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France: Turning more European

Intereconomics

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# COMMENTS

## *Argentina*

### **President: Cámpora or Perón?**

The general elections in Argentina ended with a surprise: The candidate of the Peronistas Dr Héctor Cámpora had such a big lead vis-à-vis the other competitors that General Lanusse decided not to have a second election within one month — although such a ballot had been planned if no candidate received a majority of 50 p.c. during the first round, Dr Cámpora failing this target by only a couple of votes. The nevertheless overwhelming victory of Dr Cámpora was a result of a coalition of leftist political parties, trade unions and the youth who remember Perón not as a dictator who left the country 1958 in a state of economic chaos but as the social reformer and widower of the still very popular Evita Perón. This "image" was used by Dr Cámpora to mobilise the masses with his campaign slogan: Cámpora for President — Perón to Power. It will be interesting to see whether the grand old man of the Peronist movement, whose return to Buenos Aires from his Madrid exile is certain, will in fact take over or if he will only be used by the younger leaders of the movement as a figure-head.

The problems facing the new government are enormous: Although Lanusse was able to improve Argentina's infrastructure through the construction of roads, power plants and dams, and to restructure the economy through an enforced industrialisation policy, the rate of inflation increased to over 60 p.c. per annum, unemployment rose to a high level and social disequilibrium became an even greater problem. Dr Cámpora is therefore faced with the double task of introducing social reforms while at the same time inducing a process of economic recovery at a lower rate of inflation. Whether he will succeed depends upon his ability to unite the country and become the leader of Argentina's strive towards development.

## *France*

### **Turning More European**

The outcome of the French parliamentary elections was typical of the country. In the first ballot the French like to be revolutionary and to show the Government their discontent and misgivings; in the second electoral round, remembering the risks inherent in an abrupt change, they are inclined to turn conservative. The popular-front coalition of François Mitterand's French Socialist Party and George Marchais's Communist Party did not yet appear to them as a tempting alternative. And President Pompidou did everything he possibly could to change their minds.

But although the Gaullists succeeded, it was more or less a Pyrrhic victory, and they are seriously shaken by the loss of their 139-seat majority. The political topography of the country has fundamentally changed, and although the end of Gaullism is not yet in sight, the end of its orthodox shape has come anyway. The Gaullists are now aware that they have to reform their country if they want to win the next elections, too.

How they will open their ranks to more reform-minded parties and new ideas is still a rather moot question. In domestic policies the new focal points seem to be already recognisable. Pompidou himself spoke of the necessity of more social justice and of "bold reforms". A more democratic style of government seems to be inevitable, perhaps with less concentration of power in Paris in favour of local government. In foreign affairs Pompidou may cautiously continue the policy he has already followed in the past three years, i.e. Paris will go on abandoning its stubborn independence and enlist with more enthusiasm in the cause of European integration. Taken all in all, after these elections France has become more European in the programming of its domestic policy, and more European, too, in its foreign policy objectives. And this might improve the prospects for a future United Europe. hg.

## *Monetary Policy*

### **Unending Crises?**

Two monetary crises within a few weeks delivered the monetary system of Bretton Woods the death-blow. None of its constituting features is still in existence, in particular not that of fixed exchange rates. Nine European countries are floating against the dollar — although between them the exchange rates are still fixed —, three EEC countries are floating against all other states, the yen is floating in "friendly accord" with the European bloc, the dollar is inconvertible, and Canada and Switzerland had already tried in advance their luck with free exchange rates.

With so much "flexibility" one might believe that until a reform of the international monetary system the countries involved could anticipate calmness at the monetary front — in connection with which, incidentally, the expression "reform" represents an understatement, since in principle the construction of a new international monetary system is at stake.

But this calm is deceptive, since in the above mentioned solution conflicts are arranged for in advance. Decisive in this context is the continuing existence among the nine European countries of the Bretton Woods system together with its old