

# France 1981: Globalization, or the End of National Self-Determination

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The French presidential election of 1981 carried a strong flavor of hope for many citizens. For the first time since 1958, the Elysée saw the investiture of a socialist candidate, who brought a long awaited change to the government. The leftist coalition between members of the Parti Socialiste (PS) and Parti Communiste Français (PCF) had regrouped nine years prior to the election under the banner of the Programme Commun. A set of 110 measures formed the coalition's agenda and touched all aspects of the political spectrum from foreign policy to equality for women. Nevertheless, following the election, a run on the franc coupled with a massive capital flight<sup>1</sup> to the United States and Switzerland, brought the socialist experiment to an end. While the Springtime of the Peoples is often referred to as a revolution that did not turn, the Programme Commun was bent in the "Tournant de la Rigueur."<sup>2</sup> Due to economic, political, and diplomatic pressures, President François Mitterrand followed a position of compromise in order to establish a long-lasting socialist government. Many of his reforms came undone, and an austerity plan was adopted to keep the French economy afloat. By the end of his first mandate, Mitterrand had killed the prospect of an idealistic socialist government in France. However, despite his diluted version of socialism, he kept a firm grasp on the helm of the nation, and his presidency was even prolonged for a second term. Some observers blamed the left for its mismanagement of the economy; others blamed the left for voluntarily destroying the spirit of socialism. While Mitterrand's government had its share of flaws, it is undeniable that the pressures of globalization caused the socialist experiment to yield to economic necessities. Furthermore, the years 1981 to 1983 reveal how far gone the Wilsonian ideal of self-determination for middle-rank powers had become in a global world of superpowers.

## Socialism in One Country

The election of Mitterrand in 1981 is more the story of a man's Machiavellian ascension to power than the rise of a political ideal. By the end of World War II, French Communists enjoyed a hegemonic position on the left with a regular 20% of total votes in most elections.<sup>3</sup> From their "splendid

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<sup>1</sup> A capital flight is the displacement of currency that, traditionally, follows a sudden political or legal change.

<sup>2</sup> A set of austerity measures taken by François Mitterrand and Jacques Delors.

<sup>3</sup> Ronald Tiersky, *François Mitterrand* (New York: St. Martin's Press, 2000) 78.

isolation," they calmly waited for the fall of capitalism and for a new era of revolutions to unfold.<sup>4</sup> It took the calculation and patience of one man to build a leftist party that was a serious alternative to the successive right governments that ruled the country for nearly the entire fifth republic. Mitterrand had a great respect for the Communists' ideal that was equaled only by his disdain for the leaders of the Parti Communiste Français (PCF). Furthermore, Ronald Tiersky reports in his biography of the French president that Mitterrand's career would have been a lot more complicated if he had to face Communist leaders as brilliant as their Italian counterparts.<sup>5</sup> The result of the presidential election of 1969 made the picture clear for the future president. As expected, the Communists scored 21% of the votes while Gaston Defferre, representing the Socialist Party, followed far behind with only 5% of the votes.<sup>6</sup> The results sent a strong signal to the president: if the Socialists were to achieve a victory, it would be hand in hand with the Communists.

From this point on, Mitterrand worked to align the two parties for a possible alliance. The leaders of the PCF despised him as much as he despised them, but they did not clearly identify the threat he represented.<sup>7</sup> By the summer of 1972, the two parties had come to an agreement with a set of 110 reforms that were jointly drafted and that defined their Programme Commun. From then on, the electorate transferred their votes from the far left to the Socialists. Mitterrand's moderate but dynamic appeal proved more attractive to the electorate than the passive attitude of the Communists. Although unnerved by the loss of votes in the election of 1979, the PCF still supported the Programme Commun. In a last attempt to regain votes, the Communists underwent a drastic transformation and became the figure of the Eurocommunism<sup>8</sup>. The PCF's new attitude was signaled by its emblematic leader Georges Marchais, who claimed in 1976 that the "party was dropping the dictatorship of the proletariat."<sup>9</sup>

The history of the coalition between the Socialists and the Communists is important for understanding the foreign policy of Mitterrand because it conditioned the international reaction to the election. For U.S. President Ronald Reagan, the prospect of Communists in the French government was dreadful. In an official statement following the election, Washington publicly declared, "The tone and content of [the United States'] relations as allies will be affected by the arrival of Communists in [the French] government."<sup>10</sup> However, the presence of Communists in the government was simply a way for Mitterrand to instill confidence in his electorate. Thanks to their votes, he was elected president; therefore, he had to take the Communists' opinions into consideration. Although

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<sup>4</sup> Ibid., 78.

