such as Nantes and Metz. Fundamental differences – ideological or strategic – have diminished between the different ‘*sensibilités*’ in the party since 1981. This tendency towards ideological similarity was compounded by the fact that the *courant* leaders tended to be members of the government, and it was not considered acceptable that members of the same government should be signatories to different motions at conference.²²

At the tactical level, this constraint, Huchon argues, accounted for the failure, at Rennes, of the plan by the Jospinistes and Rocardiens to marginalise Fabius. “Michel Rocard did not dare sink the dagger into Fabius’ back. He was prime minister, and he thought it

¹⁹ “Mitterrand’s central internal party position meant that he could ally with the ‘left’ against the ‘right’, or vice versa – a degree of leverage open to no other leader. Moreover, his central location enabled him to pose as guardian of the *juste milieu*, the party’s ideological orthodoxy, threatened alternatively by left and right.”(1989 : 86)

²⁰ Something which no other Socialist government has ever achieved in France

²¹ Daniel Vaillant *PS INFO* no. 512

²² The instances where key *courant* figures did ‘stand up and be counted’ – by signing their own motion distinct from the majority – Chevenement at Bourg-en-Bresse in 1983, and Rocard at Toulouse in 1985 – both came after the *courant* leader concerned had left the government.

would provoke a governmental crisis. At the time, Beregovoy came to see me to explain to me that all the Fabiusien ministers would resign from the government the day after the conference if the move went ahead.”²³ Thus paradoxically, and *contra* Sartori’s predictions, given the institutional constraints of government, the *courants* came to secure not diversity, but similarity. This point was later insisted upon by key *courant* reformer Daniel Vaillant, “this (*courant*) system ends up with a form of thought which resembles enforced ideological conformity, or, worse still, the confiscation of the process of reflection.”²⁴ The degree of conformity should not be overstated. Important divergences remained in the 1990s, with the Rocardians more inclined to seek allies towards the centre as opposed to traditional *Union de Gauche* strategy favoured elsewhere in the party,²⁵ but the adverse effects of the Rennes conference in terms of public opinion and the media image of the party made it inconceivable to act in a confrontational manner within the party on the basis of such differences.

In terms of the political space occupied by the *courants*, there has been a tendency for all the main *courants* to cohere around a ‘*ligne majoritaire*’. Interestingly, this pattern held whether the First secretary was a moderate, such as Rocard, or a left-winger, such as Emmanuelli. After Chevenement left the party in 1993, the only groups outside of this ‘*ligne majoritaire*’ have been the Poperen *courant*, and the Gauche Socialiste *courant* which grew out of the Drey-Melenchon *courant* at Rennes. In terms of ideological space, there is very little to choose between them, existing at the left fringe of the party’s political space.(see chapter 5)

Institutional Reform – Curbing The *Courants*

The adverse effects of the Rennes conference made the confrontational model of intra-*courant* rivalry appear unsustainable within the party. The changing *modus operandi* of *courants* in the PS since the early 1990s has two dimensions. Firstly, there has been a revival of the convention first established under Mitterrand at Grenoble, of compositing motions before congress into a majority motion, with all the key *courant* leaders as

²³ Interview with Jean-Paul Huchon 29/9/97

²⁴ Daniel Vaillant on the modalities of the *Etats généraux* in *PS INFO* no. 545 (8/5/93)

²⁵ Seen by Henri Weber as the only genuine basis for the talk of the ‘two cultures’ within the party – Interview 29/9/97

signatories. (see earlier) The concern for more peaceful co-existence exerted centripetal pressures on the *courants* to present a pre-agreed single majority motion. Presenting seven different congress motions, and attempting to synthesise the various *courants* positions, reaching accommodation between them ideologically, in terms of the wording of the final doctrinal statement, and institutionally in terms of sharing out seats on the governing bodies, was deemed to be divisive a practice.

A single majority motion, including all major *courants*, was presented to the conferences at Bordeaux (1992), Bourget (1993), and Liévin (1994) despite the issue of the presidential candidacy remaining ultimately unresolved. Formal opposition in the shape of other motions presented to congress came only from fringe minority *courants* such as *Gauche socialiste* or the young socialists, who had no chance of securing the presidential candidacy. This leads us to offer some qualification of the ‘presidentialised factionalism’ thesis. The apparent coincidence of *courant* cease-fire, or at least peaceful co-existence, and fierce competition for Mitterrand’s succession can be explained by the horse-trading which went on between the key players. “In January 1992 a *modus vivendi* was reached between Rocard and Fabius in the run-up to important elections, with Fabius taking the leadership while virtually conceding Rocard’s claims to the 1995 presidential nomination.”(Bell & Criddle 1994 : 116) The second dimension to the curbing of factionalism was institutional or as Hine would put it, ‘structural.’

One Member One Vote

Statutory revision began to be discussed and, at length, implemented, with the intention of restraining infighting. Strictly speaking, the first significant shift cannot be interpreted as a response to Rennes, since it was a reform instituted at that congress (or, to be exact, a week later, when the *courants* finally came to some agreement). This was the move to one member, one vote. The shift was prompted by abuses of the mandate system in some of the PS’s ‘rotten boroughs’ (such as Herault, and Bouches-du-Rhone) where clientelism was distorting the internal functioning of the party, and raising serious questions about the party’s democratic probity.

In 1990, the mandate system was revised. This affected the balance of power not only

between strong and weak sections and federations,²⁶ but also between majority and minority *courants* within each section or federation. The importance of one member one vote can be attributed to the fact that the strength of a section, or a *courant* within it, has traditionally related not to the number of votes actually cast in favour of a given motion, but rather on the number of votes *mandated* to each *courant* in each section. In order to consolidate their strength in the party's sections, a local *notable*'s team could exploit the mandate system's indirect nature, which involved voting by *theoretical member*.²⁷ Mandated votes reflect the cards paid by a section, not necessarily its actual membership. Well-organised *courants* were able to artificially inflate support for their high profile leader. "There were sections where there was a great difference between the purported number of members, the number of cards paid for to the national organisation – one hopes that these people actually existed – and the number of people actually attending meetings."²⁸

Voting by mandate favoured large federations, such as Nord, Pas-de-Calais, and Bouches-du-Rhone, benefiting from an established local political networks, based often on mayoral office, or still better, a combination of mayor and member of parliament at the same time. Such networks offer both financial and human resources which facilitate not only larger membership, but also the undetected practice of illicit card-buying to boost numbers and bolster political strength. (see chapter 2) The extremely fierce competition between the *courants* – evidenced by the catastrophic Rennes conference – created enormous pressures; "when votes are added together to create mandates, a whole series of manoeuvres can ensue there was an exacerbation of the battle of the chiefs, and it got to a point where it was imperative to calm things down."²⁹

After the initial period of membership expansion in the 1970s, the mandating process tended to ossify internal democracy within the local organisations.³⁰ This ossification offers evidence of Panebianco's point about recruitment being an important resource in internal power relations.(1988 : 35) An established power relationship in terms of the

²⁶ As noted in chapter 2, size is not always a reliable indicator of the strength of a section, given the importance of local political officeholding.

²⁷ Interview with Jerome Lambert 3/12/97

²⁸ Interview with Louis Mermaz 1/10/97

²⁹ Interview with Yannick Bodin 26/11/97

³⁰ Interview with Yannick Bodin 26/11/97

number of mandates 'belonging' to each *courant* within a section rarely evolved. The leadership, after having bought enough cards to assure that its '*courant*' held the key posts in a section, would be suspicious of new members joining who might upset the balance of power. If these newcomers allied with a rival *courant* within the section, it would necessitate buying more membership cards to retain the equilibrium! This 'Malthusian' approach to recruitment, Sferza argues, is an important explanatory factor in membership decline in the 1980s.(1996 : 197-198) The upshot was that *courants* with only a handful of members in a given section tended to be marginalised, with little prospect of attaining positions of responsibility within the section or federation.

Since the Rennes conference in 1990, article 3.4 of the party statutes, relating to voting regulations reads "the number of mandates at a section's disposal is equal to the total number of members present."³¹ The idea of one member-one vote, and the stipulation that only those present are entitled to vote entails a considerable shift in internal party procedures. "We have abolished the principle of voting by mandate in favour of direct democracy. Before, members felt they were participating in a suppressed democracy, a highly organised, filtered democracy, in which their vote was posted with other votes, turned into a mandate, which joined other mandates and created a power relationship within the party. By the time one arrives at this stage, the members are no longer in the picture."³² This dose of direct democracy shifted the power balance, both between stronger and weaker sections, and also between minorities and majorities within sections.

"Since Rennes, sections, even small ones of 60 members who do not 'own' a town or a network of local elected officials, carry some weight if they mobilise themselves on the night of the vote."³³ This ensured a far more level playing field between larger and smaller federations and sections. Furthermore, within each section, the power of the *courants*, who kept a tight control on the brokering process associated with the old mandate system, was undermined. "We see minorities fighting their corner, mobilising themselves, establishing syntheses with other minorities, creating networks in the party.

³¹ *Vendredi* 17/12/93 p. 38

³² Interview with Yannick Bodin 26/11/97

³³ Interview with Jacques Salvator 19/9/97

All of a sudden, the change allowed them to achieve much better results.”³⁴ As we shall see later, this development coincided with other changes, some intentional some conjunctural, which, over the course of the 1990s, reduced the pressures of internal factionalism.

Although a great deal of progress has been made in the internal democratic practices of the PS, to the benefit both of minorities within sections, and of smaller sections in general, one must be careful not to over-estimate the democratic health of the party. No process of regulation or monitoring has been instituted to ensure that the one man one vote principle is indeed observed in each section. This leads some to make rather less ambitious claims for the effects of one man, one vote. “Behind each card, there has to be a real person. But as for the physical participation of that person in a vote, if one looked closely in some sections, some federations, abnormalities must be widespread. One member one vote limits abuses. Before, one member was worth two, today, that proportion is greatly reduced.”³⁵

La Commission Vie interne: Towards Direct Internal Democracy 1991-1994

The second major statutory step towards changing the ‘structural incentives’ to factionalism within the PS was taken in June 1991, with the creation of a committee of the internal life of the party. The committee was asked by the *bureau exécutif* to prepare a set of proposals for the renovation of the party, with particular emphasis being placed on curbing the role of the *courants*. At the Arche conference in December 1991, the committee’s request that a process of revision of statutes and internal rules be undertaken was approved. The main concern of the committee was the appointment process of party officials at every level, and the nature of the party structures themselves. Four principles were agreed upon by the members of the committee (coming from all the *courants*). Firstly, “the respect of proportional representation of the *courants*, but the avoidance that reference to a *courant* be the only criteria for choice.” Secondly, “the ensuring of a fair geographical apportionment via the representation of each federation’, thirdly ‘the adoption of a fully democratic method of designation, avoiding methods too close to co-optation by organising a secret ballot at

³⁴ Interview with Jean-Marcel Bichat 22/9/97

³⁵ Interview with Jerome Lambert 3/12/97

every level of responsibility in the party,” and lastly “reinforcing the permanent political authority of the new structures, allowing conferences to be held every 3 years, not every 2.”³⁶

Despite the turbulent times that ensued within the party, with the national leadership resembling a game of musical chairs, changing first secretary five times in as many years, those axioms continued to guide the process of internal renovation. However, a tension existed within these principles. What was needed was a means of introducing some counter-weight to the *courants* in the national power structures. This proved problematic for the PS. As Bichat notes, “the litany against the *courants* continues, but the key question – how can we restrain proportional representation and the *courants* – that question has never been answered.”³⁷ Proportionality was too sacred a cow to be sacrificed in the interests of internal stability. Instead, it had to be forced to co-exist with other forms of designation. The need for amelioration of the designation process for first secretaries, both national and federal, was a central concern of the *Commission de le Renovation du Parti*, which had replaced the *Commission Vie interne* at l’Arche. Vaillant’s 1992 report of the committee called for, “greater member participation in designation of party officials at all levels, and candidates for election in order to put an end to co-optations. *Only election confers democratic legitimacy*. 15 years ago, a small group proposed a list of candidates. Today, this group designates them, and the members are obliged to approve.”³⁸

From 1971 until 1988, the membership had little or no say in the choice of first secretary. It was either Mitterrand or Mitterrand’s choice, Lionel Jospin, who as first signatory of the majority motion was automatically appointed. In 1988, this process – the ‘emergence’ of Mitterrand’s candidate unopposed as first secretary – was challenged for the first time. Fabius, Mitterrand’s *dauphin*, was considered unacceptable. Emmanuelli amongst others attacked Mitterrand’s ‘monarchical’ designation style.³⁹ The hostility to Fabius, widespread in the party elite, proved too strong, and the party’s choice – Pierre Mauroy – was duly appointed against Mitterrand’s will. A triumph for

³⁶ Yannick Bodin in the final text of the Arche conference. *Le Poing et la Rose* no. 135 (January 1992) p.10

³⁷ Interview with Jean-Marcel Bichat 22/9/97

³⁸ Daniel Vaillant *PS INFO* no. 512

³⁹ see Dupin (1994 : 13)

party over president, this may have been. A triumph for direct democracy it was not. The designation process was still elite level brokering between the *courants* using their weight on the *Comité Directeur* which formally elected the first secretary. Mauroy's successful bid emerged from this process as a *fait accompli* which the members simply had to accept.

One of the main problems with organisational change in this period was that, whilst attempting to reform the system which had fostered such intense power struggles, the key protagonists continued to be involved in that power struggle. The irony was highlighted by Melenchon at the post mortem *Comité Directeur* of April 1993, "one after the other, people have stood up to denounce the *courants* – but it is the *courant* chiefs who are doing it!"⁴⁰ The *Commission de la renovation du parti* had entertained the possibility of establishing statutory criteria to define a '*courant*', as distinct from a 'presidentiable's stable'. It never did so, perhaps because most of the big *courant*'s were more concerned with 'their' presidential candidacy than the doctrinal evolution of the party at this time. "There was an impoverishment of the collective thought of the PS, there were no more debates, no production of ideas...all the texts looked the same, they were usually empty....in place of a debate, we had a battle between the chiefs."⁴¹ What were once divisions based on both ideological and tactical/strategic differences had evolved into personalised power struggles – the prize being the presidential candidacy in 1995.

There was, however, a countervailing pressure on the unbridled competition of the *courants*, linked to the extremely damaging effects of the confrontation at Rennes. The media's keenness to pounce on the highly personalised war of succession, and the party elite's apparent readiness to give the media what they wanted, was cited by many at the post-mortem *Comité Directeur* following the defeat of 1993 as a fundamental cause of the defeat. Jospin's comments, which follow his announcement of his resignation from the *bureau exécutif*, are typical of the sense of collective guilt felt about the behaviour at Rennes, "never again will I engage in that kind of confrontation."⁴² There was a realisation that all the '*courants*' at least had to co-exist within the same party, and this

⁴⁰ Melenchon's intervention in the *Comite Directeur* 3 avril 1993 in *PS Info* no. 544 (17/4/93)

⁴¹ Interview with Yannick Bodin 26/11/97

⁴² Jospin's intervention in the *Comite Directeur* 3 avril 1993 in *PS Info* no. 544 (17/4/93)

demanded certain norms of communal existence. With the perceived ‘perversion’ of the *courant* system, it was, as we saw earlier, no longer conceivable to have all the ‘elephants’ presenting their own motions.

Thus political circumstances dictated that the number of orientations on offer was greatly reduced, altering the link between proponent and political orientation which had been a structural feature of the *courant* system since 1971. This development prompted another fundamental shift in the *courant* system. Daniel Vaillant’s contribution to the *Etats généraux* of 1993 sought to disconnect the candidate from the *courant* to which they belonged, “voting on texts must be dissociated from votes on people called upon to represent members, we must rid our discussions of the power stakes if we want to avoid falling back into the perverted logic of the *courants*.”⁴³ The means to this end was to introduce the direct election of the first secretary by the ‘universal’ suffrage of all party members.

The progressive transition to direct internal democracy proceeded in stages, the first coming when Rocard stepped up the pace of internal reform with the *Etats Généraux*, followed by the statutory changes at the Bourget conference.⁴⁴ At Bourget, Rocard’s position as the natural presidential candidate fostered a degree of *rassemblement*, analogous to the position enjoyed by Mitterrand at Grenoble in 1973, with all the attendant ‘kingmaker’ structural attributes which went with the prospect of Rocard potentially being at liberty to distribute the substantial presidential spoils in two years time. Rocard won an 82.27% majority for his ‘motion A’ – which grouped all the key ‘*courants*’. Rocard was elected first secretary by a secret ballot of all *delegates*, gaining 80.92% of the vote.⁴⁵ It is no co-incidence that Rocard’s apparently strong internal position co-incided with this step towards the increased involvement of the membership. There tends to be a strong correlation between moments of apparent clarification of the issue of Mitterrand’s successor and examples of advancement in the internal reform process. The democratic progress was, however, limited. Rocard, after all, was the only candidate in the election.

⁴³ Daniel Vaillant *PS INFO* no. 545 (8/5/93)

⁴⁴ Fabius – compromised by his role in the contaminated blood scandal and the defeats the party had suffered when he was first secretary – was marginalised, and Rocard looked for all the world like the ‘*candidat naturel*’ in 1995.

⁴⁵ *Vendredi* no. 212 17/12/93

Rocard's replacement, after the calamitous 14% polling of his list in the European elections of June 1994, attested to the enhanced 'parliament of the party' status on the Conseil National. The full proceedings of the Conseil National of June 19th were published in the weekly *La Lettre du Vendredi*, such was considered their significance for the party. The 217 members of the Conseil National voted on the two candidacies presented – Emmanuelli and Dominique Strauss-Kahn. These two candidates represented genuinely diverging political orientations, and thus the legitimacy of the process was enhanced. However, the principle of delegatory democracy remained unchallenged, and was reinforced when Emmanuelli was re-elected at the Liévin conference six months later. Here, opposed by only a motion presented by the Young Socialists which received less than 8%, the majority motion received over 90%, and Emmanuelli's unopposed candidacy for first secretary obtained 87,57% of the votes cast.⁴⁶

Putting the Ideas into Practice – Lionel Jospin's Return

Although much was discussed in committees, and gradual advances were made, notably at the Bourget conference, thorough-going change of the party's internal practices was slow in coming. The internal instability and frequent changes of first secretary did not provide a climate conducive to fundamental reforms, which would have to be coordinated between all the powerful '*sensibilités*' in the party. It is fitting that real change began with the designation of the presidential candidate in February 1995. This event settled once and for all – and rather later than anyone had anticipated – the issue of Mitterrand's successor, and was to herald a novel era of internal stability. The report on the activities of the party since Liévin says of the presidential candidate designation, "the procedure put into effect constitutes a first in its nature and in its form for the Parti socialiste. The vote takes place in every section of the party on the third of February."⁴⁷ For the first time in the history of the party, all the members voted for their presidential candidate by direct universal suffrage.

Jospin, seen by many as the man who rescued the party from the brink of obscurity,

⁴⁶ *Vendredi* no. 239 9/12/94 (supplement)

⁴⁷ *L'Hebdo des Socialistes* no. 38 (31/10/97)

commands a respect which fosters stability. This stability is underpinned by the absence of the destabilising influence of competition for the number one spot;

“It took many things for us to arrive where we are; that Beregovoy commit suicide, that Fabius be tainted by the contaminated blood scandal, that Rocard showed himself to lack all the capacities to occupy such a spot, that Delors said no. Today, things have been greatly simplified, because life chose for us. We understand that power is no longer at stake, no-one can oppose Jospin. We realise that either we (the government) succeed, he will be our candidate, and will be elected, or - if we fail – no matter who the candidate is, we will lose. Thus the context is much more relaxed than it has ever been.”⁴⁸

This stabilising influence was consolidated by the re-emergence of old, predominantly tactical, allegiances. The *courants* at Rennes may have been divided on many issues, but a number of traditional opponents were united on one axis. The Jospinistes, who had spent the last 20 years brushing shoulders with the Fabusians in Mitterrand’s *courant*, and the Rocardiens and Mauroy’s supporters were, as we saw earlier, agreed upon a policy of ‘*tout sauf Fabius*’.⁴⁹ This axis, between essentially Jospin, Mauroy⁵⁰ and Rocard was to prove highly significant in the ideological developments of the PS in the nineties. Rocard, speaking on France Inter, referred to “a logic of restructuration (of the party) around a majority.”⁵¹ However, Rocard’s talk of ‘restructuration’ was premature. The Jospin/Rocard/Mauroy axis did not become permanent, rather, it reappeared periodically - for example with Rocard and Mauroy’s joint proposition for the *Etats généraux* after the defeat of 1993, and with Rocard’s invitation to Jospin to organise the *Assises de la Transformation sociale*. (see chapter 4)

Such collusion was to provide the foundations for a new stable majority. Jospin’s presidential campaign team - with the presence of many Rocardian lieutenants such as - Bergounioux, Huchon, as well as Mauroy and his allies such as Jean Le Garrec⁵² shows how that ‘*tout sauf Fabius*’ axis was crystalising into what, once Jospin became premier Secrétaire, was to become the ‘*ligne majoritaire*’. Thus under Lionel Jospin, for the first time since Mitterrand’s grip over the party loosened, a degree

⁴⁸ Interview with Claude Bartolone 11/12/97

⁴⁹ Interview with Jean-Paul Huchon 29/9/97

⁵⁰ who was obliged by his position as premier secrétaire to seek consensus between the fractious Mitterrandistes.

⁵¹ E. Dupin (1994 : 61)

⁵² *La Lettre du Vendredi* no. 45, 24 février 1995 p. 3

of internal stability returned to the party.

For years, the party had agonised over the question of a successor to Mitterrand, this question caused the worst excesses of the *courant* system and much of the instability within the party between 1990 and 1995. In the three years preceding the 1995 election, a series of events – mostly beyond the control of anyone in the party- proceeded to eliminate all potential candidacies. When the unexpected opportunity suddenly presented itself in late 1994, Jospin returned from 18 months obscurity to seize it. It was a risk in terms of political credibility, for Jospin remained far from sure whether or not he would even be present in the second round.⁵³ The unexpected ‘success’ of the campaign – winning the first round and securing 47.5% of the vote in the second – resolved the question that had tormented the party since 1988. This result confirmed what Panebianco would call the presidential ‘competence’ of the narrowly defeated candidate. Jospin wasted no time in converting the credibility gained from this ‘victorious defeat’ into security of tenure for himself as first secretary.

Lionel Jospin, in October 1995, was directly elected by all the members. Exploiting the coat-tails of a remarkably successful presidential election campaign, he decided to underpin his commitment to renovation of the party and a reduced role for the *courants* by instigating the direct election of the first secretary before it had reached the party statute book. Jospin saw an opportunity to consolidate his *external* legitimacy – conferred by the vote of confidence from the French electorate that 47.5% represented, with a new level of *internal* legitimacy. Jospin had been careful to include a number of ‘*sensibilités*’ (the new sanitised euphemism for the *courants*) in his campaign team. The heterogeneous nature of Jospin’s support makes his *ligne majoritaire* resemble Sartori’s ‘faction of interest,’ (1976 : 77) an observation made by Cole of Mitterrand’s faction in the 1970s and 1980s. (1989 : 87) A similar internal logic, allied to Jospin’s current ‘leader above faction’ status, explains the current consensual and stable internal party relations as accounted for Mitterrand’s command of support in the mid-1970s.⁵⁴ Jospin’s *ligne majoritaire* closely approximates Panebianco’s concept of a ‘dominant

⁵³ Interview with Claude Bartolone 11/12/97

⁵⁴ Of which Cole notes, “underpinning the tendency to convergence by those leaders signing Mitterrand’s text at the 1975 Pau Congress (Mitterrand, Mauroy, Defferre, Savary, Poperen, Rocard) lay a desire to participate in the party leadership, as a preliminary to future participation in government. These self-interested, rational motives overrode personal rivalries, and differences over policy.” (Cole 1986 : 191)

coalition,' constituting as it does the "distribution centre of organisational incentives within the party." (1988 : 37-38)

The context of factionalism had, as we saw earlier, evolved significantly. Infighting *à la* Rennes was discredited, and the political space of factionalism was considerably reduced. In this context, Jospin sought to exploit the *rassemblement* inducing effects of the above internal logic to attempt to transcend the old *courants*. Jospin presented himself as something of an 'anti-*courant*' candidate, with some legitimacy since the focus of *courant* activity in recent years had been the presidential candidacy – a position for which he was never in the running until December 12th 1994, when Jacques Delors chose not to stand. Indeed, for this reason, Jospin was recognised in the party as a champion of the *courants* in their old, positive guise; "codified, controlled internal debate is not dangerous- '*courants*' of ideas, of reflection, whose only aim is to bring benefits to the party. Lionel Jospin and Francois Mitterrand, have, for their part, used *courants* in this way."⁵⁵ Significantly, Jospin has continued to resist the temptation to organise his support on a more formal basis.(Bell 1998 : 80)

Direct election of the first secretary constituted a fundamental change in the internal functioning of the party. Up until that time, the only means of achieving high office within the party was through the *courant* system. Only a member of the most powerful *courant*, or a candidate acceptable to the key *courants*, would emerge unscathed from the brokering process in which the *courant* leaders engaged (to decide how 'their' members of the *Conseil national*, or 'their' conference delegates would vote). Now, however, the first secretary owed his post to a majority in a secret ballot of all the members. This disconnected the head of the party from a power struggle between the *courants*. Direct election thus "acts as a safety valve in relation to the weight of the *courants*....the idea is to introduce into the leadership people who do not owe their position to a *courant*."⁵⁶

The effect has been to enhance the democratic legitimacy of the first secretary – both national and federal. "The greater the basis of legitimacy of the leader, the more his authority is recognised.... he is no longer the first secretary belonging to the party

⁵⁵ Daniel Vaillant *PS INFO* no. 512

⁵⁶ Interview with Jean-Marcel Bichat 22/9/97

apparatus, designated by the apparatchiks, from on high.....the leader realises he owes his position to the base.”⁵⁷ It is however, difficult to distinguish, in the case of Jospin how much legitimacy he owes to the new designation process, and how much is due to the extraordinary circumstances in which he was the catalyst for a renovation of the party, and how much he derives from his personal authority. The real test for the new statutory arrangements, some have argued, will come *after* Jospin’s next presidential bid.⁵⁸

Lionel Jospin and the ‘Presidential Party’

The centrality of the presidential election cycle to understanding the internal workings of not only the PS, but all major French parties has led to a literature emerging on the ‘presidential party’.(Cole 1993; Gaffney 1990; Thiebault 1993) Parties are conceived as presidential machines, whose primary function is to act as a springboard for a presidential candidacy, and subsequently to act as an organisational resource for the president (‘the president’s party’). A set of propositions has been established regarding the behaviour of such a party. Thiebault summarises them thus; “Concerning the chief of state, the ‘president’s party’ is devoted to playing the part of a ‘dominated’ party. The formal leader of this kind of party is effectively appointed by the President himself with the formal methods of selection only serving to ratify the President’s choice. The formal leader’s authority and legitimacy depends on the President. He is often a political figure of the second order, non-presidential candidate, former minister or not. He must never appear as a competitor to the President. He can be neither Prime Minister, nor even a minister, only a former minister.”(1993 : 287)

Ironically, Lionel Jospin was traditionally evoked to prove this rule, when first secretary between 1981 and 1988. Given the dramatic upturn in his political fortunes since 1995, the boot is now on the other foot. The concept of the ‘presidential party’ also has some pertinence to the analysis of the relationship between undisputed presidential candidate and party. In this respect, there have significant evolutions in the relationship between presidential candidate and party in recent years. Whereas once, Mitterrand remained first secretary up until, and indeed for 4 months after he had been elected president,

⁵⁷ Interview with Yannick Bodin 26/11/97

⁵⁸ Interview with Marisol Touraine 25/11/97

more recently, there has been a tendency to establish a certain distance between presidential candidate and party prior to the elections. This is not exclusive to the PS, since Chirac also ceased to be formal leader of the party prior to the 1995 elections. Within the PS, the issue was complicated by Jospin becoming Prime Minister. As Thiebault observes, “the two offices of Prime Minister and leader of the dominant party have never merged.”(1993 : 289) This probably prompted Jospin to relinquish formal leadership of the party in 1997, perhaps earlier than he had planned.

Notwithstanding such changes, the selection of Francois Hollande conforms to ‘presidential party’ predictions about the relationship between president (or presidential candidate) and party. Hollande is a consensus building figure within the party, who has stood aloof from the *courant* skirmishing for some time. He is well liked within the party, but is by no means the biggest political heavyweight in the PS elite.⁵⁹ His ascendancy to first secretary at Brest was exactly the kind of formality the ‘presidential party’ model would predict. He was clearly Jospin’s *dauphin*, and although the choice had to be ratified by the membership, there were similarities between Jospin’s backing of Hollande’s candidacy, and Mitterrand’s ‘monarchical’ designation of Jospin in 1981. Opposed only by Melancon, the *Gauche Socialiste* candidate, who secured only 8.82% of the vote, Hollande was elected with 91.18% of the vote.⁶⁰

However, the changes in the designation process of the first secretary may, in time, upset the extant power balance between ‘virtual’ presidential candidate,⁶¹ and formal party leader. Political parties being conservative organisations, the statutory evolutions will take time to translate into structural change within the party. However, even now, the fact of direct election means a virtual presidential candidate cannot back a successor as first secretary who is unpopular in the party, since anything other than a convincing victory for ‘their’ choice would undermine their credibility. Furthermore, in time, direct election will provide a resource for the first secretary in terms of democratic legitimacy, and a mandate within the party, which may increase autonomy from presidential

⁵⁹ Indeed, prior to his election as first secretary at the Brest congress in November 1997, there had been some speculation as to whether it might not be wise to choose Cambadelis, a more ruthless political operator, over Hollande.

⁶⁰ *L’Hebdo des Socialistes* no. 43 (5/12/97) p. 11

⁶¹ The formal powers of the president are such that a first secretary, even a directly elected one, is unlikely to see his power vis-a-vis the president significantly increased.

contenders. “The election will, in time, give the first secretary a weight in relation to the *sensibilités*. He will not be elected or chosen by such and such a sensibility, but by all the members. In practice – and it may take 10 to 15 years – it will give him an authority superior to what it has been in the past. It also depends a great deal on the personality of the man or woman designated.”⁶²

Parliamentary Reform

The desire for evolution in the nature of internal factionalism within the PS, embodied in Jospin’s bid to transcend the *courants* was an important motivating factor in the reform of the party’s parliament in the 1990s. The dual considerations in the search for evolution of the *courant* system were captured by Vaillant, “we must find an appropriate and suitable criteria for a ‘*courant de pensée*’ and the respect of the democratic vote.”⁶³ Under pure proportionality, anyone sitting on the *Conseil National*⁶⁴ owed their position directly to their *courant* leader, whose task it was to allocate that *courant*’s allotted seats. Thus, up until the Liévin conference in November 1994, the only route to a position of power in the party was via the *courants*, and the composition of the *Conseil National* was a direct reflection of the political strength of the *courants* at the previous conference. The nature of the party’s governing body has changed since Liévin.⁶⁵ There was a desire, due perhaps in part the calamitous media experience arising from the infighting of the Rennes conference, to reduce the frequency of conferences, from every two years to every three years. The corollary of this was a greater authority and permanent status afforded to the new body – referred to as the parliament of the party. The traditional proportional element now makes up only two thirds of the *Conseil National*, with a final third being composed of all 102 federal first secretaries of the party. This upheld the principle established at l’Arche of fair geographical representation.

Eventually, this inclusion of the federal first secretaries would also uphold another principle – the curbing of the *courant*’s influence. As the report of the *Commission sur*

⁶² Interview with Jerome Lambert 3/12/97

⁶³ Daniel Vaillant *PS INFO* no. 512

⁶⁴ As the *Comité directeur* has been known since Bourget.

⁶⁵ Changes, like those voted at Bourget in 1993, only enter into application at the following conference.

la Rénovation du Parti to the *Comité Directeur* of May 23rd 1992 stated, “this totally new organisation within our party must allow the launching of the debate within it which transcends the traditional cleavages.”⁶⁶ Calls for reform continued, only with greater urgency, in the wake of the electoral rout of March 1993. The *Etats généraux*, instigated by Rocard and Mauroy, which took place in June 1993 were characterised by a desire to structurally reform the *courants* system. Moscovici’s summary of the proceedings to the *Comité Directeur* of July 7th reports, “the functioning of our *courants* must evolve, their influence must be limited. We propose a mixed electoral system – to provoke an evolution of the statutes voted at Bordeaux. This system will be applied progressively, both at national and local level.”⁶⁷

However, the real change only came in the wake of Jospin’s direct election by secret ballot of all members. Once this election system was instituted at national level, it naturally followed that greater democratic legitimacy should be established at departmental and local level. The logical step to expand this designation process to the federal first secretaries crucially altered the nature of the *Conseil national*. The strict logic of the *courants* was, as Vaillant predicted, broken. The federal first secretaries, obviously, had their political preference, favouring a particular ‘motion’, but they now owed their position on the *Conseil national* not to the *courants* but to their territorial base, to the fact that they had been directly elected in a secret ballot of every member in their federation. Under the new majority system, the mechanical weight of the *courants* in determining the designation of the first position of power in the party, or in the department, has gone. “Before, a balance had to be struck between various groups, ‘we’ll swap him for him’, it was something that went on completely over the heads of the members. Now, it is the militants who designate their officials, and they do it without any reference to the membership of a ‘*courant*’.”⁶⁸

However, one should not be too hasty in one’s assessment of the impact of these important electoral changes. Many of the federal secretary elections, after all, had only one candidate. “I fear that in an organisation like ours,....it is the local *notables* (office holders) who structure to large extent the voice of the party.....in sections with a mayor

⁶⁶ Daniel Vaillant *PS INFO* no. 515 23/5/92

⁶⁷ *PS INFO* no. 552 (31/7/93)

⁶⁸ Interview with Claude Estier 19/9/97

or a regional councillor or president of a regional council, the member's voice is often the voice of the *notable*....this political organisation is to a great extent structured by poles of local political power.”⁶⁹ (see chapter 2) The weight of these local poles of power renders the party's structures less malleable to change than many would like to make out. It will take time to adjust to the new climate of internal direct democracy.

The Failure of the Quart Societal and the enduring problem of Co-optation.

Another development aimed at adding a further counterweight to the *courant's* influence was the '*quart sociétal*' – the societal quarter. This involved adding an extra 25% of members to the Conseil National to be drawn not from the party elite, but from societal groups and the unions. This was an attempt to bring party and society closer together. However, the implementation of this change was far from unproblematic. The members were appointed before the '*quart sociétal*' had reached the statute book, and as a result no-one knew what their role was. Issues of their voting rights, and whether or not they were full members alongside the first secretaries and the proportionally allocated members, were not widely understood. The *quart sociétal* were able to vote on programmatic questions, but not on the designation of posts. In theory, this was to prevent the *courants* using the quart societal as a weapon in an internal power struggle. However, the suspicion of manoeuvres to flood the *quart sociétal* with friendly faces remained.

Such teething troubles so discredited the *quart sociétal* that it was abolished soon after its inception –before much of the rank-and-file even knew it existed.⁷⁰ Harlem Désir, until recently national secretary in charge of relations with social movements, sees the abolition as a step backwards. “We have replaced the *quart sociétal* with a social and economic council, which reflects the institutions of the fifth Republic, as we have seen with other reforms.....a council named by our directly elected first secretary, I do not believe that it is a positive development.”⁷¹

This highlights the problems involved in attempting to change the nature of internal

⁶⁹ Interview with Claude Bartolone 11/12/97

⁷⁰ Interview with Yannick Bodin 26/11/97

⁷¹ Interview with Harlem Désir 21/11/97

democracy. The process has to contend with deeply ingrained procedures and habits, which are often fiercely clung to by actors who feel their position will be undermined by change. This has hindered the ambitions of the party renovators like Vaillant and Bodin, who wanted to bring to an end all the dubious manoeuvres associated with the *courant* system in its degenerative state. One of the principles guiding the reform process had been a commitment to put an end to ‘co-optation’, the process whereby posts are filled through a series of negotiations involving haggling and trade-offs between *courant* leaders. As Vaillant reported, “co-optation calls into question the very principle of representation within our party.”⁷² The commission envisaged that direct elections of first secretaries would combat this, but not eradicate it. The discussions which take place between the first signatories of each ‘motion’, since they historically have the ‘right’ to allot the seats their motion received, were also a hotbed of co-optation. In the early 1990s, plans were afoot to replace this system in order to, “allow members, without calling into question the proportional representation decided at Epinay, to designate by vote, in assemblies of each motion, the local, federal, regional and national governing bodies of the PS.”⁷³

However, this more thorough-going change never reached the statute book. The procedure remains somewhat shrouded in mystery, for example in the composition of the bureau national, the first secretary presents a list to the Conseil National, no doubt after discussions with the key power brokers in the party. “It is only at that moment that 250 of the 300 learn that they are not on the bureau national.....sometimes, a member would protest, he would be allowed to speak, but 99 times out of 100, I’ve never seen it otherwise, the vote would confirm the first secretary’s choice.... It has not changed co-optation at all.”⁷⁴ So the process of allocation *within* a motion has seen little change. This is curious, since developments in the *courant* system have rendered this internal partition more important than ever. As we saw, at Bourget and Liévin, the conference was characterised by a majority endorsed by all the key actors and regrouping in excess of 80% of the vote. The practice continued, in a stable, consensual climate, at Brest. All the main ‘*sensibilités*’ regroup under the one motion – strictly speaking they form one

⁷² Report of the *Commission sur la renovation du Parti* to the *Comité Directeur* 23rd May 1992 in *PS INFO* no. 515 23/5/92

⁷³ Report of the *Commission sur la renovation du Parti* to the *Comité Directeur* 23rd May 1992 in *PS INFO* no. 515 23/5/92

⁷⁴ Interview with Jerome Lambert 3/12/97

single *courant*. It is within the majority motion that the relative importance of, say, the Fabusiens and the Rocardiens is determined.

On this important process, the statute book is curiously reticent. Yannick Bodin, in charge of the *Commission des Statuts* at the Brest conference, said of the motion assemblies, “That is where they do their cooking! What happens there? If we do not see anything, we do not know. Each motion works it out for itself, with its own kind of democracy.”⁷⁵ Jerome Lambert, a close observer of internal party wranglings from his position on the *Commission des contentieux*, offers a little more insight into proceedings;

“There are discussions which go on, there’s no point denying it. They are not written into our texts, but in practice, of course, every leadership, national, federal, or even local, if there is a local-level power struggle, each leadership is the object of discussions between different *sensibilités*.....we take into account the weight of the historical *sensibilités* in our party in composing the different levels of leadership. That is the reality. Anyone not doing so would risk minoritising one sensibility, that minoritisation would entrain bad feeling, and may provoke a vote against the majority.”⁷⁶

What has changed in recent years is the climate in which these discussions take place, which is now much more relaxed. The introduction of universal suffrage of members makes marginalisation a dangerous game. The institutional logic tends towards consolidation of large majorities; “Sending people away to other, future, motions creates difficulties, because the first secretary, when up for re-election, needs people to vote for him or her. There is thus a tendency towards *rassemblement*, towards creating the largest possible majorities and eliminating no-one.”⁷⁷ Although this remark should be qualified, given that the ‘pigeon shoot’ logic has not entirely disappeared for ‘parallel factions’ like the *Poperenistes* or the *Gauche Socialiste*, on the whole the mood is more inclusive and consensual. As Bichat wryly notes;

“we do not get the calculators out any more! We no longer have a situation or rigid, mathematical affirmation of the kind ‘30% of the vote = 30% of the seats’. There are historical solidarities which are respected, we know that a particular *camarade* represents a particular sensibility. I think in practice, the idea is not to

⁷⁵ Interview with Yannick Bodin 26/11/97

⁷⁶ Interview with Jerome Lambert 3/12/97

⁷⁷ Interview with Yannick Bodin 26/11/97

leave at the roadside someone who has participated in a big national debate in the name of a particular *courant*, rather than the purely mathematical conception which prevailed before.”⁷⁸

Le Parti Socialiste Nouveau Est Arrivé? : Elite-Level Rejuvenation and Feminisation

Running concurrently to these institutional innovations in practices has been an influx of new personnel at elite level. By the early 1990s, the ‘sabras’⁷⁹ of the ‘*génération Mitterrand*’, were – like Mitterrand himself – approaching the end of their political careers. Those that remained active in the party, such as Louis Mermaz, whilst commanding respect, did not command the same influence they once enjoyed. Fresh faces began to appear on the national secretariat, the likes of Jean-Christophe Cambadélis, Marisol Touraine, and Manuel Valls.

Jospin was keen to cultivate this new talent, having for example formed close links with Cambadélis when working with him on the ‘*Assises de la Transformation sociale*’, and under Jospin’s premiership, the younger socialist elite have seen their career paths take an upward turn. The next generation are aware of the gap which separates them from Jospin, “what are the ideological themes of the Left of tomorrow? I do not think that that (Jospin’s) generation can make the change. It will be the young generation, and it will be difficult, but the thought of French socialism for the next 50 years – that has yet to be invented.”⁸⁰ The renewing of the party’s elite has been boosted by the position the party has taken under Jospin over the ‘*cumul des mandats*’ – or cumulative appropriation of elected offices. (see chapter 2) At the 1996 national convention on ‘The actors of democracy’, the lower echelons of the party reaffirmed⁸¹ their extreme hostility to this process.⁸² Jospin took this on board, and has since committed his government to legislate on the matter.

⁷⁸ Interview with Jean-Marcel Bichat 8/12/97

⁷⁹ The *sabras* were so called after the first generation of native Israelis: they had come to the PS as their first conventional political engagement, with the renewal of the PS under Mitterrand. They came into the party at Epinay and ran the party at its various levels of organisation for the next twenty years.

⁸⁰ Interview with Marisol Touraine 25/11/97

⁸¹ For an earlier expression of discontent, see A. Bergounioux’s Report of the *Commission sur le Parti* at the *Etats Généraux PS Info* no. 553 (14/8/93)

⁸² Text of the ‘Acteurs de la démocratie’ convention, page 37 (1996) Parti Socialiste Centre de Documentation

The issue has also been confronted *within* the party, with severe limits being placed on accumulation of offices by socialist elected officials. Perhaps unsurprisingly, those socialist politicians who had previously accumulated numerous posts were predominantly from the older generation. The clamping down on accumulation thus instigated at local and federal level a similar shift in age cohort as that seen at national level. "Let us take a case in point. There were 21 regional councillors in the Nord...of those on the new list, in electable positions, there are only 3 who had been on the council for a long time.....so of the 20, there are only 3 – including me, by the way, who were members of the old team.... there is an enormous renewal. No pressure was applied. The new first secretary, if he wants things to go smoothly, integrates the new generation."⁸³ However, this rejuvenation at elite level has not been reflected within the party more widely. The age cohort recruited in the 1970s and 1980s have remained, with 50% of the party membership aged between 50 and 69. 19% are aged between 40 and 49, but only 14% are aged under 40, of which only 5% are under 30.(Subileau, Ysmal & Rey 1999 : 7) Thus all the reforms have not so far solved the party's problems of renewing itself by attracting young members.

Contemporaneous to the rejuvenation of the party elite has been another shift – its partial feminisation. Back in 1991, the *Commission vie interne*, recorded the need to debate openly the place of women in the party.⁸⁴ For years, a quota system was written into the party statutes, beginning with a stipulation that a minimum of 20% of all officials, elected bodies, and candidates for election should be women. This increased to 25%, and then 30%, but "the quota was never really respected.... for years we said, in the name of democracy, 'we will not impose it, the members will choose it.' Obviously, the members chose nothing of the sort."⁸⁵ The problem is exacerbated by the fact that women, in the absence of an effective quota system, are under-represented throughout all levels of the political system.⁸⁶ As a result, they find it difficult to attain the positions of local power which are traditionally the training ground for French parliamentary office – such as Mayorships or seats on regional councils.

⁸³ Interview with Jean Le Garrec 16/12/97

⁸⁴ Yannick Bodin in the final text of the Arche conference. *Le Poing et la Rose* no. 135 (January 1992) p. 9

⁸⁵ Interview with Yannick Bodin 26/11/97

⁸⁶ A recent survey showed 79% of PS national office holders, 77% of PS federal office holders, 91% of PS mayors, 81% of PS municipal councillors, and 88% of PS regional councillors to be men. (Subileau, Ysmal & Rey 1999 : 8)

Jospin imposed feminine candidacies for the last legislative elections to escape this impasse, not to respect a 30% quota but with the objective, since written into the statute book, of achieving parity. The implications of Jospin's plan for centre-periphery relations within the party were wide-ranging. Local party organisations are traditionally quite autonomous and do not take kindly to imposition from the national leadership. (see chapter 4) To alleviate the tension, the constituencies chosen to be reserved for women candidates were selected in large federations with a number of candidacies to verify. This way, a consultation process ensued which made it difficult for the federation to argue that not one of its five or six winnable candidacies could be reserved for a woman.⁸⁷ The process was further facilitated, in 1997, by Chirac's snap election, with the brief timescale preventing aggrieved locals ousted by nationally 'imposed' candidates running as dissident socialist candidates.⁸⁸

This has increased representation of women in the *Assemblée* and the higher echelons of the party.⁸⁹ Furthermore, the electoral lists for the regional elections in March 1998 were established on a basis of parity or something close to it. However, this success at the elite level has not been replicated within the party more widely. A 1985 survey showed that only 20% of the party membership were women. By 1998, that figure had only risen to 26%. (Subileau, Ysmal & Rey 1999 : 7) This highlights the problem of the grey area surrounding what an *objective* of parity means in practice – what is the timescale? What if the objective is not met? Bodin insists of electoral lists and proportion of female candidacies, “above all, it signifies a political will, and at the very least, there is no question of ever going below 30% again.”⁹⁰ At the level of the party as a whole, this goal of 30% appears still some way off. Encouragingly, however, 31% of those joining in 1995 were women, a figure which rose to 34% in 1995, attesting to a slight feminisation of the party's new members. (Subileau, Ysmal & Rey 1999 : 81)

⁸⁷ Interview with Jean-Marcel Bichat 8/12/97

⁸⁸ Interview with Jerome Lambert 3/12/97 – see chapter 4 for elaboration on this point.

⁸⁹ A record 8 of the party's 26 national secretaries, 16 of the 56 members of the bureau national, and 5 of the party's 11 ministers being women. La Nouvelle Direction du parti in *L'hebdo des socialistes* no. 43 (5/12/97) Symbolically, every debate at the Brest conference was jointly chaired by a man and a woman to underline the commitment to move towards parity.

⁹⁰ Interview with Yannick Bodin 26/11/97

Changing Methods of Organisational and Doctrinal Change

Under Mitterrand's reign, the conference was the key moment in the ideological life of the party, when the party's orientation was decided upon. In effect, a tacit agreement between all the *courants* at the Valence conference in 1981 ensured that Mitterrand's 'motion' always received majority support.⁹¹ Outside of these key moments, where Mitterrand's will was more or less sure to prevail, the 'instrumentalisation' of party doctrine⁹² entailed changes coming down from on high. Before the 1988 Presidential election, key doctrinal changes such as the '*ni privatisation, ni nationalisation*' stance were enacted. Mitterrand, relied on his personal authority within the party and the legitimacy derived from his position as President of the Republic. Thus he could impose such fundamental doctrinal changes, almost 'from without', since the '*distanciation*' between President and party had become exaggerated during the 'cohabitation' of 1986-1988.(see chapter 5) Neither Jospin nor any other leader of the PS actual or potential could rely on such assets in their dealings with the Party. Such was the fragility of Rocard's premiership, for example, that he could not really impose upon the party the doctrinal direction he personally favoured.⁹³ Mindful of this, Jospin embarked upon a new, or rather revived an old, method of effecting change within the Party,⁹⁴ using his new internal legitimacy, in concert with the novel stability of the internal factions to transcend some of the traditional internal restraint on ideological clarification in the party.

1995 was not a standing start for the rehabilitation of national conventions. Even prior to the crushing defeat of 1993, there was talk on the relevant committees of reviving conventions as a means of reinvigorating the internal life of the party. The report to the *Comité Directeur* of May 1992 recommended that thematic conventions be held at least twice a year as part of a co-ordinated strategy to re-energise the militant base.⁹⁵ This dynamic gained momentum in the wake of the electoral blow. The historic proportions of the loss signified, it was felt, a wider malaise in the PS. Years of governmental

⁹¹ Interview with Jean-Marcel Bichat 8/12/97

⁹² For a detailed account of this process see Bergounioux & Grunberg (1992)

⁹³ Interview with Jean-Paul Huchon 29/9/97

⁹⁴ National conventions were frequent in the 1970s, but the 1980s saw only two conventions in 1984 (Modernisation et Progres Social) and 1988 (Propositions des socialistes pour l'election présidentielle).

⁹⁵ Proceedings of the *Comité Directeur* 23rd May 1992 in *PS Info* no. 515 (23/5/92)

practice had fostered a *distanciation* between the party elite and the rank and file, who felt they had been neglected in recent years. An attempt was made to redress this balance in the *Etats Généraux* a national level meeting held in July of 1993. It was an opportunity for the members to speak, to express their dismay at the state of the party and the conduct of the higher echelons. As the report on proceedings noted, “members do not feel represented in the party bodies, particularly women members, regret that their hopes or opinions are not taken into account by the party.”⁹⁶

The Bourget conference reflected this concern, and was followed a few months later by the first thematic national convention – on employment – in February 1994. In theory, the text proposed by Rocard’s team could be subject not only to ‘national’ level amendment, i.e. by the national leadership of the *courants*, but also to local, even individual level input. In practice, the chances of one voice being heard are minuscule. The participation instructions imply a rather limited nature to that lower-level ‘input’, “each militant can enrich the document and give an opinion on any proposed amendment before voting on the text.”⁹⁷ The text, along with the thirty ‘national’ amendments, was sent to each member and each section voted.⁹⁸ Subsequently, a federal convention met one week before the national convention to integrate all the votes on the text and each amendment from a given federation, and decide how its delegates would vote at the national convention.

Fittingly, the next thematic convention, embodying a kind of reforming praxis, was entitled ‘the renovation of the party.’ This was the occasion, on October 15th 1995, when Jospin was directly elected first secretary. The choice of Jospin as first secretary was only question one of a questionnaire addressing 18 separate issues all relating to internal party reform. All the key organisational changes which were to ensue under Jospin – parity, anti-cumul changes, election of the *Conseil national*, the creation of the *Conseil économique et social* – were voted on by all the members when they elected Jospin as first secretary.⁹⁹ This created a democratic mandate for the changes that were to follow,

⁹⁶ A. Bergounioux’s Report of the *Commission sur le Parti* at the *Etats Généraux PS Info* no. 553 (14/8/93)

⁹⁷ *Vendredi* 28/1/94

⁹⁸ Amendments – providing receiving majority support – could be proposed in a section, although they were unlikely to make it beyond the federal convention stage.

⁹⁹ Parity received a 74.98% majority; Direct elections 81.84% the *Conseil économique et social* 81.98% see the Activity report presented to the Brest conference in *L’hebdo des socialistes* no.38 (31/10/97)

and further consolidated the legitimacy of the reform process. Also contained within the questionnaire was the option to hold three more major thematic conventions. The move was approved, and, focusing on core themes that had emerged during the *'Assises de la transformation sociale'* the 'conventions' were held on France's place in Europe in the face of globalisation, democracy in public life, and redistribution and economic and social policy.

The use of the convention as a tool for doctrinal precision and evolution has certain advantages. Firstly, it ends with a vote by all the activists, which, if the majority is sufficient, bolsters the legitimacy of the new policy, as well substantiating PS claims to internal democracy. Secondly, experts and civil society actors such as union leaders can be brought in and consulted.¹⁰⁰ Thirdly, given the stable majority status of the *ligne majoritaire*, it offers the opportunity to give voice to the more radical '*sensibilités*' within the Party, such as the *Gauche Socialiste*, or the *Popperenistes*, whilst being safe in the knowledge that the arithmetic of the final vote will prevent their influence being excessive. However, this cannot always be relied upon.¹⁰¹

Perhaps the greatest advantage of the convention as a means of effecting doctrinal renewal is its all-encompassing nature, involving actors at every level of the party organisation in the process. There is some scepticism about how involved the lower echelons of the party really are,

“texts are proposed by the national leadership, which, from the outset, delimits the debate a great deal of course there is a debate at the base, lasting 1, 2, 3 hours. In general, we will agree with the motion, because it will have been prepared with great intelligence...but as for propositions really emanating from the base, if it is not organised by the summit, it will not get anywhere....that said, good ideas from the base can be taken up by leaders at the summit.”¹⁰²

¹⁰⁰ For example, in the build-up to the convention on Globalisation, Europe, and France's place in the World, Moscovici consulted a series of leading academic economists, such as Jean-Paul Fitoussi. See *Vendredi* no. 276 (8/3/96)

¹⁰¹ As was demonstrated by the 40% support for the *Gauche Socialiste*'s anti-Maastricht amendment to the text of the convention on Globalisation, Europe, and France's place in the World in March 1996.(see chapter 6)

¹⁰² Interview with Jerome Lambert 3/12/97

However, everyone is involved in the debate and vote of a convention, albeit some in relatively minor roles.

Conclusion

This chapter has treated the PS as an independent variable, and insisted upon the importance of the 'structural' approach to the study of political parties. It has sought to open the 'black box' of intra-party politics in order to understand how the organisational structure of the party, and the significant evolutions it has undergone, have affected and influenced the wider process of party change. The importance of both formal organisational rules, and informal organisational conventions as 'transmission belts' mediating external factors within the party has been insisted upon. We have shown how the organisational structure of the party conditions and influences internal debates and internal reform processes. The authority structure, we have seen, affects what resources are at actors' disposal, providing a set of opportunities and constraints and pushing actors into coalitional strategies. The evolving role of factionalism within the party is central to understanding the party's organisational structure.

Up until 1995, the interaction of factionalism and the question mark hanging over Mitterrand's succession crucially determined the path that internal reform took. Rennes made the party brutally aware of the dysfunctional nature of the *courant* system, and the need to limit its excesses. Secondly, the crushing electoral defeat of 1993 was interpreted as a vote of no confidence in the party's behaviour in recent years, particularly as regards its members. However, although the reform process began in the wake of Rennes, and was stepped up after April 1993, the question mark remained. This accounts for the limited nature of reforms and attempts at what was termed party renovation in the period between 1990 and 1995. At this point the need for change was acutely appreciated, but the issue of Mitterrand's succession had not been settled. As a result, all attempts at thorough-going change to the *courant* either met with resistance from *courants* adversely affected by them, or were manipulated by those parties set to gain from such changes.

Only when Jospin's *ligne majoritaire*, comprising all the major *courants*, had

established a 'dominant coalition,' inducing internal stability, could both doctrinal precision and thorough-going organisational reform proceed. Jospin's '*incontournable*' (un-bypassable) position created the stability and consensus required to effect the changes discussed since 1991. The importance of direct democracy, both as a guiding principle of the changes and a means of legitimation for them, can clearly be seen. This has acted in concert with the introduction of majority voting as a counterweight to the traditional proportionality, which has in turn led to changes in the *modus operandi* of the *courants*, or *sensibilités*. Individual members have also seen their voice in the party enhanced, both through the one member, one vote principle, and through the expansion of the national convention as a locus of doctrinal and organisational innovation and precision.

The reforms have only been a partial success, with enduring problems, such as co-optation, requiring qualification to the party's claims to internal democracy. A more significant fly in the ointment is the centrality of Lionel Jospin to the process of reform. At this stage it is impossible to discern how firm the foundations of the new operating procedures are. This has been illustrated with the evolution of the *courants*, which, we have shown, may be due less to fundamental evolution in nature, and more to changing tactical context. Do the changes in the *courant* system rely on the personal authority Jospin currently commands in the party, and the fact that to oppose him would be political suicide, or are they 'structural'? The real test will only come when the struggle for power begins afresh, which will not be before the next presidential election. The reforms will have been in effect for some time by then, but their ability to overturn long-held habits of internal skirmishing is questionable.

Chapter 4

PS Electoral Strategy in the 1990s

In chapter 1 we introduced the supply and demand model of voting as a framework through which to explore the electoral strategy of the PS in the 1990s. We saw in chapter 2 the evolution of the French party system, and how such ‘supply’ variables as competition from the Greens, PCF, and the FN are crucial to understanding PS’s electoral environment of the 1990s. In terms of the demand side, we outlined the changing socio-economic profile of the PS electorate. Here we insist on the significance of counteracting demand side factors – of increasing electoral volatility, economic voting, and the declining vote share for ‘governmental’ parties – all of which serve to undermine the reliability of sociological factors as determinants of voting behaviour.

This chapter explores the PS elite’s electoral strategy. For, although, as we saw in chapter 2, significant local derogation from national strategy is an integral part of the French party system, our concern here is to explore that national strategy, determined by a set of actors at the summit of the party’s organisation. Therefore we need to understand their ‘reading’ of demand side changes, enabling us to analyse their supply side responses. We argue here that the model is particularly advantageous since it aligns well with perceptions within the PS elite of their electorate and electoral strategy. Certain key features which it highlights, such as the implications of increasing electoral volatility, the importance of the context and kind of election in determining electoral strategy, the importance of electoral allies, and the less class structured nature of the electorate in France today all resonate with PS electoral strategists’ understanding of their electoral context and their electoral strategy.

