



Third way as a dead end: French experience

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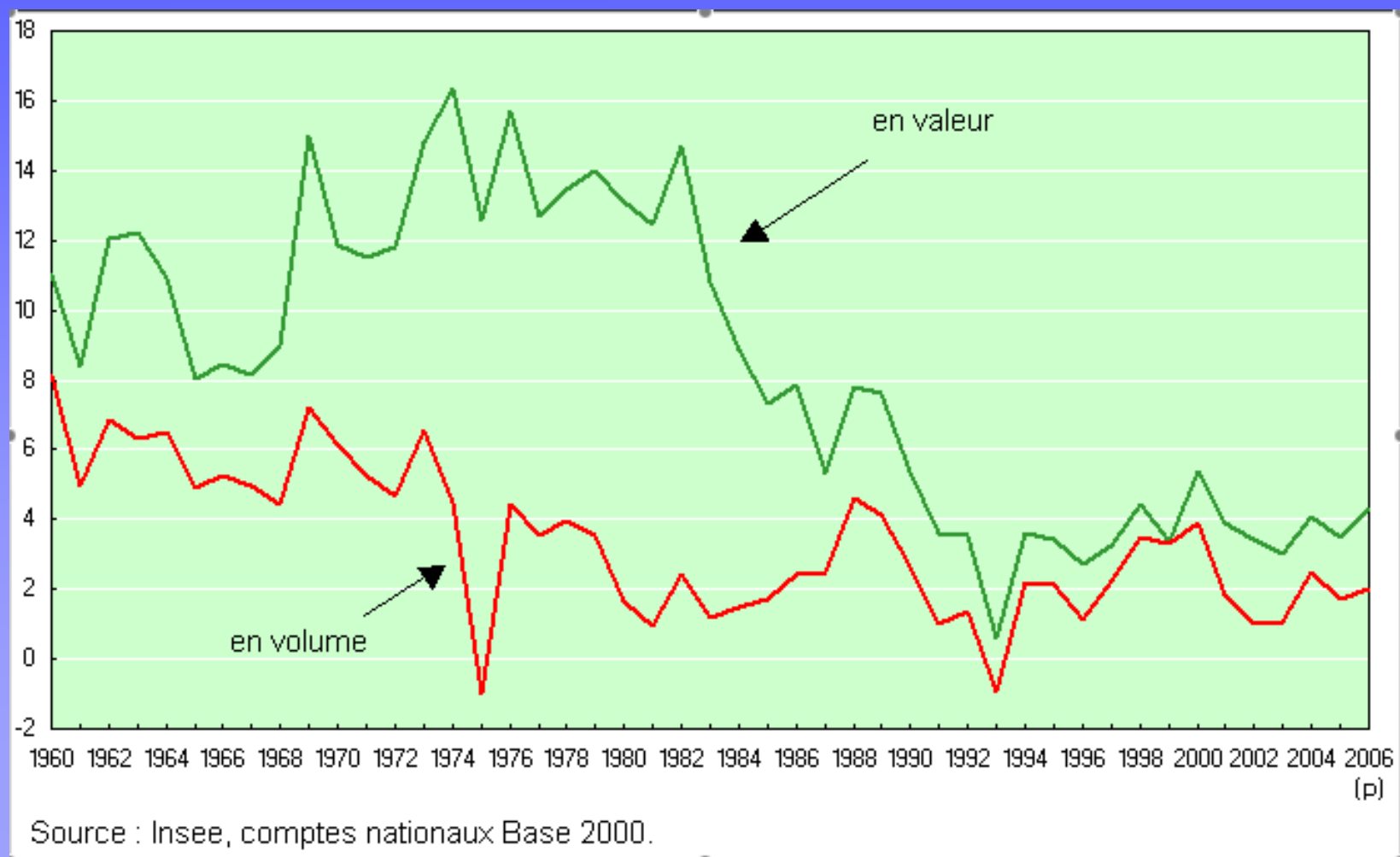
Bratislava, March 2008