<sup>5</sup> Tiersky, 115.

<sup>6</sup> Ibid., 105.

<sup>7</sup> Ibid., 109.

<sup>8</sup> Eurocommunism was an attempt from Western European Communist Parties to break away from the influence of Moscow and develop a form of communism better aligned with the mentalities of their respective people.

<sup>9</sup> Tiersky, 115.

<sup>10</sup> Ibid., 128.

Mitterrand agreed on having Communists in his government, he made clear that he was committing “to a common program, no[t] to a Communist program!”<sup>11</sup>

The Programme Commun had remained untouched since it was first drafted in 1972; and even if it was to be used as a guideline instead of a strict agenda, many of the reforms it proposed were effectively put into effect. In an interview conducted in Paris in 2003, Pierre Mauroy, who had been the first Prime Minister in Mitterrand’s government, boasted that out of the 110 promises that were made to the electorate, he was proud that his government made 95 of them come true.<sup>12</sup> In regard to foreign policy, the Programme Commun advocated the retreat of Soviet troops in Afghanistan and blamed the United States for its support of Latin American dictatorships. France was also expected to take a neutral stance on the Euromissiles crisis<sup>13</sup> as well as promote a reduction of nuclear weapons on both sides of the Iron Curtain. Finally, because France was acting as an independent nation at the center of a strong Europe, France would have been free to engage in a redefinition of the economic world order by facilitating the emergence of the Southern hemisphere.<sup>14</sup> By looking back on these policies, one can comprehend how much Mitterrand compromised to save his government. While his international policies mostly came undone, some national reforms did survive the two consecutive mandates.

Social reforms and economic reforms were engaged as soon as Mitterrand came to power. On an economic level, the Programme Commun advocated the nationalization of 100% of the shares of the six greatest French industrial companies. The largest banking institutions followed the same path, although 75% of the shares of those banks were already under central government control.<sup>15</sup> The French bourgeoisie thought these laws were dreadful, which explains the large-scale flight of capital that followed the election. On a social level, the reforms were quite challenging too. For Mitterrand, the idea behind his Socialist Keynesianism was to encourage growth by reducing unemployment and redistributing wealth. A richer working class would then in turn consume more and support growing industries.<sup>16</sup> The first move was to increase the minimum wage by 10% and reduce the VAT<sup>17</sup> to 0% on products of primary necessities.<sup>18</sup> Health insurance was expanded to part-timers and the unemployed, the working week was reduced to thirty-nine hours, and workers were given a fifth week of paid leaves per year (on top of the traditional four weeks). All these reforms proved heavy on the national budget as the deficit

<sup>11</sup> Ibid., 116.

<sup>12</sup> Stéphane Chomant, *Entretiens, Pierre Mauroy* (Paris: Michel de Maule, 2003) 31.

<sup>13</sup> In the late 70s early 80s the process of *détente* between East and West came to a halt as nuclear missiles were setup on each sides of the Iron Curtain.

<sup>14</sup> L’Office Universitaire de Recherche Socialiste, “110 reforms of the Programme Commun,” <http://www.lours.org/default.asp?pid=307>.

<sup>15</sup> Tiersky, 142.

<sup>16</sup> Marc Lombard, “A Re-Examination of the Reasons for the Failure of Keynesian Expansionary Policies in France, 1981-1983,” *Cambridge Journal of Economics* 19 (1995), 365.

<sup>17</sup> Value Added Tax, a consumption tax.