The context for our examination will be provided by an analysis of 1993, the worst defeat in the party’s history. The reasons for the scale and scope of the defeat will be explored using the supply and demand model. Developments in PS electoral strategy in the 1990s will be conceptualised as two distinct attempts to address and solve the dilemmas posed by the changing demand and supply conditions of the PS’s electoral context. The first was Rocard’s ‘big bang,’ and the ensuing *Assises de la Transformation sociale*. We will explore the reasons for the failure of this attempt, an

explanation predicated upon Rocard's dismal showing at the 1994 European elections.

The second attempt to address the PS's electoral dilemmas began with Jospin's presidential bid and the resultant process of recovery. The recovery was in part based on a reconquest of some of the groups who had abandoned the PS in 1993. This phenomenon, although further evidence of electoral volatility, nevertheless restored the PS's electoral strength. Such renewed electoral strength facilitated the process of *rapprochement* with the constituent elements of the *gauche plurielle*. We will consider this strategy of alliances, bringing the PS together with the Radicals, the *Verts*, the PCF, and Chevenement's MDC. Looking first at 'endogenous' factors within the two key ally formations – the PCF and the *Verts*, we argue that the *gauche plurielle* was only possible in the light of certain endogenous developments within the PS. The courant 'cease-fire' was an important precursor to the forging of a new electoral strategy, and Jospin's internal hegemony was essential in managing the difficult candidate nomination procedures, essential for delivering on the PS's electoral agreements with its allies.

Finally, we will examine the fruits which that strategy bore at the 1997 legislative elections. Despite this success, the results, we argue, point to the enduring electoral frailty of the PS, particularly in the context of increased electoral volatility. Thus the dilemmas posed by the PS's electoral context have been addressed, but they have been by no means conclusively solved. Even with the help of its allies, the PS continues to struggle with some groups whose support contributed to its success in the 1980s, notably the working class and underprivileged.

The 'Demand and Supply' Model and PS Electoral Strategy

The demand side¹ of the supply and demand model of electoral behaviour attempts to synthesise 'sociological' and 'rational' explanations of voting behaviour, seeing both as

¹ Much literature on voting behaviour and social democracy has identified a cleavage shift to post-materialist values as a key demand side variable. This view is not entertained at length here for two reasons. Firstly, whilst an increase in 'cultural liberalism' is discernible within a significant proportion of the electorate (Grunberg & Schweisguth 1990), this has not been accompanied by a decline in concern for economic or material values. Secondly, a remarkable feature of value shifts within the French electorate is the rise of anti-universalist, xenophobic values, often rooted in fear of economic insecurity, which does not sit well with the 'post-material' values thesis. (Grunberg & Schweisguth 1997)

complementary.(see chapter 1) Insights from the different explanations inform the two dimensions of the demand side within the model – the enduring influence of ‘heavy’ sociological variables such as class and religion on the one hand, tempered by increased volatility and issue voting on the other. However, we must be careful to take into account the tension between ‘rational’ and ‘sociological’ approaches. Insisting on the enduring importance of religion and class, which ‘all other things being equal,’ continue to explain voting behaviour involves explained ‘failures’ of sociological explanations in terms of supply side ‘distortions.’ However, this misconceives the role of electoral volatility, a hesitant electorate, and ‘economic’ voting. These are not conjunctural supply-side features tied to a particular election, but rather structural, demand-side features of the electorate. The fact that every parliamentary election since 1981 has voted out the incumbents illustrates how structural a feature of the French electoral landscape these *demand-side* aspects of volatility and economic voting have become.

We strongly reject any deterministic notion of the relationship between sociological variables such as class and religion and electoral behaviour.(Michelat & Simon : 1977) The structuring effect on the electorate of ‘heavy’ sociological variables is declining as such factors are increasingly undermined by counteracting demand side variables. These include ‘economic’ voting, the declining *strength* of party identification,² heightened electoral volatility, and declining satisfaction with the political system in general and ‘governmental’ parties in particular. The result is an increasingly mobile and hesitant electorate, which has an increasing propensity to decide later in the campaign and in some cases to abstain. A modified ‘demand’ side approach offers two insights. Firstly, class structure is changing, with a fragmentation of homogenous electoral blocs of support which arguably characterised the left electorate in the Fordist period. Secondly, the relevance of class to voting behaviour is declining.

In terms of social class,³ Boy & Mayer argue that some broad trends remain discernible. Using the INSEE class indicators,⁴ they argue, “the principal electoral cleavage today

² 87% of the electorate in 1995 still classed themselves closer to one party than any other, and 75% of those retained the same party loyalty as their parents, however, whilst this influence still conditions voting behaviour, it by no means determines it, as declining party loyalty demonstrates..(Boy & Mayer 1997b : 15)

³ The picture is complicated by changes in class structure and working experiences, and by different measures of class used by different electoral studies.

⁴ These distinguish between ‘independent’ earners (Farmers, Artisans, Traders, the self employed), salaried manual workers, and salaried non-manual workers. (Boy & Mayer 1997a : 108)

opposes independent earners, who vote mainly for the Right, with salaried workers, who vote more often for the Left.” (1997a : 114) Yet this purported cleavage masks levels of variance over short periods of time which lead us to be sceptical about its validity. For example, the proportion of manual workers voting for the left has dropped significantly from 68% in 1988, to 52% in 1995, whilst the number of non-manual workers voting for the Left fell from 56% in 1988 to 46% in 1995.(Boy & Mayer 1997a : 108-110) Whereas in 1978, 70% of manual workers voted for the Left, by 1995 that proportion was down to 52% of manual workers (and 51% of non-manual workers). For the 1997 election, occupational class is still less reliable a predictor. There were no differences between non-manual and manual workers’ propensity to vote for the Left. The difference between left voting of the self-employed and salaried workers also declined, from 42% in 1978 to 23% in 1997. (Boy & Mayer 2000 : 156-157)

The correlation between strength of commitment to Catholicism⁵ and propensity to vote for the moderate right fairs slightly better, remains fairly strong,⁶ suggesting we should not abandon all reference to sociological factors. However, even here, we must be cautious. In 1997, amongst non-practising Catholics (the overwhelming majority of French voters), 48% voted for the Left, whilst 52% voted for the Right or FN. This suggests that declining religious practice undermines the Right’s ‘capture’ of Catholic voters.(Boy & Mayer 2000 : 154)

Boy & Mayer argue that new sociological cleavages⁷ offer some explanatory purchase.(1997; 2000) The note, for example, a fairly strong correlation has been noted between public sector employment and propensity to vote for the Left. “Modest amongst manual workers, (50% [private sector workers] as against 59% [public sector workers] voting for the Left) the tendency is more pronounced at the *cadre* (senior, supervisory) level, because of those working in the private sector, 40% vote for the Left, as against 59% of those working in the public sector.” (Boy & Mayer 1997a : 131)

However, none of these sociological variables tell the whole story, as one glance at recent French electoral history illustrates. Their ability to explain the depths of the

⁵ Overwhelmingly the predominant religion in France, although down from 82% of the electorate in 1988 to 75% in 1995. (Boy & Mayer 1997a : 103)

⁶ Thus whilst only 19% of regular practising Catholics voted for the Left in the first round of the 1995 presidential elections, 68% of those without religion voted for the left. (Boy & Mayer 1997a : 104-106)

⁷ This echoes the work of Dunleavy and Husbands in Britain.(1985)

defeat suffered by the PS in 1993 is, to say the least, limited.(see later) The counteracting trends within the demand side are essential part of the story. As more volatile voters display an increasing propensity to vote 'economically,' shift allegiance or abstain, sociological variables are decreasingly reliable predictors of voting behaviour.

The role of prospective economic performance in explaining electoral outcomes in France (Lewis-Beck 1988;1997;2000) has been neglected by those still focusing heavily on sociological explanations. Here we reassert its importance within the demand and supply approach. For example, the degree of importance attached by voters to unemployment as a government priority has, unsurprisingly, risen in tandem with unemployment itself.⁸ In this context, perception of the prospective effects on the economy of a candidate and/or party have become increasingly important issues in every election since 1981. Indeed, Lewis-Beck argues such perceptions⁹ were a key determinant in the 1995 presidential election.(1997 : 261) The effect of such considerations is to undermine the relationship identified in sociological approaches to voting. As Lewis-Beck notes, "other things being equal, the French will make the same partisan choice election after election. Of course, other things are not always equal, and certain issues, such as immigration or economics, will drive some away from their 'first' party, perhaps permanently."(2000 : 13)

The upshot of such 'issue voting' is increased volatility. A recent study by Jaffré and Chiche of electoral mobility noted that, "electoral mobility seems to be on the increase, from 21% in 1986, to 26.5% in 1993, reaching 30% in 1995." (Jaffré and Chiche 1997 : 292) Their analysis of mobility between the elections of 1993, 1994 and 1995 found 44% of the electorate to be stable, 26% to consistently abstain, and 30% of the electorate to be mobile. This figure is less alarming when one realises intra-Left and intra-Right shifts account for 9% each, but nevertheless the degree of volatility appears high. (Jaffré and Chiche 1997 : 291) The Left's stable electorate - those voting in each election for the same party of the Left - was only 13%. Another feature of a more hesitant electorate is the propensity to decide later in the campaign. The number

⁸ In 1981, when asked 'Among the following things, which should the government give priority?' the mean response for unemployment was 56%. By 1995, the mean had risen to 83%.(Sofres 1989;1996)

⁹ Asked if the economy would be more likely to improve under Chirac or Jospin, 72% of respondents opted for Chirac, 28% for Jospin. Asked if the economy would be more likely to worsen under Chirac or Jospin, 82% opted for Jospin, and only 18% for Chirac.(1997 : 242)

deciding long before the 1988 presidential election was 75%, down to 52% in 1995. Those deciding during the campaign rose from 8% in 1988 to 21% in 1995, and those deciding at the last minute rose from 10 in 1988 to 20% in 1995.(Jaffré and Chiche 1997 : 307) One of the clearest indications of the level of electoral volatility is that the ‘pendulum’ has swung at every parliamentary election since 1981.

On balance, the evidence suggests the enduring electoral relevance of class to voting behaviour which, ‘other things being equal’ should lead to a good showing for the PS amongst *some of* the working class and the salaried middle classes. Yet this fails to capture a qualitative change in French electoral behaviour. ‘Other things’ are not equal in a context where electoral volatility, economic voting and strategic voting have become structural features of the demand-side of the electoral behaviour equation.(Dupoirier 1990; Beck 2000; Jaffré and Chiche 1997)

PS strategists accept this demand-side shift and attempt to work within the changed ‘demand’ conditions. As the party’s number two Jean-Christophe Cambadélis rhetorically asks;

“did we pursue the ‘median’ voter? No, because of the volatility of the French political situation. There are solidly constituted blocks – on the right and the left in France – which balance each other out roughly. But there is a third block, which is extremely volatile, and which has been swinging back and forth since 1981 – depending on the moment when the election is held. Thus, the conjuncture is all important. The strategic art is to unite the left block with that floating electorate.”¹⁰

However, even this more nuanced approach to the demand side is not sufficient to understand the ‘conjuncture’ of an election fully. Each election result must be contextualised through analysis of the supply-side conditions surrounding it. The most important ‘supply-side’ factor is the changing party system, with new parties, both ecologist and Front National, exploiting declining satisfaction with the party system in general, and the ‘governing’ parties in particular (see chapter 2), and exerting competitive pressures on the PS. Thus any electoral agreements reached between the PS and other parties of the Left are a crucial supply side condition.

Another structuring supply-side condition are the increasing strict rules governing campaign funding. In an attempt to curb political corruption, laws in 1988 and 1990

¹⁰ Interview with Jean-Christophe Cambadélis 25/9/97

limited presidential and parliamentary election expenses and tightened regulations on party political broadcasts. In 1993 and 1995, laws augmented state funding of parties from 270 million francs to 580 million, outlawed funding of political parties and electoral campaigns by firms and companies, and further reduced the election expenditure 'ceiling' by 30%.(Fay 1995 : 673)

The other, more ephemeral, but nevertheless often highly significant supply-side variables are the popularity of the party or the leader at the time of the election, public perceptions of the key themes of the electoral campaign, and the fact of incumbency. These factors are crucial given the demand side conditions outlined above which have rendered such considerations increasingly important to voting behaviour. The political conjuncture is a further crucial factor, for example, whether or not a legislative election comes on the 'coat-tails' of a presidential one. Finally, as we saw in chapter 2, local political realities – such as municipal incumbency and the relative strength of potential allies – provide the strategic 'supply-side' context of elections.

The demand and supply model has implications for social democratic electoral strategy. The PS finds itself obliged, at every election, to attempt to reconstitute the electorate, taking account of the nature of the election, the strategic context, the key issues and personalities of the campaign. This process of reconstituting an electorate involves bringing together diverse ideological orientations and people from widely differing social positions. In 1990, Bergounioux characterised the dilemma facing the PS in an article for the party's *Nouvelle Revue Socialiste*, "the cleavages are numerous. The class cleavage is no longer on its own a determinant of political cleavages. The role of parties, or their leaders and of their members, is to seize, in any given conjuncture, upon which cleavages will be instrumental to creating a political majority." As a result of people increasingly getting their information and political formation not through the party but through the media, Bergounioux argues, "opinions are more autonomous, and more 'floating' electorally."(1990 : 115-116)

1993 : The Worst Defeat in the History of French Socialism

Election results between 1986 and 1989 illustrated to protagonists and analysts alike that, "the PS, effectively dominant under Mitterrand, seems to be losing that hegemonic

position – under the pressure of competition from its allies and from the ecologists. It has become clear that the hopes, of first Gaullists and then Socialists, to become an established electorally dominant force commanding 35-40% of the vote, have come up against the inherent multi-partyism of the French.”(Charlot 1992 : 22) For PS electoral strategists, then, the 1990s is an age of diminished expectations. Bartolone, then National Secretary in charge of elections, recalls of the period prior to the 1993 defeat, “we were obliged to accept that the idea of a ‘single’ party - dominating the whole of the Left and imposing its views on the Left – had to be rethought.”¹¹

These recollections suggest an awareness of the PS’s fragile position, but nothing could have prepared the party’s leaders for the scale of their defeat at the polls. In the event, only 62% of voters who declared themselves ‘close to the PS’, and less than one in two voters who classified themselves as ‘on the left’ of a left/right divide voted for the PS in 1993.(Le Gall 1993 : 11) Analogous to the nationalisation of support in the 70s and 80s, 1993 represented a nationalisation of defeat, with sharp fall in support being replicated in every region of France.¹² All the good work and progress made since Epinay seemed to be reversed overnight. The electoral map showing those areas where the drop in PS vote share since 1988, “looks like the traditional electoral map of the French right: West-Interior, Alsace-Lorraine, South East of the Massif Central, Rhone Alpes, and the Paris Basin.”(Grunberg 1994a : 200)

One key supply-side factor which helps explain the scale of the defeat is the party’s strength relative to potential allies and competitors within the party system, demonstrated by the strength of the PS vote relative to its competitor parties. A significant proportion of the disenchanted PS vote chose instead the FN, whose advances among the working classes continued to be consolidated. As Le Gall noted in the PS periodical *Vendredi Idées* post-mortem of the defeat, “The FN, who totalled 12.6%, is markedly more successful [than the PS] among workers, employees, amongst the young, and even more so among those classing themselves as ‘underprivileged’.” (1993 : 22) In addition to the Cote d’Azur,¹³ where the FN has long challenged the PS,

¹¹ Interview with Claude Bartolone 11/12/97

¹² see Grunberg 1994a in particular table 2 and Map 1

¹³ see Grunberg 1994a Map 5 – showing the FN outstripping the PS vote From East of Marseilles to the Italian Border.

new areas of socialist weakness emerged in 1993 from which the FN benefited.¹⁴ The PS's inability to replace the PCF in urban areas with large immigrant populations has considerably aided FN progress, and further undermined PS support with the working class. In 1993, the FN outpolled the PS at the first ballot in 151 constituencies, going on to face the moderate right in an all right-wing second ballot in 81 constituencies.(Grunberg 1994a : 196)

As Grunberg's analysis shows, areas where PS losses were most severe were precisely those where not only the FN, but also the Ecologists, and PCF made their best scores. The PS hegemony on the Left was so radically undermined that it was not clear whether the party would remain the single largest non-Right grouping. "The PS is confronted by competition from many new political forces, whose actions, in addition to those of traditional competitor formations, considerably reduce the PS level of influence....In Rhone-Alpes, the Parisian basin, Provence-Alpes-Cote d'Azur, in the Lille suburbs, in Alsace and Moselle, advances by the Front and the ecologists converged to weaken the Parti socialiste."(1994a : 206)

Another supply side factor was a generalised disenchantment with an incumbent government tainted by infighting, serious corruption scandals (Fay 1995 : 370; Lafay & Servais 2000), and unacceptably high unemployment. Satisfaction with the government was at record lows, with 82% declaring themselves dissatisfied, as against 15% satisfied.(Giacometti 1993 : 58) This was all the more damaging since potential electoral allies were disinclined to come to arrangements with the PS (see later). The PS was further hindered by association with an ageing and, it later transpired, seriously ill 'lame duck' President whose sureness of political touch had begun to desert him, as illustrated by the ill-judged appointment of Cresson as Prime Minister.(Cole 1997 : 172) Mitterrand's personal popularity slumped in the 3 years leading up to 1993. In 1989, those having a 'positive opinion' were 61%, those holding a 'negative opinion' 31%. By 1993, those figures had changed to 35% and 60% respectively. (Giacometti 1993 : 58)

Reinforcing our point about the declining relevance of class to voting behaviour, dissatisfaction with the PS was sufficiently widespread to cross all socio-economic

¹⁴ see Grunberg 1994a Map 4.

barriers. Le Gall, writing here in his capacity as the PS's foremost electoral strategist claims that, "on March 21st, 'inter-classist' socialism gave way to a sociological quasi-indeterminism." (1993 : 21) The 1993 vote continues to support the old '*Parti des profs*' tag of the PS. The only social categories in which the PS, taken together with the ecologist vote, outperformed or at least equalled the right were, "teachers, the scientific professions, 'intermediary' professions such as health and the employment service, and in the public sector." According to BVA polls, 50% of those classing themselves as 'upper middle class' voted for the mainstream right, whilst only 22% of this category voted for the PS and '*divers gauche*'. Amongst the lower middle class, the results were scarcely more encouraging with scores of 41% and 21% respectively. (Le Gall 1993 : 21-22) Nor was the performance amongst the workers much better. "At the level of its electorate, the PS has performed a 'super-Bad Godesburg', but sadly without social democracy: only 20% of labourers and employees voted for it. The conservative right out-pollled the PS, and indeed the whole of the Left, in almost every social category, including small earners." (Le Gall 1993 : 21-22)

Thus, in 1993, the post-Epinay electoral synthesis was pulled apart in two directions. Firstly, the working classes deserted the incumbent government for parties of protest, be it the PCF, other extreme Left parties, or the FN.¹⁵ Secondly, the young, salaried, well-educated middle classes without close ties with the catholic church (i.e. the other core constituency of the Epinay synthesis) voted in larger numbers for the moderate right or the ecologists.¹⁶

The 'Big Bang' and the *Assises de la Transformation Sociale*

In the aftermath of the PS' worst ever defeat, Rocard, the new 'president' of the party, sought to follow up the logic of his 'big bang' speech by organising meetings between all the political groupings, and groups in civil society more widely, with whom the PS could hold a constructive discussion. Rocard's 'big bang' was probably intended to be

¹⁵ SOFRES post-electoral surveys show that PS support amongst labourers, blue collar workers and the unemployed was halved between 1988 and 1993. BVA surveys showed those considering themselves working class or underprivileged, and those most worried about their future, voted in large numbers for the FN, PCF and extreme left parties. See Grunberg 1994a Tables 8-10.

¹⁶ SOFRES post-electoral survey show ecologists best results among the young (18% of 18-34 year olds); the well educated (17% of graduates); and the non religious (18%) See Grunberg 1994a Table 10.

the beginning of his presidential bid, but he brought the speech forward to before the 1993 elections, perhaps hoping to avoid the pre-empted rout. It was an attempt to take into account the changing socio-economic context of voting. “Once,” Rocard observed, “if you told me where you work, where you lived, what your parents did, and whether you went to church, I could have told you how you voted.. [however, today] life in society is more a series of individual trajectories... without clear solidarities.” This necessarily leads, according to Rocard, to “the calling into question of traditional parties and political formations.”

Having outlined a few core principles, such as equality of opportunity guaranteed by the state, and then criticised the PS courants and the PS’s traditional ‘submission’ of its allies, Rocard went on to present his vision. Rocard advocated, “a vast movement, open, modern and rich in its diversity, A movement which federates all those who share the same values of solidarity, the same aim of social transformation it will encompass the reformism of ecologists, the loyalty to a social tradition of centrisme, and the authentic renovatory impulse of communism.” After calling for the introduction of a ‘dose of proportional representation’ into the present (legislative electoral) system, Rocard finished by imploring all concerned to confront the obstacles to “the political big bang to which I aspire.”¹⁷

The Big Bang sought to take account of the changes both in voting behaviour and the socio-economic structure of society. This was an electoral strategy designed to work in the context of Le Gall’s ‘sociological quasi-indeterminism’. Key demand side shifts, such as heightened electoral volatility and the declining relevance of socio-economic position to voting behaviour, had been ‘factored in’ to Rocard’s analysis. Or so he hoped. One of the more radical changes implied by Rocard’s strategic assessment of the electoral context of the PS was a new¹⁸ cost/benefit analysis of political strategy. Given the decline of the manual working class, Left wing allies such as the PCF were decreasingly important. Conversely, in a somewhat ‘zero-sum’ analysis, allies to the centre had the potential to tap into a larger pool of the growing salaried middle classes.

¹⁷ All selections from Rocard’s speech at Montlouis-sur-Seine 17/2/93

¹⁸ Its novelty is perhaps questionable, given that Rocard had been advocating it for years. The innovation lay in tying an old argument to recent socio-economic and electoral trends.

Rocard's radical project caused a stir, not least because it seemed to threaten the end of the PS. Previous electoral strategy was predicated upon what Charlot calls a *rééquilibrage* – involving a sizeable and permanent shift in support between largely unchanging parties. Rocard was proposing something more akin to dealignment/realignment, which implies a re-designing of the political landscape (and a re-invention of existing political parties) as well as a transfer of votes.(Charlot 1994 : 270) The explicit advocacy of alliances with the centre had long been the Rocardian political strategy of choice.(see chapter 5) The attraction of creating a political alliance with centrist groups is a permanent shift in the gravity of French politics away from the far Left. In the end, Rocard's 'big idea' never really weathered the storm which followed the defeat. The centrists firmly associated themselves with the parties of the Right, some joining the Balladur government. Thus the realignment was only likely to happen *within* the Left, or at best between the Left and the ecologists, since the centrists had taken up the drawbridge. (Charlot 1994 : 279)

Huchon, Rocard's right hand man and a keen proponent of a centre-left alliance, explains what stopped the process coming to fruition in a slightly longer perspective;

“We were trying to construct a democratic alliance, with people like Soisson, but unfortunately it never got off the ground because all the actors involved were much more Left-wing. The road to the centre was cut off in June 1988, at the moment when Rocard did not ask Mitterrand to dissolve the Assembly – when Rocard could have constructed a majority without the Communists. Rocard did not have the courage or the political intuition that the centrists were ready. He decided that he was too weak in relation to Mitterrand, and that if on top of that – he appeared to be a puppet of the centrists on every vote, he would be washed out in three months. So he chose 'security' whereas, perhaps, he should have chosen the risk. In my opinion, had Rocard built a centre-socialist majority, he would have been untouchable.”¹⁹

Bichat, a Fabiusian, offers a Mitterrandist view of Rocard's aims of centre-left alliances;

“The problem is, there is not the political reality to back it up. Apart from a few personalities like Soisson, there is no constituency in the heart of the centrists prepared to accept an agreement..... The centre has never been anywhere other than on the Right. There may be certain individuals who are prepared to act as messengers between the two camps in certain cases where some centrists are prepared to vote with us, like on the Plan Aubry. But there is not a centre distinct

¹⁹ Interview with Jean-Paul Huchon 29/9/97

from the Right in France.”²⁰

Rocard, however, continued to believe in his strategy, and wanted to act upon it once at the head of the Party.

According to Huchon, “when Rocard launched the *Assises de la Transformation Sociale*, his aim was to reconstitute an alliance between the PS, civil society, the trade unions and associations In Rocard’s mind, it was in no way a reconstruction of the *Union de Gauche*.”²¹ However, such was the scale of the defeat, and so tarnished was the Party by the corruption scandals which surrounded its final years in office, that it was not at all clear that anyone was prepared to enter into dialogue with them. As Cambadelis, co-orchestrator of the *Assises*, recalls, the PS initially encountered open hostility. “At first, we were thrown out of demonstrations [on the right to housing, and on the *sans-papiers*] but over time we became tolerated, then accepted, then actively encouraged, until finally the PS became seen as a useful weapon in all of these campaigns.”²²

Although Rocard happily involved Communist ‘renovators’ such as Herzog, he did not see the *Assises* as an instrument of *rapprochement* between the PS and the PCF. “Initially,” Huchon recollects, “the *Assises* was meant to be a meeting of clubs, associations, the CFDT, intended to become a mechanism facilitating a transcending of traditional political boundaries.”²³ However, as the process got under way, it became clear that Jospin and Cambadelis, chosen by Rocard to organise the meetings, did not share Rocard’s strategic vision. Although marginalised in the party and contemplating leaving politics at the time,²⁴ Jospin saw the *Assises* as an ideal opportunity to explore the potential of the *Rouge-Rose-Vert* coalition which Melenchon had championed the year before. Rocard became aware that the direction being taken by the *Assises* deviated from his vision, however his position in the party was not sufficiently assured to react strongly. Furthermore, the success of the venture – due largely to the efforts of Cambadelis and Jospin, was an important boost coming in the wake of such a

²⁰ Interview with Jean-Marcel Bichat 22/9/97

²¹ Interview with Jean-Paul Huchon 29/9/97

²² Interview with Jean-Christophe Cambadelis 25/9/97

²³ Interview with Jean-Paul Huchon 29/9/97

²⁴ His political marginalisation, in the end short lived, has been satirised as ‘the crossing of the sandpit.’

humiliating defeat.

From Big Bang to Damp Squib

Rocard's vision of the PS's path to electoral renewal, articulated in his big bang speech, suffered the same fate as his presidential ambitions. Both were scuppered by the pitiful 14.5% Rocard's official PS list received in the 1994 European elections. The Rocard result was anticipated by Grunberg, for many years a Rocard advisor, who saw the split in terms of social cleavages which emerged in the Maastricht referendum as an ominous portent. "70% of *cadres supérieurs*, 71% of degree holders, 61% of people with the *bac* and 57% of 'intermediary' professions voted yes, whereas 57% of labourers, 58% of blue collar workers, and 60% of people with less than the *bac* voted no." (Grunberg 1994b : 22) Thus the European elections, coming less than two years after the referendum, represented for the PS, "a worrying situation, because its electoral success of the 1970s and 1980s was built on a synthesis of the values and expectations of the middle classes and '*couches populaires*'." (Grunberg 1994b : 23) A synthesis between these increasingly divergent constituencies over the European question would at best prove elusive. Grunberg's analysis goes on to show that, on balance, the PS electorate is substantially more pro-European than anti-, but insists upon the need for the careful handling of the European issue so as not to offend the working class.

Guidoni, National Secretary in Charge of Foreign Relations, offers a mild caricature of the PS's electoral dilemma which nevertheless reveals an important truth. "The 'normal' PS electorate is *not* 30% of the population, in fact, it is 15% plus 15%. 15% are middle class or upper middle class; very well educated, comfortably off, little to fear from unemployment; they are modern, culturally and morally liberal, and very European. The other 15% is the working class electorate; very attached to the public services, social security, and their *droits acquis*. They are poorer, and feel very threatened by unemployment, very concerned about social justice, and not very European. The difficulty for the Socialists, is to have both at the same time. So, when you run a campaign aimed at only one of those categories, well – you get the result Rocard achieved in the European elections of 1994."²⁵

²⁵ Interview with Pierre Guidoni 24/9/97

Important 'supply side' factors contribute to a more nuanced explanation of the scale of Rocard's defeat. Chief among these was the nature of the election. The distinction between 'decisive' and 'intermediary' elections is important here. As an 'intermediary' election, European elections are more conducive to protest voting, and, bereft as they are of institutional pressures towards *rassemblement*, more difficult for 'governmental' parties to excel in. (see chapter 2) As such, the decision of Rocard to head the list was an extremely risky one. He could not reasonably expect to reverse the defeat of a year ago in a proportional election not conducive to 'governmental' party success. Rocard could have asked a lesser figure to head the list, which would not have 'personalised' the result as a reflection on Rocard himself. He chose not to and paid a heavy price.

Another supply side factor was the relationship with competitor parties within the non-communist Left at the 1994 European elections. The behaviour of Rocard's Arch enemy Francois Mitterrand after Rocard took the helm of the party is highly significant. Mitterrand's implacable opposition to Rocard's bid to succeed him as President was shared by Mitterrand's friends within the Party. As Guyomarch notes, Mitterrand's friends, "did not have to wait long before the opportunity arose the European elections in 1994 offered an ideal opportunity. Presidential friends joined Tapie's list in competition with the official list led by Rocard."(Guyomarch 1995) .

Le Gall's analysis of the European election results seem to suggest that the cleavage anticipated by Grunberg and Guidoni did indeed materialise, though perhaps not quite in the manner anticipated. "Globally, the crisis of support for the socialist lists of 1994 confirms the weak credibility of the PS among the young, labourers and blue collar workers; phenomena observed in the 1992 regional elections, and accentuated in the 1993 legislative elections."(Le Gall 1994b : 6) Surprisingly, however, the benefactor of this abandonment of the PS was not the 'euro-sceptics' - the PCF or Chevenement's MDC. Rather, it was the *federalist* (although less overtly pro-European) *Energie Radicale* list headed by Bernard Tapie. "The rejection of governmental socialism, which continues to colour the PS image, seems to have had an enduring destructuring effect on the socialist vote, particularly amongst the working class, who preferred to vote for Tapie." Tapie's list beat the PS in 25 departements, 5 regions, 80 of the 225 towns with

30,000+ inhabitants, and in 148 legislative constituencies. (Le Gall 1994b : 6-7)

1995 : Jospin's 'successful' defeat

The extraordinary circumstances of Jospin's candidacy necessitated internal PS primaries (pitting him against his old ally Emmanuelli), delaying the start of Jospin's campaign. Many felt that Jospin's decision to stand was a big gamble. "Even among his close friends, many asked themselves whether he would even be present in the second round. Many political observers at the time thought it would be a run-off between Chirac and Balladur."²⁶ Initially, Jospin was only really aiming to prepare the ground for the *following* presidential election, and to secure control of the party. However, the humiliation of not reaching the second ballot would have been very politically damaging. As the campaign gained momentum, and divisions on the Right began to work in Jospin's favour, Jospin's diminished expectations began to expand, "bit by bit, he 'presidentialised' himself, adding a new dimension to his candidacy, and making up for both the delay and his initial credibility deficit."²⁷(Estier 1996 : 302)²⁷

The scale of the recovery was demonstrated on April 23rd, when Jospin came first in the first ballot, with 23.3% of the vote. This was undoubtedly a moral victory for Jospin, particularly when compared to the dismal PS electoral performances of 1993 and 1994. Indeed, the 1995 presidential electoral results seem to justify Charlot's earlier scepticism about the degree of 'restructuring' the French political system had really undergone. 1995 proved that, due in no small part to the systemic pressure exerted by the 'decisive' presidential electoral system, "the left-right structuring of the political space remained intact This proved some comfort to Socialist strategists, since it marked a partial return of the Left's electoral base (industrial and clerical workers, teachers, middle managers) after the nadir of 1993."²⁷(Cole 1995 : 343)

However, the arithmetic of the first ballot results ensured that Jospin's victory would only be a moral one. It was not all good news. As Lewis-Beck noted earlier, Jospin did not succeed in restoring voter confidence in PS economic competence.(1997 : 242)

²⁶ Interview with Claude Bartolone 11/12/97

²⁷ Claude Estier was Jospin's campaign organiser. *De Mitterrand a Jospin: Trente Ans de Campagnes Presidentielles* 1996 Paris; Stock p302

There was no evidence of a regaining of the electoral strength of the 1980s. The sociological profile of the 1995 Jospin electorate continued to display worrying traits of a desertion by the working class. In the first round, “Jospin’s strongest support came from public sector categories such as teachers (40%) or students (30%); or from high-ranking (26%) and middle management (31%). By contrast, industrial workers (21%) remained suspicious of the Socialist representative; lower clerical workers (23%) were barely more accommodating.”(Cole 1995 : 338)

Polls suggest that Le Pen continued to be the beneficiary of this exodus. “The big changes in voting behaviour in 1995 were the marked decline in support for the Left among both blue- and white-collar workers, the rise of support for Le Pen among the same groups and the general increase in support for the candidates of the centre-right.”(Guyomarch 1996 : 153) The FN outpolled every other party amongst industrial workers with 27%, and the mapping of local FN strongholds correlates closely with some lost PS bastions, notably the Mediterranean coast and the Nord/Pas-de-Calais areas.(Cole 1995 ; Le Gall 1995) In the second ballot, when the institutional constraints of the presidential electoral system forced a choice between Chirac and Jospin, the PS candidate *did* poll 57% of the vote amongst industrial workers, compared to Chirac’s 43%. However, when placed in comparison with 1988, it becomes clear that this apparent ‘success’ masks a troubling trend. “Paradoxically, Chirac’s gain among blue- and white-collar workers contributed greatly to his victory. Among blue-collar workers, he gained 17% between 1988 and 1995.”(Guyomarch 1996 : 155)

Jospin’s 1995 presidential campaign is best characterised as a successful damage limitation exercise. “If the bases of Mitterrand’s 1981 and 1988 social coalition had not disappeared in 1995, it had been so weakened that Jospin had no real chance of success. Jospin scored less well than Mitterrand in all areas and all social groups, but his decline was most marked among urban workers.”(Guyomarch 1996 : 159) Nevertheless, the whole episode was something of a personal political triumph. Jospin succeeded, in adverse political circumstances, in reversing the acute electoral decline witnessed by the PS in the early 1990s. Furthermore, the first round ‘victory’, and the respectable 47.36% showing in the second round ensured Jospin’s internal dominance within the PS. Overnight, Jospin became the ‘incontournable’ de facto leader of French socialism, only

months after having declared his intention to leave politics. From this position, and having proved his worth as a potential *pole de rassemblement* for the Left, Jospin could court his potential electoral allies from a position of relative strength.

The Allies 1. PCF

The collapse of Soviet and East European Communism has given the decline of the PCF over the 1980s an irreversible air. Far from constituting a viable alternative model of society, the PCF could only hope to offer a viable *député* or occupant of the town hall in disparate localities which still had pockets of strong Communist electoral support. These increasingly localised pockets of support make generalisations about PS/PCF electoral collaboration very difficult. Whilst the PS normally contests all seats at all elections, the Communists are increasingly marginal, competing in a limited number of seats, their realistic goals being some parliamentary leverage, a 'tribune' role and influence on public opinion, and representation at the European and, most importantly, municipal level. (Courtois & Lazar 1995 : 397-414)

The nature of their parliamentary leverage has changed significantly in recent years. So much so, in fact, that the threatened erosion of the PCF's parliamentary foothold presented the PS with a bargaining chip. "The PCF's obsession has always been to keep their parliamentary group. Even in their accords with us, at one point, we agreed to reduce the number of *députés* required to constitute a parliamentary group in order that the PCF could preserve their group. In the Senate, they saved their parliamentary group by inviting one of Chevenement's friends to join it."²⁸

Local politics has become of increasing importance to the PCF as it declines nationally. "At the municipal level, the PCF has never contested the alliance with the Left, because it constitutes the PCF's principal fallback position. Even more so with the collapse of communism in the Soviet Union. Town halls have become the sole basis, the key political reality."²⁹ The need to retain this 'political reality' constrains the PCF at the national level, due to the autonomy which local *notables* derive from their local power bases. This has been compounded by national level decline, forcing the PCF to allow its

²⁸ Interview with Jean-Marcel Bichat 22/9/97

²⁹ Interview with Jean Marcel Bichat 8/12/97

mayors to stand for parliamentary election. The PCF, “was forced, whether it liked it or not, to submit to the political logic of *notabilization* : the alternative in reality was either elect a red *notable* or lose the election.”(Meny 1995 : 184)

The PCF had always refused the *cumul des mandats*, fearing ‘municipal cretinism’, or the obscuring of doctrinal purity in the solving of local problems. Such a stance became a luxury the PCF could no longer afford, but the concession entailed a loss of control for the central organisation. Under Marchais, with the resurgence of pro-Sovietism in the early 1980s, the (anti-*Union de Gauche*) ‘militant autonomists’ had triumphed over the (pro-*Union de Gauche*) ‘frontists’. However, by the late 1980s, ‘reconstructors’ such as Claude Poperen and Marcel Rigout, inspired by Gorbachevian *glasnost* and *perestroika*, were attempting to counter Marchais’ (un)democratic centralism. In the 1989 municipal elections, with the leadership attempting to purge dissidents, the battle-lines between ‘reconstructors’ and ‘militant autonomists’ were drawn. In the event, “a number of rebel local officials, whom the party had chosen to purge and attempt to defeat, did well with reconstructor support.” (Ross 1992 : 54) In terms of relations with the PS, this de-coupling between central and local within the PCF is significant. It offers a degree of freedom to local pockets of ‘renovators’, ‘reconstructors’, or old-style ‘frontists’, paving the way, in areas where alliance is mutually advantageous, for closer PS/PCF co-operation. “Communist office-holders [now] have greater latitude. There are certain Communists who, even if not supported by the party, could remain in their bastions and individually come to an arrangement with the PS. Thus the PCF is condemned to the *Union*.”³⁰

Bartolone underlines the importance of such endogenous factors within the proposed ally party, “when Hue succeeded Marchais, the PCF was obliged to question its own future ... Given that there was no dominant cultural and political model to adhere to, the PCF had to choose between the fringe-group status of a number of European communist parties, or a process of social-democratisation in order to enter into alliance with social democrats – and that is what they did.”³¹ This is not to say, however, that the wounds first opened at Tours in 1920 have healed overnight. Relations remained strained between PCF and PS in the 1990s, even after Marchais’ departure. Indeed, some see a

³⁰ Interview with Jean Marcel Bichat 8/12/97

³¹ Interview with Claude Bartolone 11/12/97

certain continuity in PCF approach to Socialist presidential candidacies of 1988 and 1995. “In 1988, the PCF said; ‘the evolution under Mitterrand has been catastrophic, things have never been so hard for the workers, but we will not vote for Chirac, and we must block Le Pen. Thus, we will vote Mitterrand, but we will remain firmly in opposition. In 1995, the PCF said ‘we have to use the Jospin ballot paper’ – those are the exact words – and one gets the impression that they will only touch it with a pair of tweezers.”³²

For all these difficulties, some foresee a steady reduction in the distance between the two historic rivals. None more so than Emmanuelli, former PS first secretary, whose speech to the Brest Conference³³ invited the communists to become the ‘permanent concubines’ of the PS. When asked to clarify his statement, Emmanuelli observed, “I see no future for the Communists. Bit by bit, I think we have to accept that they will become an extra *sensibilité* within the Parti socialiste – or part of some kind of confederation.”³⁴ Such predictions may paper over certain significant cracks – notably over the pace of reforms and European policy, where the PCF has not hesitated in voicing its criticisms of the PS. Yet without any serious prospect of reversing its decline, the PCF may not have many alternatives.

Allies 2. Les Verts

As well as the old and declining ally, much was made of the need to forge links with the new and emerging one. Even before March 1993, Rocard’s ‘big bang’ speech had been a thinly veiled invitation to the various ecologist parties to join forces with the PS. Prior to the results, the political conjuncture was not conducive to the forging of such an alliance. Given the Socialist’s calamitous Cantonal and Regional election results, their very bad public image, escalating corruption scandals, and the dire predictions of the pollsters, no self-respecting political party would have entertained the prospect of electoral pact with the PS. Furthermore, what turned out to be deceptively flattering poll results seemed to suggest that the ecologists might be about to replace the PS as the biggest non-Right party in France.

³² Interview with Jean-Marcel Bichat 22/9/97

³³ Which Robert Hue attended, receiving for his troubles a standing ovation.

³⁴ Interview with Henri Emmanuelli 10/12/97

Grunberg and Bergounioux's assessment of the ecologist's electoral potential in 1991 captures the tone of prognostications at the time. "Declarations of intent to vote ecologist are most numerous among those categories who, in 1988, voted mostly socialist: young, salaried non-religious people. Such intentions are also high amongst graduates, that is, precisely the category where the PS has suffered the worst regression between 1988 and 1991. The ecologist vote thus directly threatens the Parti socialiste in precisely those groups where, over the last two decades, it made its most significant progress." (Bergounioux & Grunberg 1992 : 410)

Bartolone offers evidence of the *Verts*' hesitance, "I remember that Bérégovoy and Fabius emphasised the need for me to contact the ecologists. In August 1992, I attended their Inter-regional *Conseil National* at Saint-Nazaire in order to offer them at that early stage an electoral pact for the forthcoming legislative elections. I asked Waechter and one of his colleagues to return to the government. However, the PS was discredited, and the *Verts* saw themselves as all-conquering."³⁵

The fact that one polling institution put ecologist support at 19% in January 1993 did little to dampen their hopes,³⁶ and Bartolone's olive branch received only 20% support within the party at Saint Nazaire. Even then, such was the desperation of the PS that it took the extraordinary step of deciding to unilaterally withdraw from second round ballots in seats where the ecologists were ahead after the first, despite a lack of any electoral pact. (Boy 1994 : 164-5) The eventual rather disappointing showing for the *Entente Ecologiste* (7.8%) may be attributed first and foremost to internal disputes within the Ecologist camp. Disunity and skirmishing between *Les Verts* and ex-environment minister Brice Lalonde's *Génération Ecologie* seriously hindered electoral progress.

Yet four years later, French political ecology continued to be dogged by divisions which continue to hamper its electoral advance. Brice Lalonde, once mistrusted by some for being too close to the PS, has more recently positioned his *Génération Ecologie* – who received 1.7% of the vote in 1997 - closer to the UDF. Meanwhile, Antoine Waechter

³⁵ Interview with Claude Bartolone 11/12/97

³⁶ BVA 15th – 20th January, cited in Boy (1994 : 161)

continues to champion the 'neither Left nor Right' stance. Such is the degree of fragmentation that no fewer than nine ecologist parties contested the last legislative elections. These 'non-aligned' *divers Ecologistes* polled more than 3% of the vote between them. (Le Gall 1997 : 23)

A number of developments were necessary before the distance between *Verts* and PS could be reduced. Firstly, the divisions within the *Verts* had to be transcended. "If, in 1992, Voynet refused the agreement proposed by the PS, it was because she was not in control of the *Verts*. There was a power struggle within that political organisation. Once she and Cauché, the new leadership, had won the battle, they took stock."³⁷ In time, the *Verts* overcame their internal strife to emerge as the dominant force in French political ecology. The *Verts* came to abandon their 'neither right nor left' stance. This was facilitated by the electoral difficulties at grass-roots level. It proved very difficult to maintain a 'neither right nor left' eschewal of all alliances, and still perform well electorally. When only Dominique Voynet made it to the second ballot of the 1993 legislative elections, these difficulties were brought home to the Greens. "The electoral realities on the ground led the *Verts* to accept the need to forge alliances."³⁸

This more receptive attitude on the part of the ecologists was reciprocated on the part of the PS in the wake of their historic defeat. "Discussions with the radicals, the ecologists, and the PCF, were facilitated in the aftermath of March 1993. The *Verts* realised that they represented much less than they had hoped, and the PS, given the electoral battering they had just taken, were in a much more modest position from which to begin discussion. That helped the process enormously."³⁹ Cambadelis re-inforces the point, "the PS had to demonstrate in some tangible way that it was changing, that it was no longer hegemonic. It had to prove itself capable of entering into dialogue, and that it wanted to find its place at the heart of the Left, on its classic territory, but without dominating it."⁴⁰ In the period 1993-94, articles in the PS weekly *Vendredi* on electoral strategy contain the disclaimer, "in the spirit of partnership, exempt from any desire for hegemony, and respecting the autonomy of each formation."⁴¹

³⁷ Interview with Claude Bartolone 11/12/97

³⁸ Interview with Jean-Marcel Bichat 22/9/97

³⁹ Interview with Claude Bartolone 11/12/97

⁴⁰ Interview with Jean-Christophe Cambadelis 25/9/97

⁴¹ see e.g. *La Lettre de Vendredi* no. 31 21 octobre 1994 Communiqué commun PS / PCF 18/10/94

The modest performance of the ecologists in the 1994 Cantonal and European elections, and the difficulties they had fielding candidates on a national level⁴² further underlined what Daniel Boy has termed the ‘coming back down to earth’ of the ecologists in the period after March 1993.(1994) This all suggested that their 1992 results (14.8% in the regional elections, and 10% in the cantonals) represented the zenith of the ecologists’ electoral achievements. In this light, it would be easier to come to electoral arrangements with the green movement. “Given the scores the *Verts* achieved in 1993, even with the PS in decline, they realised that with the PS recovery in the presidential election of 1995, there was no longer the political space available.”⁴³

PS Electoral Strategy Since 1995 : *La Gauche Plurielle*

“Since 1995 we have affirmed the will to build a Left alternative, with partners who have themselves evolved: the PCF with Robert Hue, and the ecologists having made the decision to be on the Left.”⁴⁴

The 1995 result set in train a dynamic of recovery for the ‘governmental’ party of the Left. This was the catalyst for the development of a new coherence in terms of one of the key ‘supply-side’ factors affecting its electoral strategy, namely the relative strength of the PS within the party system, and its relations with potential electoral allies. With the decline of the ‘quadrille bipolaire’, and the apparent durability of certain emergent smaller parties such as the FN and the ecologists, the Socialist electoral strategists of the late 1990s realised that the 40% of the electorate target was an unrealisable dream. The PS response to this situation, clarified over the period 1995-1997, did not follow the contours of Rocard’s ‘big bang’, involving an ‘opening’ towards the centre. Instead, there was a renovation, with some alterations, of the *Union de Gauche*.

Although he could not have realised it at the time, when orchestrating the *Assises de la Transformation sociale* in 1993-4, Jospin was in fact carrying out vital groundwork which would pay enormous dividends when, two years later, he returned to the post of

⁴² Only 37% of constituencies had a green candidate in the cantonal elections, and they gained only 3.9% of the vote. See Le Gall (1994a & b)

⁴³ Interview with Claude Bartolone 11/12/97

⁴⁴ Interview with Manuel Valls, National Secretary in charge of communication. 23/9/97

first secretary of the party. “Jospin began using the proceedings as a political instrument, as a means of meeting and in turn constituting a much larger alliance... By the end of the forums, we have precisely those elements which would eventually be the focus of the 4 conventions under Jospin, and we also had all the programmatic elements for the meetings with the PCF and the ecologists, so one can see a very clear link between the *Assises* and the *Gauche Plurielle*.”⁴⁵

Certain conditions had to be fulfilled, however, before Jospin could translate his electoral strategy into practice. It was paramount that Jospin secured the internal legitimacy which his presidential campaign, and then his direct election by the militant base bestowed. (see chapter 3) Previously, reflections on electoral strategy, as with so many other issues which confronted the PS, had to pass through the internal channels of the *courants*. Indeed, in the *Comité Directeur* meeting which followed the 1993 defeat, Mauroy (in a thinly veiled attack on Fabius and his approach to the ecologists) held the *courant* system responsible for the ill-adapted electoral strategy of 1993. “The *courants* ... made us forget a realistic and adapted strategy.... We refused to understand that the only possible dialogue with the ecologists had to start with the adoption of a mixed electoral system, responding to the demands of democracy given the new political configuration.”⁴⁶

Such criticisms and counter-criticisms were a feature of debates on electoral strategy in the ‘post-Mitterrand’ era. Rocard’s plans for centrist alliances met with staunch opposition from ex-Mitterrandist *courants*, presenting themselves as the ‘keepers of the faith’. In stark contrast, once Jospin’s internal ascendancy was assured, his hands were freed to proceed as wished in shaping PS electoral strategy. Sure enough, praise is forthcoming from all sides of the old factional divides for Jospin’s handling of the PS’s alliances since 1995. “Jospin obliged all sides, including the PCF, to meet and engage in programmatic discussions, and political reflection (of alliance strategy). He encouraged them to reflect on their position on reform, and on Europe – that achievement must be recognised.”⁴⁷

⁴⁵ Interview with Jean-Paul Huchon 29/9/97

⁴⁶ *PS Info* no. 544 (17/4/93) proceedings of the *Comité Directeur*, 3rd April 93.

⁴⁷ Interview with Claude Bartolone 11/12/97

Benassayag sees in Jospin a strong element of Mitterrandist continuity;

“Jospin did not envisage governing without the *Union de Gauche*. He is without doubt Mitterrand’s best pupil on the tactical front. What is more, he sincerely believes in it – without the PCF and their 10%, we cannot win under our two-round system. You only have to look at the electoral maps. Very few Socialists get in after the first round, but very few Communists make it to the second round. Mitterrand had a masterly understanding of all that.”⁴⁸

The strategy of alliances, bringing together principally the PS, the groupings which gather under the umbrella ‘*divers gauche*’, including the radicals and Chevenement’s MDC, the PCF, and Ecologists, was – it is argued – based on a reading of the core constituencies of the Left and how best to target them;

“The PS had to be placed in a central position – not at the centre, but in a central position at the heart of the Left – because the French left is very heterogeneous. The aim was to try and unite the two great ‘families’ which, sociologically, the Left was losing. Firstly, the Left of the middle classes, more interested in moral than economic or social questions. Secondly, the workerist Left, very strong in France, but without political representation since the crisis of the PCF, which is more interested in social questions, even if the morality of its leaders is very important.”⁴⁹

The 1997 Legislative Elections

The real test for the new electoral strategy came earlier than anticipated when Chirac unexpectedly dissolved parliament a year early. A number of ‘supply-side’ factors help establish the context of the campaign. Firstly, in terms of the popularity of the candidates, Juppé’s reputation was still tarnished by his swingeing cuts packages which had led to the *mouvement sociale* in 1995.⁵⁰ A second supply factor was the political conjuncture of the election. Called amidst turmoil over France’s relationship with Europe in the run-up to the single currency, Chirac believed it would provide a mandate for his *nouvel élan* – a euphemism for austerity measures to meet a strict interpretation of the criteria. As it turned out, the electorate was rather more sympathetic to Jospin’s approach⁵¹, imposing ‘four conditions’ on the passage to the Euro.

A third ‘supply-side’ feature, emerging as a structural feature of French legislative

⁴⁸ Interview with Maurice Benassayag 22/9/97

⁴⁹ Interview with Jean-Christophe Cambadélis 25/9/97

⁵⁰ Indeed, fearing the poor first round showing was due to his unpopularity, he announced his resignation between the two ballots, which scarcely helped the campaign for the second ballot. (Portelli 1997 : 15)

⁵¹ The PS, it seemed, had learned the lessons of 1994 in approaching the European question with caution.

elections, was the fact of incumbency. As we saw in chapter 1, incumbency in the context of high unemployment, and potentially rising inequalities has been offered as one of the explanations for the electoral difficulties of socialism. In France, it seems, such factors clearly also affect the right, since no incumbent government has won a legislative election since 1981.

Given such 'supply-side' difficulties, Chirac's strategy was clearly a risky one. However, the aim had been to catch the PS unawares, before its process of strategic and programmatic renewal was complete. To Chirac's disappointment, the work undertaken by Jospin since 1995 proved a sufficiently solid foundation, both strategically and programmatically, from which to launch an election campaign. Indeed, in terms of internal party management, if anything, the 'snap' election played into Jospin's hands.

The candidate designation process presented Jospin with two major problems. Firstly, he had chosen to more or less impose feminine candidacies, not only to respect a 30% quota, but with the objective, subsequently written into the Party's statute book, of achieving parity. "After a complex process involving the national and departmental bodies, 134 candidacies (27.6% of all candidates) were reserved for women." (Le Gall 1997 : 21) This meant that a significant number of male candidates who would have considered themselves the 'natural' candidate in a given constituency were obliged to stand aside. Secondly, the pre-electoral agreements with the PS's allies – principally the *Verts* and the Radicals⁵² – meant that, in certain constituencies, the PS candidate had to agree to stand aside in order to make way for an ally and fulfil the terms of the agreement. In terms of the internal candidate designation process, the run-up to the 1997 legislative election was thus an extraordinary one; "What Jospin did for the parliamentary elections was very difficult. It was a case of organising a legislative election *as if* it were proportional. With the female candidacies and our allies, it was a case of constituency-based designation, organised on a proportional basis – i.e. putting names on a list."⁵³

This high degree of national level tampering in what is normally regarded as a jealously

⁵² The PS supported 39 Radical candidates, and 24 Green candidates. It fielded its own candidate in 482 constituencies. (Le Gall 1997 : 20)

⁵³ Interview with Pierre Guidoni 24/9/97

guarded local prerogative could have had serious repercussions within the party. In both cases, the aggrieved ‘deposed’ candidate could have caused problems for the National leadership. However, as Jerome Lambert⁵⁴ observes, “this time, it worked out quite well, because we had to act quickly. There was no time for dramas to develop. Those pushed aside – because ‘exterior’ candidacies were imposed on them – did not have the time to campaign against the move, or possibly even run as a ‘dissident socialist’ candidate. There were a few cases, but they were very rare.”⁵⁵

Mermaz sees in operation a quid pro quo in terms of candidate designation within the party which may help explain the smooth execution of this politically delicate task. Designation of candidates for all local elections – municipal councils, regional councils, general councils – are decided by the members at the section level, and in the vast majority of cases, there is no national-level intervention. “On the other hand,” Mermaz notes, “where parliamentary elections are concerned, that is more important, and therefore more centralised. The federations – assemblies of members in each constituency decide. That said, there were constituencies reserved for female candidates – a decision taken by the *Conseil National* after a recommendation by the *bureau national*. Then there were arrangements with other parties, constituencies reserved for the *Verts* and for the Radicals, then a strategy of withdrawal from some second ballots. These were national decisions, applied without hitches. Thus there is at once more autonomy over local elections, but more centralisation for the big national elections.”⁵⁶

There was another innovation in the PS’s electoral strategy in the run up to June 1997. “Before, the first alliance to be concluded was always between the PS and the PCF, after that, the Radicals followed suit. The novelty this time was that the first alliance to be concluded was between the PS and the *Verts*. That caught the PCF off-guard. The PS and the *Verts* came to an arrangement which was advantageous to each formation, given the balance of strength.”⁵⁷ This arrangement between the more moderate forces within the *gauche plurielle* may have been one factor pushing the more extreme composite parts closer together. As Bichat recalls, “the bringing together of the *gauche*

⁵⁴ A member of the PS’s ‘contentions commission’ which has to deal with such eventualities.

⁵⁵ Interview with Jerome Lambert 3/12/97

⁵⁶ Interview with Louis Mermaz 1/10/97

⁵⁷ Interview with Jean-Marcel Bichat 8/12/97

plurielle was effected as well as could be expected with the likes of Chevenement's MDC, but they were more inclined to present common candidates with the PCF."⁵⁸ Doubtless finding common cause in their Euro-scepticism, the Communists and Chevenement's party, the two formations came to a number of arrangements. Of the 22 constituencies where no communists stood, 16 were because of a pact with the MDC, whilst only 2 were due to agreement with the PS.(Le Gall 1997 : 19)

Nevertheless, the electoral agreements – be they of joint candidacies or of commitments to stand aside in the second ballot to allow the best place left candidate after the first ballot the chance to benefit from vote transfers from other Left parties – were in place. Arguably, this aspect of the *Gauche Plurielle* took explicit account of the intra-Left mobility outlined earlier. The alliance strategy was a means of preventing such moves being detrimental to the overall vote of the Left. This allowed Jospin to benefit from the work undertaken ever since the *Assises de la Transformation sociale*. Sure enough, when it came to the second ballot, “at the heart of the Left, whatever party the candidate (PS, PC Vert) the transfer of votes worked harmoniously.” Analysis of Left-Right second round duels suggests, “a massive contribution, to the Left, of the votes of Ecologistes and ‘unclassables’.”(Le Gall 1997 : 35)

What is more, the PS badly needed such rallying to their cause, for the election was a close run thing. ‘Demand side’ conditions continued to display worrying signs for governmental parties. The potential volatility of the electorate was a feature of the campaign, “a high proportion of electors were undecided or wavering about voting intentions (*Le Point* 26.4.97) – and remained so throughout the campaign.”(Hainsworth 1997 : 72) The 1997 election reflected the continuing progression of abstentionism highlighted in chapter 2. Abstentions in the first ballots reached 32%, which, combined with record spoilt and blank ballot papers at 4.9%, made 1997 a record year for voter disaffection.(Le Gall 1997 : 16) After the first ballot, the result was too close to call. The Left opposition, including the *Verts* had won 44.5% of the vote, the right 35.8%, the FN 15.4%, and other ecologists and ‘unclassables’ 4.3%.(Le Gall 1997 : 33)

To an extent, the electoral strategy also seemed to succeed in terms of reaching parts of

⁵⁸ Interview with Jean-Marcel Bichat 8/12/97

the PS's target electorate which had eluded it during the 1990s. As Cambadelis notes, "these two constituencies [the middle class and the 'excluded' and working class] had to be unified politically, in a dialogue – with representations from smaller political formations, as well as the PCF and the ecologists. These formations do not directly represent those social categories, but in talking to them, we are able to address the above social groups."⁵⁹ In sociological terms, analysis of the first round seems to confirm some of the PS strategist's hopes regarding the reconquest of parts of their old core constituencies. "According to SOFRES, the PS made its most significant progress among the young (+11%), blue collar workers (+18%), and manual workers (+11%). Similarly, according to BVA, the PS considerably increased its influence among those classifying themselves as 'lower middle class'(+10%), and as 'underprivileged'(+14%)."(Le Gall 1997 : 22) PS recovery amongst those it lost in 1993 was encouraging evidence of the party benefiting from the electorate's mobility between legislative elections. However, volatility is a double-edged sword. Although advantageous in this instance, it points to the long-term permanent electoral fragility of the party.

