

4. France Encounters Globalization

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1. Introduction

France is in the midst of a public policy debate focused on the conflict between the 'exceptionalist' French model of an economy which is characterized by a close, structured political economic relationship between labor, capital and the state, and the pressing need to make accommodations to the demands of an emerging universalist model of liberal market economic relations. This debate occurs at different levels of sophistication: the popular press, serious public affairs journalism, and academic scholarship. It is a fascinating discussion as it takes place in a society which celebrates discussion within a highly segmented political culture and which takes seriously serious discussion. The French debate, while interesting in and of itself, is also one which captures the intensity of concern felt in the rest of the continental European countries regarding the complex of benefits and costs of further 'globalization' and, in particular, monetary union and the other objectives of the (Maastricht) Treaty on European Union. In this paper I will examine the major positions and publications in this public policy debate. Once this context has been established I will treat the issue that is at the front of the French, and European, debate - that of a generalized sense of economic malaise and its relationship to globalization. The challenge for all of continental Europe is that of finding a model of political economy that both: a) allows European producers to compete successfully on global markets on terms that benefit both capital and labor, and b) can be accommodated by the social structures and cultural values Europeans so obviously wish to preserve. First, however, we must examine the impacts globalization has had on various aspects of the French economy.

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Following the conclusion of the Second World War France experienced what is referred to as "*les trente glorieuses*," a period of thirty years in which gross national product grew by over five per cent annually and unemployment remained below three per cent of the total labor force.¹ This was a period marked by post-war reconstruction, an opening to the external world principally through adoption of the Treaty of Rome (1957) which established the European Economic Community, a growing role for the state through planning and nationalization, and an occasional devaluation of the currency. It was also a period in which the labor needs of the growing manufacturing

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sector were met by substantial migration from rural areas to towns and cities, and by immigration. Between 1946 and 1975 the percentage of the population living in rural areas declined from 47 per cent to 31 per cent, and the number of immigrants doubled from 1.7 million to 3.4 million and their share of the French population rose from 4.38 per cent to 6.54 per cent. The geographical origination of immigrants also changed, with Europeans declining from 89 per cent to 61 per cent, and Africans rising from 3 per cent to 35 per cent during the same period. By 1982 the European/African mix of immigration was 48 per cent/43 per cent.² Finally, the labor participation rate for females rose from 48.5 per cent in 1970 to 59 per cent in 1993.³

Les trente glorieuses were followed by a period of "Euro-pessimism" triggered by the economic stagnation which affected most of Western Europe during and immediately following the OPEC oil price hikes of 1973 and 1979. The collective response of the member states of the European Economic Community was to "complete the internal market" with adoption of the Single European Act ("the 1992 process") in 1986. While there was an on-going internal logic to pushing forward the European integration process, based on the desire to achieve both prosperity and peace, Axford is right to see this as "also a defensive strategy, based on the recognition that the European economy was and is losing out to the more dynamic, expansionist and technologically efficient Japanese, and to the still massive economies of scale seen in the United States."⁴

The importance of globalization to the French economy can be made clearer if we examine individually the two components of this process, trade liberalization and technological change. The accomplishments of the integration process in Europe to date have been: a reduction of tariff and quantitative barriers to trade; a common external tariff; progress toward the "four freedoms," free movement of goods, services, capital and labor; considerable standardization of industry practices and harmonization of government policies; progress toward common policies regarding agriculture, transportation and competition; and a persistent, if controversial, effort to reduce regional economic disparities. This has involved a process whereby individual member states have imposed constraints on their ability to intervene in their own economies to address the needs of some elements of their population. While most of the continental member states have been willing to proceed down this path, the United Kingdom has chafed at the notion that decisions made in Brussels by a deliberative body which was not controlled by Her Majesty's Government, such as the Social Charter or the European Monetary Union, would determine economic life of its citizens.

France has been a more enthusiastic supporter of EU integration, in part because of the long-term economic benefits to be derived, but also because of the need to achieve Franco-German *rapprochement*, to confront the challenges posed by the Cold War, and to reduce European dependence on the United States.⁵ Nevertheless,

participation in the regional integration agenda has posed a clear challenge to the cherished notion of French exceptionalism and the ability of France to maintain a distinctive national approach to questions of social, economic, political and cultural institutions and practices. To take just one example, the relative political autonomy and strength of the German *Länder* resulted in them having a significant role in decision making-processes in Brussels,⁶ beginning with a formal participation agreement between the Federal Chancellor and the Conference of *Länder* Prime Ministers in 1979.⁷ Decentralization in France began with legislation introduced shortly thereafter during 1982-84 and involved both institutional-structural changes and devolution of some responsibilities.⁸ While there were some changes in "mentalities and behaviors" internal to France,⁹ the example of sub-national governments in other member states contributed powerfully to the demand for similar freedom of action on the part of French regions and cities. While continuing to resist seduction by the liberal, Anglo-American approach to policies and institutions, France has accepted immersion in the more congenial harmonization and standardization processes of the continent-dominated European Union.