Third way *à la française*

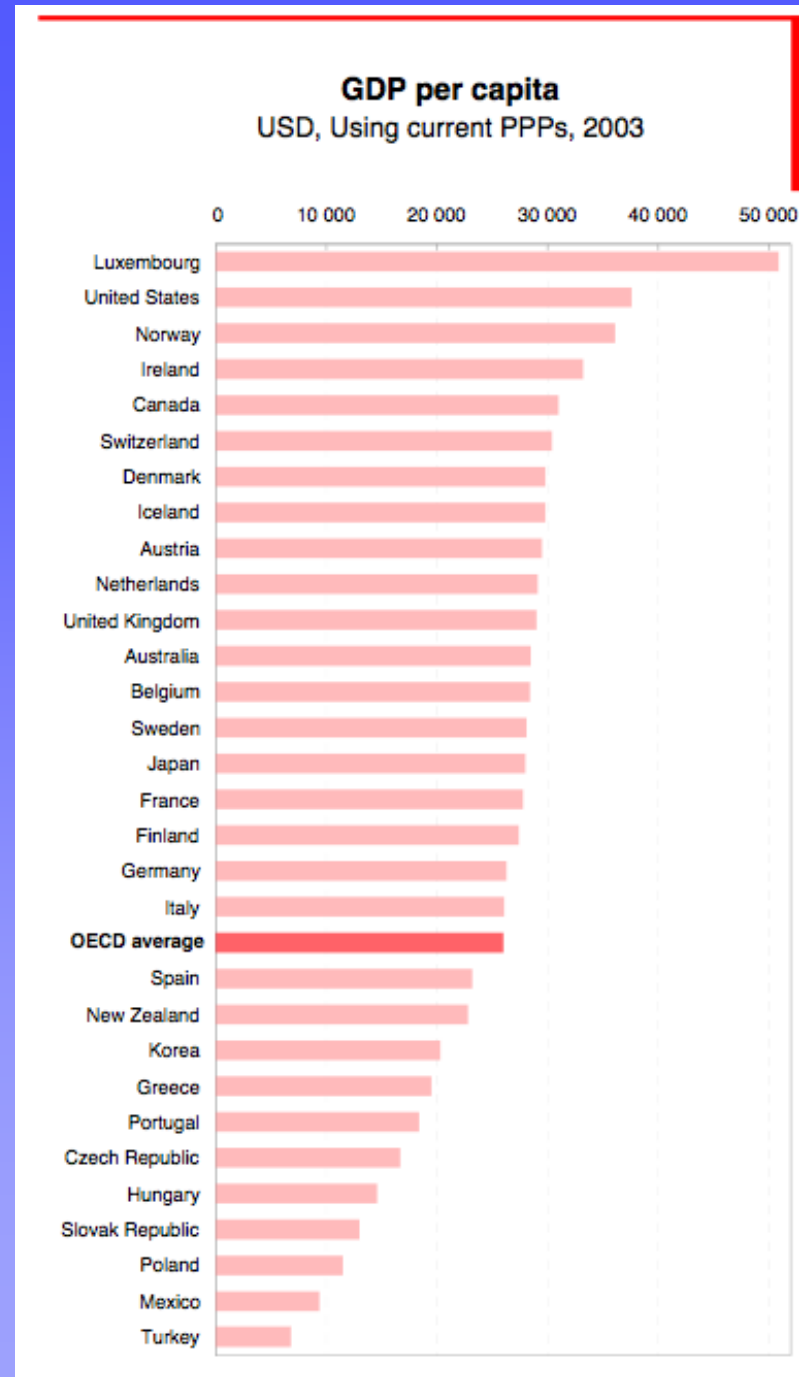
- The situation in France
 - ✓ Sluggish growth and growing worries
- The « Third way » in theory
 - ✓ What it is and why it does not work
- The other way
 - ✓ Back to the French classical liberal school

