

# Adieu Sarkozy?

MAHMOOD HASAN

OVER forty four million voters of France went to polls on April 22 to elect a new president for the Republic. Ten candidates spread across a political spectrum that stretches from extreme right to extreme left were in the fray. More than 70% voters exercised their suffrage in the first round.

As predicted by opinion polls the electoral battle has thrown up the two traditional top contenders -- Gaullist incumbent Nicolas Sarkozy (center-right, Union for Popular Movement) and Socialist challenger Francois Hollande (center-left, Socialist Party) -- for the second round.

France has an interesting election system -- with two rounds of direct voting for the presidential election. If a candidate in the first round secures more than 50% votes, he is declared elected. If he gets less than 50% -- then the two top vote getters are required to run for the second round.

The president is elected every five years. Nicolas Sarkozy (57), former interior minister under President Jacques Chirac, became president in May 2007, defeating the Socialist candidate Ségolène Royal. Under the amended French Constitution an incumbent president cannot serve for more than two terms. Nicolas Sarkozy is seeking a second five-year term at the Palais d'Élysée -- residence of the French president.

This year, the first round has produced some very intriguing figures. Challenger Francois Hollande (57) secured 28.63% of votes, as compared to Nicolas Sarkozy's 27.18% -- meaning that Sarkozy lost the first round. Nearly 45 % of votes had gone to the other candidates.

What was most disturbing is that the ultra-right xenophobic National Front candidate (Ms) Marine Le Pen captured third place with 17.9%, i.e. 6.4 million votes. Worrying questions are now in the air -- whether France is drifting towards being a racist nation.

The second round of voting is scheduled for May 6. Both Nicolas Sarkozy and Francois Hollande are now campaigning to peel away voters of 8 candidates who have fallen out from the race. Sarkozy is flirting with the centrists and rightists, hoping they will now vote for him. He has apparently offered the post of prime minister to Francois Bayrou the centrist candidate, who got 9.13% votes.

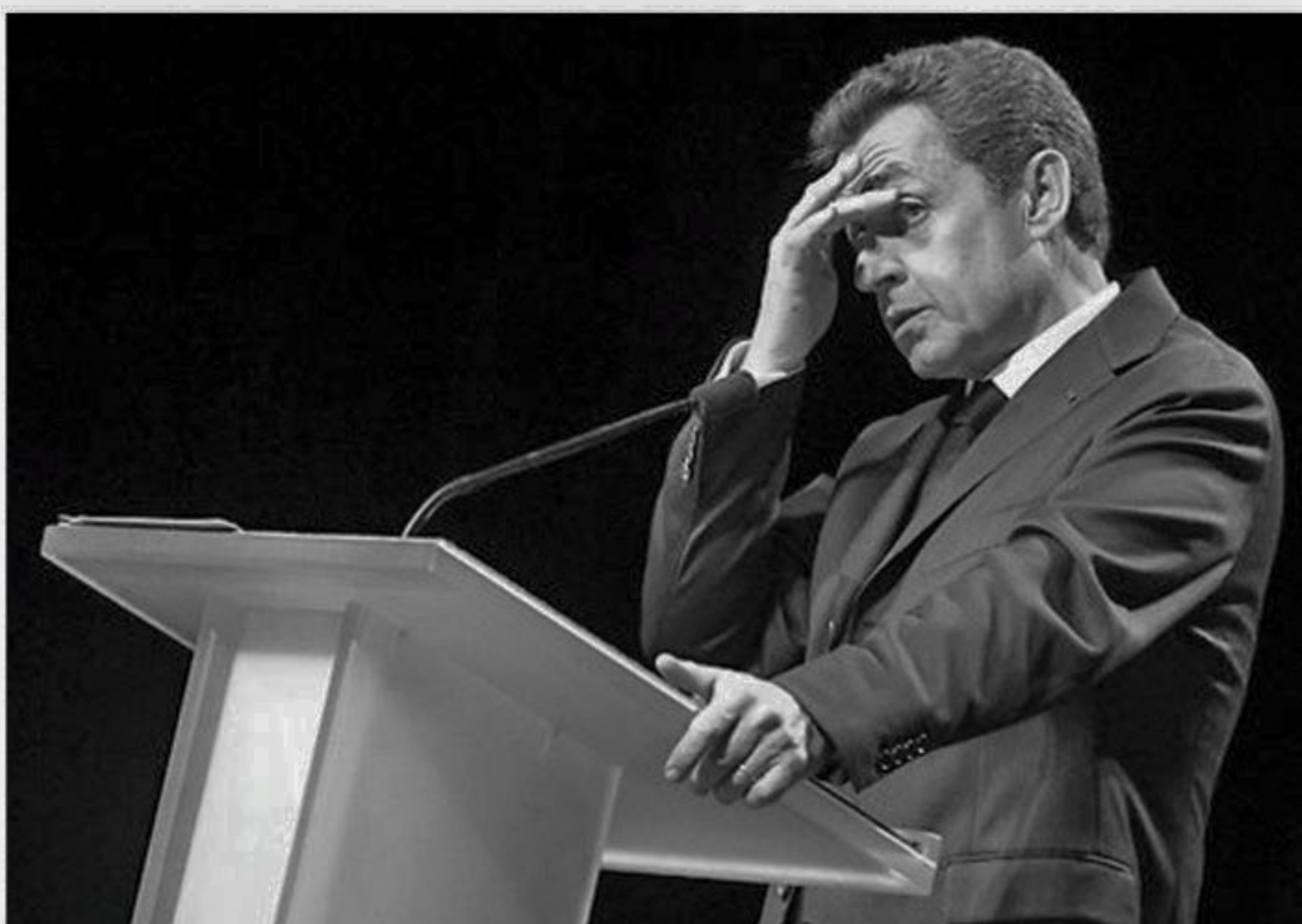
Hollande is banking on the leftist parties. The left parties, which together got about 17% of votes, have