<sup>18</sup> L’Office Universitaire de Recherche Socialiste.

increased in 1982 from 0.4% to 3% of GDP, largely compromising the experiment.<sup>19</sup>

### The Economic Failure

Mitterrand's economic fiasco has to be put in perspective by looking at factors other than the expenditure of welfare policies. Unlike many observers who start their analysis with the election in 1981, it is interesting to look a few years back. Jean-Pierre Dormois—a professor of economic history at the University of Strasbourg—calls the “oil crisis a phony recovery.”<sup>20</sup> According to the French historian, France failed to adapt its economy to the new world order after the events of 1973. Not only did the country engage in a period of stagflation, it continued to do so for three decades—a time that French economist Nicolas Baverez calls the ‘pitiful thirty years’ in contrast to the ‘thirty glorious years’ of 1945-75.<sup>21</sup> Furthermore, Dormois sees the Socialist experiment as a way to break stagflation and finally inspire a period of growth. It is interesting to note that Mitterrand's economic policy was not based on a

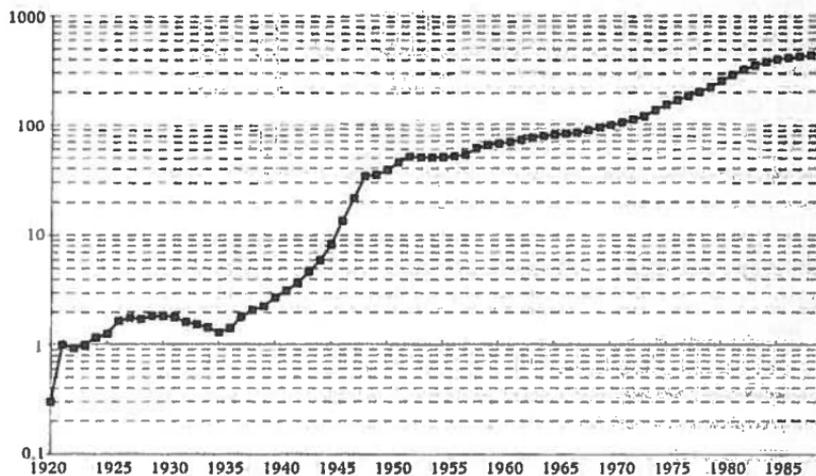


Figure 2.1 The French inflation record, 1920-90

socialist ideal but rather as an experiment designed to generate wealth. Dormois concludes that the termination of the Socialist Keynesian program was necessary if France wanted to remain present in world trade. The “Tournant de la Rigueur” that was imposed by Finance Minister Jacques Delors managed to reduce inflation to the same level as France's neighboring countries by 1984 and was completely under control by 1989.<sup>22</sup> The table above titled “The French

<sup>19</sup> Tiersky, 135.

<sup>20</sup> Jean-Pierre Dormois, *The French Economy in the Twentieth Century* (Cambridge: Cambridge University Press, 2004) 22.

<sup>21</sup> Nicolas Baverez, quoted in *The French Economy in the Twentieth Century*, 22.

<sup>22</sup> Dormois, 26.

inflation record, 1920-90,"<sup>23</sup> shows that the inflationary trend was on the rise since 1972-73 and slowed down in 1983. What the liberal government of President Valéry Giscard D'Estaing did not manage to achieve was successfully conducted under a Socialist political agenda. In an article on the economic consequences of Mitterrand's presidency, Jeffrey Sachs and Charles Wyslow explain that, unlike the neutral tradition of liberalism, the Socialists' active involvement in the country's leading industries gave them the justification to participate more vigorously in the national economy.<sup>24</sup> This application of economic theory not only aligns with Socialists' political ethos but it proved effective.

