

In the face of on-going recession and deepening unemployment in France, François Hollande's commitment to deficit reduction may soon put him at odds with voters.

by Blog Admin

*In the few short months since his inauguration, French President François Hollande has seen his popularity plummet in the face of poor government cohesion and continuing economic crisis. **Jocelyn Evans** and **Gilles Ivaldi** argue that the French electorate now demands more than 'A Normal President' in the face of anaemic economic growth and high unemployment.*



In the four months since his inauguration French President François Hollande has quickly lurched from honeymoon period into cold political hangover. The new presidency has already been destabilised by confusion, political dissent within the Socialist/Green coalition, and public disagreements over policy priorities among inexperienced cabinet members. This episode of poor governmental cohesion has been followed with a rather worrying plunge in popularity polls for both the president and his prime minister.



Undoubtedly, the European economic crisis in which France finds itself has contributed significantly to these immediate pressures. However, a number of additional issues further constrain his room for manoeuvre.

Policy gestures and reform reticence

Hollande has kept a certain distance from direct involvement in domestic policy implementation. He has left Prime Minister Jean-Marc Ayrault to lead government and coordinate ministerial activity, and delimited his direct remit to the presidential domains of foreign policy and other head-of-state functions. Cynical commentators ascribed this to his desire to shield himself behind his Premier from the inevitable unpopularity of economic cuts. A more charitable interpretation is that this continued his post-Sarkozy thread of 'normality', in which he positions himself as quiet overseer of France's wellbeing and its tribune on the world stage.

The risk of such an approach is the accusation of inactivity, and worse, of prevarication. Certainly, initial policy implementation did follow Hollande's electoral promises. The SMIC – the minimum welfare income – was raised by 2%; retirement age returned to 60; 1000 new teachers, to staff classes in primary schools and provide broader support for pupils with special needs, were delivered; and, after an embarrassing censure by the Constitutional Council over the legislative means of implementing the change, ministerial salaries were reduced by 30%. However, the policies necessary to address the two structural problems – a high budget deficit and unemployment – have not yet appeared.

Any room for manoeuvre?



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

Those who voted for Hollande in May 2012 expected to see a fundamental change in the French economy and society, and soon. However, the question remains 'how'? In the flurry of overseas visits which followed Hollande's election, he managed to win a commitment from Germany's Chancellor Angela Merkel to support the inclusion of a paragraph on growth in the European Treaty on Stability, Coordination and Governance. But this has not diluted the original commitments to limiting state spending – a fact pounced upon by Jean-Luc Mélenchon and the radical left, and closer to home, one of a number of issues that may see the majority of Greens, currently in coalition with the Socialists, and possibly some members of Hollande's own party vote against its ratification in the legislature. The spectre of the party's political debacle in the 2005 referendum on the European Constitutional Treaty has returned to haunt French socialists.

Similar obstacles have hampered the small but symbolic resolution to freeze petrol prices. In the initial post-election period, the policy was reasonably mothballed given that petrol prices were falling. However, as the cost of oil to France reaches record levels, the Financial Ministry at the Quai de Bercy is now 'examining' how this may be possible – an examination that may ultimately prove futile, according to critics of the proposal who point to the lack of influence the French state can have over oil prices, short of crippling expenditure to offset international market rates. More generally, there seems to be very little leeway for the traditional Keynesian demand-side economics that are in the ideological DNA of the left in France.

Actions to speak louder than words

The French Socialists thus face a dilemma. Living up to their promises will require some form of deficit reduction or revenue raising. Both Hollande and Ayrault have repeated their commitment to reducing the deficit by 3% by 2013. Moreover, any cuts in spending are likely to exacerbate unemployment further – a dynamic which would provide powerful ammunition to the Right opposition, as well as dissenting left-wingers. Promised growth, in the face of continued recession, is difficult to envisage. But as commentators from across the political spectrum call for a powerful voice to take charge of the country's destiny, a self-effacing, 'normal' and modest presence will not do the trick. Hollande cannot politically afford to be seen as leaden-footed in driving change and reform.

Evidently the message has reached both the Matignon and the Elysée. Accusations of inaction have spurred Ayrault to present a precise calendar of reform for ministers to implement upon their return from the summer recess.

In recent latest TV appearances, Hollande has also showed determination to take the helm more firmly. Last week's budget will lead to unprecedented budgetary cuts of about 30 billion euros, important fiscal reforms – including the controversial 75% tax on the highest incomes despite fears of growing numbers of tax exiles among France's Fortune 500 – as well as greater labour market flexibility to improve the country's competitiveness. Despite presidential assertions that fiscal reform will be embedded in social justice, disastrous polls already show that the French are not prepared to wait around to see tangible economic outcomes.

Faced with anaemic economic growth and unemployment above the symbolic three-million threshold, the government might well be heading for another winter of public discontent. Whilst there would still be the possibility of using a change in Prime Minister as a "political fuse" a few months from now, the recent Sarkozy-like and more bossy attitude adopted by Hollande incontestably puts him in the frontline for future disgruntled voters.

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