1. The situation in France

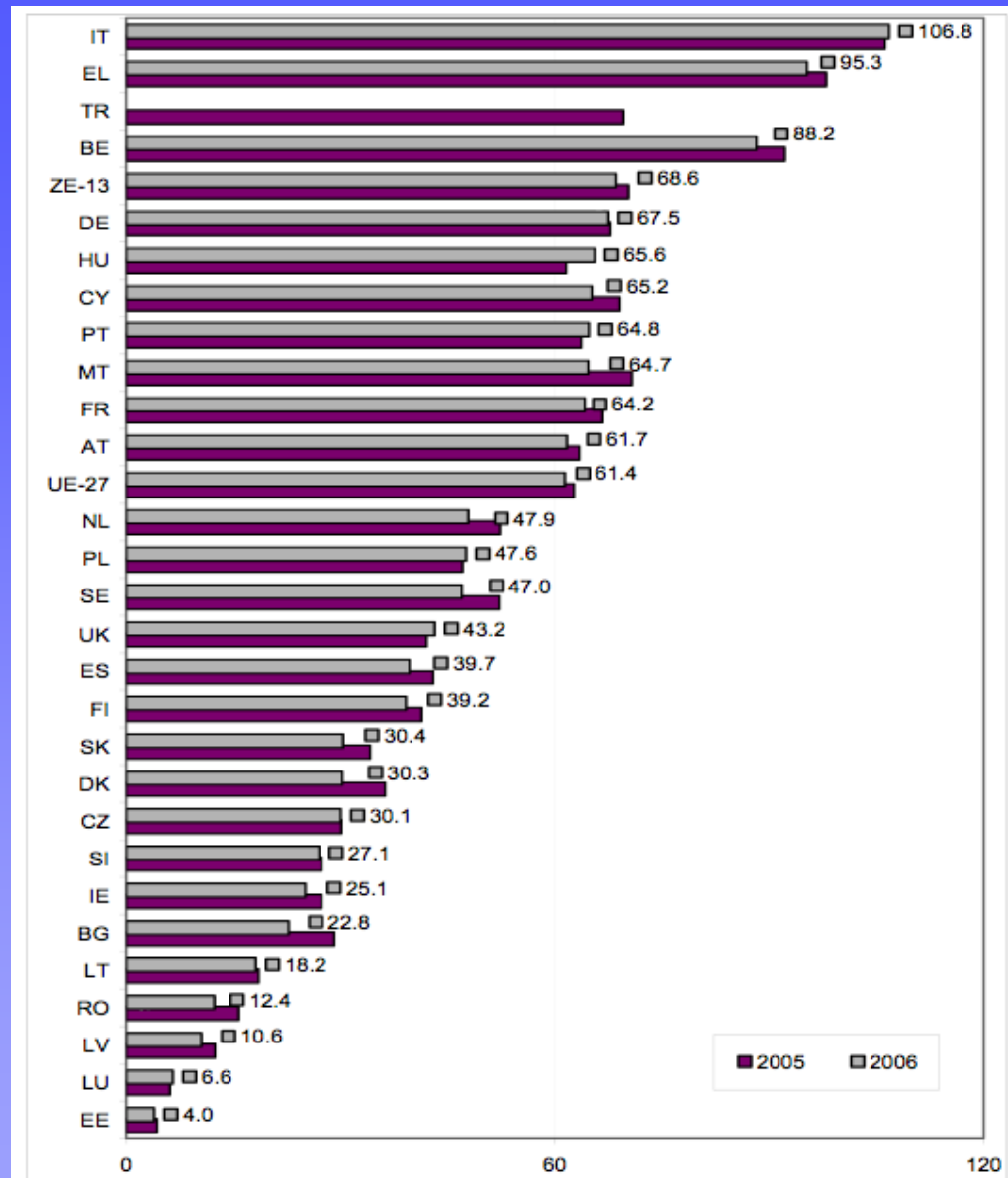
The situation in France : growth



The situation in France: GDP per capita



The situation in France: « Official » public debt

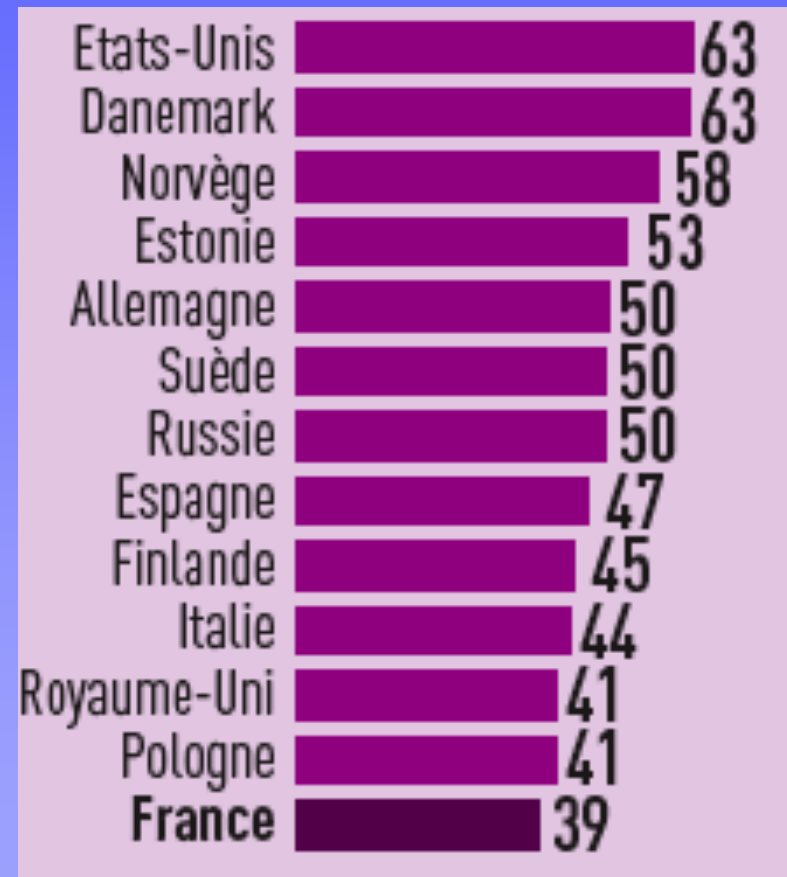