This fragility is underlined by the growth of the PS's main rival for the working class vote. The first round ballot of May the 25th continued to display the enduring strength of the FN, even if the electoral system discriminated against it. Having won local successes in Orange, Toulon and Marignane in 1995, the FN added to its localised power base in Provence-Cote d'Azur with a local election victory at Vitrolles, outside Marseilles, in February 1997. Whilst support remains most intense in suburbs with large immigrant populations, in June 1997 the FN 'nationalised' its support, exceeding 10% in all but 4 regions (Corsica, Limousin, Brittany, and Pays de la Loire). Whereas in 1993, the FN only exceeded 15% in 22 *départements*, in 1997 that figure rose to 145. In sociological terms, the FN electorate is revealed to be groups targeted by the PS electoral strategists. "FN support continues to develop among the working class, with the support of one in four manual workers Le Pen's party made their most significant advances among those subjectively identifying themselves as 'underprivileged' (+9%)."(Le Gall 1997 : 32) The second biggest advance was among those calling themselves 'working class' (+5%).

⁵⁹ Interview with Jean-Christophe Cambadelis 25/9/97

Cambadelis characterises electoral strategy under Jospin as, “an attempt to forge a new strategic alliance between the working class, the excluded, and those feeling insecure, and lower-middle and middle class, concerned with social cohesion in the face of a liberalism which destructures all social relations.”⁶⁰ The SOFRES post-electoral survey – in identifying the sociological composition of the *gauche plurielle* electorate in the second ballot - gives some indication as to the success of that strategy. The Left and the *Verts*, “won an absolute majority of support among the 35-49 year olds, among middle management and the intellectual professions, and the ‘intermediary’ professions (52%). They also won the support of one blue collar worker in two, as well as a majority of support among the ‘salaried’ (52%). They received 57% support among public sector workers, and the vote of one in two of the unemployed.”(Le Gall 1997 : 33)

In the end, due in no small part to the FN’s enduring support among the working class, the result was close (Left 48.28%, Right 46.02%, FN 5.7%), but the electoral system artificially inflated the margin in favour of the *gauche plurielle*. Coming only 4 years after its worst ever defeat, this represented a remarkable recovery of the French Left. The result was particularly impressive given that it was the first time the PS had ever won a parliamentary election without the benefit of a ‘presidential dynamic’, a successful presidential campaign whose coat-tails could be ridden on. That said, the closeness of the result, the mobility of sections of the electorate, and the reliance on the FN splitting the right wing vote did little to allay fears of the PS’s electoral frailty.

PS Electoral Strategy at the End of the 1990s

Within the Party, opinions are divided as to the PS’s target audience at the end of the 20th century. Jean-Christophe Cambadelis surmises, “socio-political analysis is no longer reducible to a bipolar world between proletariat and *Patronat*, rather, we now have a multi-polar world.” It is within *this* context, Cambadelis argues, that the PS, “must construct its ‘political offering,’ and it is this ‘political supply’ which defines the party’s nature.”⁶¹ The sociologically indeterministic supply and demand model, then, is sufficiently pervasive as to have influenced the terminology PS electoral strategists use

⁶⁰ Interview with Jean-Christophe Cambadelis 25/9/97

⁶¹ Interview with Jean-Christophe Cambadelis 25/9/97

to characterise their task.

According to Louis Mermaz, the PS electorate;

“is composed of working class voters, although a section of the working class are attracted by the FN ... but we also have a large middle class electorate. Hence the difficulties in elaborating a programme, because, as Jean Poperen would say, it is a ‘class front’, but the classes are very different. We extend from the proletariat, and the unhappy left-voting unemployed, to the relatively comfortable middle classes, and who – intellectually – vote Left through a concern for liberty and justice, and a desire to change society.”⁶²

However, some are increasingly prepared to abandon the concept of two core electorates, believing attempts to impose such coherence on a complex reality are artificial. Manuel Valls, who as national secretary in charge of communication is one of those at the helm of PS electoral strategy, sees a certain transcendence of the traditional two core electorates reading of the PS voters;

“Certainly, one could say that the middle classes, *fonctionnaires*, urban dwellers are a natural target of the PS. The young, and women as well, given our choice of candidates. But we are more and more a political formation which looks to address the whole of society. From that point of view, a comparison with Clinton or Blair has a certain pertinence.”⁶³

On balance there is an enduring attachment to old ‘core’ constituencies, but at the same time heightened awareness that phenomena such as the FN’s advance, socio-economic change and electoral volatility require the PS to always be looking beyond such groups for support.

Conclusion

Changes in the supply and demand conditions within which the PS operate have affected its electoral strategy in the 1990s. Increased dissatisfaction with the political system has translated into higher levels of electoral volatility and abstentionism, and a significant reduction in ‘governmental’ party support. For all the talk of a crisis of governmental parties, however, there is little evidence of their terminal decline. After years of decline, the PCF is now a localised political force, gaining routinely in the region of 10% of the vote nationally. On its road to marginality, the PCF has met a

⁶² Interview with Louis Mermaz 1/10/97

⁶³ Interview with Manuel Valls, National Secretary in charge of communication. 23/9/97

number of new political formations, travelling in the opposite direction. Smaller parties, in particular the FN and the various ecologist formations, bolstered by more proportionality, have made considerable progress.

This has created a new configuration around the Left pole of the French party system. The PS remains the largest single electoral force, yet in an age of diminished expectations, it cannot gain power without the help of a growing number of allies. As well as traditional partners, the Radicals and the PCF, there are new groupings, the *Verts* and Chevenement's MDC. Yet for all this proliferation, the systemic inducements for *rassemblement* of the majoritarian two round system for decisive elections continue to lead smaller parties to come to arrangements with the PS.

In strategic terms, the same logic that once underpinned the *Union de Gauche* was the guiding principle behind Jospin's work with electoral allies since 1993, and now brings the *gauche plurielle* together. It remains to be seen how durable the *gauche plurielle* is. What is certain is that, before the next 'decisive' election, it will be put under extreme pressure. This will be exerted as much by destabilising effects of conflicting competitive strategies induced by frequent elections as by the pressures of government on the PS dampening the radicalism desired by the PCF and the *Verts*. Within a party system so prone to change as the French, all predictions are risky, but if the current strategic configuration can weather such storms, its prospects at the next 'decisive' election are healthy. Were Jospin to win that, the parliamentary elections that would ensue could be even more advantageous. Having won without the benefit of a 'presidential dynamic', one can tentatively anticipate that, were it to contest an election in the wake of a presidential victory, the PS, at the heart of a *gauche plurielle*, may once again overcome its permanent electoral fragility to win a substantial victory.

Chapter 5

Ideological Redefinition In The PS

This chapter begins with an exploration of the nature of doctrine in the PS, placing the party's ideological debates in historical and institutional context. We argue that the party's current ideological configuration cannot be adequately understood without a thorough understanding of the institutional context of the party's structures and procedures (see chapter 3) and how this context frames the ideological debate. We demonstrate how doctrine was (and is) employed strategically, either with reference to internal power struggles, or changing relationships with electoral allies. Chief among the reasons for this 'instrumentalisation' of the party's doctrine, we argue, is the role that ideas play as the currency of internal factional exchange. The presidentialised factionalism of the PS structured the 'field of action' of ideological debate.

For all the tactical employment of doctrine, we nevertheless argue that the PS, like the SFIO before it, is a party where doctrinal debate is both extensive and significant. It is only through a clear understanding of the key debates and the doctrinal road travelled during the 20th Century, that the significance of contemporary ideological positions can be understood. We will then go on to explore some of the particularities of PS ideology. Turning to the PS' ideological heritage, a number of key evolutions will be charted, beginning with the complex relationship with Marxism. Here the tendency to define Socialist ideology in France *with reference to* the PCF¹ has, we argue, created some perverse side-effects to the collapse of communism.

The fact that, until 1981, no government of the French Left lasted more than a few months will also be highlighted. This allowed French Socialists to eschew fundamental re-evaluation of maximalist programmes in the light of governmental experience. Blum's distinction between the '*exercice*' and '*conquete de pouvoir*' has further permitted maximalist aspirations to endure and flourish with French Socialist ideology. This all puts experience since 1981, or more particularly 1983, into its appropriate context, and flags up the historical significance of the 'end of transcendental rhetoric'.

¹ For so long the largest and electorally most successful party of the Left in France.

This ‘secularisation’ of French Socialism represents, we argue, a seismic shift in the eschatology of French Socialism.

Having thus established the framework for our evaluation of the reconfiguration of French Socialist ideology in the 1990s, we will turn to the constituent elements of PS ideology today, both in terms of ‘historical allegiances’ or ‘*ex-courants*’, and the ideological outliers such as the Poperenistes and the ‘Blairites.’ This provides the context for an exploration of the core ideas of the *ligne majoritaire*, which results from the consensus-inducing effects of internal stability given Jospin’s hegemonic position and the desire to curb the factional infighting in the wake of the Rennes congress.(see chapter 3)

A number of themes will emerge. Firstly, the ideological ‘softening’ of the party – a combination of reduced ideological ‘space’ between *courants*, and an inability to rediscover the ideological coherence of the 1970s triptych of ‘*nationalisation, planification, autogestion.*’ This lack of coherence is, we argue, symptomatic of a wider ‘crisis’ of social democracy explored in chapter 1. This relates primarily to the difficulty of accepting peaceful co-existence with capitalism in a world where the Keynesian paradigm, which allowed the reconciliation of market capitalism to social democratic goals of full employment and egalitarianism, has been undermined. It further relates to a difficulty in identifying the ‘ideological geography’, of French socialism in the wake of the collapse of communism, and thus the disappearance of one of the PS’s historical ideological referentials.

The ideological flux in which French socialism finds itself also reflects the problematic relationship between social democracy and globalisation.(see chapters 1 & 6) With the limitations the processes of globalisation place upon autonomous national-level reformism increasingly apparent, the propensity of social democrats, at the ideological level, to explore supra-national co-ordination, has demanded a re-evaluation of ‘methodological nationalism.’ This re-evaluation, however, is at best partial, and the increasing significance of supra-national level policy activism for the viability of national level social democracy demands that, at an ideological level, social democracy confronts Anderson’s paradox; “The politics of a rational Left needs to be international

in a new and more radical way today: global in its conclusions. But it has not yet ceased to be national in its conditions.”(1991 : 351)

The process of ideological redefinition within the PS is thus instructive for understanding the complex and evolving relationship between social democracy and globalisation. This informs the focusing, in the latter stages of this chapter, on the three areas where globalisation seems to have its biggest impact – European integration, the role of the state, and the commitment to egalitarianism. The effect of the perceived necessity of adapting to globalisation on the PS will be explored through understanding how debates on these issues between the *ligne majoritaire* and other sections in the party have evolved.

The Nature of Doctrine, and the *Courants*, within the Parti Socialiste

A defining feature of twentieth Century French socialism has been its doctrinal diversity. The plethora of small, well organised, and sharply ideologically differentiated groupings which existed before 1905 did not entirely disappear when the Socialists unified.(see Portelli 1992 ; Kergoat 1997) Their influence translated into a culture of internal pluralism and doctrinal diversity within the movement. This culture was curbed between 1945-1971, when the post-war refoundation of the party resulted in majority voting rather than internal proportional representation. When, in 1971, proportionality was re-instated, ideological diversity flourished once more. So deep-seated are these norms of diversity and pluralism that one commentary sees the PS as, “more a juxtaposition of *courants*, traditions, and personalities than a genuinely unified party.” (Bergounioux & Grunberg 1992 : 293) This fact has methodological implications against conceiving of French Socialist ideology as an homogeneous, unified, internally consistent body of thought.

The post-1971 PS provides an example of why ideological discourse must be analysed in its institutional context. The ideological development of the PS after Epinay was crucially mediated by the party’s institutionalised factionalism. Ideology operated at two levels. Firstly, it offered a view of society and informed policy prescriptions consistent with that view. Secondly, it was a weapon employed by the *presidentiables* in their

quest for ascendancy in intra-party politics. In the presidentialised Fifth Republic, a PS which in turn institutionalised *presidentiable* factionalism shaped Socialist ideological debate.

Various attempts have been made to organise the heterodox ideological heritage of French socialism in the 20th century into discrete traditions. A categorisation which achieved a certain currency is the ‘two cultures’ thesis. This famously entered the terms of debate within the party at the Nantes conference of 1977 when Rocard used the thesis to distinguish his socialism from that of Chevenement, and by association Mitterrand. Rocard identified one culture, “which has long been dominant, and is Jacobin, centralising, statist, nationalist and protectionist...the French working class is foremost within its logic.” The second is “decentralising, regionalist, refuses arbitrary dominations, of both employers and state....this culture...fears administration and regulation. It prefers instead basic collectivities.”(Rocard 1979 : 79-80)

The ‘*deux cultures*’ thesis fails to capture the *complexity* of French Socialist ideology, which is a by-product of its *diversity*. However, some framework for analysis must be imposed if clarity is to be achieved. For this reason, the two cultures will be used as an organising conceptual ‘architecture’ of the party’s thought. The limitations and imperfections of this approach will at every stage be highlighted to deepen understanding of the nature of doctrine within the party.

A recent ancestor of the Rocardian *deuxième gauche* is the PSU, which welcomed a new generation of left intellectuals in the 1950s and 1960s disillusioned with Mollet’s conduct of the Algerian war whilst Prime Minister in 1956-57. These were the precursors to the ‘new social movements’ and the *soixante-huitards*. Imbued with a certain libertarianism, PSU support included left-leaning Catholics alienated by the SFIO’s anti-clericalism. Hostility to the PCF meant the PSU instinctively looked to the centre for electoral allies. Later, ex-PSU members were never wholly convinced of the programmatic sacrifices involved in the *Union de Gauche* strategy.

The ‘*première gauche*’s’ most recent and coherent manifestation was the CERES, Jean-Pierre Chevenement’s club turned *courant*. This embraced elements of France’s radical

left culture, combining a Jacobin statism and a heavy dose of nationalism, all reconciled to a particular reading of Marx.(see Hanley 1986) For CERES, the *Union de Gauche* was an article of faith. Thus an obvious jibe at the ‘*deux cultures*’ thesis is that it represents not a philosophical battle pitting Bernstein against Kautsky, but a purely *strategic* divergence about whether or not the PCF constitute appropriate electoral allies. The extent to which this observation rings true tells us a good deal about the level at which ideology operates within the party.

Henri Weber invokes the absence of a sizeable rank and file as a counter-weight to the political office-holding elite within the party to explain the role of ideology in the party;

“The relationship between the PS and theory has traditionally been a superficial one it is a party of office holders, who have a relationship with reality grounded in the political marketplace. *They are not theoretically minded* so there is a relationship with theory which is instrumental, and electoral.....when one is capable of saying that the doctrine on public ownership is ‘neither nationalisation, nor privatisation’, that gives a good indication of the theoretical basis of the party! We do not look to ground in theory why there should be a public sector, and why a private sector, and what criteria should influence moves from one to the other – *we adopt a position which is electoral, instrumental, dictated by the necessities of the moment.*”²

Such ‘necessities of the moment’ are conditioned by the context of both internal *intra-courant* competition, and external political strategy (see chapter 4). The impression that Rocard and Chevenement were but the most recent representatives of deeply ingrained, homogenous and definable ‘cultures’ within French socialism traceable down the century is misleading. This reading obscures the important *tactical* dimension to French socialist ideology. Their centrality owes much to their strategic position within the PS. At various times, Mitterrand needed each on his side as a counterweight to block the rising strength of the other within the party and ensure his own continued dominance. These short-term tactical factors are at least as important as the long-term cultural historical factors. The ‘*deux cultures*,’ Weber insists, “is not where the point of cleavage is to be found. The best proof of the fact, is that these supposed two cultures have disappeared. ‘Cultures’ which produce effects for only 10 years are not true cultures – they are polemical constructions. Real ‘secular’ cultures produce effects for decades.”³

² Interview with Henri Weber 29/9/97

³ Interview with Henri Weber 29/9/97

The tactical, and occasionally slightly superficial, nature of socialist doctrine in France is highlighted in Rey & Subileau's attempt to offer a more nuanced ideological definition of the '*deux cultures*' of French socialism. Firstly, Rey & Subileau identify the '*culture republicaine*', which emphasises citizenship, the general will, and equality and attaches great importance to *laïcité* (secularism in public affairs) as its key rallying cry. It is inclined towards Jacobin, enlightenment statism, and it has certain paternalistic overtones reminiscent of the Fabian tradition in Britain. Secondly, there is the '*moderniste*' left concerned for 'autogestion,' freedom of the individual, and prioritising the role of civil society above that of the state. These categories are conceived not as strict determining structures, but as loose frames of reference.

Yet even this compartmentalising exercise is problematic, due largely to the nature of French Socialism. Rey & Subileau's work was carried out in 1985-6, and even then, in their conclusion, they accept that some of the debates they identify as key organising and structuring edifices within the party, such as *autogestion*, are of declining import. The same could perhaps be said of *laïcité*. (see Bell 1997 : 36, 49-50) One reason for this is the tactical element of any ideological position within the PS – Weber's 'necessities of the moment'.⁴

Thus any attempt to define the intellectual architecture of the party, comes up against the problem of its malleability, and its liability to change rapidly. As a result, Rey & Subileau shy away from the kind of stark categorisation of Rocard, and with good reason. The spread of *laïcité* and *autogestion* - present in both Rocardians and CERES, lead Rey & Subileau to identify, "value systems which are not reducible to internal cleavages, notably the segmentation between *courants*." (1991 : 217) The two cultures, in as much as they operate at all, "do not result in a marked division within the party, rather, they constitute indicators of politicisation." In setting up a set of dichotomies

⁴ Autogestion was never the exclusive property of any one 'side', with different *courants* offering – as usual – different readings and understandings of a common concept. However, autogestion was most thoroughly developed by the Rocardians, who saw it as a framework for analysis and basis for action which would, they hoped, supplant the curious hybrid of Jacobinism and quasi-Marxism prevalent in the parti d'Épinay. When power was attained, governmental experience soon stripped the PS of any pretence to act in accordance with some of its more lavish left-wing rhetoric. As a result Autogestion, for 10 years a core organising concept within the internal debate of the party, lost its tactical *raison d'être* and disappeared from debate and text alike, never to return.

what emerged were a whole series of cross cutting cleavages. (1991 : 231)

Rey & Sublieau's research shows that the *courant* system is a far from perfect translation of actual ideological positions and cleavages into organisational reality, and that members of different *courants* often have more in common ideologically than fellow *courant* members. It is, the authors note, "extremely difficult to clearly associate choice of *courant* to a coherent ensemble of theoretical and historical reference points, and also to establish any homology whatsoever with the schools of thought identified as distinct in the history of French socialism." (1991 : 120)

Cambadelis, the party's 'number two' behind Francois Hollande, supports this reading. "These are not *courants* with an ideological basis – even *Gauche Socialiste* is not fundamentally ideological, because it has no strong ideological reference point. Instead it has a posture, it takes up a position. Thus there is no party with a strong or narrow ideological basis."⁵ Cambadelis sees this developments as a fundamental shift in French Socialism. "Such things no longer exist in France. They used to exist in the 1970s, but today everything is focused around individuals, around personalities, who have a certain configuration, but who do not affirm their own distinct ideology."⁶ We will examine the reasons for this shift later.

Weber's reservations about the 'cultures' are thus well grounded.⁷ Rey & Subileau's work suggests that assumptions about the *internal ideological homogeneity* within a *courant* cannot be made. The complexity of the picture thus increases, leading us to be circumspect in characterising the ideological debate in pure terms of one *courant* versus another. Furthermore, broader attempts at classification within 'cultures' are equally perilous, and must take account of the same cross-cutting cleavages. Rey & Subileau's findings have important methodological implications. The categories of '*courant*' and 'culture' must be used carefully in any analysis of French socialist ideology.

The Instrumentalisation of Doctrine

⁵ Interview with Jean-Christophe Cambadelis 25/9/97

⁶ Interview with Jean-Christophe Cambadelis 25/9/97

⁷ Offered as it was by a key protagonist of a protracted struggle for control of the party two years before he attempted to wrest control of the party from Mitterrand at Metz, it is unlikely to be devoid of rhetorical content.

“I am not at all sure that a ‘Bad Godesberg’ would be possible or necessary in our party, because theoretical adjustments take place in a pragmatic way, empirically – along with the whole of society.” *Henri Weber*

No-one has done more to shape the role of doctrine in the ‘Parti d’Epinay’ than the man who became leader of the party on the day he joined. Mitterrand himself, in *Un Socialisme du Possible*, indicated his awareness the constraints reality imposes on abstract theorising; “the ideological debate is interesting but does not lead to anything...the pragmatic debate can lead to everything.” (quoted in Northcutt 1992 : 3)

One should not, however, infer that Mitterrand initiated the instrumentalisation of doctrine within French socialism. 1971 was scarcely a standing start, but what changed after Epinay was the novel strength of Mitterrand within the party, and a peculiar talent of *Le Florentin* for effectively utilising the instrument of doctrine. Cole traces a number of constant framing influences on Mitterrand’s thought throughout his political career, notably his commitment to European integration.(1997 : 56-67) However, to a significant degree, ideas for Mitterrand were the currency of intra-party factionalism, he remained aware of how much credit any faction had, and adjusted doctrine accordingly.⁸

This tactical role of doctrine in *courant* infighting has shaped the elaboration of ideology. If ever one *courant*, or *courant* leader, introduces a phrase or concept, the other *courants* fought fiercely to prevent that phrase from finding its way unaltered onto programmatic statements of the party, since that would concede to the rival. "Within the debates between the intellectuals in the party, everyone knows that a particular formulation is used by a particular personality, that *courant* thus has the impression of winning a victory within the party apparatus. Thus this imposes a severe restraint on genuine debates, on ideas."⁹ An example is the 35 hour week, where the Rocardiens have long been advocates of a reduction in salary to

⁸ His readiness to subordinate doctrinal purity to tactical necessity was amply demonstrated in the 1970s, with the ideological gymnastics in which the party engaged between 1974 and 1979 as Mitterrand shifted his position first behind Rocard and the PSU to counter the rise of Chevenement and the CERES at the Pau conference of 1975, only to marginalise Rocard four years later at Metz by forging an alliance with Chevenement. (see Lieber 1977) In conferring the writing of the *Projet Socialiste* of 1980 on Chevenement, Mitterrand was deliberately marginalising Rocard’s less radical position within the party, effectively scuppering any rival bid for the Presidential candidacy.

⁹ Interview with Jean-Marcel Bichat 22/9/97

accompany this measure. The debate at Bourget was reduced to a fight between Rocard and Emmanuelli over whether or not the 35 hours worked would be paid at the 39 or 35 rate, which Emmanuelli won.¹⁰

Another effect of this competitive dynamic was to limit the amount of innovation possible. Should any one *courant* stray too far from the known territory of the party line as enunciated by Mitterrand *et al*, it left itself open to attack from other *courants* who could present themselves as the keepers of the faith protecting the party from such heresy.¹¹ Such a false dichotomy emerged when Mitterrand aligned with Chevenement in the mid-1970s. Implicitly opposing the Mitterrandist and CERES purist protectors of French Socialist orthodoxy with the Rocardian heretical innovators. This effectively meant, in the 80s, that major change had either to be orchestrated by Mitterrand and his allies or at least have his blessing.¹²

The most fundamental impact of this tactical role of ideology has been on the role of doctrine within the party. The theoretical output of the PS has been primarily a vehicle for factional struggle, rather than a guide to actual objectives and goals. Mitterrand, like Blum before him, was a man of great literary talent. Given the status of the final party texts as factional battlegrounds, and the centrality of the form of words to those battles, such literary talent may be the necessary credentials for PS leadership. The talents of political philosophy are of lesser import, given that the PS, “never got beyond the stage of ideological tinkering about.” (Dupin 1991 : 184)

Yet it could be argued that the Party *cannot* advance beyond this stage. To do otherwise, Weber argues, would be to go against the genetic grain of the party. In establishing a theoretical basis for the mixed economy, “the process would have come into conflict with electoral interests, with a party of ‘*sensibilités*’, and thus we preferred ambiguity, ambivalence, a fluid position.... in reality, the position is a tactical one. So all this has a cost, but it has its advantages.”¹³ Dupin identifies what, for Mitterrand, those advantages

¹⁰ Interview with Jean-Paul Huchon 29/9/97

¹¹ This was the attitude of all other *courants* to Rocard's enduring desire to establish centrist alliances.

¹² Thus Mitterrand's talk of ‘*l'économie mixte*’ in *Libération* in 1984 was a necessary precursor to the doctrinal shift the party experienced during Fabius's prime-ministership, from a rupture with capitalism to a modernisation of it, as exemplified in the Evry Convention on *Modernisation et Progres Social*.

¹³ Interview with Henri Weber 29/9/97

were in the late 1970s;

“Did Mitterrand believe in his ‘rupture with capitalism’ discourse? Realistically, no. A section of his supporters were under no illusions about the role of the rhetoric.....the party became locked in a largely formal ideological debate which did not correspond to the deep convictions of its leaders. The debate was instrumental for Mitterrand. It allowed him to guard his power within the party against Rocardian ambitions by relying on the old reflexes of the militants.”(1991 : 84-85)

The Parti Socialiste and Marxism

A further problem with the ‘two cultures’ is the relationship of the PS to Marxism. Although more recently a ‘liberal’ voice of moderation, Michel Rocard began on the far left.¹⁴ Weber exaggerates only slightly in observing;

“there was a great deal of consensus in the seventies between *première* and *deuxième gauche*. This went for the CFDT and Michel Rocard, their definition of socialism was equally characterised by the ‘vulgate marxiste’ – their definition of socialism was reducible to three words – nationalisation, planning and ‘autogestion’ it is a vision inspired by Marxism, and that of the ‘*première gauche*’ was no different.”¹⁵

This highlights the pervasive influence of Marxism on *both* purported ‘cultures’. There are a number of contributory factors. Firstly, as Portelli amongst others have noted, the Parti Socialiste has always been a *parti des profs*. Today many of the party elite are or have been university lecturers, and this level of higher education tends to be reflected in the rank and file. Perrineau identifies a correlation between this elevated level of education and interest in radical theoretical debate amongst party members. (Perrineau 1992 : 224) A survey in 1990 showed that the PS boasted the most educated membership, with 64% having been through the higher education system. (Bergounioux & Grunberg 1992 : 367) Secondly, the damaging ‘double language’ of the SFIO under Guy Mollet created powerful incentives, particularly among the younger generation, to avenge the perceived ‘treason’ of the Socialist cause. One means to this end was an ideological re-invigoration of the party.¹⁶

¹⁴ Interview with Jean-Marcel Bichat 8/12/97

¹⁵ Interview with Henri Weber 29/9/97

¹⁶ The scars of *Molletisme* are still in evidence today. Jospin’s speech at Brest sought to align himself within the traditions of French Socialism. It is interesting to note that he embraced the heritage of Jaures

This renewed activity was conditioned by the extremely fertile intellectual climate of the post-war French left, dominated by Marxism.¹⁷ Given such parameters of intellectual debate on the left, Marxist influence on French Socialism is unsurprising. The Rocardian Bergounioux contends that, programmatically, the PS of the 1970s was reduceable to ‘social democracy plus nationalisations’, the novelty was not *content* but *form*;

“Reform of the partition of riches, enlargement of the public sector, a commitment to humanism : here we find the traditional face of French socialism. All this was translated into a language borrowed from the fashions of the 1970s, influenced by Marxism and the ideas of the post-68 thinkers.” (quoted in Dupin 1991 : 206)

Thus Marxist categories and terms of reference pervaded internal debates in the PS. At Metz, Rocard was all too ready to use Marx’s conception of the withering away of the state and the auto-determination of the workers to bolster the socialist credentials of his own position;

“[S]ocialism is clear, it must absolutely reject Leninism, and interrogate Marx on the relationship between socialism and freedom. [Our motion] aims to remove the theoretical ambiguities with which French socialism has always lived: a discourse of liberty, and the dictatorship of the proletariat, today reduced to the exclusive role of the state.”(Rocard 1986)

This brief excerpt displays the rhetorical proximity between French socialism and Marxism. Yet Cambadelis’ assertion that, “up until May 10th 1981, the PS remained a Marxist party,” (1996 : 200) requires serious qualification.

A distinction must be made between ‘*Marxist*’ and ‘*Marxisant*’, the latter entailing the use of the former’s categories, and a rhetorical attachment to some of the concepts and policy prescriptions, but falling considerably short of an unquestioning embrace of all

Blum, and more recently Mitterrand, but went out of his way to point out that he had not joined the SFIO as a young man, so appalled was he by the behaviour of the party in the 1950s and 1960s.

¹⁷ Sartre’s existentialist critique of traditional Marxism, centring on the journal *Les Temps Modernes*, sought to introduce a theory of subjectivity to Marxism, and was cited as the intellectual foundation for the ‘events’ of May 1968. This school of thought in turn provoked a counter-critique from Althusser in the vanguard of resurgent structuralist Marxism. Another group of French intellectuals, writing in the journal *Arguments*, were moved by Khrushchev’s revelations to leave the PCF and revise Marxist categories (not method) in order to account for changes in social structure in advanced capitalist society. Still another group were the *gauchistes*, writing in the journal *Socialisme ou Barbarie*, and exemplified by the writings of Cornelius Castoriadis, who “viewed the communist movement as a conservative, bureaucratic machine working towards integrating the working class into the status quo. They traced the origins of this bureaucratic conservatism to Marxist theory itself – which they viewed as the theory of the bourgeois revolution.” (Hirsh 1983 : 5)

Marxist assumptions and the Marxist view of the world more generally. As a rule, the closer to the 'maximalist' end of the scale, the greater the propensity to employ Marxist terminology. But for Chevenement, as for Pivert, the important intra-party logic and rationale behind such stances has meant that the Marxist rhetoric could not be taken at face value.

The Parti Communiste as 'Ideology of Reference'

The idea of the two cultures of the French left existing almost solely within the PS does violence to the facts. In truth, ever since the Tours conference of 1920, the PCF has been the most potent ideological force of the left, relying the ties with organised labour (the CGT) which has always precluded the emergence of 'northern' social democracy in France (see chapter 2). Mindful of this, Weber redraws Rocard's boundaries. In his reading, the '*deuxième gauche*' rubric encompasses all the intellectual traditions within the French socialist party. The title of '*première gauche*' is reserved for the inheritors of the anarcho-sindicalist movement which refused to associate with the parliamentary road to socialism. "The revolutionary, centralising culture exists in France, it is still strong....it expresses itself through a negativist attitude, of refusal, and protest. A whole section of the left in France, the extreme left, is a left purely of protest, and expresses that revolutionary culture which comes down the ages in this country."¹⁸

Jospin, too, attests to the enduring importance on the French left of, "the revolutionary culture inherited from 1789-93," operating both within and outside the PS. This, he argues, explains the only partial impregnation of Bernstein's revisionism into French socialism;

"In 1936, Blum was still talking of the 'dictatorship of the proletariat', even if he had modified the meaning. In 1971, in the declaration of principles inherited from the SFIO, the Parti Socialiste was still defined as a 'revolutionary party'. Certainly, in practice, things were different, *but there was a need to deny in its language what the party conceded to reality*, which explains the 'double discourse' which characterised socialist texts."(1991 : 102 emphasis added)

So deep-seated was the French left's attachment to revolution that, "the reformist route itself bore the stamp of revolutionary methodology."(1991 : 102)

¹⁸ Interview with Henri Weber 29/9/97

Part of the explanation for this revolutionary zeal can be found in the nature of party competition in France. This has meant that, since at least the mid 1940s, the ideological identity of the PS has evolved with reference to the communist party. As Jospin observed in 1991,

“the *Parti d’Epinay*, according to its first secretary, Francois Mitterrand, was not a Marxist party. But its proximity to and competition with the PCF, which advanced brandishing a ‘scientific theory’, obliged the PS to offer explanations, if not of the world at least of French society. This was the era when we defined the ‘*front de classes*’ (in response to the communist party’s analysis of the working class); when we forged the *Union de Gauche* strategy, when we established the list of prospective nationalisations, whilst at the same time setting out our ‘theses on autogestion’ and talking of ‘rupture with capitalism.’ This party may not be taken seriously by Marxist scholars, it is not strictly speaking a doctrinaire party, but, within it, a theoretical political debate is animated by the controversies with the Communist party.” (1991 : 17)

The earlier dominance the PCF, and the votes it historically commanded, partially structured PS discourse, and thus its decline has deeply affected the Socialists. “The collapse of communism has,” Moscovici argues, “hurt democratic socialism, which has always been distinct from it. The decline of the Communist Party has meant the disappearance of a feared rival, but also the weakening of a powerful ally, and the erasing of a reference point on the left which was at the same time both positive and negative.” (1994 : 15)

On the positive side, the collapse of Communism served to further undermine the already weak and declining PCF, leaving the PS freer to decide upon its doctrine according to its internal dynamics, and without an eye to the left. On the negative side, the PS was far from untouched by the cataclysmic effects of 1989. The PS recognised that, "the rupture which has happened calls into question some of the foundations of the socialist project."¹⁹ Social democracy is the theory of the 'middle way' between capitalism-ordering society according to capitalist principles (private ownership, the primacy of market mechanisms); and communism-ordering society according to communist principles (common ownership; from each according to means to each according to needs). Yet social democracy throughout the century defined itself with reference to these two 'others'.

As Rocard observed in 1993;

"despite national differences, social democracy has always defined itself by a double negation: neither capitalism nor communism. Today, it remains to be seen whether social democracy is capable of articulating a project, which can no longer be a 'middle way', but rather its own coherent conception of society." (Rocard 1993 : 10)

Thus 1989, "poses the question of a redefinition of what the left may be tomorrow. Not in relation to communism, but intrinsically."²⁰ This begs a further question, of the relationship with capitalism, to which Mitterrand's '*economie mixte*' provided no clear answer. In the post-war era, social democrats became reconciled to capitalism through, "the alchemy of Keynesian economics, [whereby] the particular interests of the workers in redistribution toward themselves was transformed into a general social interest." (Rogers & Streeck 1993) With the calling into question of the Keynesian paradigm (see chapter 1), social democrats needed once again to question how to co-exist with capitalism.

Les Lendemain ne Chantent Plus! : The End of Transcendental Rhetoric

Since its inception, the dialectic between the minimalist and maximalist²¹ traditions had

¹⁹ Final text of the Arche conference *Le Poing et la Rose* no. 135 Janvier 1992 p 29

²⁰ P. Mauroy speech 24/11/91 (Paris ; Fondation Jean Jaures 1992)

²¹ which owes its longevity within French socialism first to Jaurès' formulation of 'evolutionary revolution' which retained a revolutionary end-game in a reformist strategy, and later to Blum's theorisation of the conquest and exercise of power.

ensured that French socialism always attached great importance to what Sassoon has called “the theology of the final goal.”(1996 : 53) There has been a transcendentalist, millenarian faith, sustained by radical rhetoric, which characterised the ‘rupture with capitalism’ promises of the 1980 *Projet Socialiste*. With the collapse of Communism, and the acceptance of a ‘new horizon’ of market capitalism, such ‘transcendentalist’ rhetoric appeared increasingly anachronistic. There began a process, which preceded the fall of the Berlin wall, but which was accelerated by it, referred to subsequently as the ‘secularisation of French Socialism.’²² This secularisation refers to the simultaneous shift away from extravagant maximalist programmes, and away from an analytical framework heavily influenced by Marxism.

There was a need to fill the gap, since it became increasingly apparent that capitalism was not about to be transcended. What was in prospect, in Blum’s terminology, was the *exercice du pouvoir*, which amounted to a theoretical justification for the socialist management of capitalism. The final goal, already relegated to a distant future, was now completely off the agenda. Rocard and Jospin, amongst others, presaged this significant shift in French Socialist eschatology. Jospin’s unanimous 1987 Lille conference motion advanced the cause of a ‘secularised’ socialism;

“the Socialist movement is now more a movement towards socialism, cumulative reforms, and transformations of social relationships, attitudes and behaviours, rather than the quest for an end of History to progressively bring about new balances in a composite society, to organise new relationships between individual and state, between individual liberties and collective institutions, between private initiative and public intervention.” (quoted in Bergounioux & Grunberg 1992 : 452)

The 1980s, then, represented,

“a rupture with that utopian and messianistic mode of thought which revolved around the conquest of power. The Left came to power, managed the state. It saw what could be done, and what could not be done. It integrated the culture of government – some times a little too much – seeing governing as an end in itself. That was a break with the Left of protest and contestation which existed, both within the PS and beyond it.”²³

²² Interview with Jean-Christophe Cambadélis 25/9/97

²³ Interview with Jean-Christophe Cambadélis 25/9/97

*La Durée ou L'Identité*²⁴

“I believe that it is today considered natural for the Left to conquer power, and exercise it over a long period. This is, however, quite simply a major upheaval, even a revolution, in the history of our country.” *Pierre Mauroy*²⁵

“The French Left, unlike its British and Swedish counterparts, seemed branded by a certain fatalism. It only came to power rarely and briefly.” This same fatalism, Jospin argues, afflicted the Left in 1793, 1830, 1848, 1871, 1924, 1936 and 1945, giving birth to the myth of the Left’s economic incapability, and its incompatibility with any long-term power.²⁶ (Jospin 1991 : 57-58) Although in part due to the instability inherent in the constitutional arrangements of the day, there was another more deeply rooted reason. Traditionally, French Socialism developed programmes that were strong on doctrinal purity, but weaker on realistic policy prescriptions.

The party has always lived with a tension between maximalist aspirations of activists, such as Pivert’s *Gauche Revolutionnaire*, who proclaimed that ‘every is possible’; and ‘office holders’ on the other hand, more grounded at the municipal or other level in practical politics.²⁷ Today, nearly a quarter of the PS membership hold elected office.(Bergounioux & Grunberg 1992 : 478) As Weber observed earlier, the ‘*parti d’elus*’ status has always engendered a pragmatic approach to doctrine. Thus whilst, textually, doctrinal purity has never been in short supply, there has always been an approach to party texts which has tempered their impact. Yet the reluctance to sacrifice cherished ideological positions such as the 1970s triptych of ‘*nationalisation, planification, autogestion*’ in the interests of staying in power leads one to suspect that doctrine was never *purely* tactical. For all the tactical manoeuvring at the margins, doctrine nevertheless encapsulated a core of deeply held beliefs and values. Thus a tension exists, most noticeably encountered by the PS in the 1980s when translating their radical left-wing positions into governmental actions.

²⁴ The formulation is a chapter heading in Cambadelis’ book (1996).

²⁵ PS *Un Nouvel Horizon* 1992 p 16

²⁶ Mauroy reportedly said to Mitterrand at the G7 summit shortly before the June 1982 devaluation, “if we do not make these choices, we will be condemned to follow the same path as 1848 or 1936, where the Left does not govern over a long period.”(quoted in Cambadelis 1996 : 202)

²⁷ It was, Portelli argues, to allow peaceful co-existence of these conflicting impulses within the party that Blum theorised the distinction between the conquest and the exercise of power. This justified governmental action of a short term piecemeal nature, on the understanding that it was but preparing the conditions which would ultimately enable the realisation of the socialist transformation.(1992 : 30-32)

The decade after 1983 saw the return of a certain disjuncture between theory and practice. It is argued that the party was so caught up in the act of governing, that it could not 'digest' developments at the theoretical level; "The Parti socialiste experienced the constraints on governmental action without ever having theorised its change of direction in power."²⁸ The effects of the disjuncture on French Socialism in the 1980s was a lack of coherence;

"There is a longer line of causality, dating back to 1981. The coherence of French Socialism, resting on the triptych of '*planification, nationalisation, autogestion*' ran counter to reality, so as from 1982-3 there was no longer any coherence. The Arche [congress in 1991] was an initial attempt to rediscover coherence."²⁹

In order to paper over these cracks, Lionel Jospin advanced the theory of *la parenthese*. (Jospin 1991 : 19-20) This formulation enabled French Socialism to avoid the extremely problematic issue of reconciling its principles to the constraints of holding governmental office by conceptualising the 1983 U-turn as merely a pause³⁰ in its radical reformist trajectory.³¹

The failure of French Socialism to work out the relationship between doctrinal purity and the constraints of office was perpetuated by short-term tactical manoeuvres. Mitterrand actively avoided such theorisation, because of the far reaching implications of a shift towards a 'culture of government' would be bound to re-open the ideological cracks which the 'Mitterrandist majority' concealed.³² Mitterrand also did not believe such a theorisation was necessary, since doctrine was always a means to the end of governmental office. Thus there was never any doubt about whether doctrinal sacrifices would be made in the interests of retaining political power. As Bergounioux & Grunberg observe, "for Mitterrand, the traditional distinction between the conquest and exercise of power had no meaning... he thus buried the 'Blumian' distinction between the conquest and exercise of power."(1992 : 266-7)

²⁸ Interview with Jean-Christophe Cambadélis 25/9/97

²⁹ Interview with Alain Bergounioux 18/9/97

³⁰ As with Morrison's 'consolidation', the propagators of the idea were careful not to address the question of when the time might be ripe for further advances to be made.

³¹ Delors referred to a 'pause' in the reform programme, which, since it recalled the terminology of the Blum government's U-turn in 1937, was perhaps more appropriate.

³² See later.

Jospin's theory of parenthesis was born out of expediency, but could not provide the foundations for Socialist ideological identity in the years ahead. Even for a party so accustomed to the pragmatic employment of doctrine, the concept was too flimsy – not to mention blatantly at variance with present or likely future governmental action. Cambadelis observes;

“we did not integrate into our thought the fact that Francois Mitterrand implanted ‘*la durée*’ into the Parti Socialiste. ... (thus) ‘*La durée*’ was integrated into the party to the detriment of its identity, we did not theorise our passage into government, and were thus unable to explain our actions to our electorate. ‘*La durée*’ became an end in itself.”³³

This view is shared by Moscovici, who insists that, “power is not a political project”, and elsewhere “power, but what for?” (Moscovici 1994) Such observations, offered by the new generation of Socialist elite, indicate that the tension between ideological purity and governmental reality has not disappeared. Nor were such tensions resolved easily in the period following the U-turn, as Perrineau's survey of conference participant's attitudes shows;

“The conferences of the 1980s were characterised by a slow and difficult change in the ideological orientations of Socialist militants. The birth of a culture of government was laborious. The old orientations had difficulty dying, whilst the new choices had difficulty being born.” (Perrineau 1992 : 227)

The PS and Europe

Governmental experience also profoundly affected the relationship between the PS and its European context. The role of Europe within PS ideology has been as a harbinger of modernisation, but also as a prime export zone for the specifically French path to modernity. This view is in keeping with Mitterrand's European approach.³⁴ However, the advancing process of European integration challenged traditional French assumptions of indivisible national sovereignty which underpinned that approach. The 1946 and 1969 declarations of principles both stated that, “the PS is at once both national and international.” In 1946, this was justified, “because the laws of the economy have taken on a universal character.” In 1969, the justification was, “the

³³ Interview with Jean-Christophe Cambadelis 25/9/97

³⁴ As Cole puts it, “Europe was viewed by Mitterrand in gallic tradition, where French interests were regarded as inseparable from those of Europe itself. Europe was perceived as a surrogate nation-state, the vehicle through which the French genius could manifest itself, for the benefit of the other peoples of Europe.” (1997 : 150)

country is but a fraction of the whole of humanity; because relations between peoples have taken on a universal character.”(Bergounioux 1999 : 94-99)

In the wake of the 1983 U-turn, and the Fontainebleau summit which saw the process of European integration being actively pursued with a renewed vigour by Mitterrand, the PS’s internationalism had undergone a thorough Europeanisation.(see chapter 6) This Europeanisation entailed a realisation that France is an integral part of the EC, and given the degree of interdependence of the European economies, the French nation state must be conceived as intrinsically and increasingly part of a greater European whole.

President Mitterrand’s lead on Europe was seen by some in the party as a means of filling the ‘gap’ left by the end of transcendental rhetoric and the impact of governing constraints on maximalist programmes. Within the party as a whole, many realised that Jospin’s *parenthese* would at the very least be a protracted one, leaving the PS, ideologically, in a state of flux. The party needed to regain its sense of engagement in *la transformation sociale*, and rediscover some doctrinal and programmatic coherence. Many saw advancing European construction as an appropriately large scale reformist project to substitute for the policies of *Projet Socialiste*.³⁵

By 1990, it was deemed necessary to rewrite the declaration of principles³⁶ adopted in 1969 – which was considered too heavily predicated on autonomous action at the national level to correspond to the changed realities of the international context. In the most significant evolution since 1969, the corresponding passage in the 1990 declaration reads;

“the PS situates itself with a national and international context ... the PS has chosen Europe in order to give the nations which comprise it the means to confront the challenges of the future ... the PS is attached to the acceleration of the process of European construction in all its dimensions: political, economic and

³⁵ Quite apart from, this, the party really did not have much choice, as opposition to a policy so publicly championed by ‘its’ president would have left the party very isolated. Thus, as Cole notes, “once the PS had officially accepted the turning point implied by March 1983, it was virtually condemned to follow the President of the Republic on all related issues; this was expressed notably, for example, by PS support for the Single European Act in 1986, notwithstanding severe misgivings from sections of the party.”(1996 : 74)

³⁶ The commission which spent the 2 months prior to the Rennes conference deliberating over the rewrite at Mauroy’s behest contained representatives of every *courant* presenting a motion at Rennes. It is testament to the degree of commitment to European integration that, prior to the most divided congress in the history of the party, only Chevenement (see later) chose to fight the internal battle on the battleground of Europe.

social.” (Bergounioux 1999 : 101)

The corollaries of the commitment to European integration are of fundamental importance. It was simply unreasonable to expect every European nation state to sign up to the PS triptych of the 1970s, ‘*nationalisation, planification, autogestion.*’ The commitment to European integration was a recognition that, for all Jospin’s talk of parenthesis, the ideas espoused by the PS in the 1970s were no longer on the agenda. We will explore the wider implications of this for PS ideology later.

The PS in the 1980s and 1990s – Constituent Elements of its Ideological Identity

Mindful of all the methodological pitfalls outlined earlier, we shall now attempt to map out the ideological identity of the party in recent times. For all the reasons cited above, this will be an imperfectly executed exercise. Our ‘building blocks’ must be the *courants*, but we have seen how these do not perfectly translate ideological identity. Furthermore, recent developments have led to a waning of the role of *courants* in the articulation of distinctive ideological positions. Moscovici describes the ideological ‘softening’ of the party in the 1980s and 1990s, identifying the difficulty the party has had in maintaining a creative tension between the different *courants*. The reason, he argues, is to be sought in the party’s incapacity to rediscover an ideological dynamism.(1994 : 89)

The point is a valid one. During the heyday of the *courants* in the 1970s, the range of ideological positions defended by the party was amply wide enough to nourish a number of competing *courants* – without their treading on each other’s toes. In the 1980s, the realms of the possible were reined in by governmental experience, and the ‘secularisation’ of French socialism. With, at the Arche congress of 1991, the acceptance of capitalism and the market economy as the ‘new horizon’ beyond which socialist doctrine may not look, the coherence of PS ideology was, as we saw earlier, undermined. Thus the ideological space occupied by the *courants* narrowed considerably, and the clarity of their ideological positions reduced. As Jean-Paul Huchon puts it, “the ‘two cultures’ continue to exist, but they are less and less removed

from one another, because the culture of government prevailed.”³⁷

The Arche text codifies this sentiment thus, “with the exercise of power, the PS has abandoned the strategy of rupture in favour of a culture of reform.”³⁸ With the resultant convergence on more modest positions, distinctive self-definition by any ‘*sensibilité*’ has declined. This development has been compounded by a changing tactical context of intra-party factionalism outlined in chapter 3.³⁹ As Cambadelis pointed out earlier, the sharp ideological distinctions between *courants* have given way to a centring on leading individuals. The evolution of the party’s publications reflects this shift. The *Popereniste Mutin* laments;

“Before 1981, there was a burgeoning of ideas, a proliferation of debate within the PS. The *courants* had their own theoretical periodicals; there was ‘*Reperes*’ for the CERES, ‘*Faire*’ for the Rocardians These were published regularly, and contained fundamental debates. Now, all we have is a sorry little weekly called ‘*L’Hebdo des Socialistes*’. There is nothing in it! It is pathetic! Pathetic!”⁴⁰

The consensual orthodoxy within today’s party, and the official insistence that the *courants* no longer exist, makes it difficult to identify the constituent elements of today’s PS. The Party can only really be divided up if one looks to *historical allegiances*. The Mitterrandist camp has split, essentially between Fabius and Jospin. Smaller groupings, around Mermaz, and until recently Emmanuelli, are also identifiable. The ex-Rocardians, retain a certain coherence. Some argue that Martine Aubry now commands the support once ‘belonging’ to Pierre Mauroy,⁴¹ to this we may reasonably assume, can be added the support of Delors followers.⁴² All these figures, as well as heavyweights are prepared to operate under the ideological umbrella of the ‘*ligne majoritaire*’, to cohere around that ‘pole of stability.’ Their different inflections and emphases are only sufficiently distinct to merit them being referred to as ‘*sensibilités*’, not ‘*courants*’ – an important distinction in internal parlance.⁴³

³⁷ Interview with Jean-Paul Huchon 29/9/97

³⁸ *Le Poing et la Rose* no. 135 Janvier 1992 p.39

³⁹ Perhaps most important was the return to a consensual approach to conferences, first practiced at Grenoble in 1973, whereby the main ‘*sensibilités*’ synthesise their general political statement *before* the conference, presenting a single ‘motion’ which is guaranteed between 80 and 90% of the vote.

⁴⁰ Interview with Marie-Therese Mutin 23/9/97. In 1999, it should be noted, the PS started a new ideas-oriented publication, *La Revue Socialiste*.

⁴¹ Interview with Jean-Marcel Bichat 21/11/97

⁴² Aubry has risen to prominence in the post-Rennes era, and therefore strictly speaking has never constituted her own *courant*, since she has never been first signatory of a motion at conference. Her following is thus difficult to measure. Such problems are, however, not central to our concern here.

⁴³ See chapter 3 for a discussion of the semantic relevance of the various tags.

In terms of authentic *courants*, who continue to present motions and affirm their ideological distinctness within the party, there remains only the rump Poperen *courant* and the *Gauche socialiste*. To this might be added the small group of Blairites, led by Edith Cresson and Jean-Marie Bockel, who presented a ‘contribution’⁴⁴ at Brest. Thus we may split our discussion of the constituent elements of the party’s current ideological identity into two sections. Firstly, the ‘historical allegiances’, the ‘*sensibilités*’ which today co-exist *within* the ‘*ligne majoritaire*’, at the expense of some of their internal coherence and ideological distinctness. Secondly, we can identify the ideological outliers, for the most part still authentic *courants*, who have retained a critical distance from the positions of today’s ‘*ligne majoritaire*’.

The Historical Allegiances: The Rocardians

The Rocardian *courant* retains some traits of its most recent ancestor, the PSU.⁴⁵ In the 1960s, their ‘modernist’ branch sought, in the spirit of Pierre Mendes-France’s pragmatic, technocratic and efficient Socialism coupled with sound economic management, to combat the stranglehold of the PCF. To this was added something akin to participative liberalism through democratisation of decision making and employee participation in the workplace. They placed great emphasis on the role of negotiation and contractual relationships in balancing social and economic power. This is why Rocard describes his *modus operandi* as “the method of social democracy working for the values of Socialism.” (1987 : 315-6)

A certain libertarianism underpins the Rocardian’s limited decentralising anti-statism, as well as the emphasis on individuality and the role of the market. In the Rocardian view of society, the Jacobin statist strategy is an inappropriate mode of change. For Rocard, the state is not the exclusive instrument of social transformation. “Socialism ... aims for the recognition of civil society as a specific field of political action, distinct from the

⁴⁴ Like a motion, but not voted on, and therefore carrying less weight and symbolic significance. Mermaz also presented his own ‘contribution’.

⁴⁵ The PSU, due no doubt in part to its ‘social democratic’ method, was well supported amongst unionists, particularly the CFDT. It also attracted left-wing Catholics (never welcomed in the old anti-clerical SFIO), and all these components had their impact on its ideas. Hence Hazareesingh’s insistence on the importance of the ‘social Catholicist tradition’ to the ideas of the ‘*deuxième gauche*’.(1994 : 220)

state.” (Rocard 1986) Liberty for Rocard included freedom of the consumer and accepted the existence of the market. The idea of democracy was extended to embrace the economic field, finding expression through participation and negotiation in the workplace. This rehabilitation of the market was a subtle attempt at redefinition of Socialist values, which Rocard sought to write into the Party’s declaration of principles.⁴⁶ An unchanging reference was solidarity, which remained a key theme despite the commitment to economic efficiency and competitiveness, and sets clear limits on the individualism which more liberal elements in Rocardian thought might promote.

This method and these values feed into a new balance between the state and the market which form the core of the Rocardian ideological position;

“Socialism today must be able to redefine the role of the state and ensure its enhanced efficiency, not as a producer, but as a regulator of economic and social life, and favours the autonomy and initiative of the social partners. Less regulations, more negotiations; fewer laws, more contracts; less state tutelage, more conferring of responsibilities; that is the balance to be sought if we are to combine modernisation and solidarity.” (quoted in Bergounioux & Grunberg 1992 : 446)

Rocardians shared in the anti-capitalism traditional to French Socialism, but the form it took differed significantly. Within the Rocardian universe, anti-capitalism is a *moral* not an *economic* argument.⁴⁷ For Rocard, the market was not inherently bad, indeed, it was an essential element in any justly ordered society. In the Rocardian view, recognition of the role to be played by market was not incompatible with the dual desires for planning and the reduction of inequalities. The rehabilitation of the market represents Rocardian socialism’s most significant contribution, and Rocardians saw themselves as the harbingers of modernity blessed with a healthy dose of realism. Developments once in office did little to dissuade Rocardians of their convictions about ‘economic realism’ and their role as the enlightened modernisers. With more than a hint of ‘I told you so’, Rocard’s motion at the Toulouse conference of 1985 read, “My conviction is that we would not have suffered such failings if they had not been sustained by a disjuncture

⁴⁶ *Le Monde* 20/6/86

⁴⁷ In this sense it has a certain resonance with New Labour’s attempt to reclaim the ‘ethical socialist’ heritage of Tawney, extracting from the ethical socialist canon only the moral dimensions of the arguments, and drawing a discrete veil over the economic framework which underpinned the argument.

between our discourse and our actions.”⁴⁸ Indeed, Jospin went so far as to admit that Rocard was right.(1991 : 101)

The Mitterrandists

The Rocardians, however, did not have free rein to effect this rehabilitation of the market. The process of ideological evolution which began after 1983 took place within fairly tightly limited boundaries- constraints imposed by the internal balance of forces within the party. As Rocard remained a minority force within the party, the attitude of Mitterrandists towards doctrinal change was a crucial determining factor. Yet the Mitterrandist majority, consolidated at Metz, was not a monolithic block. Bell & Criddle correctly identify the ‘Mitterrandists’ as “a constellation of mini-currents, some closer to the throne than others...a heterogeneous collection of social democrats, marxists, technocrats, and *arrivistes* around an inner core of *mitterrandistes de foi*.”(1988 : 229) These distinctive bodies, however, all orbit around a pole some way to the left of the Rocardians. The attachment to what Portelli calls “statist republicanism,” prioritising egalitarian state intervention, is strong.(1992 : 90) The final text at Metz thus proclaims, “our objective is not to modernise capitalism, but to replace it with socialism”, to this end, “a break with the all-powerfulness of the market and its logic of profit will begin the transition.”⁴⁹ Such pronouncements are firmly within the anti-capitalist tradition within French Socialist rhetoric which today looks somewhat surpassed by events.

In the 1970s, Mitterrand’s allies had cohered around the triptych ‘*autogestion, planification, nationalisation*’. In the 1980s, as all three elements of its rallying cry decreased in importance in governmental strategy, the Mitterrandist *courant* lost its coherence. To attempt to find a new coherence, based on a new ideological cement, would have been an extremely challenging task with little prospect of success. As Chevenement’s resignation in 1983 proved, the ideological cracks in the original grouping were beginning to appear as a result of the U-turn which some referred to as ‘*notre Bad Godesburg*’.⁵⁰ Instead, Mitterrand chose the path of ambiguity as the best

⁴⁸ *Le Poing et la Rose* no. 112 May 1985 p.8

⁴⁹ *Le Poing et la Rose* Text of the Metz Congress, February 1979.