already declared they will vote for Hollande.

The first round clearly shows how divided the French polity is. The second round actually gives the people an opportunity to regroup and rally behind either of the two candidates. Clearly, the last minute swing of the two vote banks -- rightists and leftists -- will determine the winner on May 6.

One wonders what hyperactive Sarkozy has done to earn the wrath of French voters. His presidential style is perceived to be arrogant, flamboyant and swanky. His personality has become his liability. His two earlier marriages and then his whirlwind romance with Carla

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risen over 7%. Big corporate houses have been moving out of France to Hong Kong, Taiwan, and other places to avoid paying hefty taxes and social service charges for its employees.

The law and order situation is perceived to have deteriorated. The attack on a Jewish school in March in Toulouse was horrifying. While Sarkozy denounced the attack he was prompted to adopt the National Front's xenophobic slogans and rhetoric -- such as banning the *burqa* of Muslim women and asking 6 million Muslims of France to give up *halal* food.

Sarkozy has adopted some of the anti-Islamification rhetoric of National Front.

In short, Sarkozy is burdened with an anti-incumbency factor, which he can hardly overcome.

On the other hand Francois Hollande has emerged as an honest, affable, quintessential parliamentarian with a sense of humour. Though his economic policies are not very clear his long stint with Francois Mitterrand puts him in good stead to handle Palais d'Élysée. Hollande has also drawn up economic programmes to rejuvenate the moribund economy. He wants to increase employment by reversing the economic austerity programmes currently underway. He is using the slogan "change now."

Two rounds of voting have produced interesting results in past presidential elections. In 1974, Francois Mitterrand (Socialist) led the first round but lost to Valéry Giscard d'Estaing (Gaullist) in the second round. Again in 1995, Lionel Jospin (Socialist) won the first round but lost to Jacques Chirac (Gaullist) in the second run-off.

Opinion polls have made predictions that Sarkozy is going to be ousted from Palais d'Élysée.

He will get 44% votes as against Hollande's 54%. France is probably getting ready to say "Adieu" to Nicolas Sarkozy, the sixth president of the Fifth Republic. Two days before the first round Sarkozy, battling for political survival, told his supporters that the moment of truth had come.