In addition to trade liberalization through the European Community/Union, a similar process has been occurring at the global or multilateral level through the General Agreement on Tariffs and Trade. Between 1947 and the Uruguay Round (concluded in 1993) there were eight rounds of trade liberalization which lowered tariffs by 21 per cent (1947), and by 33-35 per cent in 1967, 1979 and 1993. At the conclusion of the Uruguay Round European Union external tariffs had been lowered from prohibitive post-war rates to a rather insignificant 3.6 per cent. The GATT, now the World Trade Organization either forbade or standardized other protectionist international trade practices and international disputes were made subject to impartial dispute resolution procedures. While there is some disagreement as to whether trade liberalization at the global and regional levels are mutually reinforcing or conflicting strategies, there is no disagreement that together they have profoundly affected the environment in which national economies function and have posed challenges to national governments, such as that of France, which seek to retain their ability to shape the evolution of their economies and to safeguard national distinctiveness.

The other component of globalization, development of technological change at an exponentially increasingly rapid pace, has greatly enabled firms and local economies to respond to the opportunities and the challenges inherent in the new economic spaces that have been created by trade liberalization. This is a very complex topic with its own extensive literature; given the limitations of this paper only a superficial review of the major consequences will be examined here. Dramatic advances in the technologies of production, transportation and communication have resulted in reconsideration of traditional views as to the relationship between center and periphery,

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the advantages of industrial districts, the effects of agglomeration, and the locational advantages of regions rich in resources, factors of production and consumer demand.¹⁰ It has also led to industry demands for deregulation of markets, and relaxation of strictures against mergers and acquisitions, which in the pre-globalized economy would have given rise to concerns about market power. The requirements of this new economy have created a polarization in the demand for labor, with demands for highly skilled, technologically literate workers soaring and many traditional jobs being downgraded to low-skill assembly work.¹¹ In the context of an "open economy" this has led to a geographic restructuring of global production and distribution activities. As Third World countries have become increasingly attractive to producers needing low-skill labor, workers in countries such as France lacking the capacity to interact with new technologies have seen their employment opportunities and job security erode over time. The consequences of this are: reduction in the power of industrial labor unions, widening of the gap between rich and poor, increase in racist and anti-immigrant sentiment, and increase in a variety of social pathologies.¹²

Taken together, global and regional trade liberalization and rapid advances in technology have put national governments on the defensive. They are torn between the positive benefits of efficiency and the higher standards of living promised by the liberal agenda of freer trade and open markets, and the negative consequences these changes clearly impose on significant portions of their citizens and some of their industries and regions. Table 1 gives us some indication as to how globalization has affected one aspect of the French economy, specifically the employment experience of workers.

In the years since 1973, the year of the first OPEC price hike and the conclusion of the three decades of post-war reconstruction and growth, total employment has remained almost stagnant with increases in population showing up in higher rates of unemployment. The inability of France to create jobs is indicated by a reduction in job vacancies. Workers who have lost their jobs have experienced longer periods of unemployment and French youth have found it increasingly difficult to gain access to lasting employment. From Table 2, it is clear that France has had a sharper rise in the rate of unemployment, between 1970 and 1995, than any of the other Group of Seven countries, with the exception of Italy. France shares with the other European countries the inability to create jobs. This is striking when one compares the European record on employment growth with that of Japan, but especially with that of Canada and the United States. During this 25-year period, employment in European Four grew by 6.7 per cent while in North America this figure was 59.8 per cent - in France employment grew by 7.9 per cent.

These figures by no means give a full picture of the basis for the concern in France, and in other European countries, regarding the impacts of globalization. However, they should be sufficient to suggest that there is something valid to the

reservations that have been raised by those who fear for the well-being of individuals and for democratic processes in the postmodern, globalized society and economy that, in their view, neo-liberals are intent on imposing on all countries and all individuals.¹³ Not all who have reservations about the impact of globalization on France would express their position as stridently as has just been done but, as we shall see, for many the difference is only one of degree. It is to this debate about that we must now turn our attention.

