

CAPITALISM OR ETATISM?

By Claude MONIQUET, President of ESISC

There is reason to be worried about the atmosphere of **collective hysteria** with respect to the *Société Générale* affair which seems to have taken hold of the media and some politicians – reaching all the way to the President of the Republic. Indeed, it reveals two of the main aspects of the French problem: dogmatic belief in the omniscience and beneficial role of the State and the wish by the State to get mixed up in everything including matters that do not concern it.

Let there be no misunderstanding: like all reasonable people, we condemn the sequence of circumstances which made it possible for a trader at the *Société Générale* to cause losses at the bank amounting to 5 billion Euros. But we would like to reconsider several fundamentals. The first is what should be simplest to understand: Jérôme Kerviel is innocent until finally proven guilty in court. This foundation principle of penal law seems to be ignored by the media and a number of commentators (including people in the political world).

But, above all, **it is shocking to see the State, at its highest level, swept along in a sort of St Vitus dance of purification. Thus, when the President uses thinly veiled words to call upon the President of *Société Générale*, Mr. Daniel Bouton, to ‘resign,’ he clearly is moving outside the role that is reserved to him.** The *Société Générale* is, until proven otherwise, a private company and **insofar as no crime has been committed, the decisions affecting its governance and control over it only belong to its shareholders**, 97% of whom are private (the State only holds 2.03% of its capital directly via the *Caisse des Dépôts et Consignations*, and several additional crumbs indirectly, via la CNP).

There are two things profoundly disturbing in the suggestion of the President. First, they attest to this omnipresence of a President of the Republic who, whatever sympathies one may have for him, risks tiring us out by using and trivialising his position to get involved in everything everywhere and to whip out statements more quickly than his shadow. Secondly, **they show the difficulty of a man like Nicolas Sarkozy, who was in fact elected on a ‘liberal’ program of ‘the political Right,’ to free himself of the French tradition of State control. It has reached the point where one may ask if the sole choice offered to our compatriots is, finally, between the “etatism” of the Left and the “etatism” of the Right.**

Despite its numerous flaws and aspects that so displease its detractors, the capitalist system is the only one at present to have proven itself and created wealth. The role of the State in the capitalist system is to be a referee: it is there to apply the law, to provide for security and maintain the major balance of forces in society. Neither more nor less. It seems to us that in France today there are enough problems to settle, starting with the reduction and the rationalization of the bloated public sector and

going all the way to keeping under control the inflation of invasive legislation that often chokes off free initiative, while passing en route changes necessary to finally return competitive spirit to a country that is suffocating from taxes, and archaic survivals of all kinds (criticized, among others, by the recent report of Jacques Attali). Surely the President of the Republic has enough in this domain to keep him busy.

There is a smack of populism about the call for the resignation of Mr. Bouton or of any other manager of a private company, just as there is in becoming indignant over the level of remuneration of the top bosses and French managers (who, by the way, are not among the best off in the world but are, to be sure, among the most highly taxed).

Such populism would hardly be astonishing in the media, which would do better to clean its own nest than to dare to preach to the world.

However, it is clearly more disappointing when it comes from the very head of State, because he holds the false idea that the State can and should do everything, when we believe that there is, precisely, too much of the State around us.

Copyright © ESISC
www.esisc.eu