⁵⁰ Emmanuelli & Chevenement *PS Info* no. 544 May 1993

means of keeping the internal coalition together.⁵¹

In the mid-to-late 1980s, the fault lines were beginning to emerge close to the core of the Mitterrandist *courant*. These were to change the landscape in the aftermath of Rennes. Fabius, on the one hand, embraced ‘modernisation’ with all the zeal of a convert, just four years after having proclaimed “between the state and the market, there is the plan” at Metz. Jospin, although principally concerned as first secretary with the unity of the Mitterrandist majority,⁵² remained more firmly rooted on the left. As Friend observes, “there remained on Jospin’s part a dislike of the way Fabius had adapted so easily from the Left-wing rhetoric of 1979 to the cool moderation of 1983 and after.”(Friend 1997 : 152)

The ideological distinctions between Jospin and Fabius should not be overstated. As a prominent Fabiusien, Weber is well placed to observe that, “the principle cleavage which opposed Jospin and Fabius is the leadership of the Movement. There may have been disagreements on one or two issues, but these were minor – it was not for no reason that they were in the same *courant* for years.”⁵³ Rocard’s lieutenant Huchon is dismissive, “if you are able to tell me what distinguishes Jospin and Fabius at the ideological level – you are doing well!”⁵⁴ Those hostile to Fabius draw a distinction in terms of method and approach to the institutions of the party, seeing in Fabius a certain aristocratic air or ‘*notablisme*’, who merely makes use of the party, whereas Jospin is portrayed as more a man of the party.

The Ideological Outliers : *The Poperenistes*

Poperen’s *courant* was recognised as the only one to remain untainted by the thirst for power, and to continue to function as a genuine ‘*courant de pensée*’ on the model established in the 1970s. The *Poperenistes* remain an authentic *courant* within the party, continuing to present motions, offering a leftist critique of the majority line, for

⁵¹ This was justified doctrinally through the extraordinary expediency of the theory of ‘parenthesis’. This averted the explicit reformulation of doctrine, which would have driven apart more of his allies than it united.

⁵² see Bergounioux & Grunberg 1992 p. 450-452

⁵³ Interview with Henri Weber 29/9/97

⁵⁴ Interview with Jean-Paul Huchon 29/9/97

vote at conference. Their support is marginal (between 5 and 10% of conference votes). Poperen remained to the left of the Mitterrandist pole, their *Nouveau Monde* and *Synthese Flash*⁵⁵ publications still dominated by Marxist analytical categories. He was an ideological instigator, offering widely embraced concepts, such as the '*front de classe*'. At the 1981 Valence Congress;

“Jean Poperen ensured that the idea of compromise was written into the [unanimous] motion. The compromise between social forces and the *patronat* ... Poperen defended the idea that there should be a compromise, but that the party itself ought to organise balance of power.”⁵⁶

Right up until his death in 1997, Jean Poperen remained a respected and valued thinker in the party, continuing to campaign for an explicit compromise between social forces. Poperen's core idea was that concessions made to the *Patronat* in terms of subsidies, wage de-indexation, and state aids, should only be granted in return for social concessions for the workforce, secured through the co-ordinated action of the PS, unions, and groups representing the unemployed and socially excluded. Mutin regrets that, for all the 'favours' granted to the *Patronat* in the 1980s and early 1990s;

“we never demanded anything in return ... We did not rely on, or mobilise, the *mouvement social*, we never created a balance of power *within* enterprises to oblige the *Patronat* to make concessions ... we succumbed to economic constraints, but we never created a balance of power to oblige the *Patronat* to succumb to the social constraints.”⁵⁷

Popperen's enduring critique of the PS evolution since 1981 was that the PS, “was more interested in adapting to liberalism than combatting it.”⁵⁸ Accordingly, the Poperenistes' critiques were particularly sharp on issues such as the PS mainstream's 'accommodation' with the flexibilisation of the labour market, and the excessively 'liberal' character of the European project. With Poperen himself gone, it remains seen whether Marie-Therese Mutin can retain the coherence and energy the *courant* displayed in years gone by.⁵⁹

⁵⁵ Replaced more recently by *Vu de Gauche*.

⁵⁶ Interview with Marie-Therese Mutin 23/9/97

⁵⁷ Interview with Marie Therese Mutin 23/9/97

⁵⁸ Interview with Marie-Therese Mutin 23/9/97

⁵⁹ Their proximity, in terms of fundamental principles, to the *Gauche Socialiste* has led to speculation about a merger. So far, all approaches from the *Gauche Socialiste* have been rebuffed, not because of fundamental doctrinal diversity, but more out respect for the memory of Poperen - Interview with Jean-Luc Melenchon 29/9/97

La Gauche Socialiste

Established in the early 1990s, the *Gauche Socialiste* is an authentic *courant*, presenting motions at conference, offering a Left-wing critique of the *ligne majoritaire*. As a minority *courant*, the *Gauche Socialiste* cannot take their critique very far, but they remain a thorn in the side of the *ligne majoritaire*'s ideological configuration. The *Gauche Socialiste* has representatives on the party's executive bodies, including respected figures such as Jean-Luc Melenchon, who stood against Hollande at Brest for the post of first secretary, and achieves on average a little over 10% of conference votes.⁶⁰ The *Gauche Socialiste* sees itself as continuing the '*première gauche*' tradition, affirming the concepts of 'rupture' and 'contestation' against social democratic 'accompagnement' of, and 'adaptation' to liberalism. Accordingly, idea of bottom-up protest, such as the '*mouvement sociale*' embodied in the December 1995 strikes in protest at the Juppé plan, are important to its political outlook.⁶¹ These concepts are couched in a Republican discourse, defending "a conception of the PS profoundly linked to the republican identity. The Republican dimension being directly linked to the French identity and to the revolutionary spirit of 1789."⁶²

La Gauche Socialiste claims to be the true legatees of Jaurès within the party. His concept of the *République Sociale* is central to their discourse. Their Brest motion advocates, "the *République sociale* that we want to set up in opposition to the liberal disorder which is corrupting the ordinary lives of French people." The *Gauche Socialiste*'s critique of the PS mainstream is couched in terms of Jaurès' urge to complete the republican project through instituting thorough-going social and economic equality. The harbinger of such equality should, it is argued, be the state, "the Left must affirm that the State need make no excuses for its existence, that public servants are not too numerous, and that public administration deserve better than to be denounced as

⁶⁰ The *Gauche Socialiste* amendment at the March 1996 convention was voted for by 40% of party members. This episode supports one of the *Gauche Socialiste*'s claims, namely that they speak for the 'real voice' of the militants. Melenchon observes of the *Etats Généreux*, "instead of being a demonstration of a pacified party, appeased and convinced of the most moderate reformist theories, it was quite the opposite which appeared. That is to say, a party very firmly anchored on the Left." Interview with Jean-Luc Melenchon 29/9/97

⁶¹ Interview with Harlem Desir 22/11/97

⁶² Interview with Jean-Luc Melenchon 29/9/97

inefficient, prehistoric monsters.” *La Gauche Socialiste* calls for more audacious activism on almost all economic and social fronts, but particular emphasis is placed on fiscal redistribution, underpinned by, “a refusal to abandon the principle of *égalité* in favour of the concept of *équité*.”(see later) The entire discourse is articulated in terms of the need to resist, “cultural submission to the anglo-saxon model towards which neo-liberal globalisation pushes us on all fronts.”⁶³

***La Troisième Gauche* ⁶⁴ - The Blairites**

“Our Labour friends, under Tony Blair, have shown us the way”⁶⁵ proclaims the contribution of Bockel and Cresson at the Brest Congress. At present, the *Troisième Gauche* represent a tiny minority within the party, and choose not to present a distinct ‘motion’ to conference.⁶⁶ Bockel classifies the last 30 years of the PS’s history as a struggle between ‘archaics’ and ‘modernists,’ and regrettably notes the enduring influence of the former over Jospin’s *Réalisme de Gauche*. “The acceptance of the economic liberalism has never been ‘swallowed’ ideologically ... the Socialists have never dared recognise that, on question such as this, they have fundamentally changed.” The uneasy, ambiguous coexistence of ‘archaics’ and ‘modernists’ endures, and entails programmatic commitments which the party cannot deliver once in government.

Bockel’s call for ‘social liberalism’ is framed in terms of a rethinking of the nature of the PS’s engagement with globalisation;

“I want the party to clearly affirm a social-liberal line. That is to say, that we do not attempt to fight a rearguard action against globalisation of the economy, against the necessary flexibility which creates jobs. We should not be fighting premature and unsound battles in the issue of the length of the working week. Instead we should fight our battles on the issue of equality of opportunity,

⁶³ *La Gauche Socialiste* ‘Etat d’Urgence sociale – Pour Une Autre Cohérence’, Contribution at the Brest Congress.

⁶⁴ The Label comes from Bockel’s ‘La Troisième Gauche – Petit Manifeste Social Liberal’ (1999) Archer

⁶⁵ *L’Hebdo des Socialistes* no. 31 8/9/97 p. 21

⁶⁶ The *apparatchik* in Bockel sees the ‘war of succession’ (of Jospin) as already under way. A minister in the Fabius government on 1984-1986, he sees in Fabius the best hope for the triumph of the ‘modernists’; “The most modern speech, the most social-liberal speech I heard at the Brest congress (apart from mine) was that of Fabius.” That said, Bockel considers Fabius to be just as hamstrung by ideological ambiguity, “even he did not dare go too far, for fear either of putting himself in a position of competition [with the ligne majoritaire], or of cutting himself off from part of his following, which is firmly rooted in the ideology of the left.”- Interview with Jean-Marie Bockel 9/12/97. It is possible (although unlikely) that the centrifugal forces allied to Fabius’ partial marginalisation alluded to earlier could in time push him to rediscover his ‘modernising’ self of 1984-86, and embellish it with a Blairite air.

education, training, security, and a return to communitarian ideas of solidarity.”⁶⁷

Bockel calls for a ‘recentering’ of state activity. It is argued that “the state must profoundly change its relationship with the economic world”⁶⁸ becoming a ‘motor’ to encourage firms to create the jobs by reducing the taxation burden on firms to release the dynamism of market mechanisms. In tandem with this redefinition of the state’s role, Bockel talks enthusiastically of the need to re-conceptualise the Party’s core values. ‘*Égalité*’ is reformulated as ‘*équité*’, the significance of which we shall explore later.

PS Ideological Redefinition since 1995 – Réalisme de Gauche

Situating himself somewhat equivocally in the Mitterrandist tradition, Jospin recalls the commonalities in ideological outlook of the 70s and early 80s, citing “his more ‘volontariste’ economic approach, where politics was prioritised over economism, and where the social realm is conceived of as an asset to the economy, rather than an impediment on it.....as well as the importance he attached to the state.”(Jospin 1991 : 99) When Jospin comes to the enunciation of his core Socialist values in the 1990s, there is evolution, but only little;

“We must clearly restate our objectives; full employment, material well-being, the reduction of income inequalities, and more balanced international economic relations. For if we renounce these goals, we by the same stroke renounce socialism.”(1991 : 255)

In the 1990s, the residual influence of hostility between Jospin and Fabius finds expression not in ideological terms, but in the internal power-brokering within the party. “If one recalls the Rennes Congress [see chapter 3], one can see the alliance of the Rocardian and Jospinian forces ... and it is true that they now have a preponderant place in the government. Whereas the Fabiusians are more centred in parliament.”⁶⁹ This can be seen in the relative absence of Fabiusians from positions of influence within the party machine, and a virtual absence from ministerial positions.⁷⁰

⁶⁷ Interview with Jean-Marie Bockel 9/12/97

⁶⁸ Interview with Jean-Marie Bockel 9/12/97

⁶⁹ Interview with Louis Mermaz 1/10/97

⁷⁰ Claude Bartolone initially refused (although a year later accepted) a ministerial position, presumably fearing isolation as the only Fabiusian cabinet minister.(Dupin 1998 : 164)

The fact that within the 80% or so support which Jospin/Hollande command within the party, a 50% majority can normally be secured *without* relying on the support of Fabius suggests that this marginalisation may continue, potentially giving rise to sharper divisions, which may once more become ideological in character. That said, the ideological ‘space’ between Fabius and the *ligne majoritaire* is very small. As Mermaz admits, “in all honesty, and we [saw] it at the [Brest] Congress, if you look at Fabius’s text, and also that which I prepared myself, which is certainly a more left-wing text than Fabius’, yet all the texts resemble each other quite closely. We have all achieved the same synthesis.”⁷¹

Jospin’s presidential campaign document, *1995-2000 Propositions pour la France* proclaimed, “the values which inspire me are liberty, equality, solidarity, secularism and responsibility.”(1995 : 3) The programme set out in the document affirmed an activist role for the state, and the use of the ‘room to manoeuvre’;

“we must learn the lessons of the past, in order to instigate the reorientations of economic policy which today are necessary and possible without increasing public deficit, nor putting our currency, our external balances, or the competitiveness of our firms in peril...I reject the idea that the state is powerless, and believe that it should deploy all its capacities to aid job creation.”(1995 : 4-6)

Equality is a central theme of the Jospinian discourse. As former Education Minister, Jospin calls for, “a society of permanent equality of opportunity” (1995 : 19) Further to this equality of opportunity, is a commitment to reduce income inequality through fiscal measures such as the *Contribution Sociale Généralisée*.(see chapters 6&7) This highlights the convergence of the main *courants* on similar positions, since the CSG was a measure introduced by Rocard. In qualifying his admission that events after 1983 showed that Rocard was ‘right’ about economic policy, Jospin observes;

“it is not that there is nothing left of the debates on the economic and social order which opposed Rocardian and Mitterrandists in the 1980s. Differences and nuances remain – like a continuation of old and passionate discussions. But one is forced to observe that they are small beer.... let us not affirm differences which are no longer there, simply to show ourselves to be loyal to a past.”(1991 : 101)

It is this line which has allowed Jospin to present himself as the synthesis of the two cultures of the French Left, as he explicitly did in his speech to the Brest conference.

⁷¹ Interview with Louis Mermaz 1/10/97

Bergounioux recognises Jospin's achievement;

“Jospin, being at the same time a man coming from Mitterrandism, but, with the ‘*droit d’inventaire*’, remaining at arms length from Mitterrandism, was able to achieve the synthesis between the aims of the ‘*deuxième gauche*’ and classic Mitterrandism. He has those two elements, and today he governs like Rocard and talks like Mitterrand.”⁷²

Socialism and Republicanism

In a rhetorical ploy which tells us much about the character of Socialism in France, Jospin outlines his core values, qualifying them as not his *Socialist* values, but rather his *Republican* values.

“Liberty, equality of opportunity and rights for all, the impartiality of the state, secularism, security, and a fair balance between individual and collective interest, national solidarity between generations and regions. The French must convince themselves that our Republic's values retain their mobilising force.” (1995 : 41)

Hazareesingh identifies the ‘central tenets of Republican ideology’ as, “a basic commitment to the concepts of political liberty and equality of condition.”(1994 : 65) The importance of equality to French Socialism can trace its origins back to 1789. Within French Socialism, Jaurès' Republican thesis, which saw 1789 as only the first step towards a true republic, laying the *political* foundations, leaving French socialists the task of translating political *égalité* (before the law) into a more thorough-going social *égalité* (of condition). The role of the state, as the embodiment of the Republic, in this egalitarian mission was unquestioned, extending liberty, fraternity and equality from the political domain to the social and production spheres. Thus the egalitarian element in French socialism has always been couched in republican terms, with a resultant statist approach not just to equality of opportunity, but also to greater equality of material conditions. Within French socialism, *this* particular brand of Republicanism, seeing “the Republic as providing the political and legal framework within which the battle for greater equality and social justice could be conducted most effectively,”(Hazareesingh 1994: 74) has influenced attitudes towards the institutions of the French State.

This highlights an important structuring feature of French socialism. As Rey &

⁷² Interview with Alain Bergounioux 18/9/97

Subileau's research demonstrated, the '*culture republicaine*' is a fundamental organising frame of reference for French socialism.(1991) This accounts to a significant degree for the enduring faith in the state's interventionist role, and to the strength of attachment to equality as a core Socialist value. Furthermore, the importance of the Republican element in French Socialism has been bolstered in recent years by the demise of what was its most important rival element – namely Marxism. Republicanism thus compensates for the ideological 'deficit' resulting from the decline of Marxism.⁷³

Today, the values of equality, solidarity, co-operation, inclusion and '*l'interet general*' or public interest are embodied in the concept of '*service publique*', the equivalent of the ethos of the civil service. It is in terms of these cultural values, institutionalised in the French state, that Jospin couches his argument;

“The role of the state must be clarified, and we must re-institute the very idea of public service. The public service has an essential mission to combat social and territorial inequalities and to maintain social cohesion.”(1995 : 47)

Thus France's particular cultural and ideological heritage gives Socialists much greater licence to talk in terms of state egalitarianism than is the case in some other western nations. This national tolerance of state activism is compounded, at the party level, by the dominance in the ranks of schoolteachers and *fonctionnaires*, all sharing the deeply ingrained concept of '*le service publique*'. This is an important structuring feature of the party's identity. Indeed, Portelli argues, the statist, egalitarian ideology of the party does little more than, “comfort the *a priori* convictions of Socialists.”(1992 : 95)

The Ongoing Process Of Ideological Redefinition

To understand the ideological configuration of the French Socialist party today, we will examine three key debates which tell us much about the process and direction of ideological redefinition in progress. In each case, globalisation plays a crucial role as a catalyst for ideological redefinition. Firstly, we will examine the debate centring on the process of European integration. Secondly, we will explore the appropriate role of the state within society, and in particular in terms of economic strategy. Thirdly, we will look at the concepts of '*égalité*' and '*équité*' as the latter being seen by some as an

⁷³ The enduring influence of this Socialist republicanism is attested to by the writings of the *Gauche Socialiste courant*, who have once again taken up Jaurès' concept of '*La République sociale*'.

appropriate reformulation of the core values of French socialism.

Today's Key Debates : European Integration

“The commitment to deepen European construction is the guiding ‘red’ thread, which explains what the PS has done since 1983. The absolute priority of European integration to give back to the old nation states the economic means they are losing as a result of globalisation.” *Henri Weber*⁷⁴

The implications of the European commitment within the declaration of the core principles of the party (see above) should not be under-estimated. In terms of the ideological identity of social democracy, this called into question one of the fundamental characteristics, that of ‘methodological nationalism.’(see chapter 1) “Social democracy,” Rocard observes, “elaborated its politics essentially in terms of the internal development of economies ... [through] ‘national compromises’.”(1993 : 11) The strength of the European commitment in the PS thus entails a shift in emphasis, with the national project now being situated within a wider context. This commitment to realise social democratic aspirations at a European level also required those aspirations to evolve. There could be no return to *Changer la Vie* on a European scale. However, whilst European commitments foreclosed on certain ideological avenues, it opened up other potential paths of reformism.

Underpinning social democracy’s post-war national ‘successes’ was the Bretton Woods system of fixed exchange rates, which secured monetary stability. The 1983 U-turn had proved to the PS that the ‘methodological nationalism’ of social democracy was no longer wholly compatible with the international context. As Gauron notes, “that monetary stability, which Keynes considered to be an essential condition of prosperity, has given way to generalised instability.”(Gauron 1993 : 29) Rocard concurs, arguing that, “increased internationalisationand the globalisation of markets (and especially financial markets) ... means that national policies reciprocally condition each other. This is a major structural change which affects not only our economies, but creates the risk of conflicts of all kind which will difficult for national States to control.”(1993 : 11) In the absence of the Bretton Woods international context, (see chapters 1 & 6) “any economic

⁷⁴ Interview with Henri Weber 29/9/97

policy which seeks to combat unemployment at the national level is doomed to failure ... social democracy cannot rediscover its *raison d'être*.”(Gauron 1993 : 29)

Where unemployment *can*, however, be tackled, is at the supra-national level;

“It is thus the task of social democracy to carry on the political struggle within Europe in the two key dimensions of monetary and political union. ... social democracy must work with [liberals and conservatives], but social democracy has the clearly defined goal of recreating the space for a Keynesian economy.”(Rocard 1993 : 14)

The PS *ligne majoritaire*, then, accepts that globalisation makes the pursuit of Keynesian strategies in order to secure social democratic goals of full employment and redistribution at the national level extremely problematic. Yet it remains committed to Keynesianism as the best social democratic ‘strategic amalgam’ (Pierson 1995) so far elaborated, and thus seeks to recreate an economic space where Keynesian economic strategies may once more be reconciled to the international economic context. This encapsulates the rationale of the PS’s enthusiasm for European construction, for all its shortcomings.

The conviction is widely held that European integration offers the only viable ‘response’ to globalisation, and therefore the PS – and indeed all European social democrats, must engage fully in the process of European construction;

“The realisation dawned that national reformism in one country was no longer possible. This convinced many within the party elite, who were not *a priori* favourable to the European consensus, that there absolutely *had* to be an extension of Europe. These people became convinced that the only way that a Europe power could respond to globalisation was through European co-operation. Without that, there was no possible effective policy. This is what explains why, despite the difficulties, the reservations of public opinion, and despite internal cleavages within the Left, the majority of socialists have remained favourable to European construction. Their analysis of the process of globalisation accepts the necessity for the European nations to construct a regional power-bloc.”⁷⁵

By the time Jospin took the helm of the PS, that European commitment was ingrained in most of the party’s elite, members, and voters, and had seeped through into the party’s very ideological being. Indeed, Bergounioux observes that, “since 1984, and the Fontainebleau summit, the European project has been increasingly part of the PS’s

⁷⁵ Interview with Alain Bergounioux 18/9/97

identity.”(1999 : 103) One testament to the growing significance of the European dimension, and political activism at the EU level, within the PS is the propensity of all actors to situate their perceptions of the PS’s ideological configuration within a wider European context.⁷⁶

Manuel Valls situates a perceived convergence of European social democracy within the enlightenment tradition;

“there has been a modernisation, an adaptation, and a redefinition of a body of doctrine and ideas which brought the PS closer to the ‘norm’ of all the thinking of all the socialist or social democratic parties in Europe today. The pronouncements of southern social democrats, such as the PDS and the PSOE, even the German social democrats, shows clearly that there are commonalities – as well, of course, as difference attributable to national histories, or recent political history. But the fact of putting employment at the centre of the analysis, for example, which is one of the many positions we all share, [means that] yes, one can talk of an adaptation, a modernisation of doctrine.”⁷⁷

However, a commitment to European integration presents one of the dilemmas of the redefinition of social democracy. For whilst there is much European social democrats agree on, there are also points of divergence which hinder co-operation. What is more, although currently enjoying the fruits of electoral success, social democrats clearly do not have a monopoly on political power in their countries. Thus, “In order to implement their long term programme, Socialists need to construct *political* Europe, because Europe is henceforth the pertinent ‘space’ for a large social democratic policy. Yet in order to build Europe politically, they have to work with those holding office throughout the community: liberals, conservatives, and Christian democrats.” (Weber 1993 : 7)

For all the consensus within the *ligne majoritaire*, stark divisions remain over Europe, and the main angle of attack seeks to lay bare the effects of Anderson’s paradox; “The politics of a rational Left needs to be international in a new and more radical way today: global in its conclusions. But it has not yet ceased to be national in its conditions.”

⁷⁶ Both in texts and in interviews, PS ideology is considered in terms of its point of insertion into a European social democratic tradition. This point, as well as being made by all interviewees, is also insisted upon in an OURS publication where PS actors were invited to define democratic socialism in 1999. Hollande, Estier, Bergounioux *inter alia* were all at pains to situate the PS within a wider European context. Recherche Socialiste no. 7 (June 1999)

⁷⁷ Interview with Manuel Valls 23/9/97

(1991 : 351) Critics both inside and outside the party have sought to exploit the inconsistencies between the PS's doctrinal position and the Jospin government's European policy, and more generally the tension between the direction the PS believe Europe should take, and the nature of the actual process of European construction.

CERES, alias *Socialisme et République*, alias *Mouvement des Citoyens*

Chevenement's CERES, alias *Socialisme et République*, alias *Mouvement des Citoyens* have been the most outspoken and long standing opponents to the vision of European construction articulated by the PS mainstream. Ever since 1983, the key dividing axis between Chevenement and his followers and the majority within the PS was Europe. For Chevenement, socialism has always been intimately related to national independence, and the strident nationalism of his *courant* ultimately could not accept the erosion of national sovereignty which European integration represented.

Socialisme et République's objection to the 1990 declaration of principles was on the approach to Europe. Their amendment emphasised the national community, but made no mention of the European community. Indeed, Europe was an important catalyst which ultimately led Chevenement to leave the PS and create his own *Mouvement des Citoyens* party in 1992.⁷⁸ Chevenement's departure, was, of course, not purely motivated by ideological purity. His gamble was to attempt to tap into anti-European feeling of the kind which manifested itself in the considerable socialist 'no' vote in the Maastricht referendum.⁷⁹ The aim was to kick the PS when it was down, and walk away with a substantial section of its electorate. It was, in hindsight, a serious miscalculation, which mistook hostility to some of the specific provisions of Maastricht for a more deep-seated Euro-scepticism.⁸⁰

La Gauche Socialiste

⁷⁸ see *Vendredi* 9/10/92 for an account of Chevenement's dressing down by the *Comité Directeur* of September 25th 1992 for campaigning for a 'no' vote on the Maastricht treaty

⁷⁹ See Duhamel, O. & Grunberg, G. (1993)

⁸⁰ The depths of the failure of Chevenement's move became apparent: Chevenement's *Mouvement des Citoyens* could only muster 2.54% of the vote. This result was significant in demonstrating the pitfalls for any *courant* within the party of taking up anti-European positions in its criticisms of the *ligne majoritaire*.

The tension between the direction the PS believe Europe should take, and the nature of the actual process of European construction has become more pressing as the pace of integration has advanced. The increasing impact of European policy and institutions on French politics was dramatically demonstrated by the Juppé government's attempts at drastic welfare cuts, justified as necessary to meet the Maastricht criteria, which provoked the social unrest of the *Mouvement social*. Seizing the political opportunity, the *Gauche Socialiste* has sought to reignite the debate about European integration within the party. Melenchon, leader of the *Gauche Socialiste*, characterises the majority line on Europe as;

“Let us advance *political* Europe as far as possible, because as soon as we have created a balance of forces, we will create a social compromise (because this is no longer possible in one country). The method consisted of believing we could make numerous economic concessions, that is, accept and facilitate economic integration, giving it the characteristics that the liberals wanted, and that, in the end, in return, we would get political integration. Maastricht was the last compromise where both elements were present. Naturally, since then, it has all failed, the liberals have had the last laugh, as is testified by the Dublin pact and the Amsterdam summit.”⁸¹

The ‘failure’ relates to macroeconomic policy, industrial policy, and also labour market reform, where the ‘liberal’ European integration is seen as heralding an inexorable increase in flexibility and job insecurity. On a deeper level, Harlem Désir, views the accommodation with capitalism which Maastricht represents as an excessive concession to globalisation, which is seen as inherently neo-liberal;

“If we do not reject this monetarist dogma, there will be no support for a policy of reflation for jobs. The central bank acquires more and more budgetary and monetary power. If there is no political Europe in opposition to this central bank, and an Economic Government, capable of orienting economic policy, I do not believe this [jobs] summit will have any effect.”⁸²

The *Gauche Socialiste*'s critique of the *ligne majoritaire*'s European policy lays bare the difficulty the PS continues to have living with global capitalism. The *Gauche Socialiste* attacks the Jospin line on the grounds that the ‘room to manoeuvre’ of which *Réalisme de Gauche* makes so much has been inaccurately conceived, and that actually there is considerably more ‘slack’ in terms of scope for reformist activism than the Jospin government chooses to take up. The most important point made by the *Gauche*

⁸¹ Interview with Jean-Luc Melenchon 29/9/97

⁸² Interview with Harlem Désir 20/11/97

Socialiste in this regard is perhaps a not unreasonable one. Namely, that commitment to the single currency, and the stringent public spending and public deficit limits which it demands, hamstrings any socialist government. Even with sympathetic governments in most of the member states, there is little sign that EU-level social democratic activism is soon to become a reality. This dilemma is by no means unique to the PS, reflecting as it does the difficulty all social democratic governments have in reconciling national and supra-national goals. Nevertheless, it does demonstrate the degree to which ideological redefinition remains ‘work in progress’.

2 .The Role of the State

As we in saw chapter 1, the nation state has historically been of central importance in social democracy. This is especially true in the French case, where the republican, *etatiste* tradition identifies the French state as the harbinger of modernity, whose mission it has been to extend liberty, fraternity, and equality. However, the processes of globalisation have called into question the role of the nation state, and in particular state capacities of economic regulation and organisation. The ensuing process of redefinition has to some extent reflected different emphases on the role and ambit of the state of the different *ex-courants*. Fabius’ lieutenant, Claude Bartolone, sees the emergent vision of the state’s role as a victory for what Rocard would term the ‘*première gauche*’.

“In terms of ideas, Jospin has triumphed. The difference which endures between the Rocardians and the rest of the Socialist family – and the Mitterrandists in particular– is the role and conception of the state. Rocard’s vision seemed to me to attach less importance to the state, placing the emphasis on decentralisation of power and organisation. Jospin, whilst gathering the activist support of the Rocardians, imposed upon them a certain vision of the regulatory state, as the structuring feature of French society. It is Jospin’s vision which has been victorious in the heart of the party.”⁸³

This suggests that some in the party, particularly those with a historical allegiance to Rocard, are not entirely comfortable with the current role of the state within Socialist ideology. However, unquestioning acceptance of the ‘*deux cultures*’ thesis, as we have already seen, leads to a serious mis-reading of the contemporary situation. As a rhetorical exercise, Rocard invoked the ‘*deux cultures*’ to oppose his *courant* to the Mitterrandists. In the 20 years since his speech, not only have ideological divergences

⁸³ Interview with Claude Bartolone 11/12/97

between Rocardians and Mitterrandists reduced considerably, but ex-Rocardians and ex-Mitterrandists (or more accurately Jospinists) have begun working together to achieve ideological redefinition within the '*ligne majoritaire*'. (see Cambadelis 1996 : pp217-221) This is why Mauroy's lieutenant Le Garrec, amongst others, believes, "that (*deux cultures*) reading is no longer possible today."⁸⁴

Appreciative of the complex nature of French socialist ideology, Jean Le Garrec is less willing to talk in stark terms of victory and defeat, "a dominant political vision has progressively emerged. I think that that debate about the two cultures is behind us. That said, divergences can still remain. I think that the political *rapprochement* which has taken place (between Jospinistes and Rocardians) is at least in part linked to political opportunism." This is not to talk of triumph for Jospin, since Le Garrec insists that, "the talk of a more modest state – a cherished theme of the Rocardians – that is all to be found in Jospin's discourse."⁸⁵

It is difficult, however, to identify at any moment a fundamental shift in the role of the state in French Socialism. This is perhaps because there has been a gradual process of evolution ever since Mitterrand embraced the concept of '*l'économie mixte*'. For example the Bordeaux conference text talked of the need for a modern state;

"In a mixed, open and highly competitive economy, the state can contribute to strengthening the productive system through innovation, training, and research. The state must be capable of launching programmes linking public and private sector, research and industry. The state must expand its strategic role."⁸⁶

Although the French state is traditionally held up as a model of a 'developmental' state, these statements are more in line with the conception of the state as an 'enabler.' According to this model the state takes care of certain externalities, and secures a number of 'public goods', but in general tends not to be actively interventionist.

Indeed, one can see elements of this kind of thinking gaining ground with respect to some aspects of state activity. The state's role in the economy is increasingly seen as that of a facilitator of the strategic restructuring of the French model of capitalism in the

⁸⁴ Interview with Jean Le Garrec 16/12/97

⁸⁵ Interview with Jean Le Garrec 16/12/97

⁸⁶ *Vendredi* no. 145 (28/5/92)

face of advancing processes of globalisation.⁸⁷ A somewhat rhetorical theoretical distinction is made between the ‘competitive’ and ‘non-competitive’ sectors, with health, education and other such areas of public service provision defended as untouchable ‘real public services’. However, in the competitive sector, the state’s role involves forging strategic alliances, often at the European level, through the ‘opening up’ of French public firms to investment from European competitors.(see chapter 6)

A prime example being the partial privatisation of companies such as France Telecom, EDF and Aerospatiale – where the public/private link, and introduction of capital from other European firms, has been actively encouraged. Similar thinking arguably underpins the state’s role in recent moves to reorganise French banking around *Paribas*.⁸⁸ In interview, many actors referred to a ‘leaner,’ ‘more supple,’ ‘strategic’ state.(see chapter 6) The Rocardian Marisol Touraine sees the state’s role as;

“defining the initiatives at the level of the state, but leaving to economic actors themselves to define in concrete terms, locally, the mechanisms. I think we are progressively moving towards a disengagement of the state as a primary economic actor, and I believe the evolution is irreversible.”⁸⁹

As the distinction referred to above suggests, the idea of the ‘enabling state’ has enjoyed only partial acceptance. This is attested to by the conception of the mixed economy voted, this time under Rocard⁹⁰, at Bourget in 1993.

“Socialists recognise, in certain domains, the dynamism and the efficiency of the market economy, they believe in the mixed economy, that is, a market economy framed by the intervention of public power.”⁹¹

There are limits to the acceptance of the ‘enabling’ (*etat stratege*) model. This is principally because suspicion of the market, and indeed capitalism, still runs very deep. Thus whilst prepared to embrace the role of the market in many aspects of economic activity, the text of the Bourget conference offers a caveat. “What distinguishes the left from the right is not the refusal of market mechanisms, but the refusal to abandon ourselves to their inhuman logic.”⁹²

⁸⁷ Interview with Louis Mermaz 1/10/97; Interview with Claude Estier 19/9/97

⁸⁸ See Dominic Moisi in *Financial Times* 23/8/99

⁸⁹ Interview with Marisol Touraine 25/11/97

⁹⁰ The fact that under Rocard’s tutelage, the party moves in a direction he himself did not personally favour is testament to the weakness of his grip on the party, a point insisted upon by his lieutenant Jean-Paul Huchon in interview (29/9/97)

⁹¹ *Vendredi* no. 196 (1/9/93)

⁹² *Vendredi* no. 212 (17/12/1993)

As a counterweight to the market, and couched in terms of the Republican discourse referred to above, the deeply ingrained concept of '*le puissance publique*' is evoked. Consequently, party texts have been careful to insist upon the possibility and necessity of state activism, particularly in the economic field. (see chapters 6&7) The activist, regulatory and redistributive role of the state was then codified at the party's national convention on 'Globalisation, Europe, and France's place in the World' in March 1996. This clearly placed the state at the heart of a strategy seeking to secure Socialism's core values. The activist, regulatory state role attempts to compensate for the fact that, at the national level, Keynesian full employment policies are no longer viable. Thus the state not only co-ordinates and orchestrates a reduction in the working week to 35 hours, but also engages in an active employment drive. These elements compose an ensemble which is characterised as the French 'model' "founded upon competitiveness within a context of social justice and equality", distinct not only from the Anglo-Saxon but also from the Rhenish model of capitalism.⁹³

3: Egalitarianism and French Socialism

The state of flux of French Socialist ideology is perhaps nowhere more apparent than in the nature of its egalitarianism. The new international economic context had made the socialists painfully aware of the limits of the possible. From every corner, political projects were founded on the assumption that international competitiveness was a necessary precursor to socialist advance. This brought the tension between economic efficiency and social justice into sharp relief. The egalitarian commitments of the PS have thus had to be re-evaluated. Pursuing Socialist policies in an open economy in the late twentieth century in a context of the advancing processes of globalisation has been shown to be an extremely difficult task.⁹⁴

As with Employment (see chapter 6) the PS increasingly articulates its egalitarianism on two levels. On the one hand, *domestically*, there is a commitment to shift the distribution of added value away from capital and towards labour, and to combat social exclusion through a range of benefits and fiscal activism. On the other hand, there is a

⁹³ *Vendredi* 276 8/3/96

⁹⁴ see Muet & Fontenau (1985)

commitment to a more thorough-going construction of '*l'Europe sociale*', with the social chapter of Maastricht seen as but the first step in ratcheting up social standards, and strengthening an inclusive, egalitarian European social model.(see chapter 7) It is for this reason that one of the PS's priorities in terms of egalitarianism is securing commitment to EU-level fiscal harmonisation, which in the case of nations such as Luxembourg and to a lesser extent Britain, is seen as necessarily involving a levelling up.⁹⁵

Such moves are clearly long-term, and dependent upon agreement of all the European partners in the absence of qualified majority voting. At the national level, egalitarian commitments are tempered by the realisation of the limited realms of the possible in terms of macro policy. Here, the limits upon the Keynesian approach of the PS come to the fore. Whilst the Keynesian paradigm continues to influence PS thinking in terms of a need to improve spending power of lower and non-earners, this must be put into the context of the acceptance that traditional Keynesian solutions are not possible.(see chapter 6)

This, then, is the dilemma facing social democratic governments in the contemporary international economic context. The degree of fiscal conservatism which all governments feel constrained to display threatens to limit egalitarian and redistributive commitments. At the level of the core values of French socialism, the term '*équité*' involves a partial shift which recognises this dilemma. As one of the core values of the French Republic, '*égalité*' has since the revolution had a much more prominent place in French public life than equality in some other European nations. Within French Socialism, it was at the heart of Jaurès' conception of a *République Sociale*. Due to the competing nature of claims to social justice and economic efficiency in the international economic context of the 1980s and 1990s, commitments to such thorough-going equality could only be spurious. To effect such levels of equality presupposed capacities of state intervention and influence of the economy which even the historically *dirigiste* French state no longer possessed (if indeed it ever had).

⁹⁵ Some of the PS's most hostile assaults on European partners are launched over issues of 'social dumping', when production shifts from French plants to other European nations where social protection standards for workers, and taxation on capital are lower, as happened with Hoover's move to Scotland.

Instead, the idea of ‘*égalité*’ at the core of late twentieth century French socialism was much closer to the idea of complete equality of rights and opportunities rather than equality of outcomes. Many key actors, often of Rocardian origins, now use the word ‘*équité*’ instead of the traditional ‘*égalité*’. This is not just a semantic point or a linguistic triviality. *La Gauche Socialiste* see this development as a watering down of French Socialism’s traditional anti-capitalism. In typically stark terms, *La Gauche Socialiste* frames the problematic in terms of a choice between two possible coherent approaches, “the accompaniment of neoliberal globalisation or action to reverse this trend.”⁹⁶ The former entails convergence on an, “anglo-saxon model towards which neo-liberal globalisation pushes us on all fronts.” In ideological terms, the latter involves, “a refusal to abandon the principle of equality in favour of the concept of equity ... we see starting in the party discussions about the concept of ‘*équité*’, as opposed to ‘*égalité*’. The concept of *égalité* is a Republican concept, whereas the concept of *équité* is an anglo-saxon invention, and perfectly pernicious.”⁹⁷ Yet as we saw earlier, such terminology is enthusiastically advocated by the small minority of Blairites à la française, Jean-Marie Bockel’s *Troisième Gauche*.

The *ligne majoritaire* picks a path between these two positions. Cambadélis seeks to re-articulate the PS’s egalitarianism through a return to first principles. Socialist identity today, he argues,

“is less the goal of a socialism which will once more put the whole of human progress on its feet, but rather it is a tension against liberalism.... The idea is to substitute the ideology of a rupture with the dominant system, and replace it with a will for justice ... Thus it is less the final goal, but the means – justice, and the tension of that social justice, which will be the expression of socialism, or at least of the left.”⁹⁸

Cambadélis then goes on posit ‘equity’ as a means to the end of ‘*égalité*’, implicitly accepting the former’s more modest scope. “The key word, which features more and more in our texts, is justice – social justice – which is not simply a reparation, but a repartition, to permit, through greater equity, the rediscovery of *égalité*.” Examples of how this ‘will for justice’ is reconciled to the market economy include the state’s role in

⁹⁶ *La Gauche Socialiste* Draft version of ‘Etat d’Urgence sociale – Pour Une Autre Cohérence’, Contribution at the Brest Congress. p. 4

⁹⁷ Interview with Jean-Luc Mélenchon 29/9/97

⁹⁸ Interview with Jean-Christophe Cambadélis 25/9/97

non-competitive sectors (education, health), the new repartition through taxation, and the whole range of state aids – such as the ZEPs (funds for education in deprived areas). “Here, we rediscover *égalité*, through what Rawls would call ‘fair equality’.”⁹⁹

For all the borrowing of terminology from Rawls, however, the ‘tension’ between Liberalism and French Socialism makes such cross fertilisation appear anachronistic. The often scathing tone used to describe the ‘*socio-liberalisme*’ of the late 1980s associated with Bérégovoy’s economic management amply demonstrates the extent to which liberal ideology remains anathema to many Socialists. The embracing of some neo-liberal tenets, and episodes such as the creation of the second Bourse in Paris in the 1980s, still provoke disparaging references to the zeal of neo-liberal converts today.¹⁰⁰ Indeed, Jospin sets up Liberalism as an ideology to be questioned, “Liberalism, whose theoretical apparatus is extremely poor, inclines greatly towards the submission before the facts... this dominance of ‘what is’, is it not in the end a new ideology, perfectly consistent with the theme of the end of ideologies?”(1991 : 32)

Given the importance of the enlightenment tradition, with its inherent positivist assumptions, part of the explanation for the crisis of Socialist identity can be explained in terms of the final undermining of this ‘meta-narrative’. Jospin invokes Lyotard and Derrida to discuss the decline of Marxism – and with it the prospect of the end of History. “Relativism, introduced into Socialist government, has sterilised the great hopes, and the faith in a radiant future.”(1991 : 31) Yet to combat the pessimistic effects of such developments, Jospin problematises the concept of ‘realism’. This could be conceived of as a concrete example of the synthesising of the constituent elements of French socialism in the 1980s and 1990s. Taking the concept of ‘realism’ – central to Rocard’s thought, and to Beregovoy’s economic management, and infusing it with more radical implications – a central desire of those disenchanted with the ‘*socialisme gestionnaire*’ of 1988-93.

“I have learnt from the events of this century and from my political engagement, the virtues of realism, and even relativism. But the question which is asked of the left and of Socialists today, is it not precisely *where* that realism is located? At what point does the fear of going beyond the limits of realism condemn us to

⁹⁹ Interview with Jean-Christophe Cambadélis 25/9/97

¹⁰⁰ Such sentiments were expressed by a number of interviewees

immobilism?"(1991 : 11)

In calling for a 'conceiving of the real', Jospin has in mind discerning the extent to which 'realism' is perverted by neo-liberalism. For Jospin, concepts such as 'economic realism' cannot be taken at face value, but must be interrogated. This problematic is at the heart of the critiques of economic policies in the latter Bereznev era.¹⁰¹ There was increasing propensity to criticise the view of economic management as a 'technocratic' or 'scientific' pursuit, and an insistence upon the need to search for and exploit the 'marges de manoeuvre' in economic policy-making.

Yet it would seem that the perceived limits of 'realism' are seen to necessitate some reformulation of the core values of French Socialism. The commitment to redistribution remains both in party texts and in the rhetorical justification and explanations of the Jospin government's actions. The underlying egalitarianism appears to be becoming more modest in its ambitions. *Équité* seems to be entering party parlance, with the effect that *égalité* is relegated, to recall Seliger's terminology, from an 'operative' to a 'fundamental' element of ideology, where once it arguably straddled the divide. Although the translations imperfectly reflect the terms, this could be interpreted as a commitment to a high level of 'equality of outcome' giving way to greater emphasis on 'equality of opportunity.'

Conclusion

As we saw in chapter 3, Jospin's internal legitimacy since 1995, in concert with the novel stability of the internal factions, allows the transcendence of some of the traditional internal restraints on ideological clarification in the party. The narrowing of the ideological 'space' the party occupies, and Jospin's not entirely disingenuous claim to provide a synthesis between the party's 'two cultures', further facilitates the process. The process of ideological redefinition is, however, very much 'work in progress' for the PS. The initially PS planned four National Conventions - now the forum for doctrinal precision - before the 2000 conference. This indicates the amount of work still to do before the party once more finds a defining set of core themes analogous to the

¹⁰¹ See Moscovici (1994 ; 1997)

'planification, nationalisation, autogestion' of the late 1970s.

Before a new coherence can be established, some redefinition, at the fundamental level, of core principles is not inconceivable. Both equality of outcome and full employment have become more distant goals than the PS once accepted them to be. The process of redefining social democracy in a world characterised by advancing processes of globalisation and ubiquitous acceptance of the market has brought into sharp relief the limits of the possible. The PS *ligne majoritaire*, accepts that globalisation makes the pursuit of Keynesian strategies in order to secure social democratic goals of full employment and redistribution at the national level extremely problematic, yet it remains committed to Keynesianism as the best social democratic 'strategic amalgam' (Pierson 1995) so far elaborated.

A Keynesian framework continues to influence thinking about a redistributive role for the state in the economy, boosting purchasing power of low earners. However, the party is grudgingly 'post-Keynesian' in the role it apportions to public finances in its economic strategy. There is an enduring commitment to transcend the national level, recreating an economic space where Keynesian economic strategies may once more be viable given the international economic context, at the supra-national EU level. However, this approach must overcome considerable collective action problems involved in co-ordinated European economic policy. The reconciliation of the PS's supra-national aspirations to its national conditions thus remains a distant goal.

The historical context provided in this chapter has shown how acceptance of the market, the 'new horizon' of the capitalist economy, and Europe as a key arena of social democratic activism are all relatively recent and significant shifts in French Socialist ideology. In the wake of such upheavals, a new and coherent picture has yet to emerge. Weber echoes the sentiment of a number of national level actors interviewed when he observes;

"the Parti Socialiste, like European social democracy as a whole, is in a phase of renovation, of change. Everyone running the party understands that the old Keynesian social-democratic model no longer works because of the changed conditions. Thus we must do just as our forerunners did – that is, reinvent a new model, a new social compromise. That is what Fabius, Jospin, and everyone else is working at redefining. Today, we can see some elements, but as yet we cannot

see the ensemble.”¹⁰²

¹⁰² Interview with Henri Weber 29/9/97

Chapter 6

PS Economic Strategy In The Late 1990s - *Réalisme De Gauche*

The 'crisis of social democracy' literature highlights the importance of a series of structural economic changes in the international economic order which, according to one's viewpoint, either removed social democracy from 'the agenda of history' (Gray 1998 : 99) or necessitated a re-evaluation of economic strategy. This chapter explores the development of the PS strategy of *Réalisme de Gauche* as a potentially viable social democratic economic strategy. The framework used to explore the issue of social democratic economic strategy in a changing economic environment will be the literature on globalisation and social democracy. The debate between 'hyperglobal' theorists and globalisation sceptics about the nature and advancement of globalisation provides a backdrop to our outlining of the key economic processes involved in globalisation. We then consider the impact of these processes on social democratic governments, and their implications for the relationship between globalisation and social democratic policy activism, which will subsequently be explored in greater depth in our consideration of PS economic strategy since 1983.

An essential pre-condition to an adequate understanding of the PS's strategy of *Réalisme de Gauche*, is, we argue, a firm grasp of the logic and limits of the economic strategy pursued by the PS in the decade after the U-turn of 1983. The central role of Finance Minister Pierre Bérégovoy in mapping out the policy of competitive disinflation will be explored. In seeking to understand the reasons why the strategy was chosen, we look primarily to the ramifications of advancing the European construction process – a recurring parameter of PS economic strategy since 1983.

In the new international economic context, the pervasive influence of the political economic thought of the New Right was, it will be shown, facilitated by liberalisation and deregulation at the international level. The importance of the ideologically charged concept of financial and monetary credibility will be examined, and the implications of this dominance of neo-liberal economic orthodoxy for the PS will be explored with reference to Aubin and Lafay, whose findings support Przeworski's structural

constraints model of social democracy.(1985) The theoretical foundations of competitive disinflation will then be explored. These too are strongly influenced by neo-liberal economic thought, as the degree of reliance on unfettered market forces, and the 'natural' unemployment rate assumptions underpinning the strategy demonstrate. The strategy's at best only partial success can, it is argued, in part be explained by the flawed nature of some of these core assumptions.

Moving on to the aftermath of the 1993 defeat, we will chart the process of auto-critique undergone within the party. A central theme of this auto-critique is, as we shall see, the challenging of the '*pensée unique*', which was the French translation of the dominant neo-liberal economic orthodoxy. This questioning of received economic wisdom engendered a new diagnosis of France's key economic problem, as well as a re-evaluation of the degree of *volontarisme* possible in the international economic context of the 1990s. These two elements, the challenging of the dominant economic orthodoxy, and its corollary, the changing diagnosis of the economic problem, inform a particular reading of the implications of globalisation for social democratic economic strategy. The PS is anxious to plot a course other than the swallowing of liberal medicine advocated by neo-liberal orthodoxy on the assumption that 'there is no alternative.' There is an insistence upon the existence of room to manoeuvre, a concept central to *Réalisme de Gauche*.

In the final section, we consider the translation of the overarching strategy of *Réalisme de Gauche* into policy. A number of key policy areas are selected. In terms of micro-economic policy, we examine the partial privatisation schemes, and structural measures undertaken to tackle unemployment – principally the youth employment plan and the 35 hour week. Where macro-economic policy is concerned, we examine the focus on activism at the European-level, with the noteworthy enduring insistence upon the possibility of implementing the recommendations of the Delors white paper. In terms of monetary policy, emphasis is on the foundations of the Euro, with PS intentions distilled into four criteria set on the advent of the single currency. As for fiscal policy, the increased propensity to explore activist possibilities, and also the accepted limits of such activism, will be examined. We argue that despite the problematic nature of European-level economic policy co-ordination, *Réalisme de Gauche*, suggests that, whilst the

constraints highlighted by 'hyperglobal' pessimists are indeed powerful, nevertheless, globalisation does not preclude social democratic policy activism.

Globalisation And Social Democracy

As we saw in chapter 1, an important point in analysing the relationship between globalisation and social democracy is the need to appreciate that globalisation does not simply 'happen upon' nation states, or social democratic parties within them, as some hyperglobalists infer.(Ohmae 1995) Therefore globalisation does not, in any straightforward manner, 'impose' financial discipline or neo-liberal policy agendas on social democratic governments.(Gray 1996) Work by authors such as Scharpf seriously challenges the 'one way traffic' view of globalisation with respect to national economic policy making. What such work draws our attention to, as Held *et al* note, is, "how the social and political impact of globalisation is mediated by domestic institutional structures, state strategies and a country's location in the global pecking order.... [and] ways in which globalisation is contested and resisted by states and peoples." (1999 : 13) Understanding the *differential* nature of globalisation's consequences, which are in part dependent upon, "the forms in which it is managed, contested, and resisted"(Held *et al* 1999: 14) is an essential precondition to a deeper understanding of the relationship between globalisation and social democracy.

Over the course of the century, socialism and social democracy came to rely upon the potentialities of the nation state to 'deliver' social democratic 'goods' within a well-defined national economic 'space,' a fundamental 'given' of the Keynesian paradigm.(see chapter 1) Whilst 'hyperglobal' theorist's excitement about a borderless world is surely premature, the areas of nation-state activity where hyperglobal theorist's predictions are most prescient (the nation-state's ability to regulate its national economic space) are precisely those potentialities of the nation-state on which social democrats came to depend in order to deliver their political programmes.

Globalisation is a multi-faceted phenomenon, spanning cultural, legal, political and economic spheres. As Held *et al* note, "globalisation might be better conceived as a highly differentiated process which finds expression in all key domains of social

activity.”(1999 : 12) Whilst mindful of the interconnectedness of these various dimensions, we recognise the need to keep these distinctive domains separate, and not to assume similar processes and trajectories across domains. We shall concentrate here on the economic aspects. In terms of the economic processes of globalisation, three phenomena are of fundamental importance. These are the growing intensity of international trade, of international financial exchanges, and the increasingly dominant role of multinational corporations and foreign direct investment. Here we will explore the *processes* of globalisation under scrutiny,¹ and briefly outline their impacts upon and implications for social democratic economic strategy, which will subsequently be considered in greater depth in our consideration of PS economic strategy since 1983.

International Trade

Trade liberalisation has been institutionalised in successive rounds of GATT negotiations. GATT figures portray a steady increase in the volume of world trade since the 1950s. The stretch of trading arrangements appears to be unprecedented, with more states involved in global trading networks than ever before.² Arguments put forward by globalisation sceptics³ point to commonalities between the period up to 1914 (Hirst & Thompson 1996) and recent contemporary trading patterns. Such observations, they argue, refute ‘hyperglobal’ assertions about the novelty, extent, and velocity of increasingly borderless global trade.

Whilst this offers a valuable corrective,⁴ sceptics may not take sufficient account of the changed nature and intensity of trade, which aggregate figures dealing only with the

¹ Debates rage as to the appropriate choice and interpretation of economic indicators to empirically evaluate how far advanced these processes are. (Hirst & Thompson 1996, Held *et al.* 1999)

²² This should not blind us to the stratification within world trade. On balance the terms of trade clearly favour OECD economies at the expense of developing economies.(Held *et al.* 1999 : 167-175)

³ They argue that, on closer inspection, this reflects less a ‘globalisation’ of world trade than a ‘triadisation’. Trade is increasingly concentrated amongst and between the three most developed regions - Japan and the Newly Industrialised south-east ‘Asian Tiger’ economies, Western Europe and North America. (see Petrella 1996 : 75-78; Hirst & Thompson 1996)

⁴ That said, there is little evidence of three trade bloc aggressively pursuing a new protectionist agenda. Indeed, “between 1979 and 1990 there was only a small rise in intra-regional intensity within the EU and actual falls in Asia and America ... the institutionalisation of regional markets does not seem to lead to closed regions.”(Held *et al.* 1999 : 168) As Perraton *et al.* observe, “interregional trade has grown alongside intra-regional trade and indicators of the relative intensities of intra-regional and interregional trade do not reveal a trend towards increasing regional concentration.” (1997 : 261)

amount of trade may not capture. There is considerable difficulty in finding indicators which 'get at' the impact of *qualitatively* different trade patterns.(see Held *et al* 1999 : 150-2) Some qualitative shifts are picked up, such as the almost exponential growth in global trade in services, which has more than doubled since records began in the 1980s to more than \$1.3 trillion, or 20% of world trade.(Held *et al* 1999 : 170) Also, trade-to-private GDP ratios, give more indication of how *enmeshed* in global markets national economies are than simple trade-to-GDP ratios, exceeded 1914 levels in the 1970s, and have continued to increase. (Held *et al* : 169, 180-181 figs 3.4 & 3.5) This indicates higher levels of trade intensity in the contemporary period than during the Gold Standard. Yet aggregate data still cannot offer much insight into trade impacts.⁵ Furthermore, focusing only on aggregate data misses other qualitative shifts in the context of world trade, such as the changed infrastructure of world trade. Transportation and communication (particularly Information Technology) are much quicker and much cheaper than in the Gold Standard era. Moreover, the institutionalisation of the liberal trading regime within GATT (now the WTO) has brought permanent downward pressure to bear on some tariffs, and provided a coherent legal framework for the conduct of global trade.

As a rising percentage of private domestic output is potentially tradable, so it is subject to international competitive pressures. Furthermore, "the interconnections between tradeable and non-tradeable production are becoming deeper and denser: non-tradeable production often requires tradable inputs and non-tradeables output is often sold to the tradeables sector." (Held *et al* 1999 : 151) As large and small companies from different countries increasingly penetrate each others' domestic markets and the intensity of trade flows increases, there is evidence of growing global competition and the evolution of a system of global market relations.(Held *et al* 1999 : 171)

The rise in intra-industry trade is another example of the qualitatively different nature of global trade today. It largely explains the expansion of trade between developed countries, and the increasing incorporation of some newly industrialised economies

⁵ for example, the loss of imported essential goods, although they may be a tiny proportion of total imports, would have a much greater impact than the loss of considerably larger proportions of non-essential tradeables.