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As was indicated earlier, the debate in France on globalization has been extensive, with contributions at all levels of analysis from popular press to scholarly journals. In this examination of that debate I will limit myself to several recent books and articles that have

Table 1
Labor Market Indicators
France, 1973-1997

Year	Unemployment, % of labor force	Long-term Unemployment Share	Youth Unemployment	Jobs Vacant	Employment 1985=100
1973	2.7	21.6	4.0	252	100
1974	2.8			205	100
1975	4.0			109	100
1976	4.4			124	101
1977	4.9			104	101
1978	5.2			87	101
1979	5.9	30.3	13.3	88	102
1980	6.3	32.4	15.1	89	102
1981	7.5	32.4	17.0	69	101
1982	8.2			84	102
1983	8.4	42.2	19.7	80	101
1984	9.8			46	100
1985	10.2	46.8	25.6	46	100
1986	10.4	47.8	23.4	49	100
1987	10.5	45.5	23.0	54	101
1988	10.0	44.8	21.7	63	101
1989	9.4	43.9	19.1	76	103
1990	8.9	38.0	15.1	79	104
1991	9.5	36.9	25.6	62	104
1992	10.0	35.2	19.1	53	103
1993	11.6	34.2	24.6	54	102
1994	12.3	38.3	27.4	50	102
1995	11.6	45.6	25.9	57	104
1996	12.5				103
1997	12.2				
Colum	(1)	(2)	(3)	(4)	(5)

Sources:

OECD, Country Surveys: France, various years (2), (3)OECD, Main Economic Indicators, various issues (1), (4), (5)

gained some publicity and circulation in France and which offer a serious analysis of the process. My intention is less that of providing an estimate of the economic impacts of globalization than it is to explore the reaction of French political economists to the notion of France being integrated into, and perhaps dominated by, a globalized economic environment.

The best place to start this examination is at one of the extremes with the book *L'horreur économique* by the literary critic of the newspaper *Le Monde*, Viviane Forrester.¹⁴ This attack on globalization by a non-economist was on the French best-seller list for months and generated considerable controversy among economists. Written in an elegant prose, the analysis is inspired by *élan vital* rather than by either data or theory, the mainstays of social scientists whose

	Unemployment (Per cent of labor force)				Total Employment (Millions)			
	1970	1980	1990	1995	1970	1980	1990	1995
France	2.5	6.4	9.1	11.7	20.3	21.4	22.1	21.9
West Germany	.5	2.8	5.0	6.5	26.1	26.5	28.0	27.7
United Kingdom	3.1	7.0	7.0	8.8	24.3	24.7	26.6	25.7
Italy	3.3	4.4	10.2	12.0	19.1	20.2	21.1	20.0
Japan	1.2	2.0	2.5	3.2	50.1	54.6	61.7	63.9
Canada	5.7	7.5	8.1	9.5	7.9	11.1	13.2	13.5
United States	4.9	7.1	5.6	5.6	78.7	99.3	118.8	124.9
European Four					89.3	92.8	97.8	95.3
North America					86.6	110.4	132.0	138.4
Source: <u>Statistical Abstract of the United States</u> , various issues								

prose, as compensation, is invariably comparatively pedestrian. In addition to the processes of globalization, which have been enumerated above, Forrester includes in her polemic the "*pensée unique*," which in the French discourse refers to the set of values,

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assumptions and policy prescription that accompanies postmodernist globalist thinking. It places the emphasis on free markets, deregulation, profit maximization and a minimal role for government on the assumption that a properly functioning private sector will accomplish the objectives of efficiency and equity that society desires. In an analysis that finds affinity to both the anti-capitalist left and the extreme right of Jean-Marie Le Pen, Forrester ascribes virtually all of the contemporary economic failings to the processes of and thinking behind globalization. Whereas economists see profit as both a signal which directs the allocation of capital as well as a distributive share, Forrester admits only the latter and poses rhetorical questions such as "(i)s it useful for one to live if this is not beneficial to profit?"¹⁵

Central to her critique is the notion that in the globalized economy French workers, and those of other industrialized economies, will no longer be needed. The combination of cybernetics, robotics and access to production sites in low-wage third World countries means that "for the first time the mass of human beings is no longer materially or economically necessary to the small number of individuals who hold power and for whom others outside their intimate circle have interest or existence only from a utilitarian point of view."¹⁶ The consequence of this is the set of economic and social problems that have been noted by many observers: the inability of young people to find employment, the persistence of high levels of unemployment, the social exclusion of racial minorities and immigrants and the social pathologies that result from their concentration in "*banlieus*," the ghetto suburbs which are situated on the periphery of large French cities, and the state of anxiety regarding job security of those who have been able to find employment.

