

# BULLETIN

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## France's G20/G8 Presidency: Impact on President Sarkozy's Foreign and Domestic Image

by Jakub Kumoch and Marcin Menkes

*French president Nicolas Sarkozy, who is about to push his ambitious G20/G8 agenda and pledges an attempt to reshuffle the world economic order, will try to portray France and himself as compassionate opponents of the global economic imbalance. His strategy, based on winning both international and domestic support, while involving his potential counter-candidate, Dominique Strauss-Kahn, in a risky debate, can bring some results, but also bears the risk of confrontation between France and the European Commission. The latter is ready for a "stress test" with this crucial EU member state.*

The program of the French G20 presidency, due to begin in November 2010, was announced in August. At a meeting with French ambassadors, President Sarkozy outlined three major points, calling for the establishment of a new international monetary order, an extension of the monitoring of commodity markets and the reformation of international economic governance.

Certain proposals, announced in rather general terms, were immediately endorsed by some of France's EU partners, notably by German Chancellor Angela Merkel and by external actors, such as China, who in turn seemed tempted by Sarkozy's idea of including Beijing in a new "framework for consultations about exchange rates".

The French role in launching a new debate about the global economic structure is enhanced by the fact that Paris takes over the Group of Eight presidency at almost the same time as it does the G20 presidency, the culmination being the summit of the G8 in Nice next year. The weaker side of the French agenda is that the majority of French partners rather perceive Sarkozy's plans as a part of a domestic political standoff in France

**Reform of the Global Economic Order.** Sarkozy is portraying his efforts as a major breakthrough in the postwar global economic order. Yet, the ideas presented are neither entirely new nor entirely French, while the realization thereof seems unlikely. For example, whereas reform of the IMF's governance model has been achieved just a few days before the launch of the French G20 presidency, prospects for reaching an agreement on coordination constitute a major challenge.

Sarkozy's re-launch of the debate about reform of the monetary order is founded upon three principle ideas: a strengthening of crisis-management tools, a critical analysis of the U.S. dollar's domination over the international monetary system, and a seeking of visible coordination improvements between national economic and monetary policies. As revealed at the Gyeongju meeting, where states adopted an agenda for the G20 summit in Seoul, prospects for compromise are vague.

**Domestic Aspects.** Political consequences are much easier to achieve. Sarkozy seems to turn his back on his original free-market discourse style and comes out as a defender of economically less-developed parts of the world. Also his rhetoric, such as blaming financial market speculation for higher prices for raw materials in poorer countries, resembles slogans used by some in left-wing circles. This can lead to the conclusion that the president tries to use his international position to address his national image. In these circumstances, Sarkozy seems to seek two major domestic goals: First, to secure political safety on the right side of the French political scene and, second, to try to get rid of his most dangerous Socialist rival, Dominique Strauss-Kahn.

Among right-wing voters, Sarkozy will tend to create an image of a politician who has managed to increase French influence worldwide, and thus limit space for any strong right-wing counter-candidate, such as Sarkozy's bitter political rival, former Prime Minister Dominique de Villepin, an outspoken critic of Sarkozy who is making his way back to the right-wing mainstream of French politics. De Villepin, associated among others with French opposition to the US invasion of Iraq in 2003, will lose a huge part of his natural support base if Sarkozy manages to present himself to the public as an equally strong opponent of the "U.S.-dominated" global economic order.

Yet, the real battle is about limiting the presidential chances of Sarkozy's most dangerous rival, Socialist and current IMF Managing Director Strauss-Kahn. According to the latest surveys, it's the former academic and veteran of French politics who — with 61 percent support — poses a much greater danger to the incumbent head of state than other important Socialist politicians. Strauss-Kahn's centrist and technocratic views, although a clear advantage in the presidential elections, are, however, a certain weakness in the Socialist primaries due in November 2011. Many party members are reluctant to vote for a presidential candidate who, from an economic point of view, seems to have embraced many monetarist ideas and is associated with the IMF, a symbol for many of a global neoliberal order. Therefore Sarkozy may tend to provoke some tensions between the G20/G8 presidencies and IMF management to portray Strauss-Kahn as a neoliberal defender of the current global economic structure, and thus may limit his chances to win the support of the leftist-leaning Socialist Party voting base. The first secretary of that party, Martine Aubry, and particularly Ségolène Royal, Sarkozy's challenger in the last presidential elections, are perceived to be less difficult rivals for the incumbent president. All scenarios described above may vary, according to the surveys, as both the candidacies of Strauss-Kahn and, to a much greater extent, de Villepin remain unclear.

Another domestic aspect may be very important in the near future. According to French media, the president decided to exclude his foreign minister Bernard Kouchner from any major decisions shaping the future of the G20/G8 presidency and instead gave the tasks to his secretary general, Claude Guéant, and a key diplomatic aide, Bernard Levitte, who are on tense terms with the minister, in a move that preceded Kouchner's dismissal. The latter clearly marks the end of Sarkozy's *ouverture*, a successful move since 2007 to bring several leftist politicians into his political camp.

**Unpredictable Consequences for France's EU Policy.** While it is generally expected that Sarkozy will get a "global platform" to launch his ideas and increase his international role, the European Commission seems to be the most concerned actor so far. Some EC representatives already have labeled the incoming French G20 presidency as a "stress test" for both sides. They usually focus on the French domestic aspect of the presidency mentioned above and indicate a certain "unpredictability" to the ambitious French leader who is fighting for his political future, who seems to be eager to deal with Russia and China directly to win support for his agenda and whose plans on the international stage depend mostly on his domestic position.