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The writer is a former ambassador and secretary.

## Oil's Big Brothers

C.S. SUNDARESAN

WITH the Argentine President Cristina Fernandez proposing for the nationalisation of YPF oil company (currently in control of Spain's Repsol), the global oil industry has been trying to absorb another shock in the political economy of oil markets. The Repsol reportedly represents 42% of its total reserves in YPF with an estimated 2.1 billion barrels of crude. It is definitely detrimental for the company to define its future operations. However, the reason given for the nationalisation move is that the company failed to keep its promise and the country had to spend more than \$3 billion to import gas and petroleum products. The presidential proposal therefore declares that the exploration and exploitation of hydrocarbons is of national public interest, and building up the nation's capacity is the priority.

Argentina is an oil-rich country, after a series of discoveries, and perhaps the only one which doesn't control its own oil resources yet. In recent years, the country has gone from being a net exporter of oil to a net importer of energy, pulling the trade and fiscal balance into deficit. This reflects the mistrust between the state and the oil companies and the political economy of managing the vital natural resource. This has been debated in the context of growing state capitalism in a globalised environment.

Of the proven world oil reserves of 1,148 billion barrels, around 77% are currently under the management and control of the National Oil companies (NOC) with no equity participation by foreign or international oil companies. Accordingly these national oil giants hold the largest share of the global oil industry. Almost all the oil-producing countries have moved to nationalise their vital natural resource, particularly after the two international oil shocks (1973 and 1979) until which the international oil companies (IOC) dominated the world oil industry and markets. Perhaps the two oil shocks have changed much of the political economy linkages and equations in the contemporary world.

The international private oil companies have lived through a successful regime of differential rent seeking after the discovery of Middle-East oil reserves. The pattern of differential rent seeking was brought about by the powerful group of IOCs popularly known as the "seven sisters."

(SOCAL), Gulf Oil, Texaco (currently Chevron), Royal Dutch Shell and Anglo-Persian Oil Company (currently BP).

Before the first oil shock these companies controlled 85% of the world's oil reserves. This group, however, faced competition from one another for shares of the global oil markets as well as retaining control over oil reserves. This competition eventually turned into price wars, which caused much damage to the national economies of oil producing as well as oil importing countries, arising out of market volatilities from time to time. After the First World War, these private players resorted to a cooperative strategy against competition and accordingly they entered into three major agreements -- the Red-line agreement (1928), Achnacarry agreement (1928) and the Gulf-plus pricing system (1934).

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The golden phase of differential rent seeking and surplus profit however, could not sustain for long. When the Opec member countries agreed to cut production levels in protest against the Yom Kippur war (1973), oil, as the world's most important commodity, turned into a geo-political weapon for imposing political embargos on states and governments.

This crisis reversed the pattern of capital flows in which the oil consuming states bought ever larger volumes of cheap oil and in turn sold goods to the oil producing countries at inflationary prices. The producers realised that by unified action they could control the output levels as well as capture a much larger share of the revenue generated by the western oil companies. This led to the creation of national oil companies (nationalisation) with greater government controls. This trend eventually spread across nations for managing precious natural resources like oil and gas by state run corporations and companies, exploring more oil resources domestically, and distributing for strategic needs as well as serving the public better.

This evolution has put the seven sisters in a reverse paradigm. For instance, *The Financial Times* (Mach, 11, 2007) has identified the new seven sisters in the contemporary oil industry and described the new group as what it argued

as the most influential national oil companies based in countries outside the OECD. This list includes China National Petroleum Corporation, Gasprom (Russia), National Iranian Oil Company, Petrobraz (Brazil), PDVSA (Venezuela), Petronas (Malaysia) and Saudi Aramco (Saudi Arabia).

Having described the political economy of oil nationalisation and the dominant role of public oil companies in the international markets, the natural questions are, what are the potential risks involved with the IOCs? Will the nationalised oil companies be able to operate as efficiently as the IOCs? How will it impact the long term sustainability economically and environmentally?