Many would agree with Forrester that France suffers from these and other difficulties, however, few would accept as not unthinkable her scenario of "from exploitation to exclusion, from exclusion to elimination, indeed to disastrous unimagined exploitations."¹⁷ What the social scientist finds lacking is establishment of a causal relationship between what could conceivably be considered to be two parallel series of events. As will be elaborated later in this paper, this question of causation is hotly discussed in France and determination of the proper answer is too important for the French economy and French working people to be left hanging. A second shortcoming of Forrester's analysis is that no real policy prescription is offered. One of the most succinct sentences written in reaction to Forrester's polemic is that of Jean-Claude Milner who wrote: "The denunciation, heard more and more frequently today, of *l'horreur économique* is nothing more than the moaning of the salaried bourgeoisie upon discovering with considerable shock that it is from this time on a class that is condemned economically."¹⁸ Forrester's offering to the anxious middle class is: "Why not seek before all a method of distribution of income and of survival which will not be a function of remuneration for employment?" But the details of this approach or a

strategy for its accomplishment are left to be developed. To his credit, the writer who initiated much of this concern for "the end of work," Jeremy Rifkin, wrote of need for a "new social contract" in which "the Third Sector," that is "the independent or volunteer sector" would make up for the failings of the market and government sectors to provide employment of increasing numbers of workers.¹⁹

While *L'horreur économique* offers neither a satisfying analysis of the problem nor a policy solution to it, Forrester does provide a summary of the emotional reaction of many French, and indeed Europeans, to the complex of challenges and threats that globalization requires them, either as individual national economies or collectively as the European Union, to confront.

As should be expected, the contributions of political economists to this discussion are more analytical, more focused on causation and, as will be seen later, of more use with regard to policy formulation. The majority seeks to make some accommodation to the rationality of globalization while at the same time rejecting endorsement of the Anglo-American model of liberalism. They reject the notion that globalization is the causal factor behind France's current economic and social problems, and they argue that France can find its own policy approach to adjusting to the evolving economic environment, an approach that will be in conformity with France's unique national values. A good example to begin with is Forrester's colleague at *Le Monde*, economics editor Erik Israelewicz, who has written a book explicitly in response to hers, *Ce monde qui nous attend*. Israelewicz argues that under the government of Lionel Jospin "globalization has become in the space of several months not just THE cause but absolutely the explanation of everything."²⁰ He agrees with Robert Reich who has so compellingly analyzed the transformation of the work place with emphasis placed on the rise of what he calls the "symbolic analysts" and the fall of traditional manufacturing and personal service jobs.²¹ In Israelewicz's words: "the third phase of the industrial revolution, globalization, modifies the economy of production and of trade as well, naturally, as that of work."²² As a consequence of this transition, France must expect to see rising regional inequality, a growing disparity of income, persistent unemployment among workers who do not have the required education and skills, and insecurity of employment.

For Israelewicz the problem is not globalization, but rather the political leadership of France whose thinking, along that of with Forrester, is marked by "extreme confusion with regard to the economic revolution under way,"²³ and who seem to be convinced either that France need not change its policies and its mentality or that the world will adopt France's approach. In either case, the leadership ignores the need to respond positively and actively to a developing economic environment which places a premium on flexibility and the ability to adjust to evolving production and distribution needs and to rapidly changing consumer demands. This same point is made by Alain

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Minc who finds it incredible that France can think itself "to have a better approach (to globalization) than the rest of the world and to think it possible to continue its 'Colbertist' model (of subsidies and state intervention) in a global context of deregulation and privatization."²⁴ Hans-Peter Martin and Harald Schumann, two Germans whose recent book was translated into French and has been widely circulated, argue the more general case, which nonetheless has relevance for France, that the globalization process has been the product of government action and that recognition of its negative consequences on social conditions and the ability of the state to look after the basic needs of its citizens requires that political leaders "reestablish the primacy of politics over the economy."²⁵ Alain de Benoist agrees that states themselves have created the globalized environment in which they "no longer have any choice but to fall back on policies of pure competition, to the detriment of social cohesion."²⁶ While these writers do not, as we shall see, agree on the most appropriate policy response for the government of France, they are in general agreement as to the nature of France's encounter with globalization.

