

# How We Became the United States of France

By [Bill Saporito](#) Sunday, Sep. 21, 2008



Antony Edwards / Getty

This is the state of our great republic: [We've nationalized the financial system](#), taking control from Wall Street bankers we no longer trust. We're about to quasi-nationalize the Detroit auto companies via massive loans because they're a source of American pride, and too many jobs — and votes — are at stake. Our Social Security system is going broke as we head for a future in which too many retirees will be supported by too few workers. How long before we have national health care? Put it all together, and the America that emerges is a cartoonish version of the country most despised by red-meat red-state patriots: France. Only with worse food.

Admit it, *mes amis*, the rugged individualism and cutthroat capitalism that made America the land of unlimited opportunity has been shrink-wrapped by half a dozen short sellers in Greenwich, Conn., and FedExed to Washington, D.C., to be spoon-fed back to life by Fed Chairman Ben Bernanke and Treasury Secretary Hank Paulson. We're now no different from any of those Western European semi-socialist welfare states that we love to deride. Italy? Sure, it's had four governments since last Thursday, but none of them would have allowed this to go on; the Italians know how to rig an economy.

You just know the Frogs have only increased their disdain for us, if that is indeed possible. And why shouldn't they? The average American is working two and a half jobs, gets two weeks off and has all the employment security of a one-armed trapeze artist. The Bush Administration has preached the "ownership society" to America: own your house, own your retirement account; you don't need the government in your way. So Americans mortgaged themselves to the hilt to buy overpriced houses they can no longer afford and signed up for 401(k) programs that put money — where, exactly? In the stock market! Where rich Republicans fleeced them.

Now our *laissez-faire* (hey, a French word) regulation-averse Administration has made France's only Socialist President, François Mitterrand, look like Adam Smith by comparison. All Mitterrand did was nationalize France's big banks and insurance companies in 1982; he didn't have to deal with bankers who didn't want to lend money, as Paulson does. When the state runs the banks, they are merely cows to be milked in the service of *la patrie*. France doesn't have the mortgage crisis that we do, either. In bailing out mortgage lenders Fannie Mae and Freddie Mac,

our government has basically turned America into the largest subsidized housing project in the world. Sure, France has its *banlieues*, where it likes to warehouse people who aren't French enough (meaning, immigrants and Algerians) in huge apartment blocks. But the bulk of French homeowners are curiously free of subprime mortgages foisted on them by fellow citizens, and they aren't over their heads in personal debt.

We've always dismissed the French as exquisitely fed wards of their welfare state. They work, what, 27 hours in a good week, have 19 holidays a month, go on strike for two days and enjoy a glass of wine every day with lunch — except for the 25% of the population working for the government, who have an even sweeter deal. They retire before their kids finish high school, and they don't have to save for \$45,000-a-year college tuition, because college is free. For this, they pay a tax rate of about 103%, and their labor laws are so restrictive that they haven't had a net gain in jobs since Napoleon. There is no way the French government can pay for this lifestyle forever, except that it somehow does.

Mitterrand tried to create both job growth and wage growth by nationalizing huge swaths of the economy, including some big industries — automaker Renault, for instance. You haven't driven a Renault lately because Renault couldn't sell them here. Imagine that: an auto company that couldn't compete with a Dodge Colt. But the Renault takeover ultimately proved successful, and Renault became a private company again in 1996, although the government retains about 15% of its shares.

Now the U.S. is faced with the same prospect in the auto industry. GM and Ford need money to develop greener cars that can compete with Toyota and Honda. And they're looking to Uncle Sam for investment — an investment that could have been avoided had Washington imposed more stringent mileage standards years earlier. But we don't want to interfere with market forces like the French do — until we do.

Mitterrand's nationalization program and other economic reforms failed, as the development of the European Market made a centrally planned economy obsolete. The Rothschilds got their bank back, a little worse for the wear. These days, France sashays around the issue of protectionism in a supposedly unfettered EU by proclaiming some industries to be national champions worthy of extra consideration — you know, special-needs kids. And we're not talking about pastry chefs, but the likes of GDF Suez, a major utility. I never thought of the stocks and junk securities sold by Goldman Sachs and Morgan Stanley as unique, but clearly Washington does. Morgan's John Mack calls SEC boss Chris Cox to whine about short sellers, and bingo, the government obliges. The *élite* serve the *élite*. How French is that?

Even in the strongest sectors in the U.S., there's no getting away from the French influence. Nothing is more sacred to France than its farmers. They get whatever they demand, and they demand a lot. And if there are any issues about price supports, or feed costs being too high, or actual competition from other countries, French farmers simply shut down the country by marching their livestock up the Champs Elysées and piling up wheat on the highways. U.S. farmers would never resort to such behavior. They don't have to; they're the most coddled special-interest group in U.S. history, lavished with \$180 billion in subsidies by both parties,

even when their products are fetching record prices. One consequence: U.S. consumers pay twice what the French pay for sugar, because of price guarantees. We're more French than France.

So yes, while we're still willing to work ourselves to death for the privilege of paying off our usurious credit cards, we can no longer look contemptuously at the land of 246 cheeses. Kraft Foods has replaced American International Group in the Dow Jones Industrial Average, the insurance company having been added to Paulson's nationalized portfolio. Macaroni and cheese has supplanted credit-default swaps at the fulcrum of capitalism. And one more thing: the food-snob French love McDonalds, which does a fantastic business there. They know a good freedom fry when they taste one.