

Some curious recent events in the Socialist Party (Part II)

Confession of Jean-Paul Huchon, a prominent member of the French Socialist Party. Was he sincere?

Jean-Paul Huchon is currently the President of the [Ile-de-France Regional Council](#). Ile-de-France population 11 million (with Paris). Budget 2007 € 4 billion.

Mr Huchon is a member of the Socialist Party and graduated from Ecole Nationale d'Administration (the very elitist higher education French college which trains top civil servants) in 1971, the same year as Michel Bon, Jean-Claude Trichet, Jean-Louis Bianco, François d'Aubert, Marc Tessier, Claude Gueant. Other former graduates are Jacques Chirac, Ségolène Royal, François Hollande, Dominique de Villepin, etc. He served as a civil servant for years.

In fact, Jean-Paul Huchon wants to convey the image of an open-minded socialist abroad. But in France, the Socialist Party still uses the same old spiel, and its real (and unrealistic) project is aimed at the far left members of the party or even the Communists whose votes Mme Royal will need to win the elections. The following notes were taken during an interview with Jean-Paul Huchon on Bloomberg Television on February 12: some surprising statements.

1. Taxation

Jean-Paul Huchon said that the French tax system was reaching its limits in terms of efficiency. When he served as secretary to Michel Rocard (a Socialist Prime Minister) between 1981 and 1991, he defended the system of flat tax which was established with the Contribution Sociale Generalisee (CSG). **He said he would now prefer to raise VAT (Value Added Tax) rather than increase the income tax**, even if he quoted the Scandinavian example (high taxes and high competitiveness). He mentioned the wealth tax issue (Impôt de Solidarité sur la Fortune or ISF) which, in his opinion, is neither efficient nor profitable, as it concerns mainly real estate owners. Mr Huchon explained that it had originally been designed on a wider base which would have included shares of privately held small businesses, but a deal between Francois Mitterrand and Ambroise Roux (then President of the French employers' confederation) prevented the creation of an efficient wealth tax.

2. European construction

Mr Huchon also gave his opinion about the European Constitutional Treaty. **The European Union needs a new treaty** which should be shorter than the one French people rejected in May 2005. The current system is very inefficient because it requires agreements from all 27 member countries on most major decisions.

3. About regionalisation

Mr Huchon defended the ideas of the former Prime Minister (2002-2005) Jean-Pierre Raffarin (UMP member). He said that federalism was a good idea, but the French state failed to transfer the money raised from taxes to the regions, while at the same time it gave them new responsibilities. Thus there is a waste of resources at state level which maintains the system of "prefets" who represent the central government. Mr Huchon added that nevertheless, looking at the French state's finance (and debt), French tax payers would have to face a rise in tax at some point, which could create a political situation comparable to the one experienced in the UK by Margaret Thatcher in 1990 with the poll tax. (Note: she lost and had to withdraw the tax).

4. About venture capital

Mr Huchon said the Ile-de-France Council had no special legitimacy to invest funds in companies. He said he preferred existing players like the Chamber of Commerce and Industry ("CCI") or specialised financial institutions like [Oseo-Sofaris](#) to play such a role, under the possible coordination of the Ile-de-France regional council.

5. About privatisation

Mr Huchon recalled that the monopolies in transportation would be over by 2020 as the EU has decreed. SNCF (the French national railways) or RATP (buses and metro in the Paris area) would have to compete with [Veolia](#) (VIE FP) or Deutsche Bahn (DBHN GY), a German company, which seem to be ready. He does not necessarily see more privatisations in the short term as Veolia is already the second manager for transport networks in Ile de France, and [Sodhexo Alliance](#)

(SW FP) is an important player in the field of education. However new projects developed by the Ile-de-France Region would see an increase in cooperation or between companies and local authorities (public private partnerships). Huchon quoted the example of the new T4 tramway line around Paris.

6. About French politics and the Presidential Election

Mr Huchon had originally supported the candidacy of Dominique Strauss-Kahn who was a rival of Ségolène Royal before her nomination by the Socialist party, as he thinks the French socialists should give up old-fashioned socialism in favour of social democracy. However, he thinks the socialists may win if they do not make too many mistakes because the sociological context is favourable to conservatism. **He added that the victory of Sarkozy cannot be excluded as he is a smart, hard working and very well prepared candidate.**

7. A new corporate tax

As of 2007, small businesses (with fewer than 10 employees) now have to pay a transport tax, despite the fact that it has been reckoned by the RATP that only 1 journey in 3 on the Paris underground is for a professional purpose. All employers, big and small, in Ile-de-France already contribute 42% of the STIF budget (STIF = RATP + SNCF Ile-de-France).

8. About night flights

The Ile-de-France Region has no power over such matters, but Mr Huchon knows that the French government will certainly not restrict night flights to or from Roissy Charles de Gaulle. DHL (Deutsche Post's air freight business unit DPW GY) set its European hub in Roissy on the promise that Paris airport - Aéroports de Paris (ADP FP) - would allow night flights. Meanwhile traffic growth means that a third airport should be decided now, since it takes 12 years to build an airport. He favours Vatry near Reims as a suitable location. He added the French government should provide compensation to the 4 million people exposed to aircraft noise, under the form of tax credits. The fifth runway to be built in Roissy Charles de Gaulle is still under discussion.