Source: Eurostat, notifications PDE, septembre 2007.

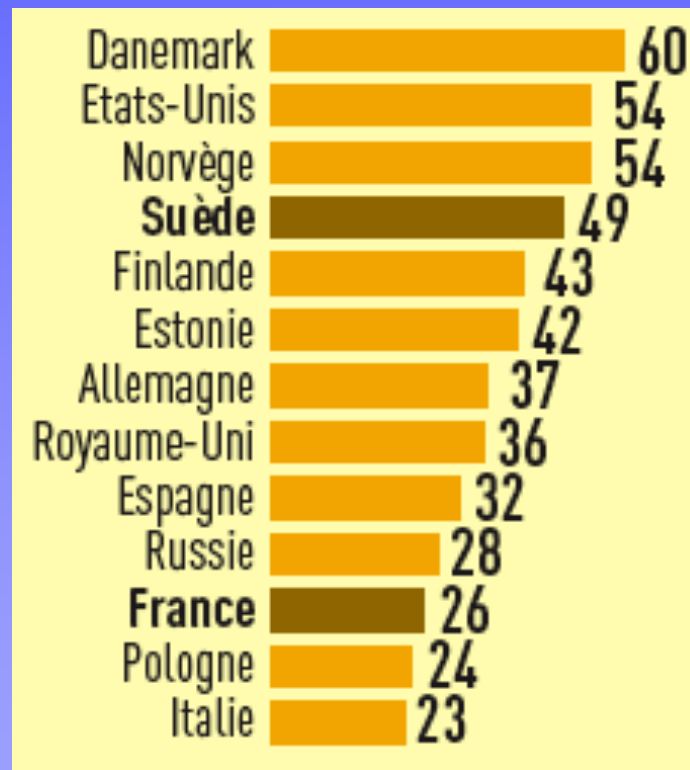
The
situation
in
France:
the opinion
of the
16-29
years old



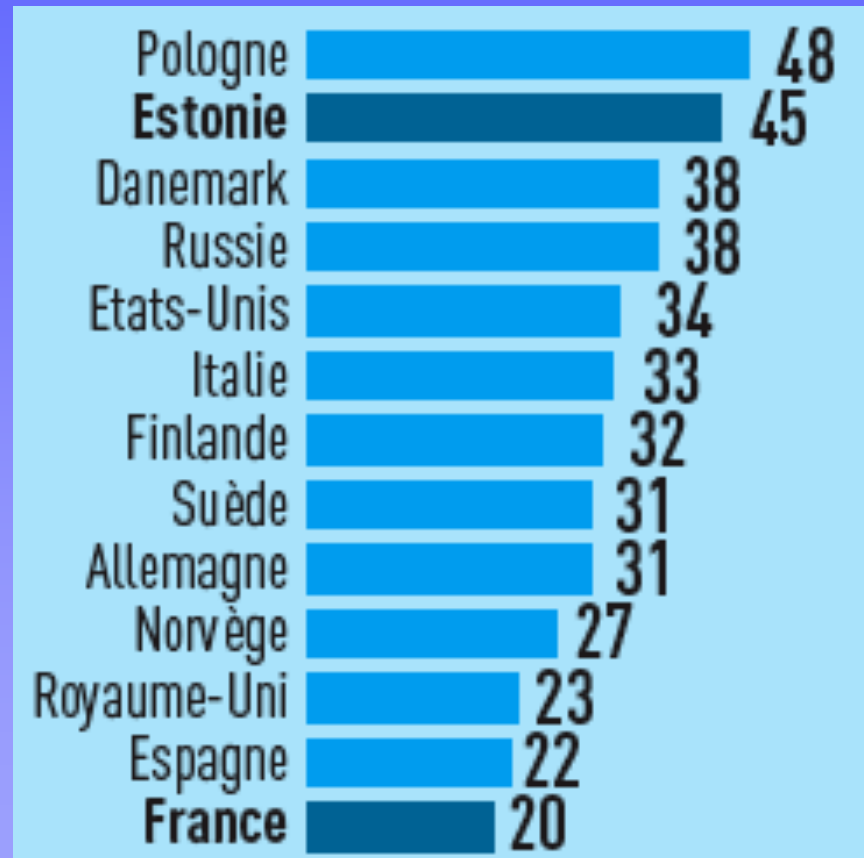
Is it possible to change society?



