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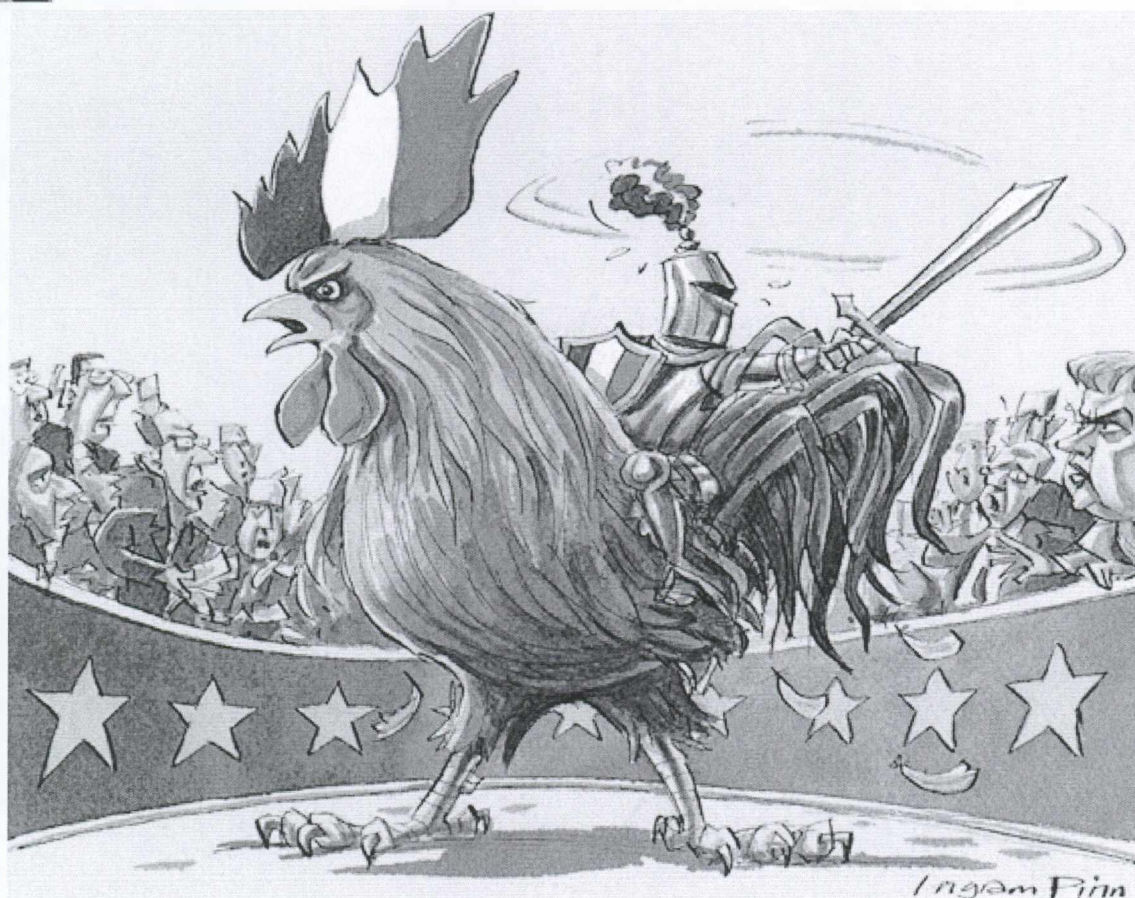
April 23, 2012 6:12 pm

France votes to throw down the gauntlet to Europe

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By Gideon Rachman



The battle for France has a couple of weeks to run. After that, the battle for Europe will begin. Both Nicolas Sarkozy and his challenger in the French presidential election, François Hollande, are promising to save the “French exception” by radically changing the direction of the European Union.