Nevertheless, the increase in the inflationary rate was just a portion of the economic downturn the government faced. Further pressures came from outside the French political sphere. Due to the Capitalists' lack of confidence in Mitterrand's program, a speculative attack on the franc immediately followed the Socialist's election. The president already faced the specter of devaluation when he first stepped into office. Mitterrand was elected on the premise that he would redistribute wealth in support of the poor. The immediate devaluation of the currency was a form of betrayal to his electorate.<sup>25</sup> To answer the attack, Jacques Attali, economic advisor to the president, and Pierre Mauroy, French Prime Minister, designed a stimulus package to stop the hemorrhage. The strategy was to encourage consumption, stimulate industry, and limit imports. Unfortunately, the aging French industry was not capable of meeting the population's needs, which resulted in a massive import of foreign goods. In 1982, automobile import went up by 40%, electrical appliances increased by 27%, and consumer goods rose by 20%.<sup>26</sup> Between 1981 and 1982, the French trade deficit increased from fifty-six billion francs to ninety-three billion francs.<sup>27</sup> The government then faced two alternatives. On the one hand, it could continue its socialist experiment but would have to withdraw from the European Monetary System (EMS). On the other hand, it could embrace a fully European course and follow the demands of international powers—namely, American and German financial institutions.<sup>28</sup>

Before addressing the devaluation issue, the French government had to face another economic matter: the flight of capital abroad. Starting on May 10, 1981, French Customs reinforced squads on France's borders to prevent the transfer of funds to foreign banks.<sup>29</sup> Despite strict control, more than fifty-six

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<sup>23</sup> *Ibid.*, 20.

<sup>24</sup> Jeffrey Sachs, Charles Wyplosz, Willem Buiter, Gerhard Fels and Georges de Menil, "The Economic Consequences of President Mitterrand Economic Policy," Vol. 1, No. 2 (Apr., 1986), 275.

<sup>25</sup> David S. Bell, *François Mitterrand*, (Malden: Polity Press, 2005) 96.

<sup>26</sup> Frank Robert, "La Gauche Sait-Elle Gérer la France (1936-37 / 1981-84)," *Vingtième Siècle. Revue d'histoire*. N°6, avril- juin 1985. 4.

<sup>27</sup> Tiersky, 136.

<sup>28</sup> Bell, 104-6.

<sup>29</sup> AFP, L'Express, Mai 2011, [http://www.lexpress.fr/actualites/1/actualite/10-mai-1981-il-y-a-30-ans-la-france-elisait-mitterrand\\_991002.html](http://www.lexpress.fr/actualites/1/actualite/10-mai-1981-il-y-a-30-ans-la-france-elisait-mitterrand_991002.html).

billion dollars made its way to Swiss banks.<sup>30</sup> Switzerland has always been a natural destination for fleeing capital,<sup>31</sup> but the craze that followed the election of 1981 had an unmatched impact on the French and Swiss populations. Angélique Mounier-Kuhn, a journalist for the Geneva newspaper *Le Temps*, wrote about the best myths that followed Mitterrand's election as the 2012 presidential campaign was warming up. French and Swiss people thought that millionaires were crossing the border with gold ingots stuffed in the spare tires of their vehicles, while policemen in civilian clothes were reporting the license plates of French cars parked outside of large Genevan banks to the government.<sup>32</sup> The most imaginative people believed that the more daring millionaires were jumping with paragliders off the Salève, a mountain overlooking Geneva on the French side of the border, to land on the Swiss side of Lake Léman and deposit their fortune safe from the Socialist ogre.<sup>33</sup> Whether or not those accounts are true is not very important; what it reveals is the profound impact that the election of a Socialist president had on public opinion and the climate of tension that arose due to fears that the president was an agent of Moscow.

Similar accounts are difficult to find about the flight of capital to the United States. Some historians believe that a transfer of capital bled the French economy, yet they never clearly state concrete sources. Ronald Tiersky, on the other hand, is more moderate on the topic. In his view, French bourgeoisie fled to New York, where they observed the events unfolding from afar and returned calmly to France after realizing that no plans for collectivization were in sight.<sup>34</sup> The archives of the UNCTAD<sup>35</sup> (the United Nations Conference on Trade and Development) and the BEA<sup>36</sup> (U.S. Department of Commerce Bureau of Economic Analysis) provide an answer to that debate. In order to make the information easier to grasp, the statistics are compiled in two graphs below. The upper graph shows constant growth from the middle of the 1980s and stagnation beginning in 1989. However, there are no dramatic spikes showing that any sudden influx would have changed the trend.