(NIEs) into global trading networks.⁶ One aspect of intra-industry trade is the trade in semi-finished manufactures, the so-called ‘slicing up the value chain’ (Krugman 1995) – dividing up the production process, with each stage located wherever on the globe comparative advantage demands. This specialisation in each segment of the production process further demonstrates the increasingly enmeshed nature of production. Intra-firm trade now accounts for between one third and one quarter of total trade, and with segments of the production process located on different continents, “many domestic production processes, wherever they are located, have thereby become increasingly enmeshed in global production chains.” (Held *et al* 1999 : 175)

Impact

One significant element in terms of impact is the inter-penetration of domestic markets is the increasing importance of global competitive forces. ‘Domestic’ production is made increasingly aware of the fact that, “national economic activity is embedded within global networks of trading activity.” (Held *et al* 1999 : 151) The levels of sensitivity and vulnerability of national economies increase accordingly. “While the increased intensity of trading relations makes national economies more sensitive to international fluctuations in the demand for and prices of goods, whether they become more vulnerable depends on the adaptability of the economy to external shocks, including the ability to use offsetting macroeconomic policies.” (Held *et al* 1999 : 183) Both the sensitivity and the vulnerability of the French economy were amply demonstrated in the early 1980s. One of the reasons for the economic imbalances which had provoked the crisis in 1983 was that the domestic expansion of 1981-3 had served to suck in foreign (and in particular German) imports, leading to a deteriorating external trade deficit,⁷ which was compounded by growing budget deficit and external debt. (Hall 1986; Lordon 1998) The centrality of global trading networks to French economic strategy is clearly demonstrated by the targeting of higher competitiveness to facilitate export-led growth as the primary objective of macro policy. The ensuing macro-economic strategy of ‘competitive disinflation’ had as its core aim the reduction of such

⁶ Intra-industry trade constitutes one third of manufactures exports for some NIEs. (Held *et al* 1999 : 174)

⁷ Loss of competitiveness for French exports was a major problem in the early 1980s. Among the nine leading exporting countries, French market share fell from 10.4% in 1980 to 9% by 1985. (Taddei & Coriat 1992)

vulnerability, in the context of a heightened awareness of the sensitivity of the French economic to its international context.(see later)

The competitive challenge from the NIEs with less stringent regulatory regimes and lower labour costs has undermined the international competitiveness of some sectors, notably the 'Fordist' manufacturing sectors of Western Europe. (Vandenbroucke 1998 : 15-16; Perraton *et al* : 263-4) An emergent 'new international division of labour' has seen low or non-skilled industrial employment – not only in manufacturing but also in some services – shift out of OECD economies to the NIEs, which are now achieving per capita incomes equivalent to some poorer industrialised countries. (Held *et al* 1999 : 173) The changing new international division of labour had a profound impact upon French industrial, and indeed socio-economic structure. It heralded the accelerated decline of many of the traditional 'smokestack' plants in the industrial heartlands such as Nord/Pas-de-Calais. For example, in the steel industry, France lost 80,000 steelworkers between 1961 and 1991.(Sassoon 1996 : 652) In terms of the wider social structure, whereas in 1960-61, 27% of the active population were involved in manufacturing, by 1992-93, that figure was down to 18.9%. In the same period, those working in community, social, and personal services had increased from 20.1% to 27.8%.⁸

Multi-National Corporations

Multinationals, “now account for up to a third of world output and two thirds of world trade, with around a quarter of world trade being between branches of the same company.”(Perraton *et al* 1997 : 271) As with trade, the post war story has been one of an increasing intensity of Multi-National Corporation (MNC) activity. Foreign Direct Investment (FDI) has also seen a sectoral shift – away from primary resources and into manufacturing and services, with three quarters of all FDI now being located in developed countries.(Perraton *et al* 1997 : 272) The sheer scale of FDI entails an empowerment of multi-nationals vis-à-vis governments, who are obliged to offer attractive conditions – in the form of lower corporation taxes, pliant workforces, and government subsidies - to global firms. The reduced 'exit' costs and increased exit

⁸ All figures from ILO yearbooks of Labour Statistics.

options open to these firms also encourage governments to continue to offer attractive conditions to capital.

A second problem is for governments seeking to pursue skills-based growth strategies, based on national level technological advantage. Global firms tend to jealously guard innovatory and Research and Development (R&D) elements of the production process within the firm. Formerly, this meant that, at least where 'domestically' based MNCs were concerned, the national economy benefited to some degree from such technological advances, but today this is no longer prevalent. "MNCs cannot rely solely on their domestic base for generating technological advantage and have responded by diversifying their innovatory capacity internationally."(Perraton *et al* 1997 : 272) The 53,000 or so MNCs, with their 450,000 subsidiaries account for over 80% of world trade in technology. This undermines, or rather circumvents, governments attempts to pursue 'Schumpeterian' growth strategies based on nationally orchestrated technological advantage in particular sectors.

Impact

For much of the post-war era, "in the field of foreign investment, the state adopted a determined policy of discouragement, even opposition, to the introduction of [in particular American] multinationals."(Stoffaes 1989 : 109) The French 'model' was predicated on advancing French industrial strength by resisting penetration of the domestic market and building a national industrial system in hi-tech and 'strategic' goods, thus further limiting import dependency. (Michalet 1997 : 314-315) French industry for much of the post-war era retained a distinctly national character, exemplified by the 'national champions' industrial policy. The 'champions' were mostly publicly owned, or state controlled through a majority interest. Foreign investment by French firms was subject to strict legal limitations, and was regarded with suspicion by workers and employers alike, and inward FDI was still less popular.(Michalet 1997 : 318-319) By the 1980s, the French authorities appreciated that, since foreign subsidiaries could locate elsewhere in the EC and sell on French markets, it was better to encourage location in France, so at least this heightened competition could be compensated by job creation. Although the story of the late 1980s and 1990s has been a

shift to a fully open economy (Michalet 1997 : 320-333), hostility to FDI has not entirely disappeared in the contemporary period. The 1993 privatisation law explicitly stipulated that foreigners or ‘those under foreign control’ are forbidden from acquiring more than a 20% interest in the 22 privatisations envisaged by that law (although provision is made for possible exceptions for EU investors).(Szij 1998 : 20)

The liberalisation of the FDI regime heralded the internationalisation of French investment practices in the 1980s. “Inward direct investment increased almost fivefold during 1981-1992 as compared to 1973-1980 (from \$15.7 billion to \$70.8 billion), while investment of French firms abroad increased nearly tenfold (from \$13 billion to \$124 billion).”(Szarka 1998 : 154) From 1977 to 1992, the proportion of the total stock of publicly quoted French shares held by foreigners increased from 12 to 20%. (Szarka 1998 : 154) With rising levels of FDI, the spheres of interlocking hard-core of investors⁹ have increased the internationalisation of French capital, as the hard cores tend more and more to involve strategic European allies. Thus, “the internationalisation of French capital is found not only in the acquisitions and joint ventures, but also in the participation in the capital of foreign firms.”(Schmidt 1996 : 384) France ranks fourth in the world in FDI host countries behind USA, UK and Germany – with the value assessed at FF 100 bn in 1992.(Michalet 1997 : 325) The upshot is that foreign affiliates share of French manufacturing has risen to over a quarter.(Held *et al* 1999 : 252) Traditional French dirigiste industrial policy has become decreasingly compatible with the new ownership structure and internationalised context of French firms.(Schmidt 1996) With the impetus for change coming not only from EU directives (see Boucek 1993), but also from the competitive challenge from foreign MNCs competing for market share in the energy and communications markets as they become liberalised.(Szij 1998)

International Financial Enmeshment

Levels of international financial enmeshment have seen profound evolutions in the years since the collapse of the Bretton Woods system. Previously, national governments had, “the means of steering the capitalist economy to deliver [welfare and full

⁹ Which is the prevalent structure of French large-scale capital.(Schmidt 1996)

employment].....through monetary policy and fiscal policy. The basic instruments of macroeconomic management were, on the one hand, setting of interest rates and exchange rates, and on the other, control of taxation.” (Anderson 1994 : 14) The degree of autonomy under Bretton Woods, however, should not be over-stated. ‘Embedded liberalism’ (Ruggie 1982) did not remove the necessity to adjust macroeconomic policy in response to balance of payments deficits or surpluses, “but rather that adjustments could take place incrementally and in accordance with domestic economic concerns.”(Held *et al* 1999 : 201) This enabled states to support social protection systems, as well as pursue macroeconomic objectives such as full employment and sustained economic growth.

Such scope for incremental domestic adjustment to changing international conditions has been considerably lessened by increasing financial enmeshment. “Today, worldwide trading of currencies and government bonds means that exchange rates and interest rates, the two critical variables in the formulation of national macroeconomic policy, are determined in the context of global financial markets.”(Held *et al* 1999 : 189) The reasons for this are multi-causal, involving both conjunctural events in the global economy, the effects of state policies of financial market deregulation, and innovations within financial markets (both improved IT resources and new financial instruments).

As Scharpf notes, there were two significant developments in the international economic context of the late 1970s. The second oil price shock of 1978 co-incident with increased lending activity from the ‘Euro-banks’, the ‘offshore’ players in the Euro-Dollar market. The Euro-currency markets had been expanding since the early 1960s, due in part to substantial Soviet dollar deposits. The liquidity of these markets soon made them a source of substantial Eurocurrency loans for public and private actors alike. Eurobonds, issued in non-domestic currencies, became a further significant source of capital. In the down-turn which followed the 1978 shock, Western, Eastern Bloc and Latin American countries found themselves in need of credit to offset current account deficits. Meanwhile, OPEC countries had enormous surpluses they wished to recycle – principally via the unregulated ‘offshore’ Euro banks. The effects of the ensuing debt crisis on the industrialised nations were two-fold. Firstly, as debt servicing became more of a burden, demand in debtor nations for Western goods decreased. Secondly, “creditor

banks imposed substantial risk premiums on interest rates, and the oligopolistic structure of credit markets allowed them to obtain the higher yields they needed to cover foreign risks in their domestic business as well.”(1991 : 242-243)

This upwards pressure on interest rates was compounded by an ideological shift in the USA. The effects of the oil price hike and the debt crisis on the US were climbing inflation rates, trade deficits, and a falling dollar. With the advent of the Reagan administration came a change of heart at the Federal Reserve Bank. The newly found ‘sado-monetarism’ (Keegan) of the U.S. Federal Reserve Bank director new Paul Volcker, suggested a strict monetarist response to the problem. “As the Federal Reserve pursued its monetarist course, American interest rates rose sharply. The annual average interest rate on long-term government securities increased from 9% in 1979 to more than 14% in 1981. As the inflation rate dropped, real interest rates climbed dramatically.”(Scharpf 1991 : 243) When the dollar slowly stabilised, the attractiveness of the American capital market increased. In consequence, “the high dollar interest rates constrained the policy options available to European countries ... countries that were dependent on capital imports to offset their current account deficits were forced to offer conditions to international capital that were at least as attractive as those obtained in the US.”(Scharpf 1991 : 244-245) As capital markets became internationalised, “and with the rise in real interest rates for long-term dollar investment, what had been a latent condition became a manifest constraint. National monetary policy had lost its sovereignty over interest rates.”(Scharpf 1991 : 245)

Liberalisation and deregulation, new instruments (notably derivatives) and technological advances have all served to increase the intensity of transactions. International bank lending, international bonds and equities, new financial instruments and foreign exchange transactions have all increased dramatically in the 1980s and 1990s. The total size of outstanding loans the international capital market is now around US\$7.6 trillion. From negligible levels in the early 1980s, international equity issues now exceed \$40 billion annually. Furthermore, with the removal of capital controls in OECD countries in the 1980s, the turbulence of the post-Bretton Woods world increases the potential of speculative gain. Trade in international derivatives has risen seven-fold since the early 1980s to around \$10 trillion annually, and turnover in the foreign exchange markets

now exceeds US\$1.4 trillion every day. (Held *et al* 1999 : 203-210) Currency values are determined by the day-to-day trading in foreign exchange markets. As Europe in 1992 and East Asia in 1997 demonstrated, speculation can become contagious, with outflows in one economy inducing outflows from others. This, Held *et al* argue, demonstrates, “the ways in which short-term capital flows generate a high degree of volatility and systemic risk within global capital markets.” (1999 : 213)

Impact

Increasing financial enmeshment – through mechanisms such as the lifting of capital controls, and increasing financial deregulation - has facilitated the mobility of *financial* capital beyond national borders. Echoing Przeworski’s ‘structural constraints’ model of social democracy (1985), Frieden has identified how increased capital mobility has structurally empowered investors vis-à-vis governments, because under deregulated conditions, holders of currency and securities denominated in domestic currency (government bonds, bank deposits or corporate stocks) have many more ‘exit’ options and lower ‘exit’ costs than before. Scharpf concurs, identifying a ‘fundamental asymmetry’ between ‘subordinate’ goods and labour markets, and ‘hierarchically superior’ capital markets.¹⁰(1991 : 19)

More mobile capital holders find it easier to ‘shop around’ internationally for the most advantageous investments. Germain, too, notes how the balance of power has shifted markedly in favour of private capital at the expense of public power, indeed he identifies, “a significant victory ... for the interests of internationally mobile capital.”(1997 : 164) Regarding the allocation of credit, Germain observes, “states have allowed private monetary agents, organised through markets, to dominate the decisions of who is granted access to credit (finance) and on what terms. The international organisation of credit has been transformed from a quasi-public to a nearly fully private one.”(1997 : 163) Frieden charts, “a secular shift in response to increased capital mobility, in which governments all over the world were forced to provide more

¹⁰ Scharpf observes, “the supply side of the capital market thus has a choice among a number of options, with the crucial consequence that the market-clearing price for capital is not exclusively defined by the relationship of relative scarcity between the supply of capital and the supply of profitable opportunities for productive investment. As a consequence, capital owners depend less on the investment opportunities provided by enterprises than enterprises depend on the supply of capital.”(1991 : 19)

attractive conditions for capitalists...lower wealth and capital gains taxes...relaxed regulation of financial activities and labour relations.”(1991 : 434) Such predictions are consistent with the French experience, with wages coming down whilst firm’s profit shares increased.(Fitoussi *et al* 1993 : 25 & 27) These are the structural constraints within which social democracy must operate.

In the wake of financial liberalisation and deregulation, “the intensity and extensity of contemporary cross-border flows are such that national financial systems are becoming increasingly enmeshed.” (Held *et al* 1999 : 215) Such enmeshment seriously limits the ability of governments to control national financial markets. Furthermore, the deregulation which has occurred is not a process that can easily be reversed. Despite Hirst & Thompson’s speculation about a shift back to reregulation,(1996) there is little progress in that direction. The problem is that any new regulatory framework must be global in its ambit, and therefore can only be established if collective action conditions obtain amongst an extremely large and diverse group of actors.

Another significant impact of enmeshment is on the determination of interest rates. Whilst there has not been equalisation, there has been a degree of convergence, and interest rates are determined in “an emerging global capital market.” (Held *et al* 1999 : 218) This is further demonstrated by converging returns on bonds and equities, as well as profit values. This market has not achieved (and will not achieve) the perfection of economic theory.¹¹ The point, however, is that it is qualitatively different from previous manifestations of international financial activity; “the dynamics of world financial markets reach directly into the day-to-day functioning and organisation of all but a few economies. In this respect domestic interest rates and exchange rates are significantly conditioned by the operations of global financial markets.” (Held *et al* 1999 : 225) That these global markets do not adjust ‘perfectly’ is highly significant. Due largely to speculative activity, exchange and interest rates do not always reflect the underlying economic fundamentals, but rather market sentiment about the rectitude and sustainability (or otherwise) of a given policy. Thus, “contemporary financial globalisation has altered the costs and benefits associated with different macro-economic policy options, at times so radically as to make some options prohibitively

¹¹ It is the methodological fallacy of hyperglobalists and sceptics alike to expect that it will.

expensive.” (Held *et al* 1999 : 228)

Global Financial Markets and the Dominance of Economic Orthodoxy

“The whole management of the domestic economy depends upon being free to have the appropriate rate of interest without reference to the prevailing rates elsewhere in the world. Capital control is a corollary of this.” *J.M. Keynes 1943*

Keynesian demand management in the post war era was facilitated by international institutional arrangements, set up by Keynes *inter alia* at Bretton Woods, which permitted national economic management. When Nixon chose to allow the dollar to float in 1971, the regime was effectively abandoned by the US. This shock set in train “two fundamental institutional changes [which] mark a clear break in the international environment: first, the collapse of the Bretton Woods fixed exchange rates in the early 1970’s which resulted in the 1970’s and 1980’s being an era of floating rates; second, the replacement of the regulated financial markets of the 1960’s by the deregulated global markets of the 1980’s.” (Eatwell 1995 :277) These developments significantly affected the scope of national economic management.

Governments have found themselves constrained to pursue tight monetary policies in order to avoid incurring a ‘risk premium’ imposed on borrowing by investors suspicious of potentially inflationary macro-economic stances. As Eatwell argues, “today the sheer scale of speculative flows can easily overwhelm any government’s foreign exchange reserves..... Credibility has become the keystone of policy-making in the nineties...Governments which fail to pursue ‘sound’ or ‘prudent’ policies are forced to pay a premium on the interest costs of financing their programmes. Severe loss of credibility will lead to a financial crisis.” (1995 : 278) Analysis shows that, “long-term interest rates are typically higher for governments with high budget deficits and high public debts.” (Held *et al* 1999 : 229) This changed context rules out Keynesianism *à l’ancienne*.

Under the new conditions, fiscal and monetary policy instruments could not be manipulated with an eye solely, or even primarily, to domestic concerns. “The internationalisation of capital flows released by the deregulation of financial markets

has made it increasingly difficult to either devalue to restore the trade balances, or lower interest rates to stimulate demand....the mobility of speculative transactions instantly sensitive to fears of inflation, undermines the effects of each.”(Anderson 1994 : 14) Given the new cost/benefit analysis of macroeconomic strategies, a more attractive strategy than Keynesian management is to secure “low and stable rates of inflation, through fiscal discipline and a tight monetary policy ... governments tend to adopt risk-averse, cautious macroeconomic policies seeking to second-guess the reactions of global financial markets and to secure their approval.” (Held *et al* 1999 : 230)

Neo-Liberalism, Credibility, And The Pro-Stability Post-Monetarist Intellectual Consensus

These structural developments in isolation, however, do not tell the whole story of the new international political economy and its relation to social democracy. For these structural mechanisms interacted with ideological developments. The economic crisis which these developments precipitated coincided with the ascendancy of the New Right. The logic of Frieden’s argument (1991) is one of a competitive dynamic operating through the financial markets on national governments encouraging them to provide attractive investment opportunities. It is highly significant for the subsequent effects of this process that the ‘market leaders’ were the US and the UK in the early 1980s, both countries with governments strongly influenced by the thinking of the New Right. These were the first countries to abolish capital controls and deregulate financial services, but the enduring financial dominance of the US meant that, in the late 1980s, financial sectors felt the need to change along neo-liberal and deregulated lines in order to keep up.

The ideological dispositions of neo-liberal opinion formers strongly favoured floating rather than fixed exchange rates, both because of their *penchant* for the unfettered market mechanisms, and also because they explicitly rejected the Keynesian Welfare State model that the fixed rate regime of embedded liberalism (Ruggie 1982) permitted. The markets, as Keynes’ ‘beauty contest’ analogy demonstrates, are governed by the average opinion of what the average opinion might be. They are thus dominated by the simple slogans such as public expenditure bad, private expenditure good, popularised in

the monetarist backlash against Keynesianism which was contemporaneous to their deregulation and ascendancy. Tagged onto these platitudes is a shift in government's policy agendas stretching beyond macroeconomic policy. This new dominant ideology has seeped through to practically rule out the pursuing Keynesian policies under these new international economic conditions. "Sound money, balanced budgets, low taxation and free markets are the order of the day. Governments no longer have autonomy in constructing their.... social settlement."(Hutton 1994 : 207).

Many argue that financial globalisation has thus changed the role of the state, inducing a convergence towards 'market friendly' policies, and undermining welfare state provision, direct taxation levels, and promoting privatisation and labour market deregulation. (Held *et al* 1999; Germain 1997; Strange 1996) However, the effects of economic globalisation are mediated (and indeed contested) by states. This means that one cannot expect a particularly high degree of convergence, since the domestic institutional contexts with which these pressures for convergence interact vary greatly. Furthermore, whilst it is undoubtedly the case that the power balance has shifted in favour of private capital holders, such a disparate and diverse group of actors do not, in any uniform or predictable manner, 'impose' a policy agenda on states. Nor is it necessarily accurate to characterise all aspects of the new policy package as neo-liberal.

The relationship to New Right political economy is important and at times misconceived. Balls frames the principle of "stability through constrained discretion" within what he calls, "the pro-stability but post-monetarist intellectual consensus upon which modern macroeconomic policy-making is based." (1998 : 117) Such a view accepts elements of Friedman's argument regarding the absence of a long-run trade-off between inflation and unemployment, "which is not, of course, to agree with those who concluded in the 1970s that, because people's expectations are entirely rational and forward-looking, there is not even a short-run trade-off between unemployment and inflation, or that there is a 'natural' rate of unemployment which is not affected by macroeconomic policy."(1998, 118) Hence, *contra* the New Right monetarists, tying the governments hands to the sole aim of low inflation is not the answer. As Balls insists, "achieving stability requires the discretionary ability for macroeconomic policy to respond flexibly to different economic shocks – constrained of course, by the need to

meet the inflation target over time.”(1998, 120)

Some of the changed parameters of economic policy-making relate to changed realities of the global economy. It is important to draw distinctions between different elements of economic policy packages, and recall that whilst certain aspects may be closely linked to neo-liberal policy agendas, others are perfectly compatible with social democratic ones. Whilst the credibility demanded by financial markets does have ideological dimensions, often rooted in a broadly neo-liberal view of economic activity, it is to an extent a reflection of changed economic realities. Thus, in terms of macro-policy, despite traditional left reflexes which would label macro-economic stability as neo-liberal, in fact, macro-economic stability is today as much a social democratic value.

The scope of active demand macro-policy is circumscribed. “Under the changed international economic order, it seems that Keynesianism can no longer deliver those political goods which social democrats seek.” (Pierson 1995 : 52) With this changed political context comes a change in the nature of the social democratic project. “Our primary objective with macro policy at present must be the delivery of *sustained, non-inflationary growth* : the objections to this are simply not strong enough.”(Corry 1994 : 53 emphasis added) However, within a framework of a commitment to macro-economic stability, there remains room for manoeuvre over the *degree* of ‘orthodoxy’, as well as a whole range of other economic policy tools which may be exploited to prioritise ‘social democratic’ goals.

In the contemporary period, “financial globalisation has imposed an external financial discipline on governments that has contributed to both the emergence of a more market-friendly state and a shift in the balance of power between states and financial markets.” (Held *et al* 1999 : 232) The size, scale and speed of global financial flows mean that governments have to pay close attention to their credibility rating with financial markets. (Eatwell 1995; Balls 1998) The key point, however, is that securing of credibility through stability-centric macro policy stances is compatible with a wide range of different priorities in other areas of economic policy. Furthermore, such a commitment to stability does not condemn a social democratic government to budgetary *immobilisme*.

Globalisation And French Economic Strategy 1983-1993 : Competitive Disinflation

“The real turning point in French socialism, it was Bérégovoy - the moment Bérégovoy was made minister of Finance – I was his secretary, so I saw it at first hand. From 1988 onwards, no-one talked about parenthesis any more.”¹²

Bérégovoy’s mutation from staunch left-wing proponent of ‘*l’autre politique*’¹³ to the ultra-orthodox voice of neo-liberal reason once installed as minister of Finance is very difficult to explain. It was Bérégovoy who personally insisted on the strictest of the Maastricht convergence criteria,¹⁴ a cause of such chagrin to the PS in the mid 1990s. (Friend 1998 : 190 & 220) Bérégovoy’s role as propagator and champion of the competitive disinflation strategy, which was pursued at the expense of all other economic priorities, is central to an understanding of PS economic strategy in the 1983 to 1993 period. Conversely, after his death, the unease with his legacy, and the perceived need for change in the field of economic thinking and strategy, is essential to an adequate understanding of the PS in the post-Mitterrand era.

Cameron highlights the institutional ethos of the *Tresor* as one explanatory factor, valuing defence of the Franc above all other economic goals. This view was reportedly shared by Mitterrand “why does he [Bérégovoy] let himself get swallowed by those people at Finance? When I see him, he’s very much on the Left, when he writes to me, he’s worse than Raymond Barre.”(quoted in Friend 1998 : 191) Indeed, Cameron’s account of the U-turn of 1983 affords centrality to the role played by Camdessus, the director of the *Tresor* at the time, who went on to become director of the IMF. Whilst this may in part account for the shift, focusing solely at the national level cannot provide an adequate explanation. As Lordon notes of the 1983 U-turn, “this major shift, in fact, corresponds to the acknowledgement by the Socialists of the new rules of opened and internationalised economies.”(1998 : 96) For Bérégovoy, as for all those Socialists who experienced at first hand the currency crises provoked by the mismatch between domestic economic priorities and strategy, and international economic context, 1983

¹² Interview with Henri Emmanuelli 10/12/97

¹³ Whilst secretary-general of the Elysée staff and minister for social affairs.

¹⁴ That public deficits should not exceed 3% of GDP.

was a salutary lesson into the limited nature of economic sovereignty.

Mitterrand is much maligned for his tactical, instrumental employment of ideas. However, in chapter 5 we saw elements of continuity in Mitterrand's thought. Friend argues, "throughout his political career, Francois Mitterrand's most persistent and consistent belief was that France had to pursue its engagement in a larger European unity."(1998 : 204) Bell exaggerates only a little when he observes that, in the aftermath of 1983, "Europe' came to replace 'socialism' as a provider of a sense of purpose in the Mitterrandist scheme of things."(1997 : 40) The choice to stay in the EMS was both a decision to prioritise European construction, and also to work within the confines of an international capitalism from which, just two years earlier, the Socialists had promised to break free.

Mitterrand's determination to press ahead with the process of European construction was initially couched in Socialist terms, Europe would "be socialist, or would not be" he asserted in 1974.¹⁵ Maurice Bennisayag, an Elysée advisor and fellow traveller since the CIR days in the 1960s, sees the choice, when it came, somewhat differently;

"Mitterrand made the choice, when there was an option of leaving the monetary 'snake'. Many advised it, Attali, amongst others –his close friends. When he chose Europe, with Mauroy and Delors, incontrovertibly, that day, he accepted a lesser realisation of socialism. He chose Europe because he considered that regional scale to be indispensable to international competitiveness, of that, there is no doubt. As for socialism, that was of secondary importance."¹⁶

The socialist credentials of the EC of the 1980s, in whose integration Mitterrand played such an active role, are somewhat dubious. Developments such as the single European act owe much to Mitterrand's co-operation with Kohl, and to Jacques Delors activism as president of the EC Commission. However, whilst the SEA represented a significant advance for the liberal conception of the EC as a free market zone, assuring as it did the free circulation of goods, services, people and capital, it did less to further the social and political ends of European socialists. As Lordon notes, "the 1983 decision was grounded on a strong – even if somewhat fuzzy – European commitment, based on an acceptance of the evolution of the world economy."(1998 : 102)

¹⁵ *L'Unité* January 1976, quoted in K. Featherstone (1988 : 107).

¹⁶ Interview with Maurice Bennisayag 22/9/97

The effects of the 1983 policy choice were, in Cameron's term, 'regime defining.'

"In failing to negotiate a devaluation immediately upon entering office, in failing later to negotiate devaluations large enough to offset the cumulative inflation differential with Germany, and, ultimately, in failing to leave the EMS the government consigned itself to remaining in the EMS with an over-valued currency. In so doing, it consigned itself to the pursuit of an orthodox deflationary policy marked by fiscal restraint and tight money that inevitably resulted, over time, in low growth and high unemployment." (Cameron 1996 : 75)

The rationale behind a strong currency, Emmanuelli argues, was not economic, but political. "People had been selling it to Mitterrand since 1982, and he accepted it, that the French-German coupling was necessary in order for Europe to work...I witnessed it, Mitterrand was convinced that in order to shake Kohl's hand on equal terms, the Franc must hold strong – hence no more devaluations."¹⁷ Whilst there is some truth in this point, the preceding analysis has shown that the changed international economic context did not leave a great deal of room to manoeuvre. Given the wider context of orthodox macroeconomic policies, a more voluntaristic French policy could have undermined the government's credibility and in turn entailed heightened 'risk premia' penalties.

In terms of economic strategy, the inflation differential with Germany remained a central concern throughout the 1980s and early 1990s. "When he [Bérégovoy] served as Minister of Finance from 1984-86 and 1988-92, France pursued a policy of a strong franc, the *franc fort*, that maintained the existing franc-mark parity, despite the difference in French and German inflation rates and overvaluation of the franc during much of that time." (Cameron 1996 : 75) The political imperative of facilitating European construction was an important causal factor, leading Bérégovoy to implement a macro-economic strategy of 'competitive disinflation'. The logic is simple, "under fixed exchange rates, a country with higher inflation loses competitiveness, and as a result demand for output falls. An increase in unemployment follows which makes inflation decrease sufficiently so that competitiveness is eventually re-established." (Fitoussi *et al* 1993)

The strategy was a crucial determinant of all aspects of economic policy from 1983 onwards. Competitive disinflation comprised three elements. Firstly, the nominal

¹⁷ Interview with Henri Emmanuelli 10/12/97

stability of the *franc fort*, pegged to the DM. Secondly, wage restraint and wage discipline, initially through a de-indexation of wages, and thirdly the prioritising of public deficit reduction. (Lordon 1998 : 103-5) Friend sees the strategy as predicated on, “the intimate link between the search for a balanced economy and the search for jobs and job creation Low inflation was necessary for France to be competitive and to sell French products at home and abroad. More exports and fewer imports meant more business growth, hence jobs.”(1997 : 189)

The competitive disinflation strategy was not a monolith, determining all aspects of economic policy at all times. In the post-1993 era, some critics within the party of ‘*socialisme gestionnaire*’ have tended to caricature Bérégovoy’s policy a little. As Fitoussi *et al* observe, “French economic policy was not confined to this strategy – fiscal rigour was not reduced to a dogma and indeed retained a measure of flexibility.”(1993 : 2) The enduring unemployment insurance system, moderately progressive tax system,¹⁸ and the creation by the Rocard government of the *Revenu Minimum d’Insertion* or minimum income scheme – an addition to the built in stabilisers – can be offered as evidence of this. As Weber observes, “Bérégovoy, whilst pursuing competitive disinflation, enacted a counter-cyclical policy . . . allowing public debt to reach a high level, but rightly so, because he was not a dyed-in-the-wool monetarist.”¹⁹

Potentially, at least, this seems to suggest the ‘autonomy’ of fiscal policy, which, as a separate mechanism, could be used to further Socialist aims concurrently to a monetary strategy of competitive disinflation. However, it is somewhat misleading to attempt to consider fiscal and monetary policy in isolation. A more useful conceptual approach is to talk about the ‘policy mix’, since “having two instruments – fiscal and monetary policy – does not allow us to independently target both growth (full employment) and price stability because the two instruments are not fully independent: they both operate via the level of demand.”(Corry & Holtham 1995 : 23)

¹⁸ That said, the limited progressiveness of the French fiscal system is much highlighted within the party literature by those calling for egalitarian reforms. See e.g. André Gauron & Francois Hollande in *Vendredi* 21/4/95

¹⁹ Interview with Henri Weber 29/9/97

Thus, globally, competitive disinflation was the framework within which all economic policy had to fit. In the first phase of a policy of competitive disinflation, inflation was seen as the principle problem. Accordingly, wages were de-indexed, and interest rates kept high to tackle it. The concern to consolidate the strength of the Franc was an additional incentive for high interest rates. Theoretically, the high interest rates and austerity represented a temporary phase, “interest rate and unemployment levels are higher than elsewhere. Both represent an investment in the future, given that the aim of the policy is that, in the future, the inverse will result: interest rates and unemployment levels lower than elsewhere.”(Fitoussi 1995 ; 197) However, given the changed international economic context, and the strength of the Deutschmark within the EMS, there was little scope to lower French interest rates in the event of changing domestic priorities. As Fitoussi *et al* observe, “the use of traditional macroeconomic instruments has been more or less eschewed. The Franc has been pegged to the Deutschmark, eliminating monetary policy as an instrument of reflation. Activist fiscal policy has not been considered, and even automatic fiscal stabilisers have been partially turned off.”(1993 : 17)

This chimes with Hall’s account of Socialist economic policy during Mitterrand’s second term, with policy-makers becoming, “reconciled to the fact that they had very little room to manoeuvre on the macro-economic front.....Accordingly, the initial fiscal stance of the Rocard Government was very cautious. It gave priority to reducing the budget deficit from 3.2% of GDP in 1985 and 2.1% in 1988 to 1.7% in 1989; and, at the end of 1988, Rocard predicted at least 15 more months of such austerity.” (Hall 1990 : 181) In the long term, the theory has it, real depreciation of the currency will permit gains in employment. Furthermore, “the under-valuation of the currency fosters anticipation of appreciation, bringing down interest rates. Holders of currency set to appreciate will not demand such high interest rates, the lesser profitability being more than offset by the gains realised when the currency appreciates.” (Fitoussi 1995 ; 197) However, as we shall see later, such long term benefits were very slow to materialise, begging the question how long is the long run.

Credibility and French Economic Strategy

Consistent with the preceding analysis, the concept of credibility with financial markets is crucial to understanding the competitive disinflation strategy. For it to be successful, the markets must be convinced that there will be no return to devaluation. In the interests of boosting this all important credibility, all areas of macro-economic policy must display the 'sound'ness without which market are extremely unlikely to suspend their disbelief in the economic rectitude of a Socialist government. As Przeworski and Scharpf would predict, the markets were slow to trust the Socialist government. In a study of the 1987-1991 period, Fitoussi *et al* observe, "the evolution of interest rate differentials also shows that credibility has not come overnight: there has been no drastic downward jump, rather a slow and steady decline over the four years." (Fitoussi *et al* 1993 : 24) Actors in the socialist party elite appreciate the constraining effects of this difficult relationship.(Moscovici 1997) Henri Weber observes, "the question [of inflation] is settled. It is true, however, that the markets have long memories. We have to be careful what we do because they are quick to mistrust us, thinking inflation may return."²⁰

Aubin & Lafay's econometric analysis of French Monetary policy-making between 1973 and 1993 offers evidence of the power of this constraint in its somewhat perverse findings.²¹ When analysing the behaviour of Left-wing governments, the results show, "an overall financial orthodoxy much stronger than those observed for right wing governments. Left-wing governments react much more vigorously in the fight against inflation and they follow much more closely the German rate of interest." This seems to support the theory that Left-wing government's have to 'over compensate' in their pursuit of credibility. "The constraint of the EMS seems to have the effect of completely isolating monetary policy from the political situation under left-wing governments; this policy is only used for the fight against inflation and the maintenance of the exchange rate." (Aubin & Lafay 1995)

This all flags up the political nature of 'credibility', and its structurally constraining

²⁰ Interview with Henri Weber 29/9/97

²¹ In their regression for monetary policy under right wing governments, Aubin & Lafay discover that, "paradoxically, it is only when the Bank's preferences are dominant that monetary policy becomes more *volontariste*.... Since the political solidity of the right-wing government prevents a crisis of confidence in monetary and financial circles, the Bank is content to practice a moderately active internal monetary stabilisation policy whilst maintaining within the EMS a direct link with the German interest rate." This, they say, unearths the 'strongly political dimension of economic credibility.' (Aubin & Lafay 1995)

effects on the PS in government;

“Ideological preferences should encourage left-wing governments to be more flexible than those of the right, but the external institutional constraints act much more strongly against them when they wish to follow more activist policies. Left-wing governments seem to be penalised by their reputation for being susceptible to inflation. Even when the political situation is favourable, the Bank uses the rate of interest much less as a weapon in the fight against unemployment.” (Aubin & Lafay 1995)

An adequate explanation of such behaviour must add to this institutional constraint an intellectual one. Bérégovoy and his advisors clearly believed in their strategy.

Fitoussi identifies ‘credibility’ as the lynch pin of the economic strategy of competitive disinflation;

“The determination of the monetary authorities, if judged *credible* by the financial markets, permits the reduction of the difference between domestic and foreign interest rates, which favours investment. It also encourages firms, since they know that their errors will not be compensated by inflation or devaluation, to pursue competitive strategies. Finally, it will be conducive to wage claim moderation Overall, credibility will have the effect of accelerating the adjustments which will permit a return to full employment.”(1995 : 181)

These are what economists call ‘credibility effects’. Once the regime had been changed, and that change accepted by all economic actors, the argument goes, “relying on market adjustments rather than devaluation would lead to a leaner, more efficient economy.”(Blanchard & Muet 1993 : 18)

This excerpt hints at the intellectual building blocks of competitive disinflation. The strategy’s reliance on ‘credibility effects’, and the ‘natural’ rate of unemployment recalls the New Classical Macroeconomics (NCM) which, as part of the intellectual backlash against Keynesianism, influenced the dominant economic orthodoxy of the 1980s.(see chapter 1) At the heart of NCM is the rational expectations hypothesis; “economic agents are completely aware of the true structure of the economy (i.e. the form of each equation and the size of the coefficients in the econometric model which mirrors it) and make full use of this knowledge in forming their expectations.”(Bleaney 1985 144) If a government policy has ‘credibility’, according to the rational expectations hypothesis, assumptions about the consistency and predictability of that government’s actions will speed up the adjustment processes of all other economic

actors.

Friedman introduced this expectational aspect to labour market behaviour. His, “challenge to the Phillips curve was on a *priori theoretical* rather than empirical grounds.....By relying on a neo-classical and decidedly non-Keynesian theory of labour market equilibrium, Friedman questioned the validity of the observed empirical trade-off between *nominal* wage changes and unemployment.”(Desai 1981 : 4) The core assumptions of Friedman’s theory were, firstly, a strong belief in the walrasian market-clearing model, and secondly, belief in a ‘natural’ rate of unemployment. “The whole foundation of the monetarist transmission mechanism lies in the proposition that real rather than money wages are negotiated for in the labour market and that there exists a process of market clearing which pushes unemployment inexorably towards its ‘natural’ rate.”(Foster 1987 : 45-46)

This faith in a ‘natural’ rate of unemployment was intimately related to Friedman’s introduction of worker’s expectations of inflation levels. “Only at a level of unemployment where expectations are fulfilled is the rate of inflation stable...Because of expectations, inflation *accelerates* at any level of unemployment below the natural rate.”(Alt & Chrystal 1983 : 64) Friedman’s argument was, “that as high inflation became anticipated this would lever the inflation rate up again and again, eliminating any stability in the inflationary price for high employment.”(Glyn 1995 : 36) The significance of this is in altering the relative importance of tackling unemployment and inflation overwhelmingly in favour of the latter. The neo-liberal view of the world rejected all the assumptions about the state’s beneficial role in the running of the economy which form the bedrock of Keynesian economic analysis.

Introduced on the coattails of the ‘natural rate’, but distinct from it is the Non-Accelerating Inflation Rate of Unemployment (NAIRU). The NAIRU theory has become influential, but it is important to differentiate between its different forms. Some economists are cautious about its bolder assumptions. “While economists use the notion of a NAIRU to organise their thinking about the economy, it is not an operational concept for policy There is no reason to think the NAIRU is stable or indeed invariant to the actual unemployment rate.” Such questions asked of the theory affect

the degree of emphasis that should be placed on tackling inflation. “Increasing unemployment to reduce inflation will not, on historical evidence, be a temporary affair. If and when the economy returns to the NAIRU after a significant recession, the NAIRU will be higher; some loss of employment will be permanent.”(Corry & Holtham 1995 : 12-15)

The evidence of the behaviour of inflation and unemployment in France in the 1980s and 1990s substantiates these calls to approach the concept of NAIRU with caution. However, the conception of NAIRU upon which competitive disinflation rested was akin to the ‘natural rate’ of what Corry & Holtham call, “the hard core true believers.”(1995 : 13) It assumed that by focusing solely on inflation, and by placing faith in the equilibrium finding properties of market forces, the goal of full employment would *eventually* (and there’s the rub) be achieved. It failed to recognise the ‘ratchet’ or ‘hysteresis’ effect on the NAIRU, of higher unemployment, namely that higher unemployment reduces capacity and potential output permanently, raising the NAIRU.(Corry 1997 : 191-192)

The basis of the strategy is thus less a technical one than a set of ideological assumptions. “The discussion is yet another round in the eternal debate between those who believe in the healing properties of the market and those who see a clear role for policy.” (Blanchard & Muet 1993) What is surprising, in this instance, is the side of the argument on which the Socialist government is to be found. The route back to a fully employed economy, it was assumed, lay not with Keynesian macro-economic demand management, but microeconomic manoeuvres to improve French firms competitiveness. As Daniel Vasseur observes, “the compliment to competitive disinflation was deregulation, to increase competition, and the competitiveness of firms, and of the French financial system, and to align the latter on a European level.”²² Thus from 1983 onwards, but to a greater degree after 1988, “fiscal austerity and a commitment to low inflation was the rule. Macro-policy was accompanied by structural policies aimed at improving market mechanisms, from the liberalisation of prices to the lifting of

²² Interview with Daniel Vasseur 17/12/97 this chimes with the *Projet de la Loi des Finances pour 1992* section on tax reform 1988-1993, which highlights tax breaks to improve the competitiveness of small and medium size firms, and the process of fiscal harmonisation within the EU. (Ministere de L’Economie 1991)

restrictions of foreign exchange transactions.” (Blanchard & Muet 1993)

In 1991, French achieved the symbolic goal of lower inflation levels than Germany.²³ (Ministère Des Finances 1991) The disappearance of the differential between short- and long-term interest rates in the period 1987-1993 displayed the reward for this. The financial markets were convinced of the rectitude of the socialist economic strategy. They did not perceive that devaluation would be used as a macro-economic policy tool in the foreseeable future, and were further convinced of the government’s commitment to maintain a policy of low inflation. (Fitoussi *et al* 1993 : 24) Credibility, then, had been achieved. According to the model’s assumptions, the corollary of this should have been ‘credibility effects’. However, studies have found little evidence of their manifestation. We now explore the reasons why.

One of the *ceteris paribus* assumptions underlying competitive disinflation is the ‘neutrality’ of the price setting process, namely that wage moderation translates into increased competitiveness by permitting price moderation. Events in France ran counter to expectations based on this model, with the price setting mechanism proving to be ‘non-neutral’. The inflation reducing exercise has had differing levels of success. Decreasing wage inflation was successful, with de-indexation in 1983-4. However, “the slow down of price inflation has been slower than that of cost inflation.” (Blanchard & Muet 1993 : 26) The reason is the ‘non-neutrality’ of the price setting process. Reduced costs did not translate into reduced prices, further reducing inflation. As wages reduced, rather than prices coming down, the slack was taken up by increased mark-up, thus raising profitability, not competitiveness. Blanchard and Muet’s simulations unearth, “the steady increase in the mark-up from 1983 to 1987, from under 4.5% in 1982 to 11% what would have happened to competitiveness, had firms kept a constant mark-up? A back of the envelope computation suggests that prices would be about 15% lower, thus competitiveness 15% higher.”(1993 : 27)

A further anomaly can be discerned when we examine what happened to these increased profits. Economic theory suggests that an increase in profitability would instigate a parallel increase in investment. Indeed, investment did increase from 14.2% of GDP in

²³ One study to observed that, “France is on the verge of replacing [Germany] as the paragon of macro-economic conservatism.”(Fitoussi *et al* 1993 : 23)

1984 to 17.3% in 1991. However, “the econometric evidence suggests, the increase can be mostly explained by the evolution of output, and there is no evidence that profits have played an important role. The increase in profit has been used by firms to decrease leverage and increase foreign direct investment.” (Blanchard & Muet 1993) Thus, contrary to expectations based upon orthodox economic theory, “the traditional – accelerator – effect of growth on investment does not appear to have been strengthened by higher profitability.”(Fitoussi *et al* 1993 : 5)

An increase in profitability is clearly a good thing for French firms, particularly given that analysts cite low profit margins as a major source of the crisis of French industry in the 1980s.(see Hall 1990; Stoffaes 1989) Indeed, a recent OFCE study suggests that the predicted investment effects are beginning to materialise.(1999 : 29-36) This suggests, consistent with our analysis of globalisation, that the increasing outward FDI has been at least partially offset by inward FDI.²⁴

The staunch proponents of competitive disinflation seemed to have been gravely mistaken in their analysis of the timescale on which a return to full employment could reasonably be hoped for. Significantly, the limited success of the strategy can be explained by the falsehood of certain assumptions, imported into the political economic debate by the neo-liberal New Right, about market behaviour. Whilst the theoretical logical consistency of the argument is valid, its translation into real-world economics may not be as smooth as its proponents like to believe. Certain assumptions about the market’s ability to adjust and find its competitive equilibrium lie at the core of the strategy. These assumptions, for example about the effects of unemployment on wages, and in turn the price (competitiveness) of domestic goods, may not hold in the short to medium term.

As Fitoussi *et al* point out, “bargained wages react to price changes with a time lag, and react slowly to labour market conditions; the price of domestic goods in turn adjusts to costs with a lag; there is a further lag in the response of exports and imports to changes in the terms of trade.”(1993 : 19) These lags, another study concludes, mean that, “the

²⁴ Michalet observes, “paralleling the case of French investment abroad, Europe is the leading source of foreign investment in France. Between 1985 and 1992 three quarters of investment inflow originated in Europe.(1997 : 326; Table 10.3)

adjustment process on which [competitive disinflation] relies to achieve a return to full employment is a protracted one.”(Blanchard & Muet 1993) Underlining this point, Moscovici observes that the orthodox view based on maximum reliance on market mechanisms can only work in the long term, “that long run in which, as Keynes pointed out, we are all dead.”(1997 : 58)

Despite these problems, publications from Bérégovoy’s Finance Ministry continued to assert that, “Competitive disinflation ... appears more than ever to be the only coherent strategy which can improve the employment situation.”²⁵ The cost, (in the short to medium term), in terms of traditional socialist goals, of competitive disinflation was an exorbitant one. For example the de-indexation of wages after 1983 ‘worked’, in that inflation fell from 14% in 1981 to 4.7% by 1985. However, “living standards for salaried workers declined, and the loss of buying power was even greater for the middle-class and well paid salaried employees.”(Friend 1998 : 188) With the resultant drop in demand, it is perhaps unsurprising that growth was relatively low in France over the 1980s. Indeed, Cameron characterises the 1983-1993 era as, “a decade-long commitment to an over-valued currency, austerity, low growth, and high and rising unemployment.”(1996 : 72)

This highlights an important point - the conflicting nature (in the short to medium term) of the goals of competitive disinflation and job creation. Austerity dampens demand, and high interest rates discourage productive investment. In the context of such a downturn, it is possible that the market medicine central to the competitive disinflation regime may, in fact, kill the patient. “As in all strategies which require workers and/or firms to shape up or drop out, there is a risk that drop out might be the outcome.”(Blanchard & Muet 1993 : 18) Persistent high unemployment produces ‘hysteresis’ effects, with low activity and slow capital accumulation triggering bankruptcies, and destroying productive capacity. The recovery process is thus hindered, with the NAIRU being ‘ratcheted’ up accordingly. This scenario seems to fit the facts fairly well, from a level of 1.9 million in 1981, unemployment rose relentlessly to 3.3 million by 1994. (Hanley 1996 : 2) “The strategy followed has been, quite simply, to achieve disinflation and increased competitiveness through higher unemployment.”

²⁵ *Les Notes Bleues* number 560 (30/9/91) p7 *Ministère de L’Economie, des Finances, et du Budget*

After Competitive Disinflation

The crushing defeat of the Bérégovoy government in 1993 presented the PS with a relatively novel situation. For the first time in 15 years, economic policy could be formulated in a context where there was no immediate prospect of attaining office. Such was the historic scale of the defeat, that many feared the stint in opposition would last at least a decade.²⁶ This opened up the possibility of freeing up economic policy making from the fetters of governmental responsibility, and returning to the maximalist programmes of old. Such a shift was unlikely with the moderate Rocard at the helm, yet the Bourget text did contain some more radical aspects, explicitly challenging the financial orthodoxy which had been the guiding principle of policy in the previous decade. The opportunity of a radical shift seemed more likely to be taken under Emmanuelli, who replaced Rocard as first secretary in 1994. "I held a very Left wing Congress at Liévin," recalls Emmanuelli.²⁷ Placed in this context, "the choice of the presidential candidate by the members, the choosing of Jospin over Emmanuelli," represents, according to one Rocardian now at Matignon, "an internal turning point."²⁸ The choice of Jospin over Emmanuelli takes on symbolic significance, breaking the cycle of extreme shifts to the Left in periods of crisis and redefinition.²⁹

The shift, then, was not as radical as history might have suggested. However, Bérégovoy's suicide³⁰ seemed to end an era of Socialist economic strategy. With the figure most associated with the policy of the last 10 years gone, the process of auto-critique could begin in earnest. The failure of the Bérégovoy government, like those before it, to deliver on its pledge to reduce unemployment led to a re-evaluation of Socialist economic strategy. Too much, it was felt, had been sacrificed at the altar of economic orthodoxy, with resultant gains in financial credibility, but not jobs. The Rocardian Marisol Touraine's explanation of the 1993 defeat captures a sentiment

²⁶ A point made by several interviewees

²⁷ Interview with Henri Emmanuelli 10/12/97, see also Gaffney (1994)

²⁸ Interview with Manuel Valls 23/9/97 See chapters 3 & 4 for a discussion of the context.

²⁹ see Bergounioux & Grunberg (1992)

³⁰ Which, Friend speculates, may be in part due to his own perception of the failure of 'his' policy to deliver socialist goals (1998 : 192)

widely felt in the party;

“We offered no answer to the biggest problem – unemployment. At the same time, the 1980s were *les années fric*. Deep down, the Left paid for having accompanied that evolution, that drift, which the Left should not have accompanied. The Left allowed itself to be seduced by money; the growth of inequalities, the fact that capital returns increased more than wages, what is more, the explosion in the number of financial scandals. Fundamentally, the Left was held responsible for not having been on the Left.”³¹

Predictably, the process of auto-criticism in which the party engaged passed through the channels of the *courant* system, resulting in differing degrees of criticism. Claude Bartolone, a fellow Fabiusian and confidant, defends Bérégoovoy’s legacy;

“Pierre’s logic, and this is often forgotten, was defined before the fall of the Berlin wall.....Pierre’s problem was that he could not have foreseen the fall of the wall. From the moment when the Germans decided to recycle their surpluses in reunification, which they decided to finance through European borrowing – at that moment – we could have floated the franc.”³²

Bartolone’s point is supported by OFCE studies of French competitiveness, which chart a 10% improvement in French unit costs, and lesser improvements in price competitiveness between 1987 and 1992. However, all these improvements were largely lost in the 1992-1993 EMS crisis, and its aftermath which rumbled on until 1995.(OFCE 1999 : 75) It is at this point in the story – where the goal of competitive disinflation was clearly running counter to the declared justification of long-term job creation, that another Fabiusian, Weber, takes issue with Bérégoovoy’s approach;

“An economic policy error was committed at the time of German re-unification, At that time, the Germans proposed a re-alignment of parities within the EMS, a revaluation of the Mark. Bérégoovoy refused, following Jean-Claude Trichet’s³³ advice. There is no doubt he was wrong.”³⁴

It is worth recalling here that talk of policy error underlines the point made earlier that within a context of a macro-policy committed to securing credibility and stability, there nevertheless remains a certain room to manoeuvre, from which ensue policy alternatives.

³¹ Interview with Marisol Touraine 25/11/97

³² Interview with Claude Bartolone 11/12/97

³³ The ultra-orthodox governor of the Banque de France at the time, ‘reviled by Socialists as deflation made flesh’ according to D. Bell (1998 : 483). He is set to be the European Central Bank’s second governor

³⁴ Interview with Henri Weber 29/9/97

Others, particularly those not in Bérégovoy's Fabiusian camp, sought to offer a more thorough-going critique of competitive disinflation. A number of Socialists tried to dissociate themselves from the competitive disinflation policy – despite some of them having served in the government which pursued it. Cambadelis cites Strauss-Kahn, Moscovici, Hollande and Emmanuelli as 'violently opposing' the franc fort in the early 1990s. (1996 : 170) Fabusians, however, are sceptical of such posturing, "I do not recall the positions of those cited at the time, but they were much less clear-cut. Beware of retrospective perspicacity!"³⁵ Hollande and Moscovici's book seems to substantiate their claim,³⁶ and Emmanuelli has long been an outspoken leftist critic. Strauss-Kahn's position is more ambiguous, as Emmanuelli wryly recollects, "Strauss-Kahn was opposed to the franc fort? That's an interesting fact I never knew! He never opposed it. He opposed Bérégovoy, but not the franc fort."³⁷

Such squabbles are illustrative of the unease felt by all Socialists in the nineties of living with their unemployment record in office in the 1980s, and ambivalent relationship with the '*socialisme gestionnaire*' associated with Rocard and Bérégovoy between 1988-1993. Similar sentiments explain Jospin's '*droit d'inventaire*' over the legacy of Mitterrand. The fact that a socialist government should preside over increasing profitability for capital, decreasing wages for workers and high and rising unemployment was a source of much chagrin for the PS in the wake of the crushing 1993 defeat.

Pensée Unique

The lack of an economic policy debate in the decade after the 'regime defining' decision of 1983 gave rise, in the late 1980s, to a critical analysis of an all-pervasive *pensée unique*, characterised as a received wisdom that is contrary to wisdom. This dominant orthodoxy, it is now argued within the PS elite, became excessively influential over economic policy-making in the Rocard/Bérégovoy era. Indeed, some economic analyses share this view; "in 1988, with inflation under control but unemployment still very high,

³⁵ Interview with Henri Weber 29/9/97

³⁶ in 1991, Hollande and Moscovici, both Economics lecturers at the I.E.P. wrote *L'Heure des Choix* editions Odile Jacob

³⁷ Interview with Henri Emmanuelli 10/12/97

the question arose again of what to do next. By then, however, the debate was surprisingly muted, nearly non-existent.” (Blanchard & Muet 1993)

Vasseur, economic advisor to Moscovici at the Ministry for European Affairs, sees affinity between, “*la pensée unique* and the neo-liberal model.”³⁸ It was this dominant orthodoxy which coloured the process of European construction and France’s economic strategy in the decade after the U-turn of 1983. Sassoon highlights the policy implications of the ‘dominant economic orthodoxy’; “in terms of issues, the difference between Left and Right had virtually disappeared. Both sides supported a wider single European market, both were committed to monetary stability; both advocated a European central bank; both wished to improve the French economy through competition, education and training.”(1996 : 569)

Moscovici puts Jospin’s presidential bid of 1995 into this ideological context. “The majority of French people wanted a change from the previous 14 years – during which the socialists only really governed for 10 – when liberalism had not been sufficiently challenged, when the priority of employment had not been sufficiently affirmed, and when ethical concerns had not been sufficiently respected. Overall, when the Left had not sufficiently fulfilled its role.”(1997 : 11) The influence of supply-side economists and monetarists over what Moscovici and Hollande titles the ‘social-liberalism’ of 1988-93, is, in retrospect, deemed questionable.(1997 : 43-4) Moscovici offers a periodisation of PS economic policy which applauded the measures of 1983-1986 and 1988-1991, but asserted that the policy of competitive disinflation was unnecessarily prolonged at great social cost. This forms the basis of the call to break with the orthodoxy of economic management.³⁹

In somewhat Gramscian terms, Vasseur identifies dissenters from this ‘*pensée unique*’;

“There were quite a number of people who did not integrate this dominant ‘*pensée unique*’. There were efforts of resistance. For example, the unions, highly ideological in France, and who produce a lot of theory, a lot of general discourse.... There was always a pole of resistance – intellectual, not organic – on which Jospin can now build.”⁴⁰

³⁸ Interview with Daniel Vasseur 17/12/97

³⁹ *Vendredi* no. 202 1/10/93, the view is shared by Camdadelis in an interview with the author 25/9/97

⁴⁰ Interview with Daniel Vasseur 17/12/97

Such poles of resistance were, unsurprisingly, also to be found within the Party. The Bourget text, written a few months after the defeat, observes of the 1983 U-turn that; "this choice did not instigate an authentic economic policy debate concerning the use of the available room to manoeuvre...as a result, we were too ready to believe that the economy was not a matter of politics but rather of technical management."⁴¹

We saw in chapter 5 Jospin's critique of liberalism. The tone of Jospinian discourse was set in his manifesto for the Presidential election;

"We must learn the lessons of the past, in order to instigate the reorientations of economic policy which today are necessary and possible without increasing public deficit, nor putting our currency, our external balances, or the competitiveness of our firms in peril. I reject the idea that the state is powerless, and believe that it should deploy all its capacities to aid job creation."⁴²

One of the tenets of that liberalism, which was one of the philosophical foundations of Socialist economic strategy under Bérégovoy, was faith in the healing powers of unfettered market forces. "This has not disappeared," observes Vasseur, "but now we see the limitations. We are not talking about re-regulation, but all the same, we are much more sceptical about the spontaneous functioning of the market."⁴³ Jospin couches this scepticism about liberal orthodoxy in 'realist' terms. His 'conceiving of the real' seeks to discern the extent to which 'realism' is distorted by neo-liberal economic thought. For Jospin, concepts such as 'economic realism' cannot be taken at face value, but must be interrogated. This problematic is at the heart of the critiques of economic policies in the later Bérégovoy era, and explains the increasing propensity to criticise the view of economic management as a 'technocratic' or 'scientific' pursuit.

In this vein, Moscovici problematises the concept of 'credibility' with financial markets, seeking to explore its limits. Certain parameters for action, such as a commitment to monetary stability, are accepted, given the context of an interdependent and relatively open economy and deregulated financial markets. However, the precise location of the limits of the possible is contestable. The need to be seen to be credible by investors and speculators does not rule out all policy activism. The Maastricht convergence criteria, Moscovici observes, represent two 'anchors' of credibility – monetary and budgetary.