Another point on which they agree is a revulsion for the Anglo-American policy response to globalization and the need for France to find its own way. Even the self-proclaimed liberal Alain Minc finds that: "Capitalism has triumphed, but it leaves place for national variants," and then examines the differences between the British, German, Dutch and American models of capitalism.²⁷ France, he states, must seek a path between "total state" and "total Wall Street." Other writers reject the applicability to France of the 'disembedded' 'self-regulating market' in which everything: man, land, goods, services and capital, are mere commodities to be bought and sold in markets that was so powerfully depicted by Karl Polanyi in 1944 in The Great Transformation. Israelewicz states that "globalization is not the dictatorship of ultraliberalism."²⁸ Martin and Schumann seek "a viable and powerful European alternative to Anglo-Saxon free market extremism."²⁹ Philippe Arondel asserts it is necessary "to renew the ties of social amity and to call forth the image of another France, of an other nation based on the imperatives of justice and of solidarity" rather than on dogmatic liberalism.³⁰ Minc argues that globalization imposes no single model on national economies - "it allows us free to determine the terms of our social contract, the type of society we choose, the degree of solidarity that pleases us, with the sole condition that we continually strive not to deceive ourselves or to cheat."³¹

Several writers observed that while France experienced higher rates of unemployment than did the United States, this was for them more than off-set by the stagnant incomes and growing income inequality which have plagued the US in recent decades. As Daniel Cohen puts it: "Never in the history of the US, nor elsewhere in the industrial world, has such an explosion of inequality been registered," with the salary of a corporate Chief Executive Officer rising from 30 to 150 times the salary of a worker

during the period 1970 to 1990.³² These tendencies for growing inequality are manifest in France as well, but whereas Forrester would consider this to be the consequence of globalization, Cohen argues: "(i)t is manifestly absurd and demagogic to characterize as a failure of what is in reality the difficulty industrialized countries have in resolving their internal conflicts over redistribution of the gains from globalization."³³

While this has in no way been a comprehensive survey of the thinking of French political economists with regard to globalization, it does convey the main features of their analysis at the most general level of abstraction. Globalization is seen to be clearly a feature of the current economic environment, but it should be seen as just the latest phase of a process of economic evolution. They are critical of those who would try to shield France from its effects through protectionism or through attachment to "Colbertism," which in France is a reference to the policies of heavy handed state intervention introduced by Louis XIV's comptroller general of finances in the latter part of the 17th century. They also argue that it is both possible and desirable for France to seek its own path or set of policies to adapt to these evolutionary changes since they explicitly include in their notion of the French welfare function arguments for both economic maximization and preservation of a distinctly national value set and way of life. Differences among them concerning the details of their preferred policy mix will emerge when we examine more closely the important question of France's economic performance in the context of globalization. It is to this that we now turn our attention.

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The concern over French economic performance is broadly focused on competitiveness, job creation, economic growth, several aspects of unemployment and, ultimately, France's position in the global economy. This paper is not the place to examine all of these manifestations of unsatisfactory performance, so in this section I will relate the analysis of the economists included in this survey to the question of unemployment. Economists have identified a wide array of conditions that can be taken as the cause of high rates of unemployment, ranging from the fairly benign frictional and seasonal versions to those, which indicate a profound challenge to existing economic activity.³⁴ In the broadest representation of the positions taken on this issue, there are two primary schools of thought. The first focuses on the understanding that if perfect competition obtained there would be no unemployment as the wage would rise and fall in response to changes in the demand for and supply of labor, with the equilibrium wage being that wage that equalized the number of workers who wish to work at that wage and the number of offers of employment employers are willing to make at that wage. From this point of view, any unemployment other than "normal" frictional or seasonal unemployment must by definition be due to some constraint on the ability of wages to fall to the full employment equilibrium wage. The second approach argues instead that

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since perfect competition is never attainable in the "real world," actual unemployment is the consequence of macro-economic failures or of fundamental changes in the global economy. The latter include "deindustrialization" (transfer of industrial activity to Third World economies), technological unemployment, "restructuring" (a shift in the structure of production from manufacturing to services) and deteriorating competitiveness; clearly these could be subsumed under the rubric "globalization."

The array of positions that have been taken on unemployment is too extensive to be considered here and, as has been stated above, I will limit this discussion to the positions of the French economists included in this survey for the purpose of gaining a better understanding of their response to the phenomenon of globalization and the extent to which they relate unemployment to globalization. That is to say, I will consider neither the argument of the Organization for Economic Cooperation and Development (OECD) that France's unemployment is caused by micro-economic factors such as labor market inflexibilities, high employee benefits and imperfect goods markets,³⁵ nor the academic debate about unemployment in Europe as a whole³⁶ since neither is germane to the focus of this paper.