The lower graph directly illustrates the outflow of capital from France. As shown, there is a major spike in 1981, proving that capital did flee outside of the country. However, the curve quickly fell from 1981 onward and found new stability in 1983, probably due to the "Tournant de la Rigueur." The graphs prove that Tiersky's argument is right. The massive capital flight was an

<sup>30</sup> Rene M. Stulz and Walter Wasserfallen, "Foreign Equity Investment Restrictions, Capital Flight, and Shareholder Wealth Maximization: Theory and Evidence," *The Review of Financial Studies*, Vol. 8, No. 4 (Winter, 1995), 1019-1057.

<sup>31</sup> According to an article published in *L'Express* in December 2011, 44 of the 300 richest foreigners living in Switzerland are French.

<sup>32</sup> Angélique Mounier-Kuhn, "Spectre Communiste et Fuite de Capitaux en Suisse," *Le Temps*, May 2011, [http://www.letemps.ch/Facet/print/Uuid/892a3394-7a78-11e0-8ecf-9463e9ca4bd2/Spectre\\_Communiste\\_et\\_fuite\\_de\\_capitaux\\_en\\_Suisse](http://www.letemps.ch/Facet/print/Uuid/892a3394-7a78-11e0-8ecf-9463e9ca4bd2/Spectre_Communiste_et_fuite_de_capitaux_en_Suisse).

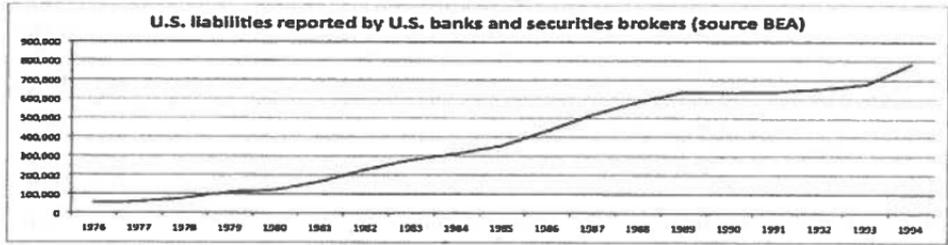
<sup>33</sup> Angélique Mounier-Kuhn, "Spectre Communiste et Fuite de Capitaux en Suisse."

<sup>34</sup> Tiersky, 129

<sup>35</sup> UNCTAD, <http://unctadstat.unctad.org/TableViewer/tableView.aspx>.

<sup>36</sup> BEA, <http://www.bea.gov/international/index.htm#iip>.

epiphenomenon, and the economy went back to normal when the government transitioned toward a more liberal economy.



Finally, the threat of capital flight also came from the Arab world. This time, however, Mitterrand controlled the danger at its source. Anticipating the retraction of petro-dollars from French banks, Mitterrand welcomed into his cabinet two specialists from the Arab world. Claude Cheysson, appointed minister of foreign affairs, and Michel Jobert, appointed minister of external commerce, were put in charge of a plan to instill confidence in investors from the the Middle-East.<sup>37</sup> At the same time, an emissary was sent to Iraq to explain to Saddam Hussein that the election of a Socialist president would not change the attitude and agenda of France in the region. More emissaries were also sent to Saudi Arabia and Egypt. This diplomatic intervention helped the government stop the capital flight of petro-dollars.<sup>38</sup>

While the government curtailed the flight of capital rather successfully, the internal hemorrhage continued. Mitterrand had limited options in addressing the run on the franc problem. From the first signs of the attack, Jacques Delors advocated a devaluation of the franc, despite other members of the government who said devaluation would make the PS look weak in the face of the attack. By October 1981, the first devaluation was inevitable. The government used all the tools at its disposal to stop the run. These tools included an increase of "interest rates, strengthening of capital control, and a heavy use of foreign control exchange."<sup>39</sup> The first attempt to control the hemorrhage was not successful. In June of 1982, a second devaluation was put into place. The franc was devalued by 10% *vis-à-vis* the rival Deutschmark. To support devaluation, austerity measures were taken which froze public sector wages for six months,

<sup>37</sup> David Styan, *France & Iraq: Oil, Arms And French Policy Making in the Middle East*, (New York: Tauris & Co Ltd, 2006) 136.

