As demonstrated by the proposed sale of Alstom’s energy division, the issue of property rights will hang over French political debates for years to come. The acquisition of French companies by foreign interests raises questions, fears and sometimes disapproval from part of the public, who have a very negative view of the change of ownership facing key French industries. Some demand that the government should intervene to prevent these operations from going through. They always find someone within the public authorities to listen and support the cause of industrial patriotism, although this generally leads to nothing despite all the admonishments and gesticulations... In our globalised world, companies are constantly looking to reach a critical size that gradually increases as markets expand. Research & development costs are on the rise, as are marketing costs. The quest for greater competitiveness incites global groups to consolidate in order to withstand competition that is no longer national or regional, but global. If you believe the assumption that the market is the best means of allocating available resources in capital and labour, it is difficult to see how people can be surprised by these mergers and acquisitions that are seemingly on the rise as we come out of a crisis period. The principle of coherence implies that those who applaud when a company based in France develops abroad, in particular by acquiring its competitors, should not protest when an operation to the contrary occurs. In an open world, such cross-border transactions are inevitable and very often welcome.

This is not the real problem. France no longer has the necessary capital to put it on an equal footing with others. You cannot win in a capitalist world without capital! Whether we like it or not, great pains have been taken to dry up capital accumulation in our country. Governed for decades by political decision-makers drawing inspiration from an outdated form of Keynesian economics – convinced of such nonsense as that the deficit reduces unemployment and only consumption must be supported, obsessed by the distribution of wealth rather than its accumulation – France has no capital left. That was the fatal strategic error! Just look at the result. France has made the historic choice of preferring an economy based on debt to an economy that has its own funds. In an era of widespread deleveraging, we are hit harder than our competitors. France had chosen a vast publicly-owned sector, but the government, which has holes in its pockets, no longer has the means to recapitalize state-owned companies, and is on the contrary obliged to pull out of them. The State ignored the
rise of sovereign funds that help to provide capital to companies and influence them accordingly. The tardy creation of the FSI investment fund to assist French companies was largely achieved by gathering existing public holdings together.

France stupidly refused, through sheer dogmatism, to implement pension funds, although they clearly play a key role in providing economies with capital. The result is distressing: while the pension fund for teachers in Ontario, a Canadian province with less than 14 million inhabitants, manages more than EUR 90 billion in assets and is thereby able to stabilise the capital of large companies, French employees are doomed to see their pensions constantly trimmed, because they are financed by debt, and to watch their companies being bought out by foreign capital. France has discouraged families from accumulating productive assets by increasing the number of taxes on possession, capital gains and inheritance ... all the while heaping opprobrium on them. It has encouraged them to leave the country by multiplying confiscatory tax measures. And France has blindly supported prudential and accounting legislation that dissuades institutional investors - banks and insurance companies - from holding shares. It’s not surprising that the capital of non-residents is replacing the domestic capital that has been frightened away, just as it is replacing the capital that French companies can no longer generate by themselves: with a record amount of levies, their profit margins are melting away like snow in the sun!

Without public capital, without family capital, without institutional capital, shackled by debt, discouraging entrepreneurs and executives, stifled by unparalleled statutory contributions, feeding an out of control system of redistribution, our country and our companies are off to a decidedly bad start to act on an equal footing in a capitalist world that takes no prisoners. The timid pact of responsibility will not be enough to turn France around!