

France's presidential election campaign is confirming the deep-seated caution of both main candidates. But, for all the disappointed expectations of Sarkozy as a reformer, there is still a sense that he 'gets it'.

Apr 10 2012

*In May's presidential elections, France faces a choice between the incumbent centre right candidate Nicolas Sarkozy, and the socialist, François Hollande. As the race narrows, [Maurice Fraser](#) looks at both candidates and the likely impacts their election might have on France's domestic, EU and foreign policies. Whoever wins the election and becomes president, France is certain to retain its very specific brand of exceptionalism.*



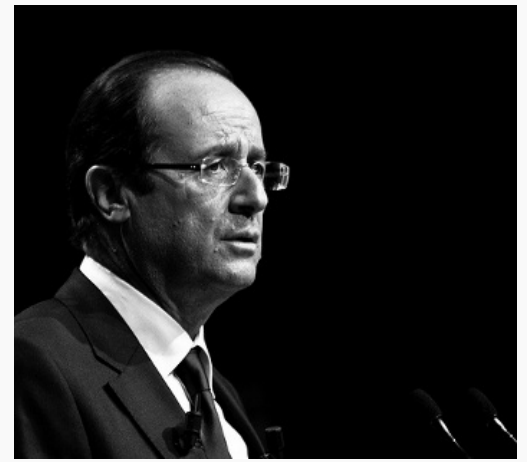
If the socialist candidate, François Hollande, is elected president in May, it's likely that, in June, French voters will give him a working majority in the National Assembly. France would then join the small handful of EU member states with a left-wing administration. But, as the polls narrow, it's now clear that that scenario is by no means a foregone conclusion: Nicolas Sarkozy acquitted himself well in the aftermath of the horrific events in Toulouse. His muscular stance on immigration and security – calling Schengen into question, promising to halve legal immigration, and deporting radical Islamists – is helping to shore up support on his right flank. And, of course, he is a formidable campaigner.

Conventional wisdom is that, after the election, the socialists (now under pressure on their left flank from [Jean-Luc Mélenchon's](#) Front de Gauche) will return from their rhetorical comfort zone of capitalism-bashing and follow a more pragmatic course. François Hollande, studiously cultivating the presidential sobriety which eluded Nicolas Sarkozy earlier in his administration, seems an unlikely [sans-culotte](#). But that said, from a liberal or Anglo-Saxon perspective the mindset of the Left still looks curiously old-fashioned, and will do little to move the terms of France's national debate in a way which will facilitate the structural reforms which the country badly needs.

The French socialist party, unlike its sister parties in Europe, remains at heart just that: a socialist party. It has not gone through the process of policy modernisation which social democratic parties have undertaken elsewhere in Europe: even if it has grudgingly made its peace with fiscal restraint and has had to accept the orthodox monetarism of the ECB, it remains deeply hostile to supply side reform and liberalisation. And, as *The Economist* [recently pointed out](#), French socialists worry far more about redistribution than wealth creation.

Hollande's programme, including a 75 % top rate of income

tax, higher taxes on wealth, dividends and companies, an increase in the minimum wage and, bizarrely, the plan partly to reverse Sarkozy's increase in the retirement age, has raised serious concerns about French competitiveness amongst the country's employers. His pledge, if elected, to renegotiate the fiscal compact of the EU25 is studiously vague (the assumption in Brussels being that he is looking for a bit more wording on growth). But on most aspects of Sarkozy's reforms, the socialist candidate is playing his cards close to his chest, while his campaign director, Pierre Moscovici, insists that the socialists are not in the business of wholesale repeal. Sarkozy's measures which would stay include France's membership of NATO's integrated military command, following its return in 2008 after a 42-year absence at the hands of President de Gaulle, though Hollande still talks of achieving a more 'balanced' relationship with the Americans.



François Hollande Credit: Philippe Moreau Chevrolet (Creative Commons BY NC ND)

But to measure the extent to which a socialist victory would mark a return to a more 'traditional' French model of [dirigisme](#) and protectionism, we need to consider Sarkozy's record as the proponent of 'rupture' with France's Jacobin past. Here the balance sheet is, at best, mixed. To be sure, he has discarded the radical liberalisation with which he persuaded a majority of French voters in 2007 to put head before heart and choose change, a pitch which earned him the nickname of 'Sarkozy the American'. Some of the rhetoric during the second half of Sarkozy's presidency - on markets and globalisation, EU competition policy, the call for a 'Buy European Act' to counter 'unfairness' in global public procurement, and the idea of an EU-wide financial transactions tax - reverts to French type in its hostility to markets and their workings.

In spite of these measures, structural unemployment and youth unemployment remain stubbornly high. Public spending accounts for a stratospheric 56% of GDP - higher than Sweden's - and its level of public debt, already 90%, is still rising. In mitigation it could be argued that any French leader would have been hard pushed singlehandedly to overturn a public mindset with three centuries of statist ancestry. But that is of scant comfort to bond markets still unconvinced about France's budgetary sustainability.

At the EU level, ambitious French ideas for EU economic governance, such as harmonisation of company taxes and labour market rules, are making little headway, their negotiability with many fiscal compact members looking highly improbable. In fact Paris has now gone quiet on the subject, preferring instead to focus on closer economic convergence with Germany where possible.