A brief *tour d'horizon* shows that the economists referred to in the previous section, who would appear to represent the middle of the political spectrum from social democrat to liberal, are united in their general view on this question. Israelewicz is categorical in his conclusion that "it is impossible to establish a serious relationship between the explosion of unemployment in Europe and the rise in economic power of Asia" and states that his intention in writing his book was "to attempt to respond the great fears that globalization has engendered in popular opinion."³⁷ Minc is even blunter when he states that "no one can demonstrate with quantitative argumentation that globalization has a decisive role in the rise in (French) unemployment."³⁸ Cohen takes the somewhat softer position that in addition to globalization one must look to the shift to services, immigration, the weakening of trade unions, and deregulation as causes of France's unsatisfactory employment situation and states that "the empirical relation between international trade and inequality is weak, indeed nonexistent."³⁹ Lesourne rejects as cause of France's unemployment two of the primary elements in globalization, international trade and the "*franc fort*" policy of linking the currency to the strong German Mark in the early 1990's.⁴⁰

The consensus position of this group, then, is that France's problems with economic performance are not closely tied to globalization; each looks to factors internal to France, either to its structure or to its political philosophy. For Israelewicz, "(t)wo great needs confront France...first, individual mobility and, second, collective solidarity... Without mobility one is economically dead...the new economy is, it is said, an economy of movement;"⁴¹ without solidarity, stability will be fundamentally threatened by growing economic inequality both within and between nations. Cohen

emphasizes the "third industrial revolution," the information revolution, and argues that "behind the screen of globalization or of the shift to services is a revolution in the technology of production which is the origin of the formidable explosion of inequality which is observed today,"⁴² to which France must respond by adjusting to its new comparative advantage in more sophisticated goods. Minc locates France "between antiquity and modernity, between an impossible retreat and a prosperous globalization," and dreams of a France in which the political choice is between left-wing liberalism and right-wing liberalism.⁴³ According to Lesourne "(t)he increase in the number of unemployed is not at all mysterious. It results from the inadequate responses of French society to demographic, economic and technological phenomena that are clearly identified" and it is "necessary (for France) to choose resolutely a path of moderate liberalism"⁴⁴ However, Martin and Schumann warn that "the policy of laissez faire demolishes permanently all social stability"⁴⁵ and Arondel adds that it is necessary "to dare to escape the 'new speak' of false prophets of neoliberalism and to offer to people the possibility of founding an existence emancipated from market totalitarianism."⁴⁶ Thus, among these economists whose work has gained wide distribution in France, there is hardly agreement on the fundamental critique of France's economic performance, but none of them would agree with Forrester's assertion that globalization is the root cause of this unsatisfactory performance.

Globalization does, however, feature prominently in the analysis of these economists and it is of interest to examine how they see France in the context of this phenomenon and how it shapes France's future. The most striking feature they hold in common is their commitment to the notion that France can adapt to globalization without giving up what has become referred to as "French exceptionalism." That is, France can seek a new comparative advantage and introduce such efficiency-enhancing measures as deregulation and privatization without attacking in a fundamental way "*l'état providence*," France's combination of market interventions and generous social benefits. Israelewicz reminds us that "France has succeeded (during the first two industrial revolutions) to manage the attendant changes while preserving the principle elements of its identity, the elements which constitute '*l'exception française*'."⁴⁷ At some points they argue that the solution rests within France itself, while at others the importance of a collective European Union response is stressed. For Minc, the Euro, the common currency projected for some members of the European Union and the institutional changes that accompany it, is the "accelerator of change" and "the ultimate avatar of reform" for France.⁴⁸ However, whereas Minc considers the market to be a "state of nature" and that to deny this is to invite the experience of the Soviet Union and Mao's China, Martin and Schumann argue Europe must find a model that is closer to the managed capitalism of John Maynard Keynes and Ludwig Erhard than it is to free-marketeters Milton Friedman and Friedrich von Hayek. For them the choice is between

the "Anglo-Saxon path of social cannibalism" and "the European Union which represents a unique opportunity to reestablish the capacity of the state to take action for the common good."⁴⁹ Israelewicz believes that the European Union offers France and the other member states "the opportunity to seek in common a European model."⁵⁰ Cohen takes this a bit farther, arguing that it is naive to think that markets in themselves are sufficient to create an international social cohesion and suggesting that "Europe can play a fundamental role: in seeking a cohesion to offer to an international equilibrium, in offering itself as an example in this regard, and in giving its support to a set of 'rules of the game' which should accompany globalization."⁵¹