<sup>38</sup> Styan, 137.

<sup>39</sup> Sachs, *Wyplosz*, 276.

delayed public expenditures, and raised taxes.<sup>40</sup> A second and more austere attempt to control the downfall of the franc also failed. A third and final devaluation of 8% was put in place in March 1983. The effect of the third devaluation sent a strong message to finance minister Delors that France was not able to fight alone on the global market. From that point on, the Socialist government changed its course of action. The future of France was at the center of Europe with Germany as a partner.<sup>41</sup>

The consecutive devaluations show how much external pressure Mitterrand's socialist experiment endured from foreign governments and financial institutions. The president and his cabinet were forced to choose between two radically opposing alternatives. On the one hand, the government could sever ties with the EMS, enforcing protectionist policies and isolating itself from the Western world—a course of action encouraged by industry minister Jean-Pierre Chevènement.<sup>42</sup> On the other hand, it could evolve into a more liberal form of socialism and play by the same rules as its neighbors. Later, Pierre Mauroy gave a realistic and disillusioned account of the situation by saying, "A genuine left-wing policy can be applied in France only if the other European countries also follow left-wing policies."<sup>43</sup> Behind this bitter realization lies an evident fact. In 1981, France was already part of a new world order and its economy was intertwined closely with international markets. The appeal of national self-determination was nothing more than a chimera of the twenties for a middle-rank power such as France.

During its struggle with the falling franc, the Socialist government tried to conduct the reforms that were determined by the Programme Commun. At the center of the economic reforms laid the nationalizations, which were presented as a necessity to save the French industry and voted into being in February of 1982. The initial plan was to bring 100% of the shares of the six biggest industrial groups and the three largest banks under the control of the state. The policy created a lot of controversy within France at first. Mitterrand tried to rationalize his policy by stating that nationalization was a great French tradition that went back to Colbertism and Gaullism.<sup>44</sup> A certain dissention existed in the government itself. Michel Rocard and Jacques Delors argued in favor of control of 51% of the shares of the nationalized industries, claiming that it would be enough to assert the government's influence. For Mitterrand, however, it was necessary for the state to have total control of the leading industries. First, it symbolized the end of the long-lasting bourgeois dynasties. Elie Cohen puts it well by saying, "The Republic becomes again master in its Kingdom."<sup>45</sup> Second,

<sup>40</sup> Ibid., 276.

<sup>41</sup> Ibid., 277.

<sup>42</sup> Marc Lombard, "Re-examination of the Reasons for the Failure of Keynesian Expansionary Policies in France, 1981-1983," 367.

<sup>43</sup> Tiersky, 139.

<sup>44</sup> Tiersky, 113.

<sup>45</sup> Elie Cohen, "Représentation de l'adversaire et politique économique : nationalisation, politique industrielle et Acte unique européen." *Revue française de science politique*, 43e année, n°5, 1993, 793.

it expelled foreign interests from having control of French capital.<sup>46</sup> Finally, it gave the government complete leeway to set objectives and plan for its industry.<sup>47</sup> Mauroy and Mitterrand insisted that their plan would provide guidance and planning to the French industry and did not include collectivization. Nonetheless, critics argued that nationalization would lead to clientelism<sup>48</sup> on behalf of the government.<sup>49</sup> Delors knew that nationalization had positive effects on the economic level but was dangerous on an ideological level.<sup>50</sup> European critics rose against the monopolistic stance France maintained. In an age of globalization, French public industries had to compete in foreign markets against private and public companies. By supporting its public industry with subventions, the French government directly influenced foreign states on their own territory.<sup>51</sup>

Brussels saw the French model of nationalization as an aggressive attempt to extend its influence. In France, however, the idea behind nationalization was to defend French industry against powerful foreign investors—mostly German and Japanese.<sup>52</sup> In the early 1980s, the French high-tech industry was still seen as a potential force on the global market. To justify state interventionism, French economists pointed at the expanding influence of the Japanese conglomerates, the *keiretsu*. For Jean Ruffiat, French influence over the capital of the largest industrial groups was an effective measure to counter the intricate network of keiretsu shareholders. In his article on national corporations, Ruffiat stated, “The competitive challenge posed by the keiretsu is one of the greatest intellectual challenge of our time.”<sup>53</sup> Nevertheless, for the French economist, the chances of France keeping hold of its finest industry was unlikely because, he predicted in 1990, the state would have to let go of its public industry due to European integration. From a national interest point of view, nationalization made sense. The government provided a resource capable of supporting an aging industry, which was already waning before the Socialists came to power. From a diplomatic point of view, however, a campaign of nationalization increased the hard-nosed liberals’ perception that the Socialist government was a threat.

