• Thatcher was busy privatising
• In the US, Raegan was doing pretty much the same
• Germany unleashing the market on its economy
• Latin America: various experiments with neoliberal economics
• Mitterrand and Socialists were very much in the minority in terms of leading governments in the world
• This made life even more difficult
• You want people to be spending money on goods that are produced in France
• It was apparent quite soon that unemployment was rising fast, right from the first twelve months’ in
• Particularly for young people
• Phenomenon of newly impoverished people
• Homelessness was growing
• Balance between exports and imports
• Automation was being introduced which meant fewer jobs
• In particular, the car industry
• The dilemma for the Socialists: was it better to try and set up a protectionist economy to protect France from the international market?
• Or was it going to have to introduce austerity measures?
• Some protectionism was attempted, e.g. restrictions on how much money could be taken abroad
• Trying to ensure all money earned in France was spent there too
• Attempts to slow import down
• Huge warehouse in Poitiers with video recorders
• Goods were artificially held up

U-turn (Volte face)

• Decision taken to make a U-turn
• Seen as the only way of combatting rapidly rising inflation and unemployment
• End of 1982, beginning of 1983
• Very important moment in history of French Socialism
• An acceptance that the Socialists could not combat Capitalism
• Or even soften the impact of it
• Series of austerity measures introduced
• Included a wage freeze
• For the first time since 1948, prices were going up more quickly than wages
• In real terms, people had less to spend
• Was extremely problematic
• Quite controversial among the ranks of the Socialists
• But it was something Mitterrand himself backed strongly
• Reluctantly, but strongly
• It was a significant moment
• Since this moment, the history of the Socialist Current in France has been one of making tremendous compromises with Capitalism
• 1984: Mitterrand made a speech