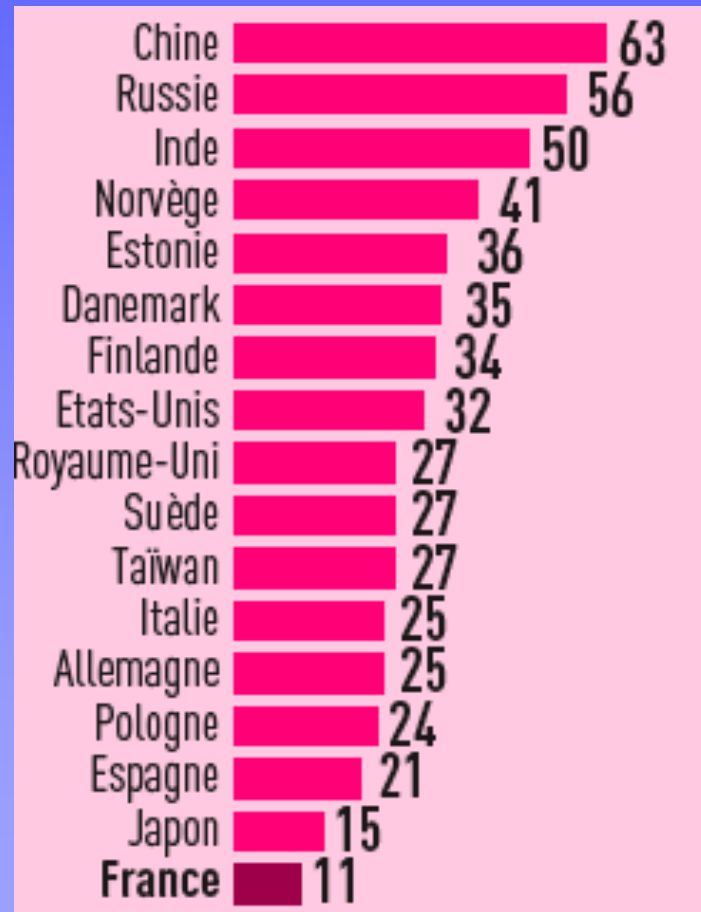
Do you think your professional life will be bright?



Is globalization source of opportunities?