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<sup>46</sup> Cohen, “Représentation de l’adversaire et politique économique : nationalisation, politique industrielle et Acte unique européen.” 793.

<sup>47</sup> Tiersky, 143.

<sup>48</sup> Typically a type of relationship where the patron provides a service to his client in exchange of political support

<sup>49</sup> Jean-Jacques Rosa, “Nationalisations : le capitalisme des contribuables.” *Revue d’économie industrielle*. Vol. 17. 3e trimestre 1981. 121.

<sup>50</sup> Dominique Wolton, *Jacques Delors, l’Unité d’un Homme*, Editions Odile Jacob, Paris, 1994

<sup>51</sup> Jean Ruffiat, “Comment l’Entreprise Nationale Survivra-t-elle à l’Europe, Politiques et Management Public,” vol 8 n°3, 1990, 68.

<sup>52</sup> *Ibid.*, 77.

<sup>53</sup> Jean Ruffiat, 78.

## Foreign Diplomacy

Aside from the economic struggle, François Mitterrand had to face another issue: the governments' souring relationship with its NATO partners. Ronald Reagan was the first to voice his concerns. Mitterrand was stuck between two superpowers which each expected him to show a clear alignment. Immediately, the new president chose a course of action that paralleled the French economic policy—an alignment with the Atlantic partners. In order to diffuse the growing tensions with the United States, Mitterrand organized an interview with Vice President George Bush. The message was clear. While there were Communists in the government, Mitterrand claimed he had total control of them.<sup>54</sup> Another important figure of the *détente* between both countries was Henry Kissinger who reported back to Ronald Reagan that Mitterrand would not be a troublemaker. Indeed, by going against Proposition 8 of the Programme Commun, Mitterrand stupefied the French left as he announced his support of the American project to set missiles on European ground to answer the threat that Soviets posed with their SS-20. 44% percent of public opinion was against the deployment of American missiles in Europe (33% were in favor),<sup>55</sup> yet Mitterrand saw this as an opportunity to bring the two nations closer.

The most significant element of the rapprochement came in July of 1981—only two months after the presidential election. In a meeting in Ottawa, Mitterrand took Reagan aside and claimed that France had recruited a KGB agent who had information showing the process Moscow employed to stay afloat in the race for military technology with the U.S.<sup>56</sup> Reagan showed interest and mounted an operation later to be known as the “Farewell Dossier.”<sup>57</sup> Although this collaborative attitude remained a short episode in the relations between two long-lasting presidents, it clearly shows that Mitterrand had chosen the side with which to build up friendly relations. Unlike his attempts to sooth the diplomatic relations with Britain, the Franco-American rapprochement was evident. Following Mitterrand’s declaration about the Pershing missiles, Reagan declared, “When [Mitterrand] talks about Communists, he speaks like us.”<sup>58</sup>

Former minister of foreign affairs Jean-François Poncet wrote a bitter report on Mitterrand’s foreign policy in 1985 called “Four years of Socialist foreign policy: The Fading Mirage.” In his article, the right-wing politician reprimanded the left for its complete failure in regard to the Soviet foreign policy. Looking back on the events, it seems that Mitterrand knew from the start that it would have proved a lot more perilous to align with the Soviets than the Americans because of the political orientation of his party.

<sup>54</sup> Tiersky, 128.

<sup>55</sup> Bell, 98.

<sup>56</sup> William Safire, *The New York Times*, February 2004, <http://www.nytimes.com/2004/02/02/opinion/the-farewell-dossier.html>.