Others see dangers to France in a European integration process that is dominated by financial interests. Arondel, for example, argues that monetarist-inspired Euro and the convergence criteria which impose on those states aspiring membership a fiscal austerity which will completely destabilize the European social model and pose a strong threat to "*l'exception française*."⁵² Milner considers the forces of globalization, and specifically the Maastricht treaty, as an attack on the well being of working people, but argues that the expanding bureaucracy he sees as one of its consequences offers hope for the professional classes - the salaried bourgeoisie.⁵³

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Throughout this paper we have examined the critiques of the impacts of globalization on French economy and society which have been offered in a set of economic writings that have been given wide circulation in France during the past couple of years. Most of their analysis has been made public in specific reaction to what Israelewicz referred to as "*l'erreur économique*" in obvious reference to the title of the book by Forrester. Beyond this critique they do offer some thoughts about the positive side of globalization and the economic strategy that should be followed by France, and by Europe, in the new globalized context, and I would like to close this paper with reference to this aspect of their work.

While certain aspects of the American model are admired, specifically its appropriateness for the development of new technologies,⁵⁴ its stable and homogeneous space and "strategic serenity,"⁵⁵ and its good fortune in having a large domestic market,⁵⁶ all are repelled by the growing inequality in the United States and the ideologically-based destruction of the ability of the state to take action for the common good. In addition to expressing the opinion that the days of US dominance are over, Israelewicz argues that the German economic model is also in crisis due to its incapacity to deal successfully with new technologies and new competitors; his conclusion is that "globalization tends reality to favor an economic re-equilibration between (France and Germany)."⁵⁷ Martin and Schumann see the material advantages of globalization but are also keenly aware of its threat to democratic processes. They state that in the Europe

of the Euro, the choice lies in the history of the two great European powers: "the democratic current shown in the Paris of 1789 or the totalitarian current which swept through Berlin in 1933."⁵⁸

Globalization for these French economists, then, is seen not so much a threat as an opportunity for France, and Europe, to fashion a collective response, which is nonetheless in conformity with traditional French, or European, values. With regard to unemployment the solution lies not at all in some new form of protectionism. Cohen argues that "(t)his new revolution carries with it a formidable deconcentration of activities which stimulates the quest for specific comparative advantages," and warns of the dangers of the "protectionist" strategy, whether by the nation or, as in the example of Apple Computers, by its major companies.⁵⁹ Canadian economist Robert Lacroix states that the inability of France and Germany, and Quebec, to introduce the institutional changes required for a globalized economic environment, and so readily accepted by the United States, is precisely why these economies have not been able to replicate the transition to full employment experienced by the US.⁶⁰ Michael Storper argues that technology districts offer the specialization and flexibility that seems to be crucial for job creation. Industrial areas lacking this milieu, such as those in France and Germany, can offer high wages to those who are employed but do not generate high employment.⁶¹

This, of course, is the challenge to France. Throughout the writings that have been examined here one cannot help but notice a powerful reluctance to stray far from the traditional centrality of the state as a decision-maker. Without an explicit recognition of the need to consider a fundamental rethinking of this aspect of French economic policy an outsider cannot help but wonder whether the hope placed in a European solution to France's unsatisfactory economic performance is not just a response to an inability to find solutions within France itself.

Notes

1. André Straus, "La croissance en France de 1945 à la crise," *Histoire économique de la France au XXe siècle*, Les Cahiers Français, No. 255, mars-avril 1992, pp. 22-32.
2. Vincent Gourdon, "Les étrangers en France," *Histoire économique de la France au XXe siècle*, Les Cahiers Français, No. 255, mars-avril 1992, p. 103.
3. *OECD Country Surveys: France, 1995*, Paris: Organization for Economic Cooperation and Development, 1996, p. 158.
4. Barrie Axford, *The Global System: Economics, Politics and Culture*, New York: St. Martin's Press, 1995, p 121.
5. Alain Buzelay, *Intégration et Désintégration européennes*, Paris: Economica,