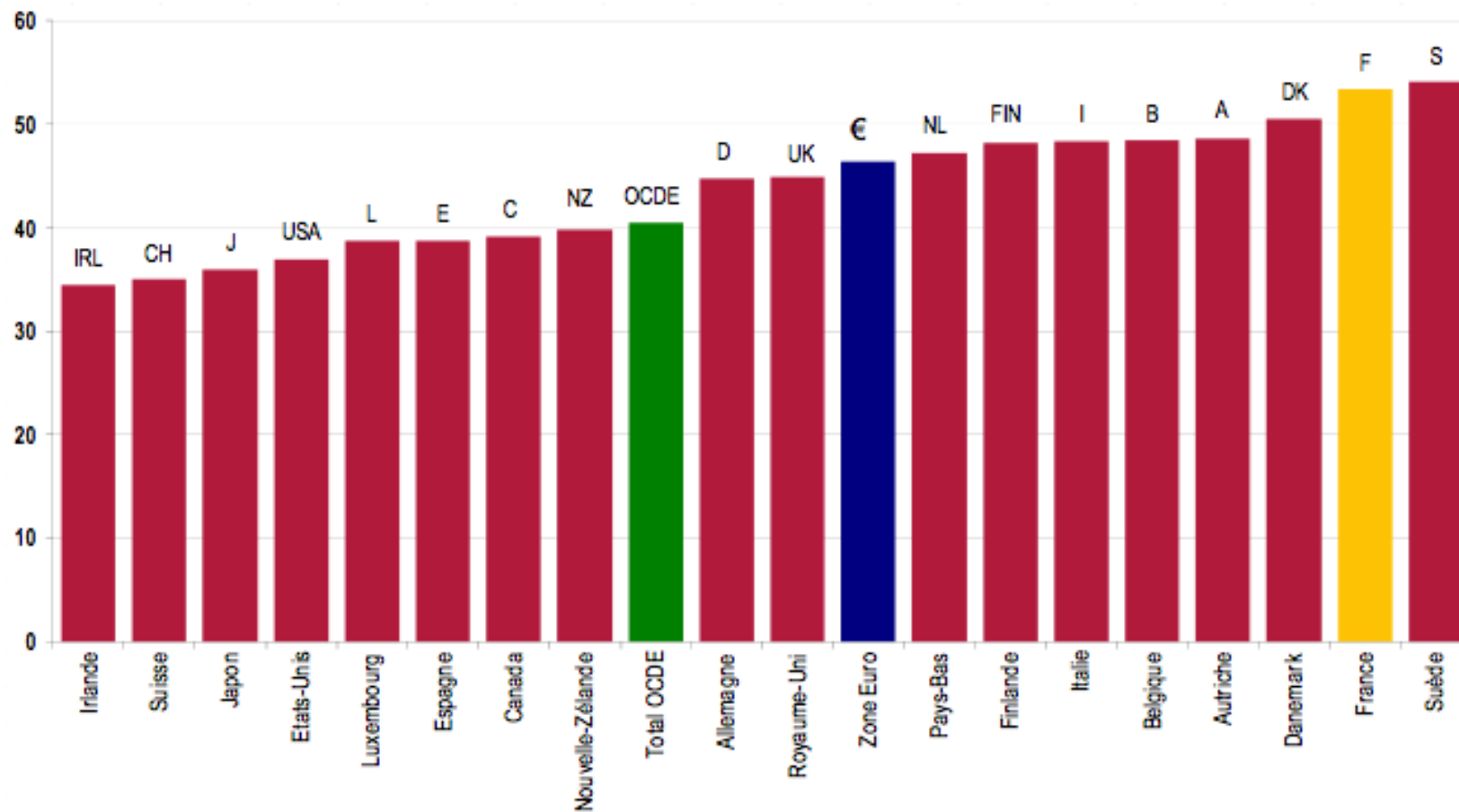
Are you ready to pay for the old generations?





2. The French way

The situation in FR : public spending

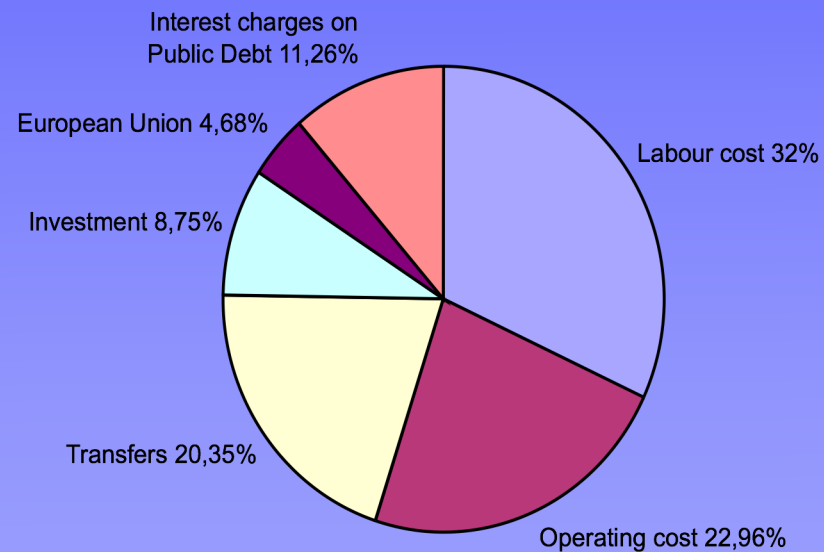


Source OCDE

Public money: what for?