⁴¹ *Vendredi* no. 212 (17/12/1993)

⁴² L. Jospin 1995-2000 : *Propositions pour la France* (PS 1995)

⁴³ Interview with Daniel Vasseur 17/12/97

On the budgetary front, there is keeping the public deficit at around 3% of GDP. On the monetary front, there is the maintenance of the independence of the Banque de France, and of the Franc within the EMS bands. However, this context does not exclude a more autonomous monetary policy. “These two anchors of credibility constitute our constraints – with or without Maastricht. Without them ... we will not convince the markets or investors But they do open up room to manoeuvre which must be exploited to further French growth.”(1997 : 94)

The existence of ‘room to manoeuvre’ is demonstrated by the policy pursued by the Jospin government in 1997 of a 15% tax on non-reinvested profits, justified in terms of the need to reduce the budget deficit in order to meet the convergence criteria.⁴⁴ In calling for the less restrictive conception of the convergence criteria, which is contained within the Maastricht treaty, but has been increasingly sidelined since Dublin,⁴⁵ Moscovici questions, “the erroneous conviction that the 3% level is an absolute barrier, separating monetary virtue from vice.”(1997 : 95)

Efforts should be made, in the interest of keeping the level of deficit around 3%, to reduce the ‘structural’ element of the deficit, by reducing ‘less useful spending’. However, the ‘conjunctural’ element (i.e. the fluctuations due to the economic cycle) should not be changed *even if* it were to slightly overshoot the 3% target. In the event of a conjunctural down-turn, with lower receipts pushing the deficit over the target level, it is argued, “any attempt to dampen the effects of automatic stabilisers through heightened *rigueur*....Runs the risk of driving France and Germany towards a recession.”(1997 : 96) This questioning of what has become a received wisdom, reliant as it is on a non-neo-liberal view of the economy, is justified in terms echoing Jospin as, “the path of realism.”(1997 : 98)

Vasseur equates the *pensée unique* with the neo-liberal interpretation of globalisation and its policy implications. Globalisation has, “served the purpose of building a dominant discourse which consists of justifying neo-liberal policies.... Alain Minc’s⁴⁶ thesis served to justify a particular conception of globalisation, which was really

⁴⁴ Interview with Pierre Guidoni 24/9/97, Dupin (1998: 203)

⁴⁵ see Moscovici (1997 : 110)

⁴⁶ A prominent French ‘hyperglobal’ theorist

purely liberal.” This particular vision, informed by the neo-liberal rhetoric of globalisation, influenced not only French policy making, but also the wider process of European construction in the 1980s.

“In that respect, European construction has been rather disappointing. Until the 1990s, it was in reality nothing more than a means of framing that vision of globalisation, presented as a neutral mechanism, as purely technical. There were, however, vested interests, and an ideology behind the process – which sought to provoke a sense of fatalism. It was flagrant at the beginning of the 1990s – the *pensée unique* – ‘there is nothing to be done.’ Now, we see that there are many things that can be done, within the framework of increasing globalisation. Many countries exemplify extremely original models of society, whilst retaining a degree of economic openness still higher than our own.”⁴⁷

This chimes with Moscovici’s contention – which has more or less become received economic wisdom with the PS *ligne majoritaire* – that, whilst appropriate in the 1980s, by the 1990s, competitive disinflation failed to alter in response to a change of circumstance, which offered more room to manoeuvre. The important point is that competitive disinflation is contested on the basis of different presuppositions about how the economy works. This shift receives support from less partisan sources. Fitoussi, when considering the competitive disinflation strategy in its latter stages, challenges the orthodox view of the relationship between tight anti-inflationary policies and budgetary rectitude;

“What I have attempted to analyse is how, in breaking new disinflation records, the government lost more than it gained. They gain in credibility in terms of the fight against inflation, but they lose budgetary credibility. The implication is disinflation, thus a loss of public revenue, which increases the public deficit – which in turn implies achieving the inverse of what was intended.”⁴⁸

Due in part to the analyses of more ‘progressive’ economists such as Fitoussi and Muet,⁴⁹ there has been a paradigm shift in what Scharpf calls the ‘cognitive framework’ within which economic policy is elaborated. “Like all human action, economic policy is possible only within a cognitive framework that pair goals with available means and critical conditions of the decision environment. Neither the goals pursued nor the causal efficacy of economic policy instruments, nor the conditions of the economic

⁴⁷ Interview with Daniel Vasseur 17/12/97

⁴⁸ Interview with Jean-Paul Fitoussi 13/12/97

⁴⁹ Muet is now a Jospin advisor, Fitoussi played an advisory role in the preparation of the 1996 Convention on Globalisation, Europe and France – see *Vendredi* no. 276 8/3/96

environment, are sufficiently beyond dispute to be simply taken as facts.”(Scharpf 1991 : 14) Thus the rejection of certain tenets of dominant economic orthodoxy leads to a re-conceptualisation of domestic economic policy-making, of the process of European construction, and also of the implications of globalisation. As Huchon notes, “what is characteristic of the new strategy, its philosophical foundation, is an insistence upon the existence of ‘marges de manoeuvre’. There is a belief that all the means of tackling unemployment have not yet been explored.”⁵⁰ Such questioning of received economic wisdom led to renewed analysis of the root of France’s economic problems in the 1990s.

Changing Diagnosis Of The Economic Problem

“Clearly, since the 1993 defeat, since the party has reconstructed its programme, the key themes of our economic policy are no longer those of competitive disinflation. We can see beyond that. We see that the problem is one of demand. Our priorities have changed.”⁵¹

Even those opposed did not take issue with the entire Bérégovoy legacy. Competitive disinflation had been necessary, it was accepted, in the 1980s. (Moscovici 1997 : 58) Critics objected to its prolongation beyond its shelf-life, and the way in which ‘neo-liberal’ reforms, such as the partial flexibilisation of the labour market and the creation of a second bourse, which accompanied competitive disinflation, and were embraced, “with all the zeal of new converts!”⁵² Defenders of Bérégovoy’s legacy could argue, with some justification, that the changing diagnosis was testament to Bérégovoy’s success. Competitive disinflation has worked. “The problem is no longer one of pursuing a policy aimed at combatting inflation – it is virtually zero. The problem is solved.....Today, the problem is one of stimulating the economy through demand and investment – hence we need a different policy.”⁵³

Yet the success story is at best only half-true. Inflation had been ‘beaten’, but – theoretically at least – this was supposed, in turn, to bring down unemployment. Significantly, an econometric analysis of the limitations of the competitive disinflation economic strategy concludes, “decreasing unemployment by 3% in France requires an

⁵⁰ Interview with Jean-Paul Huchon 29/9/97

⁵¹ Interview with Daniel Vasseur 17/12/97

⁵² Interview with Jean-Christophe Cambadélis 25/9/97

⁵³ Interview with Henri Weber 29/9/97

increase in competitiveness of 30%...the implication is clear. Policies which increase rather than shift demand must be part of the policy package if France is ever to return to full employment.” (Blanchard & Muet 1993) The reason why competitive disinflation would not bring down unemployment, it has been argued, can be sought in the neo-liberal assumptions at the heart of the model.

The new economic diagnosis was built upon different economic foundations. Indeed, within the neo-classical world-view, the new diagnosis of the economic problem – a crisis of under-consumption requiring demand stimulation - is a theoretical impossibility. If Say’s Law is to be believed, supply calls forth demand. Intervention, where necessary, should concentrate on the supply side of the economy. Such neo-classical assumptions, re-popularised by neo-liberal economic thought in the 1970s and 1980s, became, as we saw, influential even over Socialist economic strategy. With the calling into question of competitive disinflation came also the questioning of its theoretical foundations, and the canon from which they are drawn. The call for the use of automatic stabilisers to give a counter cyclical edge to budgetary policy betrays the residual influence of economic thought of broadly Keynesian origin within the PS. That influence can also be seen in the diagnosis of the key economic problems of France in the mid 1990s.

In a report prepared for the 1994 National Convention on growth and employment, Moscovici and Huchon presented a critique of the Balladur government’s economic strategy. “The government,” they observe, “has privileged supply policies at a time when households and firms are undergoing a serious crisis of demand.” Firms failure to invest is explained in terms of high real interest rates. Lack of confidence means that households do not borrow, “it is the fear of the future which weighs against getting into debt.” As consumption by households decreases, their rate of saving increases. Evidence, such as low consumption, some falling prices, non-utilisation of productive capacity all point, it is argued, to “an error of diagnosis. The treatment will thus further injure the patient it is meant to cure, since it is being administered ill-advisedly.”⁵⁴ Fitoussi shares this view, observing of the early 1990s, “the recession has again weakened investment, but the cause must be sought in a deficiency of demand, rather

⁵⁴ *Vendredi* 4/2/94 p25

than a search to improve profitability.”(1995 : 183)

The PS is keen to highlight the ideological nature of this difference of opinion;

“Economic liberalism fails because of a double error: diagnosis and therapy. The economic crisis is not due to insufficient supply, but insufficient demand. Multiplying the gifts to firms, or further deforming the repartition of surplus value in their favour will not address the weakness of purchasing power.”(Moscovici 1997 : 59)

Although remaining within the framework of a commitment to stability, the advocated strategy has a Keynesian feel to it. “In order for investment to take off again, firms must first anticipate ‘solvent’ levels of demand – which presupposes mass consumption, and therefore higher salaries.” The different ideological suppositions under-pinning this different view of the economy are explicitly highlighted. “Monetarism, budgetarism and wage flexibility are no longer appropriate. Today’s crisis requires, on the contrary, the mobilisation of society towards a redefinition of public power – national and international – in favour of job creation.” This is not, however, a call to return to old-style Keynesian policies. “The impotence and harmfulness of the discourse and practice of liberalism, and the impossibility of a return to the nationalist, statist theses of the 1970s impose on us the obligation to rethink afresh a new strategy, whose central end is the creation of jobs.” (Moscovici 1997 : 59-60)

Vasseur say of PS economic strategy today;

“it is a bit neo-Keynesian. It is based on analysis of the partition of added value, which is interpreted as an element of structural dampening down of consumption. There are other factors, such as the high interest rates, and obviously the high rate of unemployment, which in turn incite households to save, to be prudent.”⁵⁵

Nor is talk of a crisis of under-consumption, and a failure to exploit the growth potential of the economy confined to PS actors. An INSEE study in 1995 noted the presence of the problem (1995 : 52-54), and this was corroborated by a recent OFCE study, noting a “structural insufficiency of demand.” (1999 : 12) Huchon, for years Rocard’s right hand man, characterises the break with the 1983-93 period thus;

“The idea is that there is a crisis of under-consumption, so we need stimulation of consumption, we need to do a bit of Keynes! They [the current PS leadership]

⁵⁵ Interview with Daniel Vasseur 17/12/97

think of themselves as Keynesian, whereas Bérégovoy was more a liberal. He, like Rocard, thought that all the room to manoeuvre had already been used up, yet this was not the case. The proof being that we have managed to run a tight budget, whilst increasing purchasing power, and initiating the Aubry jobs plan."⁵⁶

Réalisme de Gauche

These two elements, the challenging of the dominant economic orthodoxy, and its corollary, the changing diagnosis of the economic problem, inform a particular reading of the implications of globalisation for social democratic economic strategy - *Réalisme de Gauche*. This rejects the orthodox assumption that 'there is no alternative', setting up 'political will' in opposition to 'laissez faire.' "Globalisation should not be seen as ineluctable ...often, it serves as a fallacious pretext for harmful, disastrous policies, ...[so] fatalism must give way to will."⁵⁷ To this end, the PS envisages activism at both the national and supra-national level. The 1996 convention text calls for the establishment of a new Bretton Woods international monetary system. The signing of the Uruguay round of GATT negotiations in Marrakesh is also seen as an appropriate arena for activism. The PS calls for the extension of the World Trade Organisation's ambit to regulate social dumping and FDI. Furthermore, building on a commitment contained in Jospin's presidential campaign, the PS remains formally committed to the 'Tobin Tax', a globally enforced 1% tax on all speculative transactions.⁵⁸ The aim is to counter, in "a world of practically limitless capital mobility,"⁵⁹ the overwhelming predominance of speculative financial capital.

The PS' position captures the essence of *Réalisme de Gauche*. In their attempts to curb the power of financial capital, socialist actors are keenly aware of the caution that must be exercised. The problem with a speculative tax is one of co-ordination. To be effective, it must apply everywhere, and the infrastructure for enforcement does not at present exist;

"If Jospin, all on his own, were to go and ask the Japanese and Americans to agree to Mr. Tobin's nice idea, he would look a bit ridiculous..... If France calls for taxation of capital flows today – tomorrow we will wake up to a monetary crisis. I am one of the most Left wing members of this party, but I would not advise the

⁵⁶ Interview with Jean-Paul Huchon 29/9/97

⁵⁷ Final Text of the National Convention on *Globalisation, France, Europe* 30-31 March 1996 *Vendredi* no. 276 8/3/96

⁵⁸ *Vendredi* 276 8/3/96 p 12

⁵⁹ *Vendredi* 276 8/3/96 p6

Prime Minister to do it, because I do not want to see the government fall in the next three months.”⁶⁰

The PS is anxious to plot a course other than the swallowing of neo-liberal orthodoxy. However, gone are the maximalist extravagant programmes with little concern for practical application.

At the national level, *Réalisme de Gauche* involves an insistence that room to manoeuvre does exist, and therefore some action is possible. The PS calls for the 'rehabilitation of economic policy'- encouraging growth through expansion of demand, and fiscal redistribution in favour of lower earners to raise spending power. This aims in part to redress the oft-cited imbalance between wages and profits which emerged in the 1980s. Given the under-consumption problem, Jospin advocates;

“stimulating purchasing power by three means: reducing the burden of wage-earner contributions, shifting some to the CSG, a reduction in the working week, and a national salaries conference. The aim is not to sharply increase salaries, but to progressively restore their share of national revenue through state initiative and contractual politics. At the same time, this will increase the growth potential of the French economy, facilitating a boost in consumption and investment.”⁶¹

Employment policy is the central concern, and a multi-pronged strategy seeks a state regulated reduction of the working week, the creating of jobs for urban and environmental regeneration, and the encouragement of growth through interest rate policy.

The mind-set of Jospin's *Réalisme de Gauche* involves looking always to the room to manoeuvre - even under such tightly constrained circumstances. In macro-policy terms, there is an acceptance of the need to bring down budget deficits to meet Maastricht criteria. Vasseur sees the less orthodox economic outlook as offering a palliative to neo-liberal medicine, “we are in favour of the ‘regularisation’ of public finances, but done in a very progressive, and above all balanced way.”⁶² *Réalisme de Gauche* involves establishing the parameters of activism. Running public deficits is, as we have seen, an extremely costly exercise. Thus, Vasseur concedes, the relationship with Keynesianism

⁶⁰ Interview with Henri Emmanuelli 10/12/97 (a close confidant of Jospin, Emmanuelli was at the time of interview President of the *Commission Des Finances* at the *Assemblée Nationale*)

⁶¹ Lionel Jospin, concluding speech to the National Convention *For Employment: A Change of Policy* 14-15 December 1996. Reported in *L'Hebdo des Socialistes* 20/12/96 p17

⁶² Interview with Daniel Vasseur 17/12/97

is perhaps a slightly distant one;

“we are ‘post-Keynesian’ in the sense that public finances do not occupy a central role. This may be due less to a philosophical analysis of the functioning of the economy, than to the economic conjuncture in which the room to manoeuvre is extremely small.”⁶³

The majority within the party has accepted that there *are* severe limitations on macro-economic policy, “we have very clearly rejected the option of a budgetary reflation – except, that is, a minority in the party, the *Gauche Socialiste*, who continued to defend such a policy at the last conference.” Equally, however, there is a rejection of the ‘strong’ globalisation thesis, and the *immobilisme* towards which it implies. The PS economic policy-makers, Vasseur contends, “are not, totally post-Keynesian, because, for example, we believe in using automatic stabilisers as much as possible.”⁶⁴

As we saw in chapter 5, the French state, institutionalising the values of solidarity, co-operation and inclusion should act, it is argued, as a counterweight to the market to promote social cohesion. Greater efficiency is called for in state redistribution policies, necessitating fundamental reform of the tax system “to increase social justice, ceasing to privilege capital in order to favour labour, and to preserve solidarity.” These elements compose an ensemble which is characterised as the French ‘model,’ ‘founded upon competitiveness within a context of social justice and equality’, distinct not only from the anglo-saxon but also from the Rhenish model of capitalism.⁶⁵

We will now explore how the approach, or ‘cognitive framework’(Scharpf 1991) of *Réalisme de Gauche* translates into policy approaches. We will consider first micro-economic policy, looking at the approach to privatisation and the public sector. We will turn then to two central flagship policies of the Jospin Government, the structural policies seeking to reduce unemployment through the youth employment plan and the reduction of the working week. Turning then to macro-economic policy, we will examine how, even given the constraints of the convergence criteria given the advancing process of European integration, *Réalisme de Gauche* nevertheless leads the

⁶³ Interview with Daniel Vasseur 17/12/97

⁶⁴ Interview with Daniel Vasseur 17/12/97

⁶⁵ *Vendredi* no. 276 8/3/96

PS to seek out and exploit room to manoeuvre.

Privatisation, the Public Sector, and Public Services

The French *etatist* tradition, and in particular the importance of dirigisme, and the concept of *le service public*, can be seen as integral to the PS's conception of the French 'model' of capitalism. This nexus became even more closely linked with the Socialist government's nationalisation programme in the early 1980s. However, elements of this *etatist* tradition have begun to conflict with international trends towards privatisation.

Although privatisation officially began under Chirac, a number of nationalised firms had 'illegally' sold off subsidiaries with the full knowledge of the Fabius government in 1985 and 1986. "This was the case for approximately 70 affiliates of the nationalised enterprises, a majority of which were sold to foreign buyers." (Schmidt 1996 : 129) Under Mitterrand's second *septennat*, his concept of an '*économie mixte*' became a reality. Between 1988 and 1990, the policy of '*ni...ni...*' prevailed. After the rash of privatisations between 1986 and 1988, the Rocard government slowed the pace of change. Formally, in accordance with Mitterrand's presidential campaign, there was to be no further privatisation. However, "the Rocard government gradually diluted state ownership of nationalised enterprises by allowing exceptions to the policy to promote strategic alliances and decreased state control by arranging for recapitalisation of industry through the trading of shares among nationalised industrial and financial concerns."(Schmidt 1996 : 176) The demands of capital-starved public corporations for additional investment funds and strategic alliances by allowing them to trade shares in one another, with foreign companies were met on a piecemeal basis by the Rocard government.

After 1991, public corporations could trade shares with the private sector. The new policy ruled that up to 49% of some nationalised enterprises could be sold off, principally in the competitive sector. This facilitated the inter-mixing of public and private share ownership, since public enterprises could also invest in the newly privatised industries. Bérégovoy's personal ambition, not realised in his lifetime, was for a policy of '*et privatisation, et nationalisation*', i.e. nationalisation of public

enterprises in monopolistic service sectors and total privatisation for those in competitive sectors. (Schmidt 1996 : 187)

Given the radical changes in the public sector brought about by privatisation, then, old-style *dirigisme* is not feasible. The French public sector, however, remains larger than most other EU countries, and enjoys a peculiar importance within the French constitutional nexus. That said, the PS now accepts that some reform is essential. In what was little more than a reworking of Mitterrand's '*ni...ni...*' of the 1988 campaign, Strauss-Kahn outlined the new approach. The government, he said, "does not subscribe to the doctrine of 'everything must be private', or that 'everything must be public,'" instead, he said, borrowing a Jospinian catchphrase⁶⁶, what is needed is, "a new balance, a new alliance between public and private."⁶⁷

Claude Estier notes that, "*Réalisme de Gauche* leads us to abandon certain ideas."⁶⁸

According to his former advisor Maurice Bennisayag;

"when Mitterrand talked about 'neither privatisation nor nationalisation', and the mixed economy, he considered that a large sector, including parts of the internationally competitive traded sector, should remain in state hands. The clearest proof of this, is that when the Socialists regained power in 1988, Bérégovoy launched a campaign against Société Générale, they tried to recuperate what they had privatised – a bank, in the competitive sector."⁶⁹

Mitterrand's desire for a large public sector in both competitive and non-competitive sectors has been increasingly abandoned. This shift has been a relatively recent one. The 1997 legislative election manifesto pledged a halt to privatisation of public services. The joint PS-PCF declaration affirmed, "we propose to end the process of privatisation for France-Télécom, Thompson, and Air France." (Dupin 1998 : 92) Jospin's investiture speech proclaimed, "in the absence of a national interest justification, we are not in favour of privatising the common patrimony that are the large public enterprises in the competitive sector." (Dupin 1998 : 92) However, that speech also contained a careful distinction between the 'public sector' and 'public services'. Within a month of taking office, Strauss-Kahn declared himself 'not opposed' to the 'opening up' of the capital of

⁶⁶ See Bergounioux & Grunberg (1992 : 450-452) for a discussion of Jospin's employment of the 'new balance' rhetoric at the Lille conference in 1987.

⁶⁷ Quoted in Ladrech (1998 : 10).

⁶⁸ Interview with Claude Estier 19/9/97

⁶⁹ Interview with Maurice Bennisayag 22/9/97

France Télécom, and soon after announced the privatisation of Thompson-CSF.⁷⁰

Indeed, the Jospin government has in fact overseen more privatisations than its right-wing predecessors. This is due in no small part to the fact that the 1993 law established no timescale for privatisation, and thus recent privatisations, such as GAN-CIC, are the culmination of a process set in train earlier in the 1990s. (Sziij 1998 : 18; Dupin 1998) That said, the shift in stance is clear, and reflects a *Réalisme de Gauche* acceptance of changing parameters of state action. In a separate but related development, during the campaign, Jospin also pledged to use the state share in Renault to prevent the closure of the Vilvorde plant. However, on June 7th, Jospin referred to finding a 'very advanced process,' and on July 1st, Jospin defended a reversal of the campaign pledge in front of a meeting of Socialist deputies, saying, "I regret this conclusion, but we no longer live in an administrated economy." (Dupin 1998 : 201)

"There is, however," Estier affirms, "a need to maintain a strong public sector in the non-competitive sector. For us, there is no question of privatising EDF or the SNCF. Yet on the other hand, in the competitive sectors – telecommunications, airlines etc. – in those areas, there is a need to adapt – it is a form of modernism."⁷¹ Bérégovoy's distinction between competitive sectors, and the public services sector thus remains. Louis Mermaz, a Minister during the nationalisation programme in the early 1980s, and also a Minister in the Rocard and Cresson governments which oversaw the retreat of the public sector, sees the changing international economic context as the key explanatory factor of the changing approach nature of French *dirigisme*:

"With European construction.... And above all with the phenomenon of globalisation, it becomes clear that national monopolies no longer exist... We need to change the field of action. The French are in the process of rethinking the role of the state. The whole public service sector Real public services, such as hospitals and national education, the post office, the telephones, here the state must continue to exercise its role. However, in the competitive sector, should the state's role really be – in the old French tradition of Colbertism - one of control?"⁷²

The answer, it seems, is a tentative no. "The state must be present in certain sectors, to

⁷⁰ Although it was stipulated that Thomson Multimedia would remain public.

⁷¹ Interview with Claude Estier 19/9/97

⁷² Interview with Louis Mermaz 1/10/97

arbitrate, and regulate, but not necessarily be a primary producer.”⁷³ The drawing of the distinction, between ‘public service’ and ‘competitive sector’, is not as straight-forward as the rhetoric might suggest. As Mermaz concedes, “the distinction needs to be made, and what we are doing to the telecommunications industry is significant. It remains a public service, but because we need to forge alliances in Europe,⁷⁴ part of the industry can be opened up to private capital. Thus we will have a public sector with the participation of private capital.” There seems to be a sliding scale, with some ‘public services’ more sacrosanct than others. “In the future, we will look to exercise overall control, as happens in other countries, rather than manage directly. There are those sectors which are on the margins – Air France, France Télécom, maybe even the EDF.”⁷⁵

In response to EU directives concerning the partial opening of the energy markets, there have been ad hoc changes to the legal status of public companies such as EDF, for example, which had previously been entirely outside the competitive sector. France Télécom provides perhaps the best example of the tension between state ownership and EU competition. Strauss-Kahn’s warning to the opening up of France Télécom’s capital base bore fruit in October 1997, when a public sale of shares reduced state holdings in the company to 76.8%. Ahead of the liberalisation of European telecommunications markets on January 1st 1998, the legal status of France Télécom changed, becoming *both* the operator of the public network *and* a telecommunications operator in the competitive sector. (Szijs 1998 : 23)

It is thus at the European level that the public sector has to be defended. This defence is couched in terms of the inclusive concept of ‘le service publique’, embodying the values of equality, solidarity, co-operation, inclusion and ‘l’interet general’ or public interest. The full range of such services, as we have seen, is difficult to define, but it extends beyond just health and education to include the post office, the SNCF and beyond. It is

⁷³ Interview with Marisol Touraine 25/11/97

⁷⁴ Similar thinking informed recent developments at Aerospatiale. Defence Minister Alain Richard insisted that the state would retain a majority interest in the concern. However, Dassault and Lagardère were ‘invited around the table’ to ‘shift the weight of Aerospatiale’ in the face of the two European partners – Dasa and British Aerospace – with whom a ‘fusion’ is planned. (*Libération* 2/6/98) This example demonstrates the importance of the EU dimension. As integration advances, the pertinent regulatory regime is increasingly European.

⁷⁵ Interview with Louis Mermaz 1/10/97

in republican terms - of these cultural values, institutionalised in the French state, that Jospin argues for a powerful public sector. "The role of the state must be clarified, the very idea of public service re-affirmed. The public service has an essential mission to combat social and territorial inequalities and to maintain social cohesion."(1995 : 47)

This, Ladrech argues, explains Jospin's insistence on the inclusion of a notion of social cohesion regarding public services in the Treaty of Amsterdam. Jospin sees the development in terms of 'room to manoeuvre', a concept central to his *Réalisme de gauche*.

"European directives give the member States the manoeuvring room necessary in order to maintain and develop the missions for their public service enterprises. In utilising this leeway, we can at the same time preserve, in France, our original conception of public service, while constructing a common vision of the role of public services, which would permit the Europe of the 21st century to affirm its model of society and its attachment to economic and social cohesion."⁷⁶

Structural Reforms To Tackle Unemployment: 1. The Youth Employment Plan

Job creation has been a central concern of PS strategy since 1993, not least because most see the unemployment record of the last Socialist government as the key explanatory factor in the electoral defeat. Indeed, state sponsored employment creation schemes have been an increasingly central aspect of state employment policy in the last 20 years. Benhayoun & Lazzeri chart an evolution in the global objective of employment policy. In the 1960s and 1970s, their aim was to accompany restructuring. From 1977 to 1987, their aim was to aid young peoples entrance into the world of work. Whilst this remains a central concern, since 1988 their ambit has widened considerably to embrace a wider fight against unemployment. The scale and range of measures is considerable, and has expanded since the mid-1980s (OFCE 1999 : 58 & 68 fig. VII.3) Ministry of Employment figures show that over 2,100,000 people were on state-initiated employment policy schemes in 1996. (Benhayoun & Lazzeri 1998 : 48)

'Active' employment policy takes a number of forms, from apprenticeships, and work placements, to state-subsidised jobs, and employers' social security exemptions. There

⁷⁶ Jospin's Speech to the Colloquium : *Energie, Poste, Télécommunications Quel avenir pour le service public en France et en Europe?* (26/3/98) <http://www.premier-ministre.gouv.fr/PM/D260398.HTM>

has been an increasing propensity to target particular groups 'excluded' from the labour market, notably the long-term unemployed, the uneducated, and young people. These groups have borne the brunt of increased labour market flexibility in France. The new, more flexible, employment contracts are relatively over-populated with young workers, with nearly all new entrants being hired on short term contracts. Thus, "French society puts nearly all the burden of flexibility upon these workers."(Cohen *et al* 1997 : 272) There has been an expansion of programmes targeted at young people, such as the Travaux d'utilité collective (TUC), renamed contrats d'emploi solidarité (CES) in 1990. The number of young people on these and various other schemes rose from a total in 1985 of 384,000 to 736,000 in 1994. These initiatives thus, "play an important role in the youth employment market in the last twelve or so years."(Gautié 1997 : 16) This impact is clearly demonstrated by recent OFCE figures.(OFCE 1999 : 57 table VI.4)

Since 1997, the Jospin government has redoubled efforts in this area. A National Convention was held on the subject in 1994, and the third of the 1996 thematic conventions was entitled 'For Employment: A Change of Policy.' When announcing a 1% fall in the unemployment figures in February 1998, the PS first secretary placed the developments within the context of the Jospin government's record in office;

"These latest figures show that the economic, social and fiscal choices made since June 1st 1997 are steering our country along the right path. We have to amplify the effort from now on, to further reduce unemployment, because growth alone will not suffice. That is why, more than ever, we must pursue the policies of youth employment creation, and fully engage in the process of a negotiated reduction of the working week."⁷⁷

For reasons we shall explore later, the PS is concentrating on structural reforms of the French economy as its principle job-creating strategy. "In terms of macro-economic policy, employment policy has been abandoned. There is an attempt to make up for this in terms of structural policies, but in macro-economic terms, there is no longer an employment policy. Things may change after the single currency. Not before."⁷⁸

The programme elaborated at the employment convention, in December 1996, formed the basis of the election manifesto the following summer, and in turn of the Aubry plan.

⁷⁷ Communiqué de François Hollande Premier Secrétaire du Parti Socialiste 27 février 1998 PS website <http://www.parti-socialiste.fr/html>

⁷⁸ Interview with Jean-Paul Fitoussi 13/12/97

Particular emphasis was placed on the importance of youth job creation, with a commitment to create 700,000 new jobs. Vasseur situates the programme within the context of the wider economic strategy. “There is a general problem of the level of economic activity, linked to the problems of the division of the fruits of growth, which means that demand for labour is weak, and that the first penalised are those attempting to enter the job market – the younger job seekers.”⁷⁹

Dominic Strauss-Kahn, who later became finance Minister, in his speech at the employment convention, outlined the policy;

“Today we have decided: the state must undertake to create and finance, with the help of local collectivities, 350 000 new jobs, with contracts of indeterminate length. It will cost 35 thousand million francs, but that must be compared to the 60 thousand million in firms’ social contribution exemptions The choice is simple, do we want to pour millions and millions of francs into firms coffers, with minimal impact on employment levels, or do we want the State, directly, to take its responsibilities.”⁸⁰

In addition to these jobs, a further 350 000 are to be created in the private sector in the next two years. Indications are that there has been considerable success here, too – although this may be more due to the growth of the economy than government policy. Nevertheless, 400,000 jobs were created in 1998, and roughly 100,000 of them were within the framework of the *Plan Aubry*.(OFCE 1999 : 8, 53 & fig. VI.4) The role of the state as guarantor of the job creation programme is affirmed, a central feature of France’s ‘model’ of capitalism. In the run up to the election, the PS pledged to;

“drastically simplify current employment schemes, without adding to public expenses, our objective is the creation of 700,000 genuine jobs for the young, half in the public sector, half in the private sector.... All historical examples indicate that only an engagement of public power can triumph over massive unemployment. A master budget, re-orienting public expenditures towards employment, will be a powerful lever of action.”⁸¹

The strategy is part of an eclectic approach to employment policy. The emphasis of the Juppé government’s employment policy was on increasing the level of low wage employment, in part by bringing down employer costs, particularly in the private sector. The accent was placed on the bottom of the wage scale, with social security

⁷⁹ Interview with Daniel Vasseur 17/12/97

⁸⁰ Report of the general debate at the Convention in *L’Hebdo des Socialistes* 20/12/96 p7

⁸¹ *L’Hebdo des Socialistes* 9/5/97 p.4

contributions at minimum wage level being reduced by 13%.(OFCE 1999 : 58) There is some continuity in this regard (see chapter 7), however, the PS sees this as one element in a wider strategy, and retains a belief in the importance of an actively interventionist state in any job creating strategy. As Estier observes;

“Certain measures were taken to lighten the burden of social costs on firms. Yet we do not consider this, as the Right did, to be a be-all and end all strategy. The Right has always believed that by helping firms, you aid job creation. Yet this is not true. We can see that over the last few years, under Balladur and then Juppé, thousands of millions of francs have been spent helping firms, and all that did not translate into a single job created.”⁸²

By contrast, the results of the *Plan Aubry* have been encouraging, with 95,000 jobs created in the public sector in 1998. (OFCE 1999 : 58)

2. The 35 hour working week

The issue of reducing the length of the working week has long been of central importance for the French Left. A look at the evolution of the length of the working week during the century shows a strong correlation between its reduction and the brief periods of Left-wing government.⁸³ More recently, the scale of the unemployment problem in France has reduced the left's monopoly on the concept. Indeed, the *Loi Robien*, introduced by the Juppé government in 1996, established a series of financial inducements for reductions in working time – which either saved or created 20,000 jobs.(Gubian 1998 : 19)

The aim of the reduction of the working week as an economic policy instrument is twofold. On the one hand, its objective is to reduce unemployment. On the other, if salaries are maintained at pre-existing levels, it will have a redistributive effect between labour and capital. The policy continued to receive the attention of PS actors in the 1980s and 1990s, with the 1981 reduction seen as the first step. Final conference texts

⁸² Interview with Claude Estier 19/9/97

⁸³ Thus in 1936, the popular front brought the working week down from 46 to 40 hours. This level was re-established after the liberation. However, this law was not strictly adhered to, and by May 1968, the average working week had crept back up to nearly 47 hours. In the wake of the 'events', the Grenelle accords brought the level back down to 40. The next advance came with the election of the Mauroy government in 1981, when the working week was reduced from 40 to 39 hours.(Fonteneau & Muet 1985 : 233-239)

regularly talked of the objective of a reduction of the working week.⁸⁴ Emmanuelli sees the 35 hour week policy as a battleground where first and second left continue to skirmish;

“The *deuxième gauche* were for a reduction in salaries ... they dare not say anything, but they continue to think it. The first left was mainly concerned with a redistribution of added value from capital to workers. In reality, the *deuxième gauche* has never accepted the analysis of added value.”⁸⁵

The issue became a key point of division at the Bourget conference, with Rocard advocating a concomitant reduction in salaries, whilst Emmanuelli was holding out for maintaining salaries at pre-existing levels. Emmanuelli’s ‘victory’ there doubtless influenced the subsequent elaboration of policy under Jospin.

The redistributive element is not neglected by the PS elite today. The continuing unease at having presided, during the 1980s, over the progressive increase in capital returns, whilst wage earners suffered diminishing returns fosters an insistence on a redistributive element to contemporary policy. “That dimension is present within the policy of reducing the working week. When one works less for the same salary, it is a means of shifting added value in favour of salaries in a radical manner.”⁸⁶ However, the legal position is that salaries in the private sector are outside the government’s jurisdiction, and thus the law makes no legal provision for wages levels, “because salaries are within the domain of negotiation.”(Gubian 1998 : 25)

The law itself places great emphasis on the job creating aspect of the policy. State aid in the form of reductions in social security contributions are offered to firms creating new jobs (above a minimum of 6% of the workforce) as a result of the reduction of the working week by a minimum of 10%. Increased levels of exemption are offered to firms ‘making a particular effort in the field of employment,’ notably those firms undertaking to reduce work time by 15%, and increasing their workforce by 9%.⁸⁷ The state aids in the form of exemptions from employer social contributions are staggered (reducing from up to 9,000 F in the first years down to 5,000 F in the fifth year) – the aim being to

⁸⁴ the Arche text pledged a ‘move towards a 35 hour week *Le Poing et la Rose* no. 135 Janvier 1992 p83 & p89

⁸⁵ Interview with Henri Emmanuelli 10/12/97

⁸⁶ Interview with Daniel Vasseur 17/12/97

⁸⁷ Excerpts from the *Projet de Loi* PS website <http://www.parti-socialiste.fr/html/change/index.html>

relieve some of the burden of the cost of the transition from employers and employees. The fixed levels of these state financial aids means that they will be relatively more generous for lower earners. (Gubian 1998 : 20-21)

The law also reflects enduring 'neo-corporatist' aspirations within the PS.(see chapter 2) Following the abortive attempts of the Mauroy Government before it, the Cresson Government unsuccessfully attempted to instigate co-determination in France in the early 1990s. (Schmidt 1996 : 185-186) One of the reasons for enduring efforts is the ability of consensual labour-capital relations to alleviate unemployment pressures. As Lordon notes, "in the absence of a strong enough neo-corporatism which could have driven a negotiated disinflation, wage discipline has been performed more brutally, by way of [higher] unemployment."(1998 : 106) The 35 hour week law places great emphasis on negotiation between firms, employees, and state. The classic social democratic method, championed within PS ranks by Poperen in the last 20 years, has become a chosen policy tool.

As Gubian notes, "the securing sizeable reductions which will create jobs, necessitates the rethinking of the organisation of work and the evolution of pay for established workers as well as new entrants, and these must be favourable to both parties [employers & employees], negotiation thus plays a primordial role."(1998 : 20) The national conference on salaries, attended by government, unions and patronat in September was testament to the PS's faith in negotiation. This may be evidence of the influence of Rocardian '*deuxième gauche*', many of whom hold prominent positions within the PS today. They have always emphasised the importance of negotiated settlements, their search for a consensual politics in part explains their reservations about a legal insistence upon no reductions in salaries.

"The spirit of the law," Gubian argues, "is to put negotiation at the centre of the process of reduction in working time."(1998 : 20) This is attested to by the text of the law itself; "This law will open up the possibility for social partners to negotiate the details of implementation." Furthermore, "the financial incentive benefiting firms will be higher, the quicker firms engage in negotiation." Such negotiating, as we have seen, goes against the confrontational grain of French industrial relations. The law highlights

certain structural problems, such as the lack of union representation structures to orchestrate the negotiating process in many firms, particularly smaller ones. This comes back to the traditional low density of unionisation in France, and the fragmented nature of existing union structures. Despite such hindrances, the law aims to “facilitate the negotiation within firms over labour costs, which wage-earners often perceive to be unrewarding.”⁸⁸

The implication is that such a perception is at variance with the facts. Jospin’s chief economic advisor, Pierre-Alain Muet, insists that, “through negotiation between social partners, we are putting in place a different model of development which privileges employment.”(1998 : 73) Muet also attests to the ‘statist’ nature of the negotiation process in France as a response to the traditional weakness of negotiated, consensual industrial relations in France (see Chapter 2). “Since, in France, we do not have a tradition of negotiation without state intervention, it was necessary that there be an impetus provided by the state in order that the negotiations could begin.”(1998 : 74) The site of such negotiations may vary, but on the whole the emphasis is likely to be on the firm- rather than the branch-level.

The state plays an important role in other aspects of the implementation of the policy. In contra-distinction to the earlier *Loi Robien* the 35 hour week involves not just ‘positive incentives’, such as higher state aids for jobs created, but also ‘negative’ incentives – in the form of statutory increases in over-time payments for hours worked over the 35. Thus, whilst the state is not administering the change in accordance with the French state’s Colbertist traditions, it is inducing the change through a set of ‘carrots’ and ‘sticks’. According to Muet, “the state must show the way, establish the framework, that is why there is a *legal* reduction in working time.”(1998 : 85) This highlights an important point, which demonstrates the significance of the legal framework of industrial relations. France has traditionally, “given greater importance to parliamentary law and regulations and to administrative law.”(Boyer 1997 : 78) This is reflected in the 35 hour week, where the French state has at its disposal a policy tool not available in many other countries. “The *legal* duration of working time,” Muet notes, “is a French characteristic; in other countries, for example Germany, the Netherlands, or Denmark,

⁸⁸ Excerpts from the *Projet de Loi PS* website <http://www.parti-socialiste.fr/html/change/index.html>

the length of working time is principally a result of collective conventions.”(1998 : 85) Here we see the enduring ‘statist’ nature of *Réalisme de Gauche*, in which the state continues to be of central importance to France’s economic development, even if its *modus operandi* has changed considerably in recent years.

In ideological terms, the 35 hour week policy is also seen as a rejection of neo-liberal interpretation of globalisation, and its implications for structural reform of labour market institutions. Although labour market flexibility has increased in France in the 1980s and 1990s, the path is not an inexorable road towards an anglo-saxon ‘model.’ The state retains a significant role, which seeks to secure equitable social norms.

“People tell us that if we introduce the 35 hour week, we will drive international investors away. Labour costs are important – that is true, but there are lots of other considerations, such as the price of transport That is why they [New Labour] are wrong to concede. Because in doing so they align themselves with a liberal outlook which is not accurate...Labour costs are one element among many.”⁸⁹

In good *Réalisme de Gauche* fashion, however, this ideological stance is tempered by a pragmatic approach to the application of the theory. The PS accepts the need not to antagonise firms.

The law is justified in economic efficiency terms by anticipated gains in productivity. Lower fatigue levels of workers, a lesser instance of absenteeism, and a more efficient organisation of working time will, it is argued, all improve productivity and reduce production costs. (Gubian 1998 : 16) The PS accepts the need not to antagonise firms;

“We cannot ignore the fact that, even if there is an imbalance in their favour, the firms are primary actors in the implementation of this policy. Thus we cannot sustain a discourse saying that firms have excessive profit margins, and we need to effect redistribution.”⁹⁰

Indeed, the premise of the law is that the burden of cost arising from the transition must be shouldered by state and employees, but *not* by firms.⁹¹ “The gains in productivity and financial aid will contribute 60% of the total financing of the reduction of working time. Wage earners must thus finance the remaining 40%.” (Gubian 1998 : 29) The law plans

⁸⁹ Interview with Henri Emmanuelli 10/12/97

⁹⁰ Interview with Daniel Vasseur 17/12/97

⁹¹ The PS accept the need to reduce employer costs as part of the job creating strategy, as indicated by recent reductions in Professional taxation (see chapter 7).

to effect the transition *without* increasing public expenditure in the long term. It is anticipated that gains from tax receipts, coupled with reductions in social security, RMI, an unemployment benefit bills will within 5 years compensate fully for increased expenditure through state aids.(Gubian 1998 : 26) Thus, the law implicitly recognises the need for wage moderation so that firms can stabilise their wage costs. This will be particularly important for higher earners, and some studies anticipate a 2 year wage freeze.

Anticipated Results

The 35 hour week is seen by the PS as an integral part of its own 'model' of capitalism it seeks to export. Situating the 35 hours within the bigger picture, Vasseur recalls Jospin's presidential campaign soundbite, "this is one of the core themes which justifies the reduction of the working week – we are trying to advance a new model of civilisation, within which the economy is at the service of man, and not the opposite."⁹² As a job creating strategy, the prospects of the schemes is a subject of considerable disagreement. Most accept that the targeting of state aids – with higher incentive payments going to firms hiring in particular categories (young workers, long-term unemployed) will go some way to improving the prospects for these 'excluded' categories. However, globally, little consensus exists about the number of jobs to be created. Some of the unions, and those on the Left in the PS, believe the transition had to be more rapid (not phased in over 4 years) if it was to create more jobs. More optimistic economic studies anticipate that the 35 hour week will result in the creation of 700,000 jobs.(Gubian 1998) Clearly, such results are dependent on wider economic developments such as the avoidance of recession.

Significantly, OFCE research suggests a more modest result, in the order of 500,000 jobs. Their predictions, however, are based on the assumption of employees shouldering the burden of transition costs through wage moderation. As Fitoussi puts it, "thus workers have to agree to share both their jobs and their salaries with the unemployed."(1998 : 81) However, if that exigent condition cannot be met – i.e. should negotiated wage moderation fail, the results in terms of job creation may be more

⁹² Interview with Daniel Vasseur 17/12/97

meagre.

The European dimension

“As the Prime Minister is often saying, the problems of growth and unemployment are also European problems ... that is why the strategy for fighting unemployment has two facets: a national dimension, and a European one seeking to re-orient European construction in favour of jobs and growth.”(Muet 1998 : 85)

For this reason, the imperfect match between the PS model and development paths currently being followed elsewhere in Europe is a grave concern, potentially threatening the success of the ambitious project. Acutely aware of how fruitless ‘going it alone’ is in today’s interdependent world, the PS is looking beyond national borders for moral and political support for their ‘model’. Thus Jean Le Garrec, the man chosen as *rapporteur* for the 35 hour week law, and thus responsible for its passage through the *Assemblée*, is insistent upon the need for expansion to a European level;

“The law I am preparing on the 35 hours moves things a little ... But clearly, if Europe does not move as well, things will become difficult.... For me, today, the European dimension is un-bypassable. That does not mean that we are not obliged to explore all possible room to manoeuvre – that is exactly what we are doing. But if that room to manoeuvre is not linked, in the years to come, to the European level, we will have difficulties – perhaps even failures.”⁹³

Emmanuelli, too, has his eyes on the European horizon when trying to gauge the chances of long-term success;

“The 35 hour week involves an ideological mindset – who is a winner, who is a loser. The Italians are following us (we know why, it is to serve a strategic purpose). The debate is also being played out in the SPD today, between Lafontaine and Schroeder. On the whole, if the SPD were to move in our direction, things would become very interesting. If the SPD does not shift, we will try, but in my opinion, we will not get very far.”⁹⁴

For all the insistence upon domestic '*volontarisme*', the PS accepts that it is at the European level that the iniquitous effects of globalisation can most effectively be countered.

⁹³ Interview with Jean Le Garrec 16/12/97

⁹⁴ Interview with Henri Emmanuelli 10/12/97

European Economic Integration & French Macro-Economic Policy

A fundamental premise of *Réalisme de Gauche*, and the culmination of a journey begun in 1983, is an understanding of "what the process of globalisation was, and how it affected French sovereignty."⁹⁵ Awareness of international economic context, and its impact on French socialism is nothing new. Ever since the U-turn of 1983 'external constraints' have become commonplace in the party's discourse. The Arche text '*Projet socialiste*', which talked of globalisation explicitly, observed, "Socialism.....is developing at the heart of a globalised capitalism which today restricts our vision, but not our will to act."⁹⁶ What changed, particularly after 1993, was the reading of the room to manoeuvre which remained despite the external constraint. Under Jospin, the PS synthesised the auto-criticism prevalent within the party since 1993 with an in-depth analysis of the changing international political economy at the national convention on 'Globalisation, Europe, France' in March 1996.

Given the accepted importance of the wider international context to the health of the French economy, and with the advancing process of European integration, it is increasingly at that level that macro-economic policy must be considered. In keeping with Mitterrand's European approach, Europe is seen at once as a harbinger of modernisation, but also as a prime export zone for the specifically French path to modernity.(see chapter 5) European Affairs Minister Pierre Moscovici set out the French vision for European macro-economic policy;

“Europe, from Jean Monnet to Francois Mitterrand, has always been an amplifier of French modernisation. We must fight for the three elements which can create European growth – a strong currency with low interest rates, less public debt and more public investment, and a large market with real political and social rights. These are the necessary conditions for a real European pact for growth.”(1997 : 99)

An enduring reference point in party texts⁹⁷ is the Delors White Paper of December 1993 on 'Growth, Competitiveness, and Employment.' The paper was based on the work of a group of economists headed by Stuart Holland.⁹⁸ Holland has worked

⁹⁵ Interview with Henri Weber 29/9/97

⁹⁶ *Le Poing et la Rose* no. 135 Janvier 1992 p. 18

⁹⁷ which was also referred to in a number of interviews

⁹⁸ see Holland (1993). The book was a report to the Commission of the (then) EC. See also Lightfoot & Wilde (1996)

extensively on the need for the establishment of a New Bretton Woods. The starting point of such work is an acceptance of the limits placed on unilateral national level macro-economic policy by the increasing levels of international financial integration prevalent since the 1970s. This changed context rules out Keynesianism *à l'ancienne*, yet whilst growth-oriented macroeconomic policies at the national level may be unsustainable, the same is not necessarily true of the supra-national level, namely the EU.

Demand management policies, particularly any of an expansionary nature, could be *internationally* co-ordinated. The Delors White Paper outlined a trans-European investment in Public Works which were to create 15 million new jobs by the year 2000. This was to be financed, Lightfoot & Wilde observe, “from loans and bonds guaranteed by the EU, which would effectively act as a state, financing a Public Sector Borrowing Requirement.”(1996) European co-operation is considered an essential response to globalisation;

“This explains, despite the difficulties, the reservations of public opinion, and internal cleavages within the Left, why the majority of socialists have remained favourable to European construction. Their analysis of the process of globalisation accepts the necessity for the European nations to construct a regional power-bloc.”⁹⁹

French Socialists, whilst mindful of the practical difficulties, nevertheless retain faith in the strategy. “A real reflation, which would look something like a Keynesian policy – either happens at the European level, or not at all.”¹⁰⁰ In 1998 Jospin reaffirmed his Euro-Keynesianism in talks with Jacques Santer.

The role played by European construction in PS economic strategy involves, “a two-level strategy incorporating European with French policy development.” This is both, “an admission of the limited scope for national innovation or manoeuvrability,” and “an acknowledgement of the impact and influence of EU policies on national policy-making.”(Ladrech 1998 : 1) “For me,” Jospin notes, “European voluntarism is an extension of national voluntarism. This is exactly the basis of our determination to go through with the construction of a united Europe.”¹⁰¹ In the new international economic

⁹⁹ Interview with Alain Bergounioux 18/9/97

¹⁰⁰ Interview with Henri Emmanuelli 10/12/97

¹⁰¹ Jospin’s speech Assemblée Nationale, to the Debate on the recommendations of the European

context, the PS has come to accept that, “socialism – or social democracy – will not ‘be’ unless there is some compatibility at the European level.” Accordingly, the PS accepts, “the need to co-ordinate national with European policy-making.”(Ladrech 1998 : 2) Vasseur says of competitive disinflation, “that configuration was no longer appropriate from the beginning of the 1990s.”¹⁰² One reason for this, in the context of increasing European integration, is that the ‘beggar-thy-neighbour’ logic of competitive disinflation goes against the grain of the international economic co-ordination so central to PS thinking.

Monetary Policy

Whilst accepting that structural developments of the international political-economic context have hemmed in macro-economic policy options, some commentators are unwilling to infer from this the end of autonomous national macro-economic policy making as some global theorists do. Such a position arguably surrenders too much ground to the *ideological* onslaught which accompanied the changing objective conditions. In terms of macroeconomic policy, the PS faces a problematic, common to all centre-left governments, of “the conflict between credibility and discretion”(Balls 1998) – the desire to exercise discretion to pursue social democratic objectives, tempered by the need for government policies to be perceived as sound and sustainable.

Réalisme de Gauche in relation to the clearest example of European-level co-ordination - the process of economic convergence preceding the transition to a single currency – encapsulated these dual concerns. The 1996 PS Convention on *Globalisation, Europe, France* explicitly rejected the view of Europe as a liberal trojan horse, “refusing the anglo-saxon model and affirming a European and French model.” The final text pledged the party to a more comprehensive construction of *'l'Europe social'*, with the social chapter of Maastricht seen as only the first step in this process. The need for a political structure as a counterweight to the European central bank was essential, the text argued, to avoid the single currency being “sacrificed to monetarism, the devolution pure and simple of monetary policy-making power to the governors of central

Commission for the passage to a single currency (le 21 April 1998) <http://www.premier-ministre.gouv.fr/PM/D210498.HTM>

¹⁰² Interview with Daniel Vasseur 17/12/97

banks.”¹⁰³

Tomlinson, focusing on the *process*, not the *rhetoric* of globalisation, accepts that “the scope of [national economic] management *has* narrowed as the pace of international integration has intensified,” but insists “the scale and nature of that integration needs to be treated with care.” (1993 : 22) The implications for each macroeconomic policy instrument should be assessed separately. Thus whereas “official attempts to set exchange rates against market sentiment are battles between David and Goliath, without the likelihood of divine intervention on the side of David.” (1993 : 23) The balance of forces in the monetary policy field is slightly more favourable, where “the movement towards a common currency zone will to some extent re-adjust the balance between private and governmental players in the foreign exchange market.” (1993 : 24)

The nature of that re-adjusting of the balance is central to PS macro-economic policy strategy. The fulfilling of the Maastricht convergence criteria as a precursor to the establishment of a single currency has tightly hemmed in macro-economic policy. Despite this, Jospin set out his hopes for the basis of the Euro in a speech to the *Assemblée Nationale*;

“Faced with the challenge of globalisation, economic and monetary union will provide us with an effective instrument to enable us to fulfill our national destiny...the Euro will be a stabilising factor, protecting our citizens from monetary crises ... we will be less dependent on the hazards of the international economic conjuncture ... the advantages of monetary union can already be perceived. If, despite the Asian crisis, there is a general economic up-turn in Europe, it is in part because the future monetary union is already perceived, in a tormented world economy, as a stable monetary space. In clarifying the horizon, in calming down the anticipations of economic and financial actors, in favouring a downward convergence of interest rates, the prospect of monetary union contributes to the return to growth in Europe.”¹⁰⁴

The conception of monetary policy as being *solely* concerned with monetary stability, with price stability, is challenged because such a state of affairs adversely affects growth. As with so many other areas, it is argued that recent practice has been excessively cautious, and that the instrument of monetary policy can be made more

¹⁰³ *Vendredi* 276 8/3/96

¹⁰⁴ Jospin’s speech *Assemblée Nationale*, to the Debate on the recommendations of the European Commission for the passage to a single currency (le 21 April 1998) <http://www.premier-ministre.gouv.fr/PM/D210498.HTM>

compatible with other policy objectives, such as growth;

“We all know, and economic theory demonstrates that the optimum configuration or ‘climate’ is one where economic actors take all objectives into account – and not just price stability. The economy at present is somewhat trapped, so monetary policy could be a little more expansionary, without the threat of inflation reappearing in the next 3-4 years.”¹⁰⁵

Moscovici cites both Keynesian and liberal economists as sharing in the PS view of the root of the economic malaise, “all insist on the need, the imperative, to lower real interest rates, which condemn the West to recurrent crises, and penalise investment, growth and jobs. We need to use the monetary instrument wisely, and avoid budgetary fetishism.”(1997 : 48) The price paid, for monetary myopia, in terms of low growth, slowed down by prohibitive interest rates and mass unemployment, is, it is argued, too great. “That is why such dogmas are today seriously challenged, not only on the grounds of social justice, but also on the grounds of economic efficiency.”(1997 : 58)

Jospin attempted to reconcile his vision of Europe to the process of monetary union by imposing four criteria on the passage to a single currency. As Vasseur explains, for Jospin, “Europe, in economic terms, is more a means than an end in itself. We are not about to endorse austerity simply in order to create the single currency. Rather, the single currency must be a means, and in order to be sure that it will be a means of bringing growth and jobs, we must impose certain conditions – the four of Pierre Moscovici.”¹⁰⁶

The four conditions¹⁰⁷ imposed by Jospin on the advent of the Euro are, firstly, the Euro must include as many countries as possible, with Spain and Italy cited explicitly, along with the UK ‘if they wish.’ Secondly, “Europe must be social and political,” therefore, “we want the relations between participating Euro countries be founded not on an austerity pact (this is an explicit reference to the German inspired ‘Stability Pact’ of Dublin), but on a solidarity and growth pact, permitting policies in favour of job creation and social cohesion.” Thirdly, next to the European Central Bank, there must be established “a European economic government, representing the people and charged with co-ordinating the economic policies of the various nations.” Finally, there is an

¹⁰⁵ Interview with Daniel Vasseur 17/12/97

¹⁰⁶ Interview with Daniel Vasseur 17/12/97

¹⁰⁷ Inspired and in part elaborated by Moscovici, according to his advisor Vasseur (interview 16/12/97)

insistence that the Euro must not be over-valued vis-à-vis the dollar and yen.¹⁰⁸

Although the most significant of those conditions – the creation of a ‘political counterweight’ to the ECB, has not been met, there have been attempts to partially fill that vacuum through ever greater emphasis on co-ordination of macro-economic policy between countries in the Euro zone. Such activity was particularly intense during Lafontaine’s brief sojourn as German Finance Minister, with the nascent Franco-German axis on macroeconomic activism to promote employment, evidenced by Lafontaine and Strauss-Kahn’s joint statement calling for re-regulation of the international financial system, and for a European-level policy for employment and growth.¹⁰⁹ The establishment of the Euro X group – the regular meetings between Finance ministers of all countries within the Euro-zone – is also seen as at least a partial realisation of Jospin’s ‘economic government’.

Fiscal Policy

Fiscal policy, Tomlinson argues, offers more room to manoeuvre; “national policies about taxation (both levels and distribution) remain important and, in some areas at least, reasonably immune from pressures for harmonisation with other countries within the EU.” (1993 : 25) Such observations are supported by Garrett’s recent cross-national quantitative analysis of government expenditure and deficit level for 16 OECD countries between 1967 and 1990. Whilst accepting the logical consistency of the position which sees capital mobility as tightly constraining government macro-economic policy-making options Garrett seeks to unearth how far the *process* has actually progressed. The findings suggest considerable variations in expenditure and a wider room to manoeuvre for governments than is generally appreciated.¹¹⁰ (1995)

Bérégovoy did not seem to share the view that considerable room to manoeuvre permitted a *volontariste* approach. He was convinced that an essential corollary of the lifting of capital controls within the EC was the harmonisation of national taxes on

¹⁰⁸ PS *Changeons d’Avenir : Nos engagements pour la France* election manifesto 1997 pp12-13

¹⁰⁹ Liberation 23/10/98

¹¹⁰ A Caveat must be offered here; the study ends in 1990, when capital controls were abolished in the EU, and as a result may miss subsequent developments resulting from increasing integration.

savings – and indeed initially secured commitments from the Germans to fiscal harmonisation as a *quid pro quo* of lifting capital controls, although these commitments were reneged upon. (Aeschimann & Riché 1996 : 48) In the absence of such harmonisation, Bérégovoy feared a flight of capital to the low taxation countries, such as Luxembourg. Plans were made for a ‘withholding tax’ to reduce these effects, but German Finance Minister Theo Waigel again scuppered the move. In the absence of harmonisation, “Bérégovoy felt obliged to cut taxes on profits from stocks, bonds, insurance policies, and mutual funds. In December 1989 he introduced legislation instituting tax-free funds for short term fixed-interest instruments, the *sicav monétaire*. These tax-free mutual funds rapidly became so popular that ... at their height in 1991, a trillion francs were invested in them.” (Friend 1998 : 191) A Ministry of Finance publication outlining the plans for the 1992 budget identifies the primary objective for fiscal and savings reform as, “limiting the risks of delocalisation linked to the free circulation of capital within the EC.”¹¹¹ There seems to be an acceptance that liberalisation within Europe exerts insurmountable pressures towards harmonisation of fiscal policy.