But from a liberal perspective, Sarkozy's presidency can count some

useful improvements, including the flexibility introduced into the 35 hour week, measures to cut back the bloated public sector payroll (mainly through natural wastage), fiscal incentives for SMEs to take on workers, and desperately needed autonomy for universities. But there is still much unfinished business, not least the long-term sustainability of France's national insurance fund. And Sarkozy seems to grasp the seriousness of the challenge posed by France's declining competitiveness.

No one should be surprised at Sarkozy's caution: he is, after all, a French president, and one who would like to be re-elected. And we should remember that, in the popular imagination, France's post-War narrative of economic success has been built on an active state, just as Britain's narrative of economic recovery after years of post-War decline has been built on deregulation and privatisation. Yet, for all the reservations, the view in London remains that Sarkozy, almost uniquely amongst contemporary French politicians, just about 'gets it'.

On European and foreign policy, Sarkozy has set the bar high in terms of pro-activism – something which even many of his detractors acknowledge. Of course the constitution of the Fifth Republic will always propel a French president onto the world stage, and it may be that the low-key Hollande would maintain France's high international profile. But Sarkozy's commitment to NATO and his intensification of the defence partnership with Britain, not only in the Libyan theatre but in terms of the ambitious collaboration mapped for the next few years, have given encouragement not only to Anglo-Saxons and atlanticists but also to those 'realist' pro-Europeans who know that French and British leadership are essential if the EU's fledgling common Security and Defence Policy is ever to turn into something substantial.

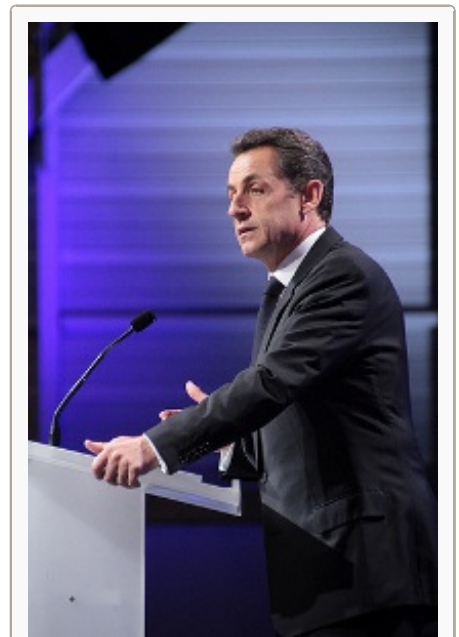
For his part, Hollande will stand by the Franco-British defence treaty, but he would almost certainly try to place it in a more 'European' framework, which could be problematic for relations with Britain. More generally, the expectation is that his EU policy would have a less intergovernmental, more federal complexion than that of Sarkozy. Here too there is the potential for disagreement between London and Paris, to say nothing of the risk of friction later this year in EU budget talks over Britain's rebate and reform of the Common Agricultural Policy, whoever becomes French president. But the self-denying ordinance which Sarkozy and Cameron have observed on the subject so far, and more generally the unprecedentedly close and effective relationship which the two countries have forged, give some grounds for optimism.

Whoever becomes president, France will retain its very specific brand of exceptionalism, where, confusingly, political rhetoric is both to the left and right of political practice. Ostensibly an artful way of conducting politics and attracting diverse political constituencies, it makes it difficult to mobilise public opinion around a coherent agenda – not least one of structural reform. It's not a quandary which will be resolved this side of the presidential elections.

[Please read our comments policy before commenting.](#)

*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

*This article is part of EUROPP's series on the French presidential elections 2012. [You can browse the entire series here.](#)*



Nicolas Sarkozy Credit: UMP  
Photos (BC NY ND)

---

## ***About the author***

### **Maurice Fraser – LSE European Institute**

Maurice Fraser is Senior Fellow in European Politics at the LSE European Institute. He was special adviser to UK Foreign Secretaries Sir Geoffrey Howe, John Major and Douglas Hurd. In 2008, he was awarded the French Legion of Honor for his service to France and Europe, with specific recognition for his service to intellectual and academic ties between France and Britain. He is also a regular broadcaster on European and international issues in the French media.



#### Related posts:

1. [Sarkozy's image as a strong leader is helping him narrow the gap with Hollande, but it will not be sufficient to balance out his poor economic record. \(11.5\)](#)
2. [European questions have intruded into the French election campaign, signalling that the next European Parliamentary elections may be the first truly European ones. \(11.5\)](#)
3. [François Hollande is by no means certain to win the French Presidential election. He may yet fall foul of France's well-known 'Frontrunner Syndrome', as Sarkozy's fightback begins \(10.8\)](#)

This entry was posted in [Elections, party politics and government across Europe](#), [French Elections 2012](#), [Maurice Fraser](#), [West Europe](#) and tagged [Economic Policy](#), [elections](#), [eu](#), [Europe](#), [France](#), [François Hollande](#), [French Elections](#), [NATO](#), [Nicolas Sarkozy](#). Bookmark the [permalink](#).

[Edit](#)