- Level of public investment is low
- Level of redistribution is high
- Inefficiency of the public administration

Figure 5: The Nature of Public Spending (France, Budget 2005)
Source: Own calculation based on loi des finances 2005 and INSEE



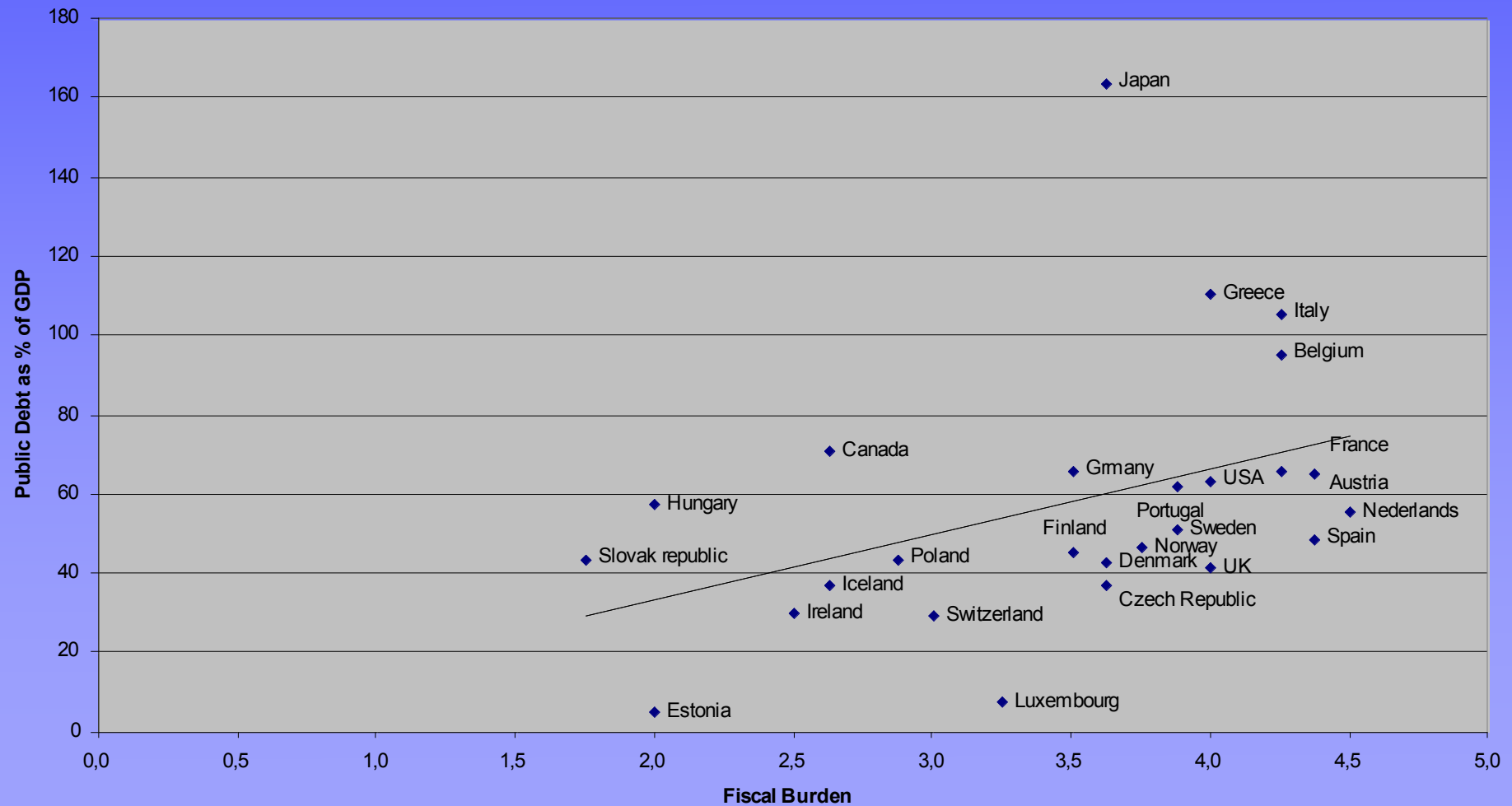
Recent illustrations of the French way

- High price of housing
- High prices in retail shops
- Fake reform of higher education
- The « no-reform » of the retirement pension scheme
- A messy decentralization
- A very centralized health care system