<sup>57</sup> Pierre Melandri, “La France et les Etats-Unis, Politique étrangère,” N°1 - 1986 - 51e année pp. 219-246.

<sup>58</sup> Ernst Weisenfeld. “François Mitterrand : l'action extérieure,” *Politique étrangère* N°1 - 1986 - 51e année, 132.

In European affairs, Mitterrand also showed that he was very eager to have cordial relationships with his neighbors. His support of British Prime Minister Margaret Thatcher's campaign over the Falkland Islands proved to be another surprise for the Socialist electorate.<sup>59</sup> While the tactic was rather inefficient—Mrs Thatcher did not care for French approval—Mitterrand's actions demonstrate his willingness to show that he was not a radical Socialist. During the first mandate, the strongest diplomatic ties were woven with Western Germany, resulting in a friendly relationship that persists to this day. Mitterrand saw a friendly relationship with Germany as the cornerstone to European integration and a way to ensure enough diplomatic and economic weight to resist the constant influence of its American ally.<sup>60</sup>

Mitterrand's two consecutive mandates generated much debate. Some saw him as the undertaker of the Socialist ideal. Others thought that he was incompetent and that his government barely managed to save France from the financial collapse that it had created. When looking at his legacy, one thing is certain: Mitterrand had to deal with greater internal and external pressures than his predecessors. His political movement represented an ideal that terrified most of the liberals in the Western world. By looking back at the events from a liberal perspective, one can understand why the upper class had an irrational fear about his policies. The year 1981 was a period deeply engulfed in the Cold War. Missiles were aimed at each other on both sides of the Iron Curtain, the Soviets were struggling in Afghanistan, and Thatcher and Reagan were strengthening their position against the Communist Bloc. Suddenly, a Socialist politician took the helm of traditionally liberal France. To make things worse, this president brought four Communists into his government. Looking at the events from this angle allows one to have a certain tolerance for the extravagant millionaires running away with gold ingots in the trunks of their sport cars.

Nonetheless, from a contemporary perspective things do look very different. First, it is easy to notice that Mitterrand was never an idealist. He pursued his political career with pragmatism and he showed on different occasions<sup>61</sup> that he did not believe in a France under a permanent revolutionary state. Second, Mitterrand came to power with a sound economic plan, which included wealth redistribution as a way to increase growth. If one looks at the success of Roosevelt's New Deal following the Great Depression, wealth redistribution seems rational. Finally, Mitterrand had the tendency to lean toward the NATO bloc rather than the Warsaw Pact. Immediately after his election, Mitterrand proved with action and public demonstration that France was not moving away from its 'natural allies.' By taking these elements into consideration, one realizes that Mitterrand and his cabinet were not entirely to blame for the failure of the Socialist experiment. In an age of globalization

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<sup>59</sup> Bell, 103.

<sup>60</sup> Weisenfeld, "François Mitterrand : l'action extérieure," 131.

<sup>61</sup> The most evident occasion being his intervention in the midst of the revolts of 1969 as he simply presented himself as a potential future president of the fifth republic rather than the leader of a revolution.

dominated by two superpowers, very little room was left for the middle-rank powers to exist.

To conclude, it would be interesting to compare Mitterrand's first mandate with the events unfolding in France today. After seventeen years of right-wing economic liberalism, France is witnessing another change in government. As President Hollande takes his position at the Elysée, threats of capital flights and attacks on the French economy are echoing from 1981. It is unlikely that the 2012 Socialist president will engage in any grand scale reforms, despite many observers are already portraying him as a "Mitterrand 2.0." Nonetheless, considering Mitterrand's legacy, perhaps Monsieur François Hollande should take the critique as a compliment.

*Benoît Guizol was only a toddler in France when François Mitterrand came to power and because his youth was influenced by the presence of "Tonton" at the head of the country, writing "France 1981: Globalization, or the End of National Self-Determination" proved difficult for the author. On the one hand, it was like Marcel Proust's madeleine, an ongoing reminiscence of his childhood in France; on the other hand it completely demystified many of these memories. Guizol would like to sincerely thank Marissa Whitten and Brendan Byron for their tremendous work on reading and editing the present article.*