

François Hollande can recover only if he spells out a more ambitious vision and delivers on reforms

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One year on from his election to the French Presidency, François Hollande now faces criticism from all corners over his handling of the economy and apparent failures to address France's structural weaknesses. [Renaud Thillaye](#) writes that while some of these criticisms are misplaced, Hollande must nevertheless work hard to spell out a clear vision of how France can match growth with social justice, while reconciling necessary structural reforms with the values of the left.



The recent celebration of the first anniversary of François Hollande's election has come across as a nightmare for the French president. His government is caught in a spiral of skyfalling ratings, dismal economic results and mounting pressure from Brussels and Berlin. On Wednesday May 15th France officially slipped into recession; on the same day Hollande visited the European Commission, a coincidence that sounded like a double admission of weakness. The change he promised for France one year ago has not happened, and he is no longer seen as the flag bearer for a different Europe.

Is that to say that the successor of Nicolas Sarkozy has had it all wrong for one year and has not yet drawn any lessons from this failure? Are depictions of him as a poor leader justified?

Hollande's biggest mistake might have been to trumpet the return of growth during the presidential campaign, and to conceal the need for reforms behind a mere commitment to fiscal discipline. By doing so, candidate Hollande did not engage with French voters about the profound imbalances that have crippled the country's performance for more than a decade.

As I argue in my extensive [Policy Network study](#), France has been suffering from five structural weaknesses, which the financial and debt crises have only exacerbated: falling competitiveness, unsustainable public spending, labour market polarisation, low social mobility and a general lack of trust. For fear of political storms, governments have taken the (bad) habit of addressing these problems on a piece-meal basis. Although it would be unfair to say that nothing has changed in France for 15 years, policy-making has often only brought about greater complexity with limited impact on structural problems.



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A careful look at what Hollande has been doing during his first year in office, however, shows that part of the criticism against him is misplaced. Significant decisions and reforms have been undertaken. Firstly, the competitiveness gap was addressed by a large tax credit on social contributions expected to bring down labour costs. Secondly, the Parliament endorsed an agreement crafted by social partners for a labour market reform that will give companies more flexibility and more incentives to create permanent jobs. Thirdly, the education reform seeks to address entrenched school inequalities and to improve pupils' performance. Finally, a public investment bank is now operational and will support SMEs and cutting-edge sectors at a moment when private banks are giving priority to improving their balance sheets.

Of course, this can be seen as a slow start and Hollande's reformism comes across as somewhat improvised and difficult to read. Further decisions have been announced such as a new pension reform and welfare spending rationalisation, while the government is firmly committed to prioritising education and investment. These moves are likely to be opposed by conservative trade unions and radical groups and parties standing to the left of the PS. Nevertheless, neither Jean-Luc Mélenchon, nor the centre-right UMP offer a credible alternative at the moment. The political pressure comes rather from Marine Le Pen, who would eliminate Hollande and qualify for the second round if the presidential election took place today, a traumatising scenario which the French Left experienced in 2002.

As I argue in my [paper](#), Hollande should seize the opportunity to spell out a clearer and bolder vision of how France will match economic prosperity with social justice in the 21st century. This vision should translate in a reform of the French social model, which should not be seen as a concession to financial markets or external pressures, but rather as a way to advance social justice in a globalised economy.

From an insurance system relying on social contributions paid by employers and employees, the French social model has evolved into a mixed regime also relying on taxes and disbursing universal benefits. This development made it possible to cover new social risks such as poverty, long-term joblessness, and the loss of autonomy. Yet, the burden of social protection is still overwhelmingly borne by the business sector, and benefits do not always go to those most in need. Shifting resolutely the financing of the welfare state from contributions to taxes, and capping the level of pensions, family and unemployment benefits for high-earners, would both reduce labour costs and respond to criteria of fairness.

For this transition to succeed, Hollande probably needs to step-up his crisis-mode communication and to streamline governmental work along strategic priorities. Arguably, the left-wing majority spent too much political capital on – given the context – secondary issues such as same-sex marriage. The president should explain how France will be able to cope with globalisation and European integration in the next decades, while upholding living standards and a strong sense of social justice. He must convince that structural reforms and left-wing values can be reconciled. This requires taking on vested interests in his electorate, hence distributional conflicts are set to heat up. Yet, this approach is the only way to confront widespread anxiety about the country's predicament and to combat the image of a "directionless muddler".

Good news recently came from Brussels and might give him a hand. The two additional years granted by EU Commissioner Rehn to reach the three percent deficit target sounded like a victory for a Hollande, who relentlessly repeated that fiscal consolidation without growth was like pouring water in a leaking bucket. Nevertheless, this concession came with conditions of reforms. Only if he succeeds will credibility and trust return, not only in France but at an EU level. His proposals for a reoriented Europe, paying more attention to social imbalances and fixing the design flaws of the Eurozone, will be taken more seriously only if he is convincing that he can steer his country out of a depressive spiral.

Readers may be interested in the upcoming LSE Event, 'France's place in Europe – One year into the Socialist Presidency' on 5 June with Jean-François Copé. [Click here for more information.](#)

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

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