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Leaders put not so cordial entente to the test

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By George Parker and James Blitz in London

When François Hollande came to London in March he attempted to reassure those who feared he posed a threat to Anglo-Saxon financial capitalism and the City. “No, I am not dangerous,” he said.

David Cameron will have to take him at his word. The British prime minister refused to meet the Socialist candidate on his visit to London, while William Hague, the foreign secretary, and David Lidington, the Europe minister, have not met him either.

A victory by Mr Hollande would open a new era of relations between Europe’s two main military allies, but the diplomatic journey has had an inauspicious beginning.

Mr Cameron endorsed Nicolas Sarkozy’s candidature and believes that Mr Hollande could introduce new uncertainty into the heart of the eurozone, act as an obstacle to European economic reform and try to tie the City up in red tape.

“Cameron thinks a Hollande victory would be bad news because it will make the eurozone crisis worse,” said one British minister on Thursday. “But there is a counter-argument that this could be good news for us: ‘This is what happens if you elect a geeky Socialist’ – especially if there is a re-run of François Mitterrand’s government.”

The comment is a reference to comparisons between Mr Hollande and Ed Miliband, Britain’s opposition Labour leader, who is often seen as uncharismatic and also backs the French Socialist’s rejection of fierce austerity.

If a President Hollande was successful in turning the European economic debate in favour of aggressive growth policies, the pro-austerity Mr Cameron could be hit by the backwash.

If he makes it to the Elysée and his leftwing policies run into market turbulence and become subject to a U-turn – as Mitterrand’s did in the early 1980s – Mr Cameron will have his proof that socialism does not provide the answer.

Although the mood music has been bad, both British and French officials have been frantically trying in recent weeks to build bridges between Mr Cameron’s administration and a possible Hollande administration.

They insist that military co-operation, which worked well during the Libya crisis, will continue, although Mr Hollande's plan to withdraw French troops by the end of 2012 will cause strains with the UK and the US.

British ministers have also won assurances that Mr Hollande's plan to reduce France's dependence on nuclear power will not prevent French technology and cash being put to use in Britain's nuclear renaissance.

British officials believe the markets will constrain any French attempts to scale back fiscal consolidation dramatically, while there is a view on both sides that Mr Hollande is unlikely in practical terms to prove any more destructive to British financial services than President Sarkozy or Michel Barnier, the EU internal market commissioner.

"It all depends on whether Hollande really means all he says, or whether he intends to 'talk left but steer middle'," said one senior British official. "That applies to the economy and the EU as much as security."

Whatever the policy differences, diplomats believe that British and French leaders are forced by circumstance to forge a working relationship even if – in the case of Mr Cameron and a potential President Hollande – it is from a standing start.

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