Réalisme de Gauche entails a realisation of the need to operate at the European level, and the concern for harmonisation, remains central to PS thinking on fiscal reform today. Vasseur observes;

“the pertinent *echelon* is Europe. The nature of European construction in the 1980s, was on a somewhat Thatcherite model. When there are capital flows without prior harmonisation, one cannot deny the constraint of being somewhat obliged to align with the ‘lowest bidder’ in fiscal terms, i.e. Luxembourg.”¹¹²

However, the nature of engagement at that European-level is changing. There is an explicit attempt to challenge the neo-liberal thinking under-pinning the ‘Thatcherite’ model of Europe. Vasseur continues;

“the Socialist government – and I am partially responsible for the evolution – is in the process of engaging in fiscal harmonisation. The process of correcting the imbalance in the taxation of capital and taxation of labour, also involving the Luxembourg government, is under way It could be a factor in reducing unemployment on our continent.”¹¹³

¹¹¹ *Les Notes Bleues* number 560 (30/9/91) p55 *Ministère de L'Economie, des Finances, et du Budget*

¹¹² Interview with Daniel Vasseur 17/12/97

¹¹³ Interview with Daniel Vasseur 17/12/97

This kind of European-level fiscal activism is seen as a promising avenue. Fitoussi *et al* argue that, once instituted, the single currency will further improve the case for fiscal activism, “the conditions characterising EMU are those in which fiscal policy is most effective. Indeed, there will be a negligible effect on the rate of interest, which will be set for the Community as a whole, and by definition exchange rates (already irrevocably fixed) will be unaffected, so that there will be no crowding out of either investments or exports.”(1993 : 13)

At the national level, *Réalisme de Gauche* in the field of fiscal policy assumes the existence of some scope for activism. The strategy is built on foundations laid in Jospin’s presidential campaign. There, whilst accepting the need to reduce public deficits, and meet Maastricht convergence criteria, Jospin insisted on sufficient room to manoeuvre to a change in the priorities of the system. This could be done, Jospin asserted, “without penalising wage-earners, and without increasing overall charges on firms,” by making the French fiscal system fairer. Commitments included, firstly, lowering social security contributions of low wage earners, whilst increasing them on the highest paid. Secondly, the extension of Rocard’s *Contribution Sociale Généralisée*, considered “fairer than VAT or taxation on salaries alone,” to cover all capital revenues. The rationale being that *general* health care, currently funded disproportionately by employee contributions, should be funded by *general* taxation. Thirdly, the abolition of numerous tax exemptions— particularly those covering capital assets and large firms - “not justified by social or economic objectives”. Lastly, the reform of an excessively complex and idiosyncratic local taxation system.(PS 1995 : 12-13)

These themes were built on at the National Convention on economic and social policy entitled ‘For Employment: A Change of Policy’ in December 1996. The fiscal policy work-group, developed its propositions under the title, “a logic of redistribution and social justice.” The ‘archaic’ fiscal and social contributions system needs to change the balance in two areas. Firstly, capital taxation must be increased, and wage-earner taxation reduced. Secondly, anti-redistributive indirect taxation must be reduced, in favour of a potentially more progressive direct taxation system. “We will not tax more, but will tax better.” Any room to manoeuvre will be used to reduce taxes on everyone,

such as VAT, rather than reducing wealth tax, as the RPR government did.¹¹⁴

The 1997 election manifesto continued in the same vein, proposing a fiscal rebalancing act. The PS pledged, an extension of the CSG to replace health insurance contributions, and the reduction of employee social contributions. VAT on essential items, it was claimed, would be reduced. Finally, in terms of increasing taxation on capital, the manifesto pledged to, “install a fairer contribution of capital to national solidarity by raising the level of the Solidarity Tax on Fortunes (ISF).”¹¹⁵ The pamphlet *Ca Change*, documenting the early record of Jospin’s administration, distributed at the Brest conference, suggests progress is being made. It charts an increase in taxation on firms. As Pierre Guidoni, national secretary for international relations notes, “Lionel Jospin taxed the non re-invested profits of the biggest firms, and it provoked no protest, even from those firms concerned. Simply, it was a different political and ideological choice.”¹¹⁶ A recurrent theme on corporate taxation has been sparing small and medium-sized firms an increased tax burden in general, and tax disincentives to hire in particular. This has resulted in the substantial reduction in professional tax (see chapter 7). The rationale according to Claude Estier, leader of the Socialists in the Senate, is to;

“spare these firms, precisely so as not to paralyse them in terms of job creation. However, at the same time, when we have budgetary difficulties, a certain number of big firms make considerable profits. Thus there is still a necessity to take the money where we find it!”¹¹⁷

Ca Change highlights new taxation on certain financial profits,¹¹⁸ and the fact that health contributions have been shifted under the auspices of the CSG, meaning that contributions are now drawn from financial and capital revenues, as well as salaries. The 1997 budget was modified in the wake of the change of government, and “the spending levels frozen by the Juppé government were redeployed to finance new spending... supplementary taxes, in particular on firms, were put into effect ... [overall, however] not wishing to interrupt the up-turn, the state’s budgetary policy in 1998 was next-to neutral.”(OFCE 1999 : 17) In 1998, part of the receipts from the increased growth went into reducing public deficit, whilst part went into active expenditure. Given

¹¹⁴ *L’Hebdo des Socialistes* 20/12/96 p23

¹¹⁵ *PS Changeons d’Avenir : Nos engagements pour la France* election manifesto 1997 pp6-7

¹¹⁶ Interview with Pierre Guidoni 24/9/97

¹¹⁷ Interview with Claude Estier 19/9/97

¹¹⁸ Principally the 15% tax on non-reinvested profits of large firms justified in terms of the need to meet the Maastrich criteria.

some redistributive measures in the 1999 budget, for example the increase in the ISF, the overall package is slightly less restrictive than in 1998.(OFCE 1999 : 19 & 63) According to Fitoussi, however, the Jospin government, for all its good intentions, is condemned to behave as its predecessor did;

“Budgetary ‘regularisation’ is the primary budgetary objective, when it should be growth and jobs. Thus there is an inversion in the objectives of economic policy, which correspond to government practice. But, today, let us say that the policy is much more begrudgingly applied than was the case in the past.”¹¹⁹

It may be very well always looking for the room to manoeuvre, but the search may not be very rewarding.

On balance, despite the acceptance of a need for stability, there is a greater insistence on the enduring possibility of fiscal activism than neo-liberal interpretations of the policy implications of globalisation choose to concede. One reason why ‘external’ constraints are not particularly pressing on French fiscal reform is identified by Le Garrec;

“the room to manoeuvre is in part linked to the state of the French fiscal system. Certain fiscal instruments are completely outdated, not least the whole local taxation system. Thus there is a lot that can be done, without coming up against ‘external’ constraints, which can nevertheless affect the dynamism of the French economy.”¹²⁰

At a deeper level, however, there is a rejection of global theorists assumptions about the realms of the possible. As Vasseur notes;

“we recognise that a certain room to manoeuvre exists. Firstly, because economic actors are not all that mobile. That is why the government did not hesitate in increasing taxation on savings. Although the somewhat crude analysis usually offered of the functioning of financial markets says that we can do nothing in the face of them, and we are obliged to align ourselves with the lowest international level of taxation, and if we do not, capital will flee overseas. We can see that this is greatly exaggerated.”¹²¹

The Problems of European-level Co-ordination

Réalisme de Gauche involves a profound re-evaluation of the nature of French economic sovereignty. In the new international economic context, and given the

¹¹⁹ Interview with Jean-Paul Fitoussi 13/12/97

¹²⁰ Interview with Jean Le Garrec 16/12/97

¹²¹ Interview with Daniel Vasseur 17/12/97

advancing process of European integration, it is increasingly at that level that macro-economic policy must be pursued. For this reason, the basis on which the Euro is established is of fundamental importance to the shaping of macro-economic policy in the years ahead. Yet this basis can only be elaborated in a co-ordinated manner, with, at the very least, the 11 countries seeking to enter the Euro in the first phase. This fact makes the establishment of a consensus over the basis of the Euro inherently problematic. Whilst the PS has in recent years sought to question the dominant economic orthodoxy, a parallel exercise has not necessarily taken place in the other countries. The Stability Pact of the Dublin summit, for example, demonstrated considerably less enthusiasm for measures to encourage growth or Keynesian-style job creation schemes. The process of co-ordination is thus extremely difficult. PS talk of 'co-ordination' is a euphemism for 'persuading our partners to follow our example.' If and when France's European partners fail to comply, French economic strategy is placed under considerable strain – a strain exaggerated by intra-party divisions over the approach to the appropriate direction of the process of European construction.(see chapter 5)

The tensions were most clearly demonstrated at the PES meeting in Malmo, where Blair scolded the likes of Jospin, telling European socialists to, "modernise or die!"(Blair 1997) On the agenda was the Employment Chapter (including a commitment to full employment) which the Swedish social democratic government, building on work done by Elisabeth Guigou for the PES, proposed to add to the Treaty of European Union at the IGC of 1996-1997 (see Lightfoot, 1997) The Employment Chapter proposed annual employment policy guidelines for member states, and a permanent employment committee, on a par with the monetary committee, thus creating, "institutional pressures within the EU to move it towards more radical goals on employment creation."(Lightfoot 1997, 111)

Despite extensive preparations, which had been under way for over a year,¹²² European social democratic co-ordination could not overcome the obstacle presented by the differing outlooks on the appropriate future direction of European job creation policies. A bi-partite declaration by the PS and Lafontaine's SPD, concerning the EU's role in

¹²² see Ladrech 1998 ; Lightfoot & Wilde 1996

job creation, did emerge from Malmö. However, its message was a far cry from Blair's insistence upon flexibility, and less rigid, 'Anglo-Saxon' labour market institutions. At the Amsterdam summit in June 1997, Jospin's wishes to endorse the Employment Chapter and advance towards a 'social Europe' sharpened the division. In the build up to the summit, Jospin and Strauss-Kahn threatened not to endorse the Stability Pact. (Ladrech 1998 : 7) This, combined with Moscovici's talk of a possible rupture, led to expectations within the party of drastic steps being taken to ensure the fulfillment of Jospin's criteria. Many, particularly on the Left, eagerly anticipated a strategy of provoking a crisis in order to effect a drastic re-orientation. However, faced with an intransigent Blair, and an Anglo/German axis, Jospin was forced to back down in his bid to reorientate European construction, settling for a renaming of the stability pact (now the 'Growth and stability pact'), and a somewhat cosmetic jobs summit, which fell far short of the original Swedish proposals, let alone the Delors white paper.

"Our big disappointment since last June has been Europe. On the Euro, we imposed some conditions, and we are relatively satisfied, including Jospin. After Amsterdam, however, I was not very happy. Jospin took me aside and said, "I know what you think, but I was at Malmö – and I was all alone! I was set upon by Blair – he is more right-wing than M. Kohl. What am I supposed to do all alone, I'm not going to fight a lone battle."¹²³

Yet with more recent electoral victories for governments of the Left in Germany and Italy, Jospin has begun to look less isolated in Europe. In October 1998, at the EU leaders meeting at Pörschach, Austria, Jospin revived plans for, "a multibillion-pound programme to kick-start continental economies" in the wake of the single currency. The plans, of German as well as French origin, (Schroder himself called for a 'European jobs pact') advocated interest rate cuts to foster growth, large-scale public investment in infrastructural programmes to boost demand and reduce unemployment, as well as an agenda combatting unfair tax competition, setting minimum social standards across the EU and co-ordinating economic policies – i.e. the bulk of Jospin's Amsterdam agenda. What had changed was the replacement of the Blair/Kohl axis with an emergent Franco-German axis between Lafontaine and Strauss-Kahn's joint statement calling for re-regulation of the international financial system, and for a European-level policy for employment and growth.¹²⁴ The pivotal role of France and Germany within the Euro

¹²³ Interview with Henri Emmanuelli 10/12/97

¹²⁴ Liberation 23/10/98

project, and the enthusiastic response of the Swedish, Portuguese, and new Italian governments, made the prospects for active employment-oriented policies, appear considerably less dire.

Conclusion

The competitive disinflation strategy, it is accepted by most commentators, as well as by key PS actors, was appropriate and necessary in the 1980s. However, the unease with the neo-liberal theory underpinning the strategy, and its failure to reduce unemployment grew in the 1990s. With the changing international economic context, particularly after German re-unification, doubts about the strategy's worth increased. In the wake of the 1993 defeat and Bérégovoy's suicide, implicit unease translated into explicit auto-critique. The process of re-evaluation began to cohere, around Jospin's presidential bid, into a modified economic strategy - *Réalisme de Gauche*. The new strategy was predicated on an analysis of a crisis of under consumption, requiring demand stimulus. The slightly neo-Keynesian feel to the approach betrays the different ideological assumptions which underpin it.

The realism element involves taking account of the realities of the new economic context. Perhaps the clearest example of the shift necessitated by such realism is in the approach to privatisation, where despite pledges to the contrary in the 1997 legislative election manifesto, the Jospin government has in fact overseen more privatisations than its right-wing predecessors. Another area where 'realism' has been demonstrated is in the field of macro policy. The PS's integration of the implications of international economic developments into its economic strategy has led to a realisation that reformism in one country cannot proceed very far. Stability, it is accepted, is a desirable goal of macro-policy, and budgetary policy under the Jospin Government has been fairly orthodox.

However, the existence of room to manoeuvre is the philosophical foundation of *Réalisme de Gauche*, and thus precise location of the limits of the possible is contested. To this end, Moscovici problematises the concept of 'credibility' with financial markets, seeking to explore its limits. Certain parameters for action, such as a commitment to

monetary stability, are accepted, but the wider ideological baggage of economic orthodoxy, heavily influenced as it is by neo-liberalism, is challenged. The *Réalisme de Gauche* of the PS seeks to counter dominant economic orthodoxy in relation to the policy implications of globalisation in areas other than monetary stability. A degree of domestic *volontarisme* thus remains, leading to a series of structural reforms aimed at combatting unemployment, principally youth employment plan and the 35 hour week re-orientations. There are also reorientations in areas such as fiscal policy. Such departures from neo-liberal orthodoxy leads us to question the pessimistic reading of globalisation's implications for social democracy. Gray misconceives social democracy and prematurely discounts its capacity for renewal. Our study suggests that, whilst the constraints highlighted by 'hyperglobal' pessimists are indeed powerful, nevertheless, globalisation does not preclude social democratic policy activism.

That said, a fundamental premise of *Réalisme de Gauche*, and the culmination of a journey begun in 1983, is an understanding of the effects of globalisation on French economic sovereignty. There is an acceptance of the need for an internationally co-ordinated approach as the only viable long term option. This is true of 'structural' reforms such as the 35 hour week, but it is all the more prescient for macro-economic policy. Given the accepted importance of the wider international context to the health of the French economy, and with the advancing process of European integration, it is increasingly at that level that macro-economic policy must be considered. Indeed, international co-ordination is a *sine qua non* of any activist policy. A thorough-going policy to tackle unemployment at the national level, it is accepted, is no longer appropriate. For all the insistence of *Réalisme de Gauche* on exploring the options of domestic *volontarisme*, the PS places great emphasis on the need to re-orientate the process of European construction in order to expand 'room to manoeuvre'.

Chapter 7

Comparative Political Economy: The Parti Socialiste and New Labour

This thesis has so far sought to counter the argument that globalisation consigns social democracy to the rubbish bin of history using the example of the French PS. In this chapter, we will broaden the scope of our argument through a comparative study of the economic strategies of the PS and New Labour.¹ Clearly, consistent with our framework for the analysis of social democracy outlined in chapter one, a full understanding of New Labour requires in-depth analysis of the interaction with its institutional context, the changes in its internal organisation, the development of its electoral strategy. Space prevents this 'holistic' approach within the confines of this thesis, and instead here we concentrate primarily on New Labour's economic strategy. We argue that, despite considerable ideological and substantive differences, both *Réalisme de Gauche* and New Labour's Third Way offer potentially viable, and - albeit to different degrees - recognisably social democratic economic strategies compatible with a world characterised by globalisation.

Sassoon argues that, "the unifying force of globalisation" (1998) has affected most parties of the West European Left in similar ways. This has led to speculation about convergence within European social democracy. Indeed, the path of development taken by the Labour Party under Kinnock and then Smith involved explicit, often enthusiastic self-classification within the continental social democratic tradition. It is no longer so apparent that, since the change of tack the party has taken under Blair, the trajectories of New Labour and continental social democracy run parallel. Whilst we concur with Sassoon that, "the Labour Party is now far closer to mainstream European social democracy than at any previous time in its history," (1998 : 93) one should be careful not to infer from this observation a convergence upon one 'model'. The degree of similarity across the West European Left is unprecedented, but it can be over-stated. Whilst broad similarities are discernible in the pressures felt by the parties in recent years, in terms of their responses, the picture is less clear-cut. Consistent with our understanding of social democracy, we challenge the inexorable convergence thesis,

¹ See methodological appendix for further discussion of the choice of cases.

which is based on a dubious reading of the relationship between social democracy and globalisation.

The two social democratic approaches considered here are distinctive. Before considering the trajectories of New Labour and the PS, we will reiterate our conception of 'globalisation', and how to understand Left parties responses to it. We will also reiterate our conception of social democracy, to point out the pitfalls of the 'doomed to decline' thesis. We will then outline New Labour's Third Way, and give some indication as to its similarities and differences from *Réalisme de Gauche*. The differences, we argue, arise from differing conceptions of the limits of the possible, and different identifications of the core values of social democracy. The tension between the Third Way and *Réalisme de Gauche* will be examined on two levels. At a fundamental ideological level, we may conceptualise the debate between New Labour and the PS as one about the implications of globalisation for social democracy regarding the level of commitment to egalitarianism (and in turn redistribution), and the role of state in the economy. At the policy level, we will examine the implications of differing ideological conceptions in a range of policy areas.

Globalisation

In analysing the relationship between globalisation and social democracy, it is important to appreciate that globalisation does not simply 'happen upon' nation states, or social democratic parties within them. Therefore globalisation does not, in any straightforward manner, 'impose' financial discipline or neo-liberal policy agendas on social democratic governments. Such a view ignores how the influence of the processes of globalisation is mediated by domestic institutions, and the actors working within them. As we argued in chapter 6, understanding the *differential* nature of globalisation's consequences is an essential precondition to a deeper understanding of the relationship between globalisation and social democracy.

The effects of economic globalisation are mediated (and indeed contested) by states, and by the 'cognitive framework' of actors within them. How globalisation is understood by policy elites crucially conditions responses to it. Furthermore, how domestic policy

elites articulate policy responses is conditioned by domestic institutional context and ideological traditions. We cannot, therefore, expect a particularly high degree of convergence, since the domestic institutional and ideological contexts with which pressures for convergence interact vary greatly.

The debates outlined earlier between ‘hyperglobalists’ and globalisation sceptics thus plays an important role in our argument, since they reflect the interpretations of globalisation within policy elites, and in turn inform responses to it.² For example, elements of Blair’s discourse reflects an acceptance of the hyperglobal account. The PS seems more akin to Vandembroucke in seeing considerable scope for egalitarian policy activism despite globalisation.

Social Democracy

It is crucial to an adequate understanding of the relationship between globalisation and social democracy that social democracy is correctly conceived. Social democracy is a “contingent historical phenomenon,” (Przeworski 1985) and must be related to its national institutional context. Factors such as the nature of party competition within the national party system, the socio-economic structure of society, and the relative openness and competitiveness of the economy, heavily influence the nature of each national social democratic ‘project.’ Each socialist or social democratic party developed within a specific liberal polity and capitalist society, wedded to a nation-state. The national setting provides a set of laboratory conditions in which social democracy sought to deliver egalitarian commitments through full employment and extensive welfare states.

Padgett & Paterson identify the principle elements of social democracy as, “a hybrid political tradition composed of socialism and liberalism ... inspired by socialist ideals but heavily conditioned by its political environment and incorporating liberal values. The social democratic project may be defined as the attempt to reconcile socialism with liberal politics and capitalist society.” (Padgett & Paterson 1991 : 1) Crosland identified the key elements of post-war social democracy as political liberalism, the mixed economy, the welfare state, Keynesian economics securing full employment, and a

² As we shall see, the use of such interpretations to justify approaches is not necessarily consistent across policy areas.

belief in equality.(1956)

Yet as we argued in chapter 1, this was but one “strategic amalgam”(Pierson 1995) through which to pursue the politics of social democracy. That this approach, developed 50 years ago, no longer retains the same relevance should not surprise us. Nor should it lead us to write off social democracy as a spent force. Rather, the changed international economic and domestic political context requires us to look how social democratic goals are pursued today, and seek to trace the outline of a new ‘strategic amalgam’ – or amalgams. Just as, in its Golden Age, social democracy was never uniform, encompassing varying emphases on different aspects of the economic and political ‘model’, so now we should expect wide variation.

Redistribution of wealth, (full) employment, equality of opportunity– these remain the ‘ends’ of social democracy. We will now examine the economic strategies of New Labour and the PS in an attempt to identify the ‘means’ of social democracy in a world characterised by globalisation. Given its centrality to the social democratic project, employment and job creation will be our main focus. The areas of macroeconomic policy, job creation and employment policy, labour market policy, the approach to supra-national (EU) policy activism, and the appropriate level at which the minimum welfare standards ‘ceiling’ should be set will all be explored in an attempt to establish the similarities and differences between New Labour’s ‘Third Way’ and *Réalisme de Gauche*.

New Labour’s Third Way

In attempting to flesh out the bones of New Labour’s Third Way discourse, we may place the Third Way between neo-liberalism on one hand, and the modernised, circumspect European social democracy espoused in the British context by, say, Hattersley or Hutton, on the other. A core feature of the Third Way discourse has been an attempt to distance New Labour from some of the traditional institutional features of social democracy, such as ‘neo-corporatist’ centralised wage bargaining and approaches to policy-making, and high marginal rates of taxation. In more abstract terms, the Third Way claims to offer a distinctive ‘model’ of capitalist development, distinguishable both

from the 'European' and 'Anglo-Saxon' models of capitalism, reconciling, "a neo-liberal emphasis on economic efficiency and dynamism with a traditional left concern for equity and social cohesion."(White 1998 : 17)

According to Blair's understanding of the state's role in the economy;

"governments can best improve economic performance by addressing supply side weakness..... education, skills, technology, better infrastructure and transport systems are the key; not over-regulation and burden on business.... Subject to basic minimum standards of fairness in place, the best way for governments to provide job security is through education and an employment service that helps people to new jobs and re-training throughout their working lives."(1998a)

Influenced by the writings of Robert Reich, and 'New Growth' theorists such as Paul Romer, emphasis is placed on tackling short-termism and market failures, and encouraging investment in 'human capital', in innovation and in skills, as well as infrastructure. As Brown put it in 1996;

"access to knowledge is becoming more important than access to capital. The education and quality of the workforce is thus fast becoming the key determinant of economic success ... it is the quality, skills, motivation and team work of people applied to the new technologies which are the key to international competitiveness."³

The upshot of this perceived shift to a 'knowledge-based economy' is, "a more sophisticated role for governments: in tax policy, competition policy, corporate governance, support for small business, regional development agencies and education and training."(Balls 1998, 116) This outlook informs a core concept to the Third Way, "asset-based egalitarianism".(White 1998a & b) Succinctly put, more egalitarian market outcomes can only be secured if endowments of assets are more equal. Education and training are seen as the most important asset, and the government sees its role as securing a "shift in the background distribution of these assets in a more egalitarian direction" (White, 1998b). Widening access to education and training, it is argued, also helps reduce income inequalities.

The New Labour Government's economic objectives of growth, fairness, and jobs are pursued by ensuring minimum standards affecting conditions of work, terms of

³ Gordon Brown's speech to the Friedrich Ebert Foundation *New Labour, Europe and EMU: The Road to a People's Europe* 7/5/96

employment, and minimum wages. These standards are justified in efficiency terms, “efficiency became a word that Labour tried to grab back from the Tories, while the language of social cohesion was now framed in the words of fairness rather than equality.”(Corry, 1997 : 188-189) Since the beggar-thy-neighbour low wage path is supposedly ruled out by the regulatory framework, firms are pressured into adopting quality-based strategies in order to remain internationally competitive. (White 1998a & b) Within this ‘skill-centred growth path’, however, a certain ‘ceiling’ in minimum terms of pay and conditions is accepted, beyond which profitability would be damaged, harming employment levels.

In seeking to establish how thorough-going the egalitarian commitment is, and where the minimum standards ‘ceiling’ is to be found, some commentators have sought to distinguish between a ‘radical centre’ and a ‘new centre-left’ within the Third Way broad church.(Lawson 1998, Holtham 1998,White 1998) The fault lines are to be drawn over the nature of the (shared) commitment to ‘opportunity’. Whereas the ‘radical centre’ frames this commitment in purely meritocratic terms of the need to combat social exclusion, the ‘new centre-left’ see the goal in more egalitarian terms – the need for greater economic equality. Whilst the latter maintain a robust commitment to equality – with concomitant policy implications in areas such as redistribution and taxation, the former, confining themselves to the terms inclusion/exclusion, may be less inclined to activism in these areas.

This distinction engenders differences *within* the Third Way over the appropriate role and scope of redistribution, and over the location of the ‘ceiling’ of minimum standards. Whilst ‘radical centrists’ may be content with such indirect egalitarian measures, the ‘new centre-left’ continues to insist that, “while asset-based egalitarianism may reduce the need for 'old-fashioned' redistribution, it will by no means eliminate it. Redistribution of earnings must remain a central component of social democratic strategy.”(White 1998b : 3; see also Hutton : 1998) Reich, for example, argues, “good education, training, health care, and public infrastructure – available to all ... will be costly .. Thus a central question concerns the extent to which America’s fortunate citizens .. are willing to bear these burdens.” (1991, 250) He recently called upon Blair and Clinton to demonstrate the ‘courage’ to make the better-off pay more to secure a

robust Third Way programme. (1998) However, as Vandembroucke points out, the New Labour government, “lacks an explicit conception of distributive fairness.” (1998, 63)

This opens up the possibility of different approaches to the Third Way *within* New Labour. Blair and Mandelson, for example, can fairly safely be categorised as ‘radical centrists’, whereas Brown may be more accurately pigeon-holed within the ‘new centre-left.’ Differences of approach to *some* policy areas studied may be traceable to this distinction. However, the only evidence of such differences of approach unearthed in this study is in the area of Brown’s constrained fiscal activism, yet even here – redistribution was targeted only at certain groups, principally the working poor (see later).

The Third Way and *Réalisme de Gauche*

Although the concept remains nebulous and ill-defined, it may not be too difficult to identify the source of the tension between the Third Way and *Réalisme de Gauche*. Blair himself seems unclear about the relationship of the Third Way to social democracy. Having stated early in 1998 that, “not just socialism but social democracy practised in most of Europe is past its sell-by date”⁴ he has more recently offered an olive branch to social democrats, asserting, “the Third Way stands for a modernised social democracy.”(Blair 1998c, 1)

A recurrent theme in the talk of the modernisation of the Labour Party is the insistence that the core values of the party remain unchanged;

“My conviction is that we have to be absolute in our adherence to our basic values, otherwise we have no compass to guide us through change. But we should be infinitely adaptable and imaginative in the means of applying those values ... These values [are]: solidarity, justice, freedom, tolerance and equal opportunity for all, the belief in a strong community and society as the necessary means of individual advancement.” (Blair 1998b)

However, some would argue that this list underlines a very significant change at the level of core values from European social democratic traditions. A clear point of departure from traditional notions of social democracy is the absence of any explicit

⁴ Tony Blair interviewed in the *European*, 19 January 1998

reference to equality. One British academic at the heart of the Third Way debate argues that the Third Way is a departure from social democracy. “Unlike social democracy, it is not egalitarian. There is undoubtedly a commitment to social justice; but it is the kind of social justice that relies on ensuring minimum standards and equality of opportunity rather than on redistribution and equality of outcome.” (Le Grand 1998, 27) Others have picked up on this aspect of the Third Way, “New Labour,” argue Gamble and Kelly, “is seeking to develop its own distinctive political economy which is not rooted in the labour movement, aligned to a particular theory of macro economic management or instinctively redistributionist.”(2000) Blair’s explicit rejection of government action justified ‘in the name of abstract equality,’ and the exclusive focus on ‘opportunity’ rather than ‘outcome’ set a Blairite ‘Third Way’ vision apart from the *Réalisme de Gauche* of the PS, which retains an explicit commitment to equality and redistribution.

The Third Way also involves a break with the economic paradigm which has underpinned social democracy in the post-war era. “In today’s deregulated, liberalised financial markets,” argues Gordon Brown, “the Keynesian fine tuning of the past which worked in relatively sheltered, closed national economies and which tried to exploit a supposed long-term trade-off between inflation and unemployment, will simply not work.”(Brown 1998) As Corry charts, as recently as 1987, the Labour Party’s macroeconomic stance remained heavily influenced by Keynesianism. However, the backlash against Keynesianism, with New Classical Macroeconomics in the vanguard, undermined both the Keynesian paradigm, and the Labour Party’s commitment to it. “By 1992, the policy had shifted markedly, and a new philosophy took over.” The importance of the ‘rational expectations’ of the private sector, on which the New Classical school so insisted, suggested “trying to solve everything with demand policies was a mistake.” (1997 : 188)

Another aspect of the changing philosophical foundations of Brown *et al*’s economic thought is a different conception of the role of the state in economic strategy. The development of the concept of the ‘enabling’ state, coupled with an increasingly enthusiastic embrace of the role of market forces, and the need to accommodate the interests of the private sector have been features of New Labour’s development. There ensued a reduction in the scale and scope of ‘market failures’ or ‘externalities’ which a

Labour government would intervene to correct, and a shift in emphasis to the supply-side of the economy, centring on education and training, and research and development.

New Labour's Third Way, at least in its Blairite articulation, has at its heart an understanding of governing the economy as efficient management and competent administration – 'what counts is what works' – largely abstracted from any ideological disagreements about how the economy works, or even what the priorities of economic policy should be. New Labour operates firmly within a new 'post-monetarist' consensus over economic policy (see later), and it is to this that Blair refers when he argues, "the Left can only be successful if it demonstrates economic competence." (1998c : 9) This bears considerable resemblance to the approach to economic policy of the PS in the late 1980s and early 1990s, now associated with the late Pierre Bérégovoy. However, as we saw in chapter 6, there has been a self-conscious attempt by the PS, since 1993, to break with the idea of governing the economy as a question of efficient technocratic management. The PS is keen to affirm its distinctive understanding of how the economy works, a view still broadly influenced by some (though by no means all) Keynesian ideas.

Blair's 'New Economics'⁵ Globalisation and the Third Way

Third Way economic policy is framed within New Labour discourse in terms of a response to globalisation. The outlining of policy is put into the context of 'a new global economy', shorthand for a particular reading of changes in the international economic context in the last 30 years. On this reading, changes in international economic context 'mean' that;

"we must be the enablers of enterprise, equipping our people and business to make the most of their talent and ability ... the role of government has changed : today it is to give people the education, skills, and technical know-how they need to let their own enterprise and talent flourish in the new market-place." (Blair 1997)

This interpretation of globalisation and its implications has been a feature of the Party's economic outlook since Blair became leader. Labour's 1994 policy document *Rebuilding the Economy* placed Labour's economic strategy in the context of the "new

⁵ The phrase is taken from Blair's Malmö speech, 6/6/97

global economy”, with its global markets, and its ‘knowledge revolution’, a “world of modern added-value products, of technologically-driven innovations, precision working and persistent change ... [with] a premium on the skills of the workforce with the new knowledge-intensive industries demanding new highly-skilled labour forces.”⁶

Blair’s 1995 Mais lecture set out ‘the economic framework’ of a future New Labour government. The premise is that “the new world market ... demands a new economics.”

In terms of macro-policy, this involves accepting that;

“the UK is situated in the middle of an active global market for capital – a market which is less subject to regulation today than for several decades. An expansionary fiscal and monetary policy that is at odds with other economies in Europe will not be sustainable for very long. To that extent the room for manoeuvre of any government in Britain is already heavily circumscribed.”⁷

In *Labour’s New Approaches: The Economy*(1995), Reich’s analysis is quoted approvingly in outlining the globalisation of industry and finance,(1995 : 15) referred to by Brown as “the global sourcing of companies.”⁸ The daily transfer of \$1,000 bn a day on international markets, as cited in *New Labour: New Life For Britain* in 1996, is routinely used in New Labour economic policy documents to support the case that New Labour’s emphasis on supply-side measures to improve skills and education is the only option available.⁹ However, this understanding of the changes to industry and finance, as the quoting of Reich indicates, is heavily reliant on a ‘hyperglobalist’ reading of globalisation, and therefore oversimplifies both the process itself and possible responses to it.(See chapter 6)

As Held notes, “New Labour’s globalisation policy package suggests that globalisation is a fixed force which has in general to be adapted to. Leadership in these circumstances tends to be a matter not of setting targets, but of providing paths of adjustment.”(Held 1998 : 27) A more adequate understanding involves conceiving of globalisation as a multi-layered phenomenon which interacts with domestic institutional settings and is contested and mediated by states and state actors. Once such elements of interaction and agency are introduced to the analysis, the hyperglobalist view of globalisation

⁶ *Rebuilding the Economy* (London, Labour Party, 1994), p.13.

⁷ Tony Blair, Mais Lecture 22/5/95

⁸ Friedrich Ebert foundation speech 7/5/96.

⁹ It most recently surfaced in Blair’s speech to the Party conference at Bournemouth, 28/9/99

'impacting upon' states rather breaks down. Some critics point to the somewhat disingenuous and rhetorical nature of this use of globalisation. It is employed, some argue, as a justification for what New Labour says and does, without necessarily establishing the causal connections within the argument, and as such often 'renders the contingent necessary'. (Hay 1999) Held identifies, "a tendency to restrict the meaning of political prudence to the pursuit of a particular economic logic."(1998 : 25)

Whilst no commentators dispute that radical changes in economic context have occurred, a vibrant debate rages over the implications of the changes, and the strategic options open to social democratic governments in the wake of them. (Hirst & Thompson 1996, Vandenbroucke 1998, Held *et al* 1999) The analysis of globalisation, or more precisely the understanding of the implications of globalisation for social democratic political strategy, upon which Jospin's programme is predicated differs significantly from New Labour's approach. The 'hyper-globalism' of Blair, which draws on Giddens in his more hyperbolic moments, involves taking as 'given' the nature and advancement of globalisation – leaving adaptation to such secular changes in the global economy (Blair's 'New Economics') as the only option. *Réalisme de Gauche*, suggests that, whilst the constraints highlighted by 'hyperglobal' pessimists are indeed powerful, globalisation is a contested process with which social democratic governments must critically engage. As such, the PS's understanding of globalisation is closer to Vandenbroucke than Giddens.

The French PS is anxious to plot a course avoiding the policy solutions advocated by neo-liberal orthodoxy on the assumption that 'there is no alternative.' By exerting 'political will' in opposition to the fatalism of 'laissez faire', and conceiving of globalisation not as ineluctable but contested the PS argues that a significant degree of voluntarism remains possible, despite constraining global forces.(see chapter 6) We will now explore how these different conceptions of the appropriate responses to globalisation feed through into different policy prescriptions. As indicated above, the picture is a varied one, with different degrees of similarity and difference across policy areas.

Proposals for International Financial Re-Regulation

A long-held concern of many social democrats, reinforced by the recent global financial turmoil triggered first by the Asian crisis in 1997, but later by the Russian default in 1998 and the collapse of the immense US 'hedge fund' Long-Term Financial Management, is that the excesses of 'freewheeling', 'footloose' capital should be curbed through some attempt to re-regulate global financial exchanges. In its strong form, this desire finds expression in the 'Tobin Tax' on speculative activity. More modest and more practicable suggestions were articulated in the statement submitted by the PS to their European partners aiming to, "redesign the architecture of the international financial system in order to improve effectiveness and transparency ... [and] provide for prudential regulation in the banking sector, making multilateral institutions and the private sector aware of its responsibilities."(Jospin in *The Guardian* 16/11/99)

Gordon Brown, in his role, taken on in the wake of the financial turmoil, as Chairman of the IMF, has advanced a particular conception of this programme. As he observed in his 1999 Mais lecture;

"In Washington last month, the IMF agreed a new framework of codes and standards, new economic disciplines for openness and transparency to be accepted and implemented by all countries which participate in the international financial system. These codes and standards - including fiscal, financial and monetary policy - will require that countries set out clear long term objectives, put in place proper procedures, and promote the openness and transparency necessary to keep markets informed."¹⁰

Held contests that such re-regulatory plans remain, "consistent with neo-liberal consensus."(1998) Yet even this fairly minimal, 'neo-liberal' programme is problematic. Financial deregulation cannot easily be reversed. Despite Hirst & Thompson's speculation about a shift back to reregulation,(1996) there is little progress in that direction. The problem is that any new regulatory framework must be global in its ambit, and therefore can only be established if collective action conditions obtain amongst an extremely large and diverse group of actors. Thus even though the PS and New Labour, along with many other European Social Democrats, hold broadly similar views on the desirability of some reregulation, the prospects for anything other than minimal changes are meagre.

¹⁰ Gordon Brown, Mais Lecture 19/10/99.

Macroeconomic Policy Stance

New Labour's principles of macroeconomic policy making, Balls argues, "flow logically from the changes in the world economy and the world of economic ideas over the past twenty to thirty years."(Balls 1998 : 117) As outlined above, one of the ramifications of this changed context within the Labour Party has been the virtual abandonment of a Keynesian framework for thinking about macro policy. However, this does not necessarily entail a wholesale embrace of monetarism, as some critics infer. (Arestis & Sawyer, 1998; Hay 1999) The relationship to New Right political economy is, as we saw in chapter 6, at times misconceived. Balls frames the principle of "stability through constrained discretion" within what he calls, "the pro-stability but post-monetarist intellectual consensus upon which modern macroeconomic policy-making is based."(1998 : 117) This accepts the absence of long-run trade-off between inflation and unemployment, but does not involve a commitment to all the assumptions of the rational expectations hypothesis. It does not commit governments to anti-inflationary myopia characteristic of some monetarist thinking. As Balls insists, "achieving stability requires the discretionary ability for macroeconomic policy to respond flexibly to different economic shocks – constrained of course, by the need to meet the inflation target over time."(1998 : 120)

It is important to draw distinctions between different elements of economic policy packages, and recall that whilst certain aspects may be closely linked to neo-liberal policy agendas, others are perfectly compatible with social democratic ones. The credibility demanded by financial markets does have ideological dimensions, reflecting a broadly neo-liberal view of economic activity, but it is also a reflection of changed economic realities. The 1997 Labour Manifesto argued, "economic stability is the essential platform for sustained growth. In a global economy the route to growth is stability not inflation."(1997 : 11) Yet, despite traditional left reflexes which would label macro-economic stability as neo-liberal, in fact, macro-economic stability is today as much a social democratic value. The scope of active demand macro-policy is circumscribed. With this changed political context comes a change in the nature of the social democratic project. As Gordon Brown argued in 1996;

"inflation is the enemy of the poor and the weak. It is those on low incomes and

those on fixed incomes, especially pensioners and those who depend on their savings who suffer most if inflation rises. And it is the insecure and the unemployed who suffer most from the consequences of macroeconomic policy mistakes ... stability and consistency in the approach to the overall management of the economy is a pre-requisite for rising prosperity and opportunity for all.”¹¹

In the contemporary period, the external financial discipline imposed by financial globalisation means that governments have to pay close attention to their credibility rating with financial markets. (Eatwell 1995; Balls 1998) The key point, however, is that securing of credibility through stability-centric macro policy stances is compatible with a wide range of different priorities in other areas of economic policy. Within a framework of a commitment to macro-economic stability, there remains room for manoeuvre over the *degree* of ‘orthodoxy’, as well as a whole range of other economic policy tools which may be exploited to prioritise ‘social democratic’ goals. A commitment to stability does not condemn a social democratic government to budgetary *immobilisme*.

New Labour’s macroeconomic framework aims to, “ensure stability through establishing the right long-term policy objectives and to build credibility in the policy through well-understood procedural rules that are followed for monetary and fiscal policy.”(Brown 1998b) Key objectives are, “price stability through a pre-announced inflation target and sustainable public finances through applying the golden rule, that over the economic cycle current spending should at least cover consumption... combined with a prudent approach to public debt.” (Brown 1998b) The independence of the Bank of England is the institutional expression of this rules-based new system of monetary policy making. In terms of fiscal policy, traditional fiscal activism is stigmatised as “old-style tax and spend”, and replaced by, “rules-based decision making,” and “long term fiscal stability that delivers sustainable public finances.” The means to this end are, “a fiscal stability code and a pre-announced commitment to prudence.” This fiscal framework promises to yield “surpluses on the current budget for the coming three years of 7, 10 and 13 billion pounds.” This surplus will be used to repay public debt, meeting the 5 year deficit reduction plan. The debt to GDP ratio, which must be “prudent and stable”. In concrete terms this translates as reducing the ratio from the 45 per cent at which it stood when New Labour were elected to a targeted

¹¹ The Treasury’s Mission Under Labour, lecture delivered to the Manchester Business School, 29/4/96

38 per cent . The third rule addresses public sector net borrowing. The intention is to reduce it from, “over 3 per cent of GDP in the last cycle” to an “average 0.2 per cent for the parliament.” The overall aim being to, ‘lock in the fiscal tightening.’(Brown 1998b)

“The principle of credibility through sound long-term policies”(Balls 1998) is at the heart of this approach. Credibility boils down to market actors believing in the soundness and sustainability of government policy, meaning inflation will be held down, and therefore assets will not depreciate in real value. It is increasingly important given liberalised deregulated bond and currency markets because of the increasing number and speed of economic decisions which hinge upon the believability or otherwise of government intentions. Thus, “the rapid globalisation of the world economy has made achieving credibility more rather than less important, particularly for an incoming left-of-centre government.”(Balls 1998, 122). Credibility, “the elusive elixir of modern macroeconomics”(Balls 1998, 120) is, “a question of whether announced intentions are believed.”(King 1995) This explains Labour’s commitment to increased transparency in economic policy making and pre-commitments to ‘soundness’ through measures such as the independence of the Bank of England.

However, all this emphasis on credibility should not blind us to an enduring role for discretion (or policy activism). Brown’s November 1998 statement on the pre-budget report talked of, “a consistent long term framework for both monetary and fiscal policy - one that has an inbuilt capacity to respond credibly to short term pressures.”¹² Social democratic macroeconomic policy makers have to face, “the conflict between credibility and discretion”(Balls 1998) – the desire to exercise discretion to pursue social democratic objectives, tempered by the need for government policies to be perceived as sound and sustainable.

Attempts to reconcile these financial constraints to social democratic objectives within New Labour’s policy paradigm have been made by two means. Firstly, there has been a reorienting of current spending commitments it inherited on entering office to prioritise its goals. Secondly, there have been instances of what some commentators (and indeed the opposition) have labelled ‘fiscal activism by stealth.’ The most visible example of

¹² Gordon Brown, statement on the pre-budget report. 3/11/98.

fiscal activism, the windfall tax on the privatised utilities announced in Brown's first budget which was earmarked to raise £5.2 bn destined to fund the New Deal (see later), was by no means an isolated example.

In analysing New Labour fiscal record, it is important to distinguish between high profile tax cutting measures, and less visible but nevertheless fiscally significant increases in the tax burden. For example, the March 1998 budget cut corporation tax from 31% to 30%. In March 1999, income tax fell from 23% to 22%, and a 10% income tax band was introduced. However, in less reported areas, the government was increasing its fiscal revenues. The abolition of Pension Funds Tax credits for Advance Corporation Tax raised significant revenue. In the 1999 budget, a number of tax 'loopholes' or exemptions have been progressively removed, for example on married couples allowance and mortgage tax relief. Furthermore, national insurance contributions were raised on higher earners, and an energy tax was introduced.

Thus the leeway in terms of discretion provided by the overall macro-economic framework (and the position at a growth stage in the economic cycle) enabled New Labour to operate a partially activist fiscal policy, albeit only targeted on a few very specific areas, notably in helping the working poor. Existing spending was re-prioritised, in a moderately redistributive manner, and in 1998 the comprehensive spending review outlined significant increases in funding for New Labour's core programmes, principally education (£19 bn.) and health (£20 bn.), but also favouring poor pensioners, transport and housing. Brown has gone so far as to confidently assert that he would, if necessary, borrow to cover these spending commitments.¹³ What is more, the prospect of global downturn heralded by the financial crises of 1998 made the policy stance appear moderately countercyclical, betraying a faint residual Keynesian influence.

In the pursuit of credibility, Labour's macro-economic policy stance resembles the PS. Comparison is hindered by the fact that France has joined the single currency in the first wave, and this hems in its macroeconomic policy.(see chapter 6) Nevertheless, within the problematic of the conflict between credibility and discretion, the PS have a

¹³ *Financial Times* 23/10/98

different conception of how far to constrain discretion in the interest of maintaining credibility. The French PS seek to explore any 'room to manoeuvre' which flexible interpretation may allow despite the straitjacket of the convergence criteria.(Moscovici 1997) The deficit should be kept at around 3%, but, in the event of a conjunctural downturn, spending should not be changed even if it were to slightly overshoot the 3% target.(see chapter 6) The French PS also talk more freely about using macro-policy actively to counter a crisis of insufficient demand as part of their job creating efforts. (PS 1997) As such the 'post-Keynesianism' of the PS is considerably more reluctant than that of New Labour. As Vasseur notes;

“the PS is 'post-Keynesian' in the sense that public spending does not play a central role [in the economic strategy]. I am not sure that this idea is linked to a philosophical analysis of the functioning of the economy. Rather, I think that the economic conjuncture means that the room to manoeuvre has been extraordinarily reduced.”¹⁴

There remains within the PS, however, an attachment to certain Keynesian conceptions. The idea of the crisis of under-consumption, the need to redistribute to lower income brackets with a higher propensity to spend as a means of keeping demand buoyant, and explicit talk of the role of automatic stabilisers allows Vasseur to maintain, “we remain a bit Keynesian, and the concern for equity justifies that orientation, but on the other hand, we have very clearly abandoned the option of a budgetary reflation.”¹⁵ The precise location of the limits of the possible is contested, as is New Labour's strict and orthodox reading of 'sound public finance.'

The PS, too, despite the stringent constraints imposed by the transition to a single currency, and the perceived pressing need for further deficit reduction, can boast some fiscal activism.(see chapter 6) Re-prioritising of the tax burden has been achieved, notably through the role of *Contribution Social Généralisée* – a more progressive form of taxation. Prioritising employment creation has been achieved through changes to Professional Tax (see later). Similar to New Labour, one means of fiscal activism has been through increasing environmental taxation – by replacing the previous fragmented system with a single 'eco-tax' on polluting activity.

¹⁴ Interview with Daniel Vasseur 16/12/97

¹⁵ Interview with Daniel Vasseur 16/12/97

The Solidarity Tax on Wealth (ISF) was increased in the 1998 budget, and a new band introduced in the 1999 budget.(OFCE 1999 : 19 & 63) Other measures advancing the declared aim of increased ‘fiscal justice’ include reductions on tax breaks on inheritance and life assurance, and reducing concessions for firms investing in other financial ventures, as well as future plans to reform VAT and habitation tax along more progressive lines.(*Libération* 23/7/98) That said, the advances in terms of fiscal justice were limited. For example, the ISF increase was not imposed upon capital goods. (Dupin 1998 : 147) The conflicting pressure of the need for budgetary ‘regularisation’ (deficit reduction) means that even the PS’s greater insistence upon ‘discretion’ can be situated within an overall concern to keep public finances ‘sound’ in order to preserve credibility.

Macroeconomic policy, Employment and Supra-National Policy Activism

The growth in European unemployment levels over the last 2 decades, and the widely accepted ‘structural’ character of much European unemployment, have weakened the resolve of many parties on the Left;

“Significantly, no plausible programme for the restoration of full employment has yet been framed, from any quarter, in the nineties – as if the limits of this mode of production, now uncontested, preclude any chance of it.” (Anderson 1994, 19)

Commitments to full employment are today symbolic, yet so central is the idea of full employment to a coherent concept of social democracy that some parties refuse to abandon it altogether. The PS, whilst no longer promising full employment, nevertheless emphasise the active, interventionist role the social democratic state can play in reducing unemployment. This highlights a significant difference of approach between New Labour and the PS regarding the role of macroeconomic policy in promoting employment.

Balls identifies three pillars of Labour economic policy, “delivering macroeconomic stability, tackling supply side barriers to growth and delivering employment and economic opportunities to all.” (1998, 113) Underlying this evaluation is a compartmentalisation of economic policy. “Delivering on [growth, jobs and fairness] depends not simply on one policy pillar, but three...the proper role for government in

economic policy making goes well beyond macroeconomic policymaking.” (Balls 1998, 115-116) Macroeconomic policy aims to provide stability, the framework within which, in the medium term, the fruits of ‘new growth theory’ may flourish. Delivering jobs, within New Labour’s economic outlook, is a matter principally of social and labour market policy, not macroeconomic policy.

For New Labour, job creation is primarily a supply-side issue, whilst on the demand side, macro-economic policies should focus on low and stable inflation.¹⁶ (White 1998b) The PS, like some other European social democrats are unwilling to concede that demand activism is impossible. We have seen how, whilst realising that demand management in one country cannot work, the PS feel the same need not necessarily be true of the supra-national level, namely the EU.(chapters 5 & 6) The Delors White Paper of 1993 proposed internationally co-ordinated demand management policies, and a trans-European investment in Public Works to create 15 million new jobs by the year 2000. This was to be financed by the introduction of new European financial instruments, notably European ‘Union bonds’, and the establishment of a European Public Sector Borrowing Requirement. (Coates & Holland 1996, Coates 1998) The Euro-Keynesianism of the Delors White Paper is still today part of the French PS economic strategy. Yet, what is striking about New Labour’s political project is how little resonance this conception of the EU as an economic space in which to pursue social democracy has within Britain. (Gamble and Kelly 2000)

As recently as 1996, Brown was advocating, “the creation of a European Recovery Fund that is unashamedly contra-cyclical, permanent and able to draw on the credit worthiness of European institutions, able to invest not in infrastructure but in employment projects in a recession, and able to run in surplus in a boom.”¹⁷ However, it would appear that New Labour abandoned this position some time before taking office. The fate of the Employment Chapter (including a commitment to full employment) which the Swedish social democratic government, in September 1995, proposed to add

¹⁶ It is a mistake to infer from this that New Labour’s macro-economic outlook ‘rules out’ Keynesian policies. As Corry points out, in certain circumstances, such as a recession, when unemployment falls well below the NAIRU; “in this case macro-policy can undoubtedly be very effective and should be used boldly.” (1997 : 191) However, despite this theoretical possibility, there is in practice little or no prospect of New Labour actively entertaining the possibility of such ‘bold’ Keynesianism.

¹⁷ Friedrich Ebert foundation speech 7/5/96.

to the Treaty of European Union at the IGC of 1996-1997 (see Lightfoot : 1997) illustrates New Labour's newly found scepticism. The Employment Chapter proposed annual employment policy guidelines for member states, and a permanent employment committee, on a par with the monetary committee, thus establishing, "institutional pressures within the EU to move it towards more radical goals on employment creation."(Lightfoot 1997 : 111)

The battle lines were drawn up at the PES meeting in Malmo, where Blair scolded the likes of Jospin, telling European socialists to, "modernise or die!"(Blair 1997) Despite the prolonged canvassing of support for the Swedish initiative within the PES, European social democratic co-ordination could not overcome the obstacle presented by the differing outlooks on the appropriate European job creation policies. A bi-partite declaration by the PS and Lafontaine's SPD, concerning the EU's role in job creation, did emerge from Malmo.

At the Amsterdam summit in June 1997, Jospin's wishes to endorse the Employment Chapter and advance towards a 'social Europe' sharpened the division. In the build up to the summit, Jospin and Strauss-Kahn threatened not to endorse the Stability Pact.(Ladrech 1998 : 7) However, shocked by the intransigence of Blair, and faced with a Blair/Kohl axis¹⁸, Jospin was forced to back down in his bid to reorientate European construction, settling for a renaming of the Stability Pact (now the 'Growth and Stability Pact'), and a somewhat cosmetic jobs summit, which fell far short of the original Swedish proposals, let alone the Delors white paper.

Part of the explanation for New Labour's reticence and scepticism vis-à-vis fiscal activism at the EU level can be traced to the shift away from Keynesianism charted above. Within the PS, as with some other European social democratic parties, the EU is conceived as a potential political and economic 'space' where Keynesian policies could be carried out even within the changed international economic context.(see chapter 5) Such supra-national strategies, however, run counter not only to New Labour's scepticism regarding 'old style' Keynesian policies. It also presumes a very different role of the state in the economy than the Third Way suggests, and resurrects a

¹⁸ Interview with former PS leader, and long time Jospin ally Henri Emmanuelli 10/12/97

commitment to egalitarian redistribution of wealth which New Labour has distanced itself from in recent years. As Gamble and Kelly have argued, “there is little prospect of Labour pursuing any such social democratic agenda. Even those within the government thought to be sympathetic to the traditional Keynesian social democratic agenda have gone out of their way to distance themselves from these positions.”(2000)

However, in October 1998 at the EU leaders’ meeting at Pörschach, Austria, Jospin revived plans for, “a multibillion-pound programme to kick-start continental economies” in the wake of the single currency. The plans, of German as well as French origin, (Schroeder himself called for a ‘European jobs pact’) advocate interest rate cuts to foster growth, large-scale public investment in infrastructural programmes to boost demand and reduce unemployment, as well as an agenda combatting unfair tax competition, setting minimum social standards across the EU and co-ordinating economic policies – i.e. the bulk of Jospin’s Amsterdam agenda. What has changed is the replacement of the Blair/Kohl axis with an emergent Franco-German axis on state intervention and macroeconomic activism to promote employment, evidenced by Lafontaine and Strauss-Kahn’s joint statement calling for a European-level policy for employment and growth. (*Libération* 23/10/98)

The pivotal role of France and Germany within the Euro project made New Labour’s reticence and scepticism seem out of kilter with the rest of Europe. Accordingly, New Labour’s position has shifted from hostility to a cautious welcoming of the plans. Whilst this may improve the prospects for ‘Euro-Keynesian’ policies, it flies in the face of New Labour’s ‘Third Way’ leading the way in Europe.

The European Social Model: a social democratic ‘buffer’ against Globalisation?

John (now Lord) Eatwell, one of Kinnock’s chief economic advisors, saw in an earlier manifestation of Labour modernisation a, “replacement of hostility towards the EC with an enthusiasm for the EC as an arena within which Labour’s objectives can best be attained.” The industrial potential for Britain of monetary union was recognised, as was the need to pursue “policies at an EC level which would sustain expansion and

employment throughout the Community.”(1992 : 335-336) Eatwell sees this evolution as part of;

“[a] wider and more important change in Labour Party thinking. I would characterise that change as a turn toward the core ideas of European social democracy, and away from a peculiarly British version of ‘socialism’ – a turn away from the Anglo-American model of the market economy, towards a more efficient European model.”(1992 : 337)

A distinctive characteristic of the Third Way is the fading enthusiasm for this ‘European Social Model’, and with the social and labour market policies and institutions which underpin it. The model can, for our purposes be understood as applying in particular to two key policy areas, labour market institutions and welfare provision. We will now explore the differing approaches of New Labour and the PS to these two areas.

Welfare Provision

The PS, remain explicitly committed to equality, and to redistribution. This informs the more generous welfare policies they pursue. There is a firm commitment to a socially cohesive ‘European Social Model,’ and the need for institutional changes to the EU to protect and entrench that social model against beggar-thy neighbour ‘social dumping.’ As highlighted above, although enthusiasm for advancement of the EU along these lines was widespread in the early 1990s, today the priorities have changed. New Labour’s fiscal tightening, coupled with the waning commitment to redistribution, informs moves towards a ‘liberal’ (Epsing-Andersen : 1990) increasingly means-tested welfare state and away from the ‘inclusive’ universalism characteristic of social democratic conceptions of welfare which underpin the PS’s understanding of the ‘European Social Model.’