3. Why it does not work

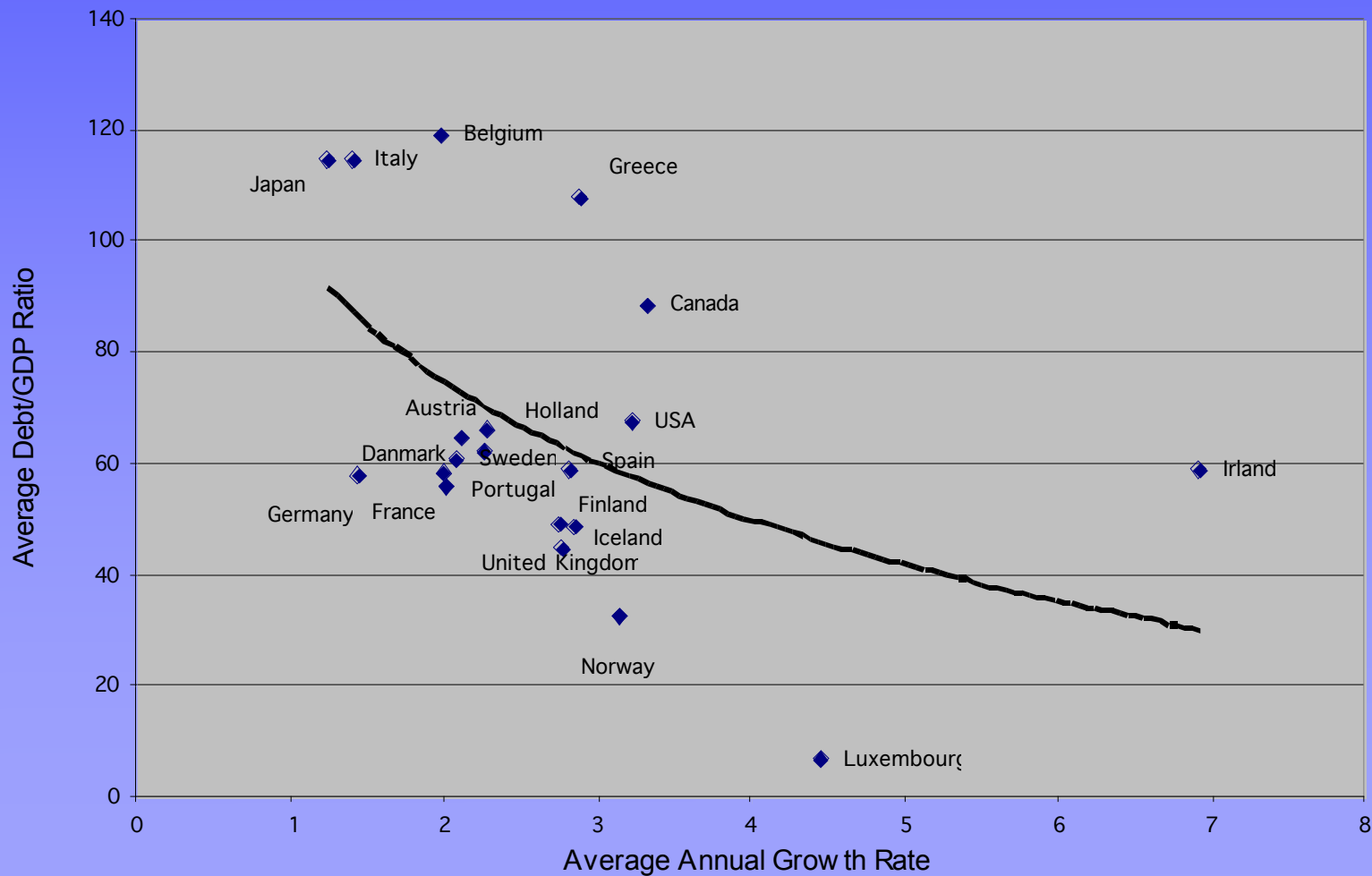
More public debt, more taxes

Figure 11: Public Debt and Fiscal Burden



More debt, less growth

Figure 13: The Debt-Growth Relationship
(Average level 1992-2004)



The logic of third way's failure

- The Complexity argument
 - pretence of knowledge
- The Motivation argument
 - Public choice, time horizon
- The destruction of the rule of law

4. The way to peace and prosperity



« The State: this great fiction through which everyone believe they can live at the expenses of others » Frédéric Bastiat

Few directions

- Get your economics right: learn to see further down
- Challenge the State's achievement
- Keep competition inside Europe
- Stick to Principles rather than Pragmatism
- Trust the values of freedom and responsibility