Most of France’s European partners are inclined to dismiss the two candidates’ rhetoric as cynical sloganeering, as they gear up for the final round of voting on May 6. It is assumed that, at the conference table in Brussels, France will be “reasonable”. But that is complacent. In Sunday’s first round of voting, the far right and far left scooped up about one-third of the votes. This election has already revealed a deep French anxiety about globalisation, austerity and national identity to which all the candidates pandered to. That will be reflected in France’s behaviour in Europe.

In 30 years of following French presidential races, I have never seen one played out against such a background of foreboding and anxiety. The French know that their cherished social model –

with its excellent infrastructure, healthcare and pensions – has been built upon an unsustainable mountain of debt. For years that was an abstract problem. But now the EU economic crisis is threatening to bring the good times to an end.

France feels surrounded. To the south is the debt-driven austerity and social upheaval of Greece, Spain and Italy. To the north and west are the Anglo-Saxon markets of Wall Street and the City. To the east are the implacable Germans insisting on their new fiscal pact, which promises to make austerity a legal obligation.

Both the surviving candidates are promising to defend the French social model, by going on the offensive in Europe.

The kinds of changes that the two contenders would demand are slightly different. Speaking just after the first round, Mr Sarkozy promised to “protect the French way of life”. Specifically, he pledged to tighten border controls, limit immigration and promote a “buy Europe” policy. In EU terms that could translate into a push for trade protectionism and for a renegotiation of the Schengen treaty on free movement of people. After decades in which Europe has concentrated on ripping down barriers to trade and people, Mr Sarkozy wants to start reconstructing them.

The demands of Mr Hollande, the likely winner on May 6, would be even more problematic for his European partners. He has promised to lead the fight against austerity in Europe – and to reorient the EU towards growth. Who could object to growth? But Mr Hollande will do more than demand a rhetorical commitment in the new EU fiscal treaty. He is likely to want to change the statutes of the European Central Bank – an idea Mr Sarkozy is also flirting with – which will cause a neuralgic reaction in Germany. Mr Hollande has also promised to reduce France’s deficit, while promoting Europe-wide spending on infrastructure. That can mean only one thing: Germany pays, an idea that will get a frosty reception in Berlin.

The obvious risk is that, in the midst of a financial crisis, the markets will not indulge yet another European treaty renegotiation. But Mr Hollande’s reaction is to shriek defiance. At a rally in Bordeaux last Thursday night, I heard him roar: “The French are a free people, who will not allow their future to be determined by the pressure of markets or finance.” Which is all very well, unless you need to borrow billions from those vile markets to meet your campaign promises, such as the creation of 60,000 new jobs for teachers (a key constituency for the Socialist party.)

In classing the markets as a threat to freedom, Mr Hollande is echoing the rhetoric of the far-left candidate Jean-Luc Mélenchon, whose rallies were punctuated by chants of “Résistance” – a deliberate linking of the second world war with a rejection of the market. Mr Hollande also cited the French resistance as a moral and intellectual inspiration.

But while it may be electorally shrewd and emotionally satisfying to conflate German tanks and foreign banks, the threats are, of course, rather different. The bankers are not threatening to invade. It is simply possible that, under the circumstances, they might think twice about lending to France.

Unfortunately, the economic and financial crisis has made the French debate less coherent. In 2007 Mr Sarkozy was happy to point out that France had some of the highest taxes and state spending in the world and to campaign on a platform of encouraging business. His zeal for economic liberalisation even earned him the nickname "Sarko the American". But the financial crisis seems to have confirmed all the most deeply rooted French prejudices about the savagery of markets, and the need for the civilising influence of the state. All the candidates, from the extreme left to the extreme right, campaigned against financial markets and in favour of even higher taxes on the rich.

While the candidates emphasised their differences, what was most striking as an outsider was how similar they all were: with their attacks on globalisation and on finance, their praise of the French social model, their lists of glorious episodes from French history and their insistence that France was not just any old country, but a model for the world.

The French exception is clearly alive. But it does not seem to be very well. That could soon become a problem for Europe as a whole.

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