Accessible and generous benefit systems, New Labour argue, hinder employment creation from both supply and demand sides: offering disincentives to work and placing excessive strain on firms in terms of employer contributions, payroll taxes, resulting in slow employment growth and poverty/joblessness traps - what Blair calls, “welfare systems that lock people in idleness and dependency.”(1998a) Dovetailing with this analysis are assumptions about the kind of welfare state compatible with ‘the global economy.’ Such thinking informs the particular conception of appropriate minimum

welfare standards - evidenced by less generous benefit levels, and relatively low minimum wage and replacement rates in Britain.

In December 1998, Jospin announced a 3% increase, back-dated to the beginning of 1998, in the *Revenu Minimum d'Insertion* (RMI), and two similar benefits, all aimed at providing a minimum income for the jobless. These increases, which affected 1.6 million households, were envisaged to cost the state 2.5 billion francs. Jospin explicitly justified the move in terms of, "social justice. When we realised a 3% growth rate in 1998, and the disposable incomes of households also increased by 3%, we had our justification." (*Libération* 16/12/98) Two distinctions from New Labour's approach warrant emphasis here. Firstly, the reliance upon 'Keynesian' indicators – households' spending power - indicates the enduring emphasis on the demand side, and the effect of macro-policy upon it. Secondly, in terms of welfare provision, the Jospin government targets both working and non-working poor. This is a clear break from the fiscal activism of Brown, which is clearly targeted at the working poor, and offers little to the non-working poor.

The welfare provision system in France, as Boyer argues, "sustained an ever-growing source of redistribution in terms of social welfare."(1997 : 81) Replacement rates in terms of unemployment benefits, and early retirement pensions remain quite generous. Indeed, the changes in what Boyer terms the 'wage relation' have on the whole been achieved whilst maintaining general welfare cover.(1997 : 86 & 96) According to UNEDIC (the unemployment insurance body) the replacement rate in France reduced slightly from 53.6% in 1989 to 49% by the end of 1996. Despite the reduction, this still attests to a fairly generous replacement rate. This indicates how understanding of appropriate minimum standards within *Réalisme de Gauche* exceed Third Way 'ceilings.' Enduring commitments to universal welfare and redistribution within the PS lead to a rejection of New Labour's assumptions of the implications of the new economic context for the welfare state and the resulting lower minimum wage levels and replacement rates in Britain..

Labour Market Institutions

There has been a highly significant and relatively recent shift in New Labour's attitudes towards the labour market. Many of Labour's 'modernisers' of the 1980s and early 1990s were seduced by precisely those 'Rhenish' welfare and labour market institutions which the Third Way explicitly rejects.(Marquand 1988, 1997; Hutton 1995; Eatwell 1992) Indeed, as recently as 1996, in the wake of his Singapore 'stakeholding' speech, many commentators believed that Blair wished to import elements of the Rhenish economic model to Britain.(see Gamble, Kelly & Kelly 1997) At the risk of some oversimplification, in the ensuing three years there has been a turnaround. Then, Labour contemplated the *import* of significant elements of the Rhenish model, principally long-termism and co-operative employer/employee relationships, to Britain. Today, New Labour advocates the *export* of significant elements of the Anglo-Saxon model, principally deregulated labour markets, to continental Europe and beyond. The problem, as Soskice pointed out regarding the earlier exercise, is that 'models' of capitalism are an *ensemble*, embedded in an historic institutional context, from which they are not easily extracted. Thus, "transplanting institutional policies from one type of system of advanced capitalism to another has seldom worked .. [because] other systems ... are institutionally interlocked."(Soskice 1997 : 220)

Thus deeply embedded institutional national specificities prevent the import of elements of foreign labour market models, or any straightforward convergence upon a single 'flexible' model. French labour markets have become more 'flexible' in the last decade. In 1986, the requirement to notify the labour inspectorate of planned mass redundancies was abolished, marking a significant withdrawal of the state's regulatory role in the labour market. In the late 1980s and 1990s, laws on working time enhanced temporal flexibility through company level negotiation. Increased flexibility of work contracts have been differentiated considerably (with the introduction of fixed-term, part-time, and temporary contracts), increasing quantitative flexibility (the range of number of hours worked), although not necessarily qualitative flexibility (the nature of work).(L'Horty 1999) This at first glance appears to be the kind of 'normalisation' of labour market practices that convergence theorists would predict. However, closer inspection reveals significant degrees of enduring distinctiveness.

Firstly, "wage distribution inequality has increased only moderately in France. Overall

earnings inequality fell slightly between 1984 and has risen a little since then, with the increase occurring only at the top end of the distribution.”(Fitoussi 1994 : 60) The ratio of the minimum wage to the average wage has increased consistently and this has the effect of compressing the lower end of the wage distribution. Significantly, one of the acts of the incoming Jospin government was a 4% increase in the minimum wage.(Dupin 1998) As Card, Kramarz and Lemieux have shown, wage differentials between different levels of education have remained constant, or even diminished slightly in the 1980s and 1990s.(1996) *Wage* flexibility, then, has not been prevalent in France, in contrast to Anglo-Saxon manifestations of labour market flexibility. As a more egalitarian society, France was not prepared to countenance the scale of growth in inequality in the labour market witnessed in UK.

Secondly, the degree of hiring and firing activity is *not* as high as flexibility-enhancing reforms allow. As Cohen *et al* note, “the [short-term contract] system makes it basically costless to fire young French workers if necessary. Yet their separation rate¹⁹ is still 50% lower than that of their American counterparts ... [due] to irreducible cultural differences....part of an ‘implicit contract’ that makes it difficult for a firm to fire a worker.”(1997 : 274) This idea of ‘implicit contract’, which has been explored by D’Iribarne in his analysis of the French labour market(1990) returns us to the social norms underpinning the labour market.

This indicates that the degree of flexibility advocated by New Labour’s Third Way would be difficult to reconcile with regulated French labour markets, securing higher minimum standards. Limited flexibility *within* the framework of regulated labour market institutions seems a more likely path of development than ‘exit’ from them. Indeed, it is not clear that the PS accept that further deregulation is desirable. State-orchestrated changes in labour market institutions such as the reduction in the working week point in a rather different direction. This less thorough-going commitment to deregulation of labour markets has considerable empirical justification. Assumptions about higher unemployment associated with more regulated labour markets are confounded by recent research, which offers little evidence of continental labour market institutions, with their stricter labour standards and greater employment protection

¹⁹ The rate at which workers are laid off or fired.

increasing aggregate unemployment levels.(Nickell & Layard 1998) Thus the tepid response to a ‘Third Way’ for labour markets may, at the intellectual level, be linked to a rejection of some of New Labour’s assumptions.

Third Way Labour Market Policy and Employment-Centred Social Policy

Central to Third Way ideas about labour market reform are the imperatives of operating within the global economy. A highly flexible labour market and a skilled workforce are, it is argued, necessary conditions of international competitiveness. New Labour’s ‘employment centred social policy’, which proponents claim can be applied to either model, aims to overcome the following trade-off;

“The economies of North America, the United Kingdom, and Australia have been creating lots of jobs, but suffering from wage stagnation and growing inequality; economies in Western Europe have featured growing wages and more modest income gaps, but have been far less successful at job creation.”(Haveman 1997 : 30)

The aim is to get social policy and labour markets working in tandem, with the poorest protected, incentives to work not undermined, and jobs being created.

As we saw earlier, New Labour argue that accessible and generous benefit systems hinder employment creation from both supply and demand sides: offering disincentives to work and placing excessive strain on firms in terms of employer contributions, payroll taxes, resulting in slow employment growth and poverty/joblessness traps. One solution is ‘in-work benefits’ and subsidies. These could have supply and demand aspects, financial incentives to employers who hire extra low-skill workers, and subsidies for low-wage workers. (Haveman 1997, 35-39) Subsidising cheap labour by such means is seen as a highly effective job creating mechanism, and is the inspiration behind the Working Family Tax Credit.

New Labour’s ‘Welfare to Work’ approach is captured by Brown’s New Deal, “based on opportunities matched by responsibilities In exchange for long term targets for improving business start-ups, skills and educational qualifications, a total of £800 million will be allocated to the New Deal for Communities... helping the young

unemployed to become self-employed.”²⁰ The New Deal has since been expanded to cover, “60,000 opportunities ... for the long term unemployed in 28 areas of the country,” and a, “nation-wide New Deal skills shortage programme, [offering] up-front support for training to help fill the vacancies that come on-stream every month.”²¹

The New Deal is intended to work in close harmony with tax and benefit system, thus, “side-by-side with the New Deal there will be new guarantees that work will pay more than benefits.... as a result of abolishing the entry fee to national insurance, all employees will receive a tax cut of 66 pounds a year.”²² Thus the policy of welfare to work is predicated on offering incentives to both claimants and employers, and is overwhelmingly predicated upon the role of private sector, where the market will be the motor of job creation. Another aspect of New Labour employment-centred social policy, echoing Giddens’ refrain of “no rights without responsibilities”, is for, “active labour market policies that offer opportunities,” to be, “matched by obligations to the youth and long term unemployed.”(Blair 1998a) This explains the compulsion element in the welfare to work programme.

Commonalities of Approach to Employment Policy

Mandelson has claimed that, “economic, industrial and social policy in Europe is increasingly based on common principles that Britain’s New Labour Government shares.”(1998 : 9) In outlining his putative consensus, Mandelson observed, “the best long term policy for job creation is to get the conditions right to enable small and medium-sized enterprises to flourish.”(1998) The onus on job creation through removing the obstacles placed upon business by labour market conditions, and the view that small and medium-sized businesses are the best job creators, warranting tax breaks and hiring incentives, are common to the French PS and New Labour. The Franco-British Task Force, created by Jospin and Blair, aims to explore how public policy at national, and where appropriate European levels, could be made more positive towards the smaller business sector.(Blair 1998b)

²⁰ Gordon Brown, comprehensive spending review statement, 14/7/98

²¹ Gordon Brown, Statement on the Pre-Budget report 3/11/98.

²² Gordon Brown, Statement on the Pre-Budget report 3/11/98

A number of measures broadly comparable to New Labour's taxation policy have come on stream. The overall aims are to facilitate small and medium sized firms in hiring new employees, and to reduce the costs to employers of hiring low wage workers. One measure, of increasing significance since 1997, has been the reduction of employer's contributions on low earners (on or slightly above the minimum wage). This relief involves, at the height of its sliding scale, state remuneration of 18.2% at minimum wage level. (Gutman & Lefebvre 1999 : 9) In the budget for 1999, measures aimed at reducing employer's costs, particularly for hiring low earners, have been introduced as a means of tackling unemployment through fiscal stimuli to combat perceived disincentives to hire. The Professional Tax, which is currently levied on employers wage bills, will be shifted over 5 years to exclude wages. In this way, small and medium sized firms, it is argued, will be released from a powerful disincentive to hire new workers. Strauss-Kahn estimated that the lightening of firms' tax burden by 7.2 billion Francs by this means, acting in concert with the 35 hour week (see later), would create 300, 000 jobs in the year following the budget. (*Libération* 19/10/98)

NAIRU²³ and the 'Compartmentalisation' of Employment Policy

Within New Labour's policy paradigm, 'Employment-Centred Social Policy' measures are conceived as supply-side reforms, underpinning what Brown calls, "a decisively different approach to employment policy over the past two years aimed at reducing the NAIRU."²⁴ New Labour discourse advocating labour market flexibility is bound up with a particular understanding of the NAIRU, and the role of institutional characteristics of the labour market. Replacement ratios, minimum wages levels, employment legislation, the benefit structure and skills shortages are all seen as key supply side factors influencing the NAIRU level. The more flexible the labour markets, it is thought, the lower the level of the NAIRU. Thus, Brown argues of the New Deal and Working Families Tax Credit, "the more our welfare to work reforms allow the long-term unemployed to re-enter the active labour market, the more it will be possible to reduce unemployment without increasing inflationary pressures."²⁵

²³ The Non-Accelerating Inflation Rate of Unemployment.

²⁴ Gordon Brown, Mais Lecture 19/10/99.

²⁵ Gordon Brown, Mais Lecture 19/10/99.

The pervasive influence of the NAIRU framework is one example of the influence of neo-liberal political economy over New Labour's outlook. Friedman's ideas have gained acceptance. As Cross notes, "the natural rate hypothesis provides a rationale for the contemporary fashion of confining macroeconomic policy to the task of achieving targets for the rate of inflation or of price stability. The counterpart is that the only effective way to reduce unemployment or raise output in a sustainable way, is through micro or 'structural' policies."(1999 : 66) As such it is not too far removed from the NAIRU assumptions underpinning competitive disinflation in France.

As we saw in chapter 6, there are different conceptions of the NAIRU. Underlying distinctions between 'hard' and 'soft' conceptions is a different understanding of the potential role of the state in employment policy. The 'hard' version sees the market as the best employment creating mechanism. This relates to the 'compartmentalisation' of employment policy outlined above. Within New Labour's approach, there is an assumption that supply side policies alone can affect employment. New Labour's employment policy may be understood primarily in terms of supply-side reforms to the labour market to increase flexibility and introduce fiscal incentives to employers and potential employees.

Within the PS, a more equivocal commitment to NAIRU assumptions opens the door to a *potential* role for the state macro policy in the strategy to tackle unemployment. The role of policies affecting demand retains an important role within the French analytical framework. The level of spending power of households is seen as a centrally important economic indicator, an analysis informed by the view that the French economy suffers from a structural insufficiency of demand. Such scope for macro-activism to boost demand, however, is constrained by the ECB and the Growth and Stability Pact.(see chapter 6)

Where the different approach to a NAIRU framework does offer more scope is in the different kinds of structural policies chosen. The PS's policy rethink after 1993 led them to be sceptical about surrendering too much to market forces as a means of tackling unemployment. Such scepticism informs their overall approach to unemployment which is less heavily predicated on the role of the market than it was in the late 1980s and early

1990s. Cross's critique of the NAIRU framework suggests that it, "leaves *structural* policies to increase labour market *flexibility* as the only means of reducing unemployment."(1999 : 66) The PS's approach suggests otherwise, combining as it does elements of New Labour's 'employment-centred social policy' approach with an enduringly significant state role— both as employer and orchestrator – of a more eclectic approach to overall employment creating strategy.

French Employment Policy: Public Sector Job Creation

Thus, as well as different demand-side approaches, there are also significant distinctions to be made between the kinds of supply-side measures being advocated by New Labour and those of the PS. The PS continue to insist upon the role of public sector job creation in tackling unemployment. State-led employment creation schemes have become a structuring feature of the French model, (OFCE 1999 : 58 & 68 fig. VII.3; Benhayoun & Lazzeri 1998 : 48) yet are stigmatised within New Labour's rhetoric as "unfocused expansion of the public sector which has led to high taxes and high deficits."(Blair 1998a)

Here a clear distinction can be made between the New Deal, operative mainly through changing incentives in the private sector, and the French Socialist's *Plan Aubry*, which pledged 350 000 private sector and 350 000 public sector jobs. Interestingly, the New Deal resembles in certain respects the Juppé government's employment policy, which emphasised increasing the level of low wage employment, in part by bringing down employer costs, particularly in the private sector, with social security contributions at minimum wage level being reduced by 13%.(OFCE 1999 : 58) In contrast to that approach, the Jospin government clearly affirms the state's enduring role in the job creating strategy in France. Nowhere is this more in evidence than with the state orchestrated shift to a 35 hour week.

35 Hour Week

The Jospin government has implemented a 35 hour working week, aiming to reduce unemployment and to have a redistributive effect between labour and capital.(see

chapter 6) The French law emphasises job creation, with state aid in the form of reductions in social security contributions offered to firms creating new jobs as a result of the reduction of the working week. Increased levels of exemption are offered to firms ‘making a particular effort in the field of employment.’²⁶ The law also emphasises negotiation between firms, employees, and state. This classic social democratic method, somewhat unfamiliar to French public life, was enacted at the national conference on salaries, attended by government, unions and employer associations in September 1997.

In ideological terms, the 35 hour week policy is seen as a rejection of the neo-liberal interpretation of globalisation, and its implications for structural reform of labour market institutions. The inexorable road to flexibility touted in Anglo-Saxon circles is not the path chosen. The 35 hour week is seen by the PS as an integral part of its own ‘model’ of capitalism it seeks to export. (PS 1996) Situating the 35 hours within the bigger picture, Vasseur recalls Jospin’s presidential campaign soundbite;

“this is one of the core themes which justifies the reduction of the working week – we are trying to advance a new model of civilisation, within which the economy is at the service of man, and not the opposite.”²⁷

Industrial Relations

New Labour’s industrial relations agenda, codified in the Fairness at Work white paper, represented according to Robert Taylor, “the most comprehensive package of legislative proposals to extend employee and trade union rights seen in the UK for more than a quarter of a century.”(1998b : 451) Although the policy is couched in terms of securing labour market flexibility and ensuring Britain has “the most lightly regulated labour market of any leading economy in the world,” New Labour’s industrial relations package nevertheless represents a significant advance in the areas of union recognition, the legal structuring of employment relationships with emphasis on individual rights, and the establishment of a national minimum wage.(Taylor 1998a & b; Undy 1999)

Part of the impetus for the partial empowerment of employees vis-à-vis employers doubtless results from the ending of the opt-out to the EU Social Chapter, and the

²⁶ Excerpts from the *Projet de Loi PS* website <http://www.parti-socialiste.fr/html/change/index.html>

²⁷ Interview with Daniel Vasseur 17/12/97

acceptance of the Employment Chapter at Amsterdam. There are a series of 'family friendly' policies, notably extended rights to parental leave, which are a direct result of the social chapter. A further development is the introduction of works councils for European companies employing over 1000 people with at least 150 in two member states. In the future, this 'Europeanisation' of British industrial relations will bring EU directives on areas such as part time work to bear

In terms of collective representation, on the key issue of union recognition, the impetus was domestic, and the final outcome was favourable to the unions – namely that a ballot of 30% of employees in a bargaining unit should secure recognition. Furthermore, "if the union can 'have clearly demonstrated' that half the relevant workforce are members they can secure automatic recognition without any need for a ballot."(Taylor 1998b : 454) As for individual rights, other significant advances were made over abuse of zero-hour contracts, on tightening unfair dismissal regulations, and abolishing the £12,000 ceiling on unfair dismissal claims. On the minimum wage, although the youth rate was set lower than the low pay commission's recommendation, nevertheless, Metcalf suggests that, overall, most studies have underestimated the redistributive effect of the national minimum wage.(1999 : 184)

It was on the basis of this not insignificant strengthening of Trade Union influence that the Labour Government sought a 'long-term settlement' of UK industrial relations. This leads even a critical commentator to concede that, although constantly couched in terms of flexibility;

"[New Labour's Third Way for industrial relations] is clearly not an endorsement of neo-liberalism. It imposes a minimum wage and seeks to regulate important areas of industrial relations, including employee representation and union recognition ... [I]n signing the EU's social chapter, New Labour exposed itself to a further series of improvements in employee rights."(Undy 1999 : 332)

This again undermines simplistic notions of the implications of globalisation for social democracy, all the more so since the reforms are enacted by a Government accepting much of the hyperglobal analysis. Yet for all the talk of 'partnership,' Blair continues to equate advocacy of social dialogue strategies with a nostalgic desire to return to "the social democracy of the 1960s"(1998a). The impression given is that talk of a more comprehensive 'Europeanisation' of UK industrial relations is misplaced, as this would

doubtless compromise New Labour's unswerving commitment to labour market flexibility.

Conversely, the development of a 'neo-corporatist' strategy, of the kind 'Northern' social democracy pursued for much of the post-war era, is often evoked as a desirable if slightly unrealistic aspiration in France. The historical and institutional context of industrial relations in France, coupled with the weakness, low density and poor coverage of French unions make such a prospect extremely unlikely. As Boyer notes, "there is .. a lack of social partners at once autonomous, dynamic and able to negotiate concessions independently of such [government] interventionism."(1997 : 95) Nor were prospects for 'neo-corporatism' improved by the proliferation of 'micro-corporatism,' or decentralised company level agreements, largely at the expense of branch-level or geographically wider accords whose scope was progressively reduced in the wake of the 1982 Auroux Laws.(Howell 1998)

The state has traditionally played a compensatory role for the weakness not only of unions, but also of the employer associations. The most recent example of this was the Wage and Employment conference held by the Jospin government in October 1997, with the *Patronat* and unions in attendance. This demonstrated the PS's enthusiasm for state intervention to overcome obstacles to the social bargain in the pursuit of a Pareto-superior global compromise. (Calmfors & Driffill 1988) This proved to be an isolated example, not least because of the *Patronat's* fury at being, they felt, steamrollered into accepting the 35 hour week reform at the conference.(Dupin 1998) The point, however, is that, whilst lacking the institutional structures, the PS entertains the aspiration of pursuing such 'neo-corporatist' approaches. New Labour, on the other hand, explicitly rejects any such notions despite a potentially more propitious institutional setting.

Conclusion

Our study has highlighted a number of similarities, and rather more differences, between the economic strategies of the PS and New Labour. At the root of significant differences, we have argued, is a fundamental tension between the New Labour's Third Way and the PS's *Réalisme de Gauche*. This tension is thrown into relief when we

examine the different understandings of the implications of globalisation for social democracy, ranging from the ‘hyperglobal’ analysis of Blair to the more critical engagement with globalisation of the PS. This distinction impacts upon the level of commitment to egalitarianism (and in turn redistribution), and the role of state in the economy. In both these areas, we have identified emergent differences at the level of the ends of social democracy between New Labour and the PS.

At the policy level, the picture, as we might expect, is a complex and varied one. In some areas, such as calls for re-regulation of international finance, or the overall macroeconomic concerns for stability and credibility, the degree of similarity is considerable. Other areas suggest a more arms-length relationship between New Labour’s Third Way and the *Réalisme de Gauche* of the PS. In terms of job creation policies, New Labour’s scepticism concerning European-level demand activism is at odds with French conceptions of a European jobs pact. Whilst all social democratic parties accept the discipline of the new orthodoxy enshrined in the Maastricht criteria as a constraint on their action, New Labour sees the ‘room to manoeuvre’ as more tightly limited than perhaps do the PS. Overall approaches to macro-policy are, however, broadly similar. Where macro-policy does seem to unearth a rift is in the field of potential European-level co-ordinated macro-activism to promote growth and job creation. New Labour’s self-imposed prudence and financial orthodoxy continues to engender scepticism towards ‘Euro-Keynesianism’.

In terms of ‘structural’ policies to tackle unemployment, some elements of Labour’s ‘employment centred social policy’ finds echoes in the French approach. However, underlying New Labour’s employment policy is a compartmentalisation of policy, seeing the supply-side as the only possible avenue for activism. This reflects, at a deeper level, a reduction of the role of the state in securing employment. Accordingly, it informs different policy approaches to job creation. New Labour eschews public sector job creation, or state orchestrated reductions in the working week as job creating strategies. The distance from the PS’s eclectic and statist approach is noticeable.

The shift towards greater labour market flexibility points to some commonality of outlook. However, significant differences in national context endure. The Third Way

seeks to secure lower minimum standards, and targets a more tightly defined group of 'excluded' – to the exclusion of the non-working poor. This returns us to the absence of firm egalitarian and redistributive commitments within the New Labour's policy paradigm. France's embedded welfare and labour market institutions, engender lower levels of wage inequality, and higher minimum standards in terms, for example, of replacement rates. The PS approach to welfare provision is also arguably more inclusive in targeting all low income groups, including the unemployed. The PS clearly affirms such commitments, and seeks to entrench and defend them at the EU level through the institutionalisation of a European Social Model. In the field of industrial relations, for all New Labour's enthusiasm for flexibility, there has been an adoption of certain European norms of individual rights recognition, and minimum wage setting. The PS continues to affirm the state's role in industrial relations, and entertains 'neo-corporatist' aspirations.

The governing experience of both New Labour and *Réalisme de Gauche* is too short to draw firm conclusions. Furthermore, the Third Way needs more rigorous definition before its compatibility with modern European social democracy can be conclusively established. Similarly, as we saw in chapter 5, the PS's process of programmatic clarification remains unfinished. That said, even at this early stage, it would appear that there are significant differences between New Labour's Third Way and *Réalisme de Gauche*, both in terms of national institutional settings, and intellectual aspirations. For all that, both offer potentially viable, and - albeit to different degrees - recognisably social democratic economic strategies compatible with a world characterised by globalisation. This further underpins our suggestion that, whilst the constraints highlighted by 'hyperglobal' pessimists are indeed powerful, nevertheless, globalisation does not preclude social democratic policy activism.

Conclusion

This thesis has sought to challenge some of the assumptions and assertions of the crisis of social democracy literature. We have questioned the inadequate treatment of the internal workings of political parties, the inaccurately dire electoral prognoses, the ahistorical and static conception of social democracy, and the problematic analysis of globalisation which underpin many of the premature obituaries of social democracy. We will briefly reiterate these points with reference to our two cases, the French PS and, the British Labour Party.

The Party as an *Independent Variable*

One of the problems, we have argued, with much of the ‘crisis of social democracy’ literature, is its propensity to treat parties as completely dependent actors, ‘upon whom’ a range of structural changes ‘happen.’ This thesis has treated the PS as an independent variable, ‘relatively autonomous’ from its socio-economic context, and capable of responding actively in an innovative manner to change. Employing a ‘structural’ approach to the study of the party, we have insisted upon the need to open the ‘black box’ of intra-party politics in order to understand how the evolving organisational structure of the party has affected and influenced the wider process of party change. The importance of both formal organisational rules, and informal organisational conventions as ‘transmission belts’ mediating external factors within the party has been insisted upon. We have seen how the organisational structure of the party conditions and influences ‘responses’ to external shocks, both in terms of internal debates and internal reform processes.

Up until 1995, the interaction of factionalism and the question mark hanging over Mitterrand’s succession stood as an obstacle in the path of internal reform. The Rennes conference made the party brutally aware of the dysfunctional nature of the *courant* system, and the need to limit its excesses. Yet, due to the ongoing war of succession, all attempts at thorough-going change to the *courant* system either met with resistance from *courants* adversely affected by them, or were manipulated by those parties set to gain from such changes. The crushing electoral defeat of 1993 - interpreted as a vote of

no confidence in the party's behaviour in recent years – only served to underline the gravity of the problem.

The evolving role of factionalism within the party has been seen to be central to understanding the party's organisational structure, affecting what resources are at actors' disposal, providing a set of opportunities and constraints, and pushing actors into coalitional strategies. Thus, by 1995, Jospin had secured the backing of all ex-Mitterrandists not allied to Fabius, of former Rocardians and the friends of Mauroy and established a 'dominant coalition.' Jospin's *ligne majoritaire*, comprising all the major *courants*, induced internal stability and assured internal hegemony, since opposition entailed marginalisation and potential exclusion from the party's governing bodies at both national and federal level.

Jospin's '*incontournable*' (un-bypassable) leadership position created the stability and consensus required to effect the organisational changes discussed since 1991. The increasing importance of direct democracy has seen the voice of individual members in the party enhanced, both through the one member, one vote principle, and through the expansion of the national convention as a locus of doctrinal and organisational innovation and precision. This has acted in concert with the introduction of majority voting as a counterweight to the traditional proportionality, which has in turn led to changes in the *modus operandi* of the *courants*, now renamed *sensibilités*.

The reforms have been only a partial success, with enduring problems, such as co-optation, requiring qualification to the party's claims to internal democracy. A more significant fly in the ointment, however, is the centrality of Lionel Jospin's hegemonic position to the process of reform. At this stage it is impossible to discern how firm the foundations of the new operating procedures are. The extent to which the evolution of the *courants* is due less to fundamental change in nature than to a changed tactical context given Jospin's internal hegemony remains unclear. The real test will only come when the struggle for power begins afresh, which is unlikely to be before the next presidential election. The reforms will have been in effect for some time by then, yet their ability to overturn long-held habits of internal skirmishing is questionable.

Electoral Crisis?

We argued in chapter 1 that analysis of the electoral ‘crisis’ of social democracy has tended to be excessively apocalyptic. The misconception of social democracy’s electoral fortunes was, we argued, predicated on a misconception both of parties’ relationships with their core electorates and of their capacity to respond to changing electoral conditions. In chapter 4, we saw that PS electoral strategy represented a successful response to changing conditions, and an evolution of the relation to the PS’s electoral base, which itself is changing in part in response to socio-economic change.

Although increased dissatisfaction with the political system has translated into more electoral volatility and abstentionism, and a significant reduction in ‘governmental’ party support, the PS nevertheless remains the largest single electoral force on the Left, and has demonstrated its capacity for electoral success. That said, a new configuration around the Left pole of the French party system has emerged. In an age of diminished expectations, the PS cannot gain power without the help of a growing number of allies. As well as traditional partners, the Radicals and the PCF, there are new groupings, the *Verts* and Chevenement’s MDC. Yet the PS continues to benefit from systemic inducements for *rassemblement* of the majoritarian two round system in ‘decisive’ elections. Thus smaller parties continue to come to arrangements with the ‘governmental’ PS.

In strategic terms, the same logic that once underpinned the *Union de Gauche* was the guiding principle behind Jospin’s work with electoral allies since 1993, and now brings the *gauche plurielle* together. In terms of the PS’s relationship with its own electorate, there is an enduring attachment to old ‘core’ constituencies, but at the same time a heightened awareness that phenomena such as the FN’s advance, socio-economic change and electoral volatility require the PS to constantly look beyond such groups for support. The PS finds itself obliged, at every election, to attempt to reconstitute its electorate, taking account of the nature of the election, the strategic context, the key issues and personalities of the campaign. This process of reconstituting an electorate involves bringing together diverse ideological orientations and people from widely differing social positions. The difficulty of this exercise, we argue, means that

paradoxically, despite the success at the 1997 legislative elections, the results point to the enduring electoral frailty of the PS.

Ideological Redefinition

Since 1995, Jospin's internal legitimacy, in concert with the novel stability of the internal factions, has allowed the transcendence of some of the traditional internal restraints on ideological clarification in the party. The process of ideological redefinition has been made easier by the narrowing of the ideological 'space' the party occupies, and Jospin's not entirely disingenuous claim to provide a synthesis between the party's 'two cultures.' There remains considerable work to be done before the party once more finds a defining set of core themes analogous to the '*planification, nationalisation, autogestion*' of the late 1970s around which its ideological identity can cohere. In terms of the core values of social democracy, both equality of outcome and full employment have become more distant goals than the PS once accepted them to be. The role of the interventionist state, on the other hand, remains clearly affirmed.

The process of redefining social democracy in a world characterised by advancing processes of globalisation and ubiquitous acceptance of the market has brought into sharp relief the limits of the possible. Yet this is not to say that social democracy has been 'abandoned'. Our rejection of this notion is predicated upon our understanding of the nature of social democracy. Our argument has two elements. Firstly, social democracy is not a constant unchanging entity. A more nuanced and historicised understanding of social democracy has been offered in this thesis. As we argued in chapter 1, the reconciliation of socialist aspirations to liberal democracy and capitalism by means of Keynesian economics and the welfare state was but one 'strategic amalgam'(Pierson 1995) through which to pursue the politics of social democracy. Developed 50 years ago, this configuration cannot hope to retain *all* its relevance. Yet this need not lead us to write off social democracy as a spent force. Rather, the changed international economic and domestic political context requires us to look how social democratic goals are pursued today, and seek to trace the outline of a new 'strategic amalgam' – or amalgams. Just as, in its Golden Age, social democracy was never

uniform, encompassing varying emphases on different aspects of the economic and political ‘model’, so now we should expect considerable variation.

Employment, equality of opportunity, redistribution of wealth – these remain the ‘ends’ of social democracy. PS economic strategy has been conceived here as one attempt to elaborate a distinctive set of means – some familiar, some novel - of social democracy in a world characterised by globalisation. Given the radical change in context, significant departures can be found in the field of macroeconomic policy. In job creation, employment policy, and labour market policy, we find enduring ends, secured by rather different means, combining demand and supply side measures, involving at once considerable levels of state intervention, and state orchestration of the policy, but at the same time shifting the incentives of private firms and relying on the market. More fundamentally, we have seen the at least partial re-evaluation of social democracy’s ‘methodological nationalism,’ with the increasing importance of supra-national (EU) policy activism.

The second element of our rejection of the abandonment of social democracy thesis insists upon the point that not all the traditional reference points have disappeared. Employment and job creation retains its centrality to the social democratic project. The role of the state is strongly affirmed, and there remains a commitment to egalitarianism which finds its expression in part in the appropriate level at which the minimum welfare standards ‘ceiling’ should be set. The PS *ligne majoritaire*, accepts that globalisation makes the pursuit of Keynesian strategies in order to secure social democratic goals of full employment and redistribution at the national level extremely problematic, yet it remains committed to Keynesianism as the best social democratic ‘strategic amalgam’ (Pierson 1995) so far elaborated. For all the party’s grudging ‘post-Keynesianism’ in the role it apports to public finances in its economic strategy, a Keynesian framework continues to influence thinking about a redistributive role for the state in the economy, boosting purchasing power of low earners.

Furthermore, there is an enduring commitment to transcend the national level, recreating an economic space where Keynesian economic strategies may once more be viable given the international economic context, at the supra-national EU level. The

considerable collective action problems involved in co-ordinated European economic policy mean that the reconciliation of the PS's supra-national aspirations to its national conditions remains problematic. Yet this does not detract from the strength of their commitment to recreate social democracy at the European level, written as it is into the party's declaration of principles.

The historical context provided in chapter 5 has shown how acceptance of the market, the 'new horizon' of the capitalist economy, and Europe as a key arena of social democratic activism are all relatively recent and significant shifts in French Socialist ideology. In the wake of such upheavals, a new and coherent picture has yet to emerge. Weber echoes the sentiment of a number of national level actors interviewed when he observes;

“the Parti Socialiste, like European social democracy as a whole, is in a phase of renovation, of change. Everyone running the party understands that the old Keynesian social-democratic model no longer works because of the changed conditions. Thus we must do just as our forerunners did – that is, reinvent a new model, a new social compromise. That is what Fabius, Jospin, and everyone else is working at redefining. Today, we can see some elements, but as yet we cannot see the ensemble.”¹

Globalisation and Social Democracy

In analysing the relationship between globalisation and social democracy, we have underlined the importance of appreciating that globalisation does not simply 'happen upon' nation states, or social democratic parties within them. Therefore globalisation does not 'impose' neo-liberal policy agendas on social democratic governments. Such a view ignores how the influence of the processes of globalisation is mediated by domestic institutions, and the actors working within them.

We have argued that understanding the *differential* nature of globalisation's consequences is an essential precondition to a deeper understanding of the relationship between globalisation and social democracy. The effects of economic globalisation are mediated and at times contested by states, and by the 'cognitive framework' of actors within them. How globalisation is understood by policy elites crucially conditions

¹ Interview with Henri Weber 29/9/97

responses to it. Furthermore, how domestic policy elites articulate policy responses is conditioned by domestic institutional context and ideological traditions.

Our study suggests that, whilst the constraints highlighted by ‘hyperglobal’ pessimists are indeed powerful, nevertheless, globalisation does not preclude social democratic policy activism. Globalisation heralds a changing cost/benefit analysis of social democratic economic policies, not the end of social democracy. Thus whilst globalisation *does* constrain social democratic policy options, it is a mistake to infer from this that there are no longer significantly different approaches to economic policy, involving different hierarchies of priorities in terms of employment, inflation and redistribution, and more fundamentally, different understandings of how the economy works.

Comparative analysis of the PS and New Labour unearthed a number of similarities, as well as significant differences between New Labour’s Third Way and *Réalisme de Gauche*. The idea that, given the new international economic climate, stability is as much a social democratic value as it is a neo-liberal one, is shared by both parties. The need to secure credibility with financial markets, and to display sufficient ‘soundness’ for market actors to suspend their disbelief in social democratic government’s financial rectitude is a commonality underpinning both economic strategies. Similarly, the perceived need for some re-regulation of international financial markets is a shared goal. The importance of increasing the hiring incentive of small and medium sized firms as a means of tackling unemployment is also a common objective.

However, in terms of employment policy more generally, New Labour’s compartmentalisation of supply side reforms as the only area for activism is at odds with the PS’s more eclectic and interventionist approach. The two parties also have very different aspirations for the future shape of EU institutions and their potential impact on domestic economic policy-making. An increasingly important component of social democratic economic strategy in the post-Bretton Woods world is the potential advantages of international co-operation and co-ordination. It is at the European level that social democrats seek to resolve the tensions between the globalisation and social democracy. This thesis has explored both the strengths and weaknesses of this case. We

have seen how central EU level policy activism has become to PS strategy, seeking to institutionalise welfare and labour market standards at the EU level as a buffer against globalisation. However, we have seen the difficulties of co-ordinating such an approach, even with its ‘sister’ party, New Labour, let alone the rest of the member states.

New Labour has become deeply sceptical of any attempts to reinvent social democracy at the EU level. At the heart of this policy difference is a wider disparity concerning the perception of the appropriate role of the state in the economy. Part of the explanation for New Labour’s reticence and scepticism vis-à-vis fiscal activism at the EU level can be traced to the shift away from Keynesianism. Within the PS, the EU is conceived as a potential political and economic ‘space’ where Keynesian policies could be carried out even within the changed international economic context. Such supra-national strategies, however, run counter to New Labour’s scepticism regarding ‘old style’ Keynesian policies. It also resurrects a commitment to egalitarian redistribution of wealth which New Labour has distanced itself from in recent years.

Some of the key differences between New Labour’s ‘Third Way’ and *Réalisme de Gauche* are explicable in terms of the differences of national institutional setting. Others, on the other hand, are traceable to different intellectual aspirations – for example the enduring emphasis on equality, including equality of outcome, within the PS, the greater faith in the interventionist role for the state in the economy, and the more critical engagement with the *rhetoric* of globalisation within the PS policy paradigm. That the two parties have different understandings of how the economy works, and the appropriate role of the state in the economy, based on different analyses of the implications of globalisation for social democratic economic strategy is testament to the limited impact of a neo-liberal economic paradigm which, only a decade ago, appeared all conquering. Indeed, the PS continues to draw on the insights of Keynesian economic analysis which crisis theorists argued had been rendered inoperable. The residual Keynesian thinking of the PS involves a higher degree of interventionism, and a conviction that demand side intervention to boost a perceived crisis of under-consumption has been a corollary of structural job creating policies on the supply side.

Both parties offer potentially viable, and - albeit to different degrees - recognisably social democratic economic strategies, prioritising employment, equality of opportunity, and some redistribution. Furthermore, the governing experience of both New Labour's Third Way and the PS's *Réalisme de Gauche* confirms that both are compatible with a world characterised by globalisation. This further underpins our suggestion that, whilst the constraints highlighted by 'hyperglobal' pessimists are indeed powerful, social democratic policy activism remains compatible with a world characterised by globalisation.

Methodological Appendix

Our framework for the analysis of social democracy is conducive to a particular research strategy. The methodological implications of this strategy are considered here. There is in comparative politics as in all fields of political inquiry, a trade-off to be made between generalisability and complexity. Case studies sacrifice generalisability to depth or 'thickness' of understanding. Conversely, comparative studies sacrifice some of this depth of understanding in favour of greater inclusiveness. Our choice of two cases, which trades off a degree of generality for the heightened complexity which is characteristic of the subject under scrutiny, nevertheless can make a contribution to establishing the generality of propositions.

The main body of this thesis offers a structured study of a particular case – that of the French PS, hinging on the key explanatory variables outlined in chapter 1. The principle merits of the case study approach are the depth of knowledge and understanding which can be gained. Problems of reliability and validity of data, and reliance upon data which cannot be properly evaluated, which sometimes plague the statistical approach (Lijphart 1975 : 171) are unlikely to occur. Case studies can make a valuable contribution to theory building and testing. Lijphart's 'hypothesis-generating' case study takes, "a more or less vague notion of possible hypotheses, and attempt to formulate definite hypotheses to be tested subsequently among a larger number of cases." (1971 : 692) There are also theory infirming and theory confirming case studies, which, "are analyses of single cases within the framework of established generalisations." (1971 : 692) As Ragin puts it, "case studies respond to theory, by refuting and extending it or by illuminating important phenomena that are outside the scope of existing theory." (1991 : 6)

"Certain types of case studies," as Lijphart observes, "can even be considered implicit parts of the comparative method." (1971 : 691) This is because, "single cases investigated in case studies are usually implicitly viewed in the theoretical context of a larger number of cases: a case study is a study of a certain problem, proposition, or theory, and a case belongs to a larger category of cases." (1975 : 160) This is the aim here, with the PS as an example of a

West European party of the left being analysed in the light of theories of the crisis of social democracy, and also of theories about globalisation. Comparison and case study here constitute mutually reinforcing and complementary undertakings. The case study is reconciled to the comparative method in the comparative political economy chapter, which compares the evolving political economies of the PS and the British Labour Party. Again the analysis proceeds in the light of theories of the relationship between social democracy and globalisation.

The comparative politics canon offers a wealth of competing research strategies and techniques. Collier's recent survey of comparative techniques and debates concludes, "the most fruitful approach is eclectic, one in which scholars are willing and able to draw upon these diverse techniques."(1991 : 105) The aim is to minimise the weaknesses and capitalise on the inherent strengths of various techniques. (Lijphart 1971 : 693) An eclectic approach seems sensible, given that no one design displays a perfect fit with our substantive interest.

Lijphart defines comparative method as the assessment of rival explanations, based on *systematic*, qualitative comparison of a small number of cases. In seeking to establish the strategic options open to social democracy in relation to systemic constraints, many operative variables which structure the field of action within which these choices take place must be analysed. (Scharpf 1991; Sassoon 1996) The complexity of such phenomena demands caution in designing research, as captured by Lijphart's quintessential conundrum of comparative politics, "many variables, small n."(1971) We are apparently confronted with;

"a multiplicity of conditions, a compounding of their influence on what is to be explained (the dependent variable) and an indeterminacy regarding the effect of any one condition or several conditions in combination. The corresponding problems facing the investigator are to *reduce* the number of conditions, to isolate one condition from another, and therefore to make precise the role of each condition."(Smelser 1976 : 152-3)

The 'too many variables' problem can be tackled in a number of ways, as Lijphart helpfully illustrates. Firstly, we can "judiciously restrict [ourselves] to the really key variables,

omitting those of only marginal importance.” (1971 : 690) To an extent we are heeding Lijphart’s advice in choosing our key variable set outlined in chapter 1 – consisting of a set of national, party specific, and global explanatory variables. Here we must take on board Meckstroth’s critique of ‘many variables, small n’ studies;

“the comparative method, as a derivative of Mill’s methods, provides no criteria to select among the limitless supply of attributes that might be introduced as controls or as explanations of any given phenomenon.....The method is completely dependent on criteria of relevance supplied by previously formulated concepts, propositions, and theories.... ‘theoretical relevance’ must be relied upon to limit the number of properties to be controlled and to avoid the problem of overdetermination.” (Meckstroth 1975 : 134)

Our focus on a number of ‘key’ factors can only be justified by prior theoretical assumptions. That said, the extant literature on social democracy, and on globalisation, provides strong arguments for focusing on these ‘key’ variables.(Merkel 1992; Scharpf 1991; Sassoon 1996)

In a different vein, the comparative political economy section partially follows another of Lijphart’s techniques – the comparable cases strategy, focusing on a small number of carefully matched cases. Arguably, New Labour and the PS are ‘matched’ on a number of significant variables – parties of the left, recently gaining office in West European democracies with advanced economies. However, in the key variable that is the focus of the analysis – their political economies – the two differ significantly.

Given recent calls for eclecticism in research design, however, this study will not confine itself exclusively to Lijphart’s techniques. Collier’s development of ‘process-tracing’ case study techniques is invaluable. “The goal is to assess whether the dynamics of change within each case plausibly reflect the same causal pattern suggested by the comparative appraisal of the case in relation to other cases.”(1991 : 115) This seems a pertinent framework from which to assess the impact of globalisation on social democracy through comparative consideration of the British and French cases. Comparative application of prevalent theories of change in social democratic parties to the two parties will establish the fit between theory and facts. Differential results of such a ‘fit’ may point to new hypotheses being developed. Such a comparative study may perform Lijphart’s ‘theory-confirming’

and 'theory-infirming' and 'hypothesis-generating' functions.(1971).

Whilst Lijphart's reflections on the logic of comparative and case study analysis offer valuable insights to our research design, we does not share all his assumptions. "The comparative method," Lijphart argues, "must be considered the weaker method, it is usually advisable to shift to the statistical method if sufficient cases are available for investigation." (1975 : 165) Whilst Lijphart admits the existence of a distinction between the 'statistical' and 'comparative' method, he fails to fully appreciate that, "these two traditions exist side by side as similar but qualitatively different ventures."(Ragin 1991 : 3) Lijphart seeks to emulate the statistical logic because he sees the statistical method as the more worthy pursuit, "the 'comparative method' is said to lead to no more than partial generalisations, while the real need is to fashion generalisations of universal scope and validity."(1975 : 172) This displays a positivist approach to knowledge and the social world. As Meckstroth points out, the claim to universality falls foul of the Popperian critique of scientific inquiry, propositions in all sciences, but above all the social sciences, "are always subject to disproof regardless of the number of corroborating instances; and they can never be regarded as conclusively established."(1975 : 134-135)

The claim of 'universality' in the social sciences makes bold assumptions about the nature of social scientific knowledge. Meckstroth is more cautious;

"universality...does not mean that the proposition must literally explain circumstances in all physical circumstances. Nor is evidence from all locations necessarily relevant for corroboration or falsification of such a proposition. This is due to the recognised status of 'initial conditions' in universal propositions which denote limiting circumstances under which a proposition is expected to operate."(1975 : 135)

A proposition may be limited, for example, to West European Democracies, yet such a proposition will have a different epistemic status, based on different ontological assumptions. Thus the real problem of Lijphart's positivist leanings runs much deeper than the Popperian critique of inductivism. It entails a set of assumptions about the "*rules of interpretation and criteria for admissible explanation*" (Holt & Turner 1970 : 2) which are inappropriate to the qualitative historical comparative method.

This is demonstrated when Lijphart argues that, "the comparative method and its special

limitations constitute a strong argument against what Lasswell and Braibanti call 'configurative' or 'contextual' analysis."(1971 : 690) Such an approach, according to Lijphart, displays insufficient rigour and theoretical parsimony. However, analysis of change within social democracy requires precisely such 'configurative' theorising;

"The relationship between the main social-economic actors (i.e. representatives of capital and labour) and systemic features of advanced capitalist society shape specific *matrices* of choices and constraints that represent the room to manoeuvre for social democracy." (Keman 1993 : 311)

The historically and nation-specific nature of these 'matrices', and their dependence of so many 'variables,' leads us away from parsimonious concentration on one or two key variables. Instead we are dealing with 'conjunctural causality', the configurative working of several, often interrelated, variables. The object of analysis is "the *intermediary conjuncture* between actions and events and the systemic circumstances that structure the room to manoeuvre."(Keman 1993 : 312) This points towards the context-embedded 'disciplined configurative approach' developed by Heckscher and Verba in the 1960s. Its most recent proponent is Ragin, whose 'case-oriented', 'holistic' approach – analysing 'conjunctural causation'- would appear appropriate for analysing social democracy.(1987)

This 'Weberian'(Ragin & Zaret 1983) approach to interpretative understanding aims at, "deciphering the meaning of behaviour and institutions to the actors involved."(Collier 1991 : 110) There are similarities between this approach and the concept of 'policy strategies' pursued by actors, central to Scharpf's work. Looking at economic strategy, Scharpf notes;

"the relationship between economic outcomes and institutional arrangements was mediated by the economic strategies that were actually pursued ... [we may] define 'strategy' as a recognisable 'pattern or stream of decisions' by individual actors or organisations economic policy makers are likely to be guided by their own interpretation of the situation Like all human action, economic policy is possible only within a cognitive framework that pairs goals with available means and the critical conditions of the decision environment." (Scharpf 1991 pp 11-13)

Comparative analysis of policy strategy is, Scharpf insists, a distinct exercise from the 'statistical' approach, which Lijphart sees the comparative method as emulating;

"These strategies are excluded from the analytical design of quantitative comparative

studies, and their exclusion is not an accidental or easily corrigible defect but a fundamental methodological limitation neither the goals pursued nor the causal efficacy of economic policy instruments, nor the conditions of the economic environment, are sufficiently beyond dispute to be simply taken as facts that could be plugged into cross-national multivariate regression equations.”(Scharpf 1991 : 11 & 14)

This is not to question the merits of statistical analysis, merely to recognise the relationship between qualitative and quantitative analysis. “Both are compatible with the goals of explanation and generalisation, but they produce *different types of explanation with different degrees of abstraction.*” (Ragin & Zaret 1983 : 733) ‘Laws’ or theories emanating from a ‘Weberian’ approach sacrifice positivistic claims to ‘universality’ in the social sciences which make bold assumptions about the nature of social scientific knowledge. Sophisticated analysis of social democracy must be more cautious, offering what Lijphart calls, “no more than partial generalisations.” (1975 : 172). Theories and hypotheses generated by this study will be based on a more circumspect ‘universality’, which “does not mean that the proposition must literally explain circumstances in all physical circumstances. Nor is evidence from all locations necessarily relevant for corroboration or falsification of such a proposition. This is due to the recognised status of ‘initial conditions’ in universal propositions which denote limiting circumstances under which a proposition is expected to operate.”(Meckstroth 1975: 135) In spelling out the necessary conjunctures of variables under which a theory applies, we restrict the applicability and ambit of the theory.

List Of Interviewees

Claude Bartolone

PS *député* and former National Secretary for External Relations, under Fabius and Elections under Rocard & Emmanuelli. President of the *Assemblée Nationale* Social Affairs Commission 1997-1998. Interviewed 11/12/97.

Maurice Bennassayag

Former Mitterrand advisor, now member of the *Conseil d'Etat*. Interviewed 22/9/97.

Alain Bergounioux

PS National Secretary in charge of communication with the members, member of the PS *bureau national*. Academic and author of *Le long remords du pouvoir* (with Gérard Grunberg). Interviewed 18/9/97.

Jean-Marcel Bichat

Member of the PS *bureau national* and former member of the PS National Secretariat under Fabius, 1992-1993. Interviewed 22/9/97 & 21/11/97.

Jean-Marie Bockel

PS *député* and Mayor of Mulhouse. Member of the PS *conseil national* and leader of the *Troisième Gauche*. Interviewed 9/12/97.

Yannick Bodin

President of the Socialist Group of the Ile de France *Conseil Regional*. Member of the PS *conseil national*, and of the PS *Commission sur les statuts*. Former member of the PS *Commission des résolutions Commission*. Interviewed 26/11/97.

Jean-Christophe Cambadélis

PS *député*, Mayor of Paris XIX arrondissement, and National Secretary for external relations and the Federations. The Party's 'number two' behind Hollande. Interviewed 25/9/97.

Harlem Désir

PS National Secretary for Relations with Social Movements 1995-1997, member of the *Bureau National*. Member of *La Gauche Socialiste*. Interviewed 22/11/97.

Henri Emmanuelli

First Secretary of the PS 1994-1995, former President of the *Assemblée Nationale* Finance Commission. Interviewed 10/12/97.

Senator Claude Estier

President of the PS parliamentary group in the Senate. Presidential campaign organiser in 1995. Member of the *bureau national*, and of the PS *Commission des résolutions*. Interviewed 19/9/97.

Jean-Paul Fitoussi

President of the OFCE. Interviewed 13/12/97.

Pierre Guidoni

PS National Secretary for Foreign Relations, member of the *bureau national*.
Interviewed 24/9/97.

Jean-Paul Huchon

Former chief of staff under Rocard's prime-ministership, and National Secretary for economic questions during Rocard's 'presidency' of the party 1993-1994. Now Mayor of Conflans. Interviewed 29/9/97.

Jerome Lambert

PS *député* and member of the PS national conflicts commission. Former member of the PS *conseil national* Interviewed 3/12/97.

Jean Le Garrec

PS *député* and *rapporteur* for the 35 hour week law. Member of the PS *conseil national*, former National Secretary in charge of relations with firms. Interviewed 16/12/97.

Gérard Grunberg

Member of the National Secretariat in charge of European Studies under Rocard 1993-1994. Academic at CEVIPOF and author of *Le long remords du pouvoir* (with Alain Bergounioux). Interviewed 9/9/97.

Senator Jean-Luc Melenchon

Member of the *bureau national*, leader of the *Gauche Socialiste*. Former member of the National Secretariat under Rocard & Emmanuelli. Interviewed 29/9/97.

Louis Mermaz

PS *député* and former Minister, member of the PS *bureau national*. Interviewed 1/10/97

Marie-Therese Mutin

Member of the PS *bureau national* and leader of the Poperenistes. Interviewed 23/9/97

Jacques Salvator

Member of the PS *conseil national*. Former member of the *Comité directeur*.
Interviewed 19/9/97.

Marisol Touraine

PS *député* and National Secretary for solidarity, member of the *bureau national*.
Interview with 25/11/97.

Manuel Valls

Jospin's communication strategy advisor, and PS National Secretary for communication 1995-1997. Member of the *bureau national*. Interviewed 23/9/97.

Daniel Vasseur

Special advisor to European Minister Pierre Moscovici. Interviewed 17/12/97.

Senator Henri Weber

PS National Secretary for Education, member of the *bureau national*. Interviewed 29/9/97.

List of Abbreviations

BVA	Brulé Ville Associés
CERES	Centre d'Etudes de Recherches et d'Education Socialistes
CES	Contrats d'Emplois Solidaires
CFDT	Confédération Francaise Démocratique du Travail
CFTC	Confédération Francaise des Travailleurs Chrétiens
CGT	Confédération Général du Travail
CIR	Confédération des Institutions Républicaines
CNPF	Conseil National du Patronat Francais
CSG	Contribution Sociale Généralisée
ECB	European Central Bank
EC	European Community
EDF	Électricité De France
EMU	Economic and Monetary Union
EMS	European Monetary System
EU	European Union
FDI	Foreign Direct Investment
FEN	Fédération de l'Education Nationale
FGDS	Fédération de la Gauche Démocrate et Socialiste
FN	Front National
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
ILO	International Labour Organisation
IMF	International Monetary Fund
INSEE	Institut National de la Statistique et des Etudes Economiques
ISF	Impot de Solidarité sur la Fortune
MDC	Mouvement des Citoyens
MRG	Mouvement des Radicaux de Gauche
MRP	Mouvement Républicain Populaire
MNC	Multi-National Corporation
NAIRU	Non Accelerating Inflation Rate of Unemployment
NIE	Newly Industrialised Economy

OECD	Organisation for Economic Development and Co-operation
OFCE	Observatoire Francais des Conjonctures Economiques
PCF	Parti Communiste Francais
PdvA	Partij van de Arbeid
PR	Proportional Representation
PSOE	Partido Socialista Obrero Espangol
PS	Parti Socialiste
PSU	Parti Socialiste Unifié
R & D	Research and Development
RMI	Revenu Minimum d'Insertion
RPR	Rassemblement Pour la République
SAP	Socialdemokratiska Arbetarepartiet
SEA	Single European Act
SFIO	Section Francaise de l'Internationale Socialiste
SOFRES	Société Francaise d'Enquetes par Sondages
SNCF	Société Nationale de Chemin de Fer
SPD	Sozialdemokratische Partei Deutschlands
TUC	Travaux d'Utilité Collective
UDF	Union pour la Démocratie Francaise
UGCS	Union de la Gauche des Clubs Socialistes
UNR	Union pour la Nouvelle République
VAT	Value Added Tax
WFTC	Working Families Tax Credit
WTO	World Trade Organisation

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Le Poing et la Rose The party's monthly internal bulletin. Running since Epinay, the final edition in 1992 reproduced the text of the Arche Conference.

Vendredi The party's weekly internal bulletin. Contained detailed accounts of debates, party activities, and exhaustive reports of congresses. It was published between 1988 and December 1996, when it was preplaced by the (shorter, glossier) L'Hebdo des socialistes.

PS INFO A weekly, often page-long bulletin aimed at party office-holders, dealing specifically with the internal life of the party. It was published between 1984 and 1993, when it was replaced by La Lettre du Vendredi.

Nouvelle Revue Socialiste The party's theoretical journal – published sporadically since 1974. The party elite, academics and commentators would contribute regularly to its in-depth debates. It enjoyed an uninterrupted run between 1988 and 1992, when it was replaced by Vendredi Idées.

Vendredi Idées Edited by Jean-Luc Melenchon, Henri Weber, and Alain Bergounioux, this theoretical quarterly only ran to 4 editions. These were primarily concerned with analysing the 1993 defeat.

La Lettre du Vendredi A weekly, often page-long bulletin, dealing specifically with the internal life of the party. Published full accounts of some Bureau National proceedings. Ran from January 1994 until 1996.

L'Hebdo des socialistes The Party's weekly magazine, now performing the tasks previously undertaken by Le Poing et la Rose and Vendredi. On the whole shorter and less in-depth than the earlier publications, though still producing full accounts of congresses. Published since December 1996.

Recherche socialiste Published since 1997 by the Office Universitaire des Recherches Socialistes since, a theoretical periodical, often primarily concerned with historical issues, but also contributing to contemporary debates, with contributions from PS elite and academics.

Vu de Gauche Quarterly theoretical journal published by the Poperen *courant*.

A Gauche Weekly newsletter published by the *Gauche Socialiste*.

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