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- 1996, p. 5.
6. For a review of the concerted pressure exerted by the *Länder* begun in 1987, see: Joachim Bauer, *Europa der Regionen*, Schriften zum Europäischen Recht, Band 9, Berlin: Duncker & Humblot, 1992, s. 5-9, and especially the "10 Münchner Thesen zur Europapolitik," s. 13-17.
 7. Rudolf Hrbek, "The German Länder and EC Integration," *Journal of European Integration*, Vol. XV, Nos. 2 & 3, 1992, p. 180.
 8. Claude de Granrut, *Europe, le temps des Régions*, Paris: Librairie Générale du Droit et de la Jurisprudence, 1994, p. 44.
 9. de Granrut, pp. 42 and 43.
 10. See, for example: Peter Hall, "Forces Shaping Urban Europe," *Urban Studies*, Vol. 30, No. 6, 1993, pp. 883-898.
 11. Jacques Lesourne, *Vérités et mensonges sur le chômage*, Paris: Editions Odile Jacob, 1995, esp. chs. 1 and 6.
 12. For a review of the less dramatic but nonetheless important consequences of deteriorating economic opportunity see: Amartya Sen, "Inequality, unemployment and ecomemporary Europe," *International Labour Review*, Vol. 136, No. 2, Summer 1997, pp. 155-172.
 13. For one such analysis, see: Benjamin Barber, *Jihad vs. McWorld*, New York: Balantine, 1996.
 14. Forrester, p. 22.
 15. Forrester, p. 193.
 16. Forrester, pp. 23 and 14.
 17. Jean-Claude Milner, *Le salaire de l'idéal*, Paris: Éditions du Seuil, 1997, p. 116.
 18. Jeremy Rifkin, *The End of Work*, New York: G. P. Putnam and Sons, 1995, chs. 16-18.
 19. Erik Izraelewicz, *Ce monde qui nous attend*, Paris: Grasset, 1997, p. 19.
 20. Robert Reich, *The Work of Nations*, New York: Vintage, 1992, esp. Part Three.
 21. Izraelewicz, p. 131.
 22. Izraelewicz, p. 17.
 23. Alain Minc, *La mondialisation heureuse*, Paris: Plon, 1997, p. 1196.
 24. Hans-Peter Martin and Harald Schumann, *Le piège de la mondialisation*, Paris: Solin- Actes Sud, 1997, p. 18 and 22
 25. Alain de Benoist, "Confronting Globalization," *Telos*, number 108, Summer 1996, p. 123.
 26. Minc, p. 221.
 27. Izraelewicz, p. 261.
 28. Martin and Schumann, p. 300
 29. Philippe Arondel, *L'homme-marché*, Paris: Desclée de Broulwer, 1997, p. 125.

30. Minc, p. 10.
31. Daniel Cohen, *Richesse du monde, pauvretés des nations*, Paris: Flammarion, 1997. p. 67.
32. Cohen, p. 127.
33. For a review of most of these potential causes see: Jacques Lesoune, *Vérités et mensonges sur le chômage*, Paris: Editions Odile Jacob, 1995, chapter 2.
34. *OECD Economic Surveys: France, 1997*, Paris: Organization for Economic Cooperation and Development, 1997, Part III.
35. See: Stephen Nickell, "Unemployment and Labor Market Rigidities: Europe versus North America," *Journal of Economic Perspectives*, Vol. 11, No. 3, Summer 1997, pp. 55-74.
36. Israelewicz, pp. 131 and 17.
37. Minc, pp. 30 and 31.
38. Cohen, p. 69 and 67.
39. Lesourne, chapter 4.
40. Israelewicz, pp. 253-255.
41. Cohen, p. 74.
42. Minc pp. 227 and 222.
43. Lesourne, p. 202
44. Martin and Schumann, p. 293.
45. Arondel, p. 126.
46. Israelewicz, p. 252.
47. Minc, p. 225.
48. Martin and Schumann, pp. 301- 305.
49. Israelewicz, p. 247
50. Cohen, p. 99.
51. Arondel, p. 36.
52. Milner, p. 111 and 112.
53. Israelewicz, p. 205
54. Minc, p. 36
55. Martin and Schumann, p. 278.
56. Israelewicz, pp. 245 and 247.
57. Martin and Schumann, p. 306.
58. Cohen, p. 155.
59. Robert Lacroix, "Mondialisation, emploi et chômage," *L'Actualité économique, Revue d'analyse économique*, Volume. 73, Number 4, December 1997, p. 639
60. Michael Storper, "The Limits to Globalization: Technology Districts and International Trade," *Economic Geography*, Vol. 68, No. 1, January 1992, p. 91