In the first instance, there remains scepticism about the IOCs in meeting the strategic domestic requirements, especially when the oil companies are politically aligned. For instance, it is said that during the 1971 Indo-Pak war, the western oil companies failed to supply oil to the military. Subsequently, during the first oil shock when the western oil companies maintained supplies to the friendly states, India could not find a place in this list, which led to huge oil import bills and higher inflationary pressure in the domestic economy.

Further, from a broad perspective of external agencies managing domestic resources, the suicide of the Brazilian president in 1954, complaining that the efforts to liberate the country were hampered by foreign interests, prompted many less developed countries to get rid of external agencies in their domestic resource management of oil.

From the point of view of efficiency, there are observations against the NOCs. For instance, past studies reveal that relative to economically efficient producers, the NOCs are likely to favour excessive employment and sell oil to domestic consumers at subsidised prices. Given the focus on non-commercial objectives, NOCs are expected to under-invest in reserves and shift extraction of resources away from the future to the present. This is seen as a possibility for resource discounting from the environmental point of view. This view however, hardly holds good given the fact that one of the main allegations against Repsol has been that it failed to invest in domestic production sectors. Prioritising between economic and political objectives therefore becomes imperative for governments and NOCs to sustain the global oil industry and markets.

The writer is Ford Foundation Chair, AKRSP-India. (Views expressed are the writer's own)

## Fawzia Samad: A noteworthy woman leader

SALAM MAHMUD

THE first death anniversary of Fawzia Samad was observed on April 25. There are some people who, like the shining moon in the sky, keep the torch burning bright era after era. Fawzia Samad was such a person.

She was born on February 28, 1929 in Shillong, the then capital of Assam. Her father, late Safar Ali, was a high official in the British government. Her family came to Thigaon village under Balaganj upazila in Sylhet after retirement of her father from government service.

Fawzia Samad formed Mukul Fouj in Sylhet with consent of her brother in 1946. She led the Fouj skillfully as a director. After finishing studies, she joined Sylhet Government Girl's High School as a teacher in 1947.

The first three-day literacy conference and exhibition of Mukul Fouj was held at a high school in Sylhet under the leadership of Fawzia Samad. The name and fame of Mukul Fouj spread everywhere. Fawzia was married to M.A. Samad, a renowned insurance personality and founder of BGIC, in 1948. She came to Dhaka after her marriage.

She was the editor of monthly *Minar*, the first cultural paper of the country for juveniles in 1949. *Minar* was remarkable for giving entertainment and knowledge to children. Many leading writers of both the Bengals used to write regularly in *Minar*. Chander Haat, another organisation for juveniles, was formed centering *Minar*. Fawzia Samad led that too. Her husband M.A. Samad was its adviser.

Fawzia Samad was also famous for directing Khelaghar, a programme for juveniles broadcast by Radio Pakistan. She also directed Mohila Mahfil, a serial for women. She was the secretary of the Nari Samity, formed in Chittagong in 1953. In 1956, she was elected as a working committee member of National Awami Party led by Moulana Bhasani.

She came back to Dhaka in 1963 with her husband. She was selected the chairperson of Dhaka Ladies Club in 1973 and continued for long 38 years. She developed the club by dint of her skill and experience. She raised the remuneration for the staff of the Club. She also established Biswabina Sangeet Academy in the Club in 1974 for the expansion of our national culture. M.A. Samad retired from service in 1984 and formed BGIC, the first insurance company in the private sector, with inspiration from his wife in 1985.

Fawzia Samad established an educational institution named Kusum Koli for underprivileged children in 1985. The institution now has nine branches: two in Lalmatia, one in Rayerbazar, one in Shyamoli, one in Farmgate, two in Rampura and two in Goran.

Though the leader of the millions died at Glanicle Hospital in Singapore on April 25, 2011, she will live in the hearts of her countrymen forever. We pray to the Almighty for eternal peace of her soul.

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Fawzia Samad