

Is the French Body Politic Broken?

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Emma Jane Kirby

Thank you very much for coming to this event. Let me introduce myself, I'm Emma Jane Kirby. I'm the former Europe correspondent for the BBC, former Paris correspondent as well. I now work for BBC Radio 4's *World at One* and *PM* programmes.

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Let me introduce the panel. Philippe Marlière is professor of French and European politics at University College London. In 2012, when I interviewed him just shortly after President Hollande had been elected, he said this to me: 'François Hollande is an able politician but an unproven statesman. He can only disappoint'.

Maurice Fraser is head of the European Institute at the London School of Economics and professor of practice in European politics. He's also an associate fellow of the European Programme here at Chatham House.

Gaspard Koenig is the former speechwriter for Christine Lagarde, when she was France's finance minister. He's now director of the liberal think-tank GenerationLibre. The last time we met was last year and he told me that after studying philosophy in France for six or seven years, it was only when he moved to America that he heard the word 'liberalism' in the classroom for the first time.

Agnès Poirier is a journalist, a writer and a broadcaster. She's the UK editor of the French political weekly magazine *Marianne*. She regularly writes for the *Guardian* and the *Times*, and she's a very familiar face on the BBC and a familiar voice as well on the BBC. Some years ago – in fact, many years ago, probably ten years ago – we were standing in the rain together after some small elections, and she said to me: 'Just look at what the right have done. Watch the right closely. Never underestimate the rise of the far right'.

That's our panel. Philippe Marlière, I believe you're going to start us off.

Philippe Marlière

Thank you very much. Good evening, everyone, and thank you very much. I'd like to thank Chatham House for their invitation. I have a very limited amount of time to address a very serious, very important issue, which is essentially what has been going wrong in France, in terms of politically, also from an institutional point of view.

I think I'll start by addressing a question which is not typically French, which clearly revolves around the issue of democracy – the lack of it, the democracy deficit. I would even say the denial of democracy. I think if you really want to understand the short sequence of the past ten years, what has been going on – notably, if you want to understand why mainstream parties have been losing votes and also explain the rise of fringe parties on the extreme, notably the National Front – I think you have to start from there. So I understand it's an issue which you will encounter in most, if not all, European countries, but of course I'm going to concentrate on the French situation and look at the French responses, and in my view also say why those responses are not totally pertinent.

I think the whole issue is really how to explain why people vote less and less, why do people abstain more and more. Again, that's not simply a French matter, but that has been the case in France. Greece recently elected a government which comes from the radical left. If there was to be an important change in France in the next few months or years, I think some people in France would bet, would put their money on a

victory of the far right. I think such is the difference in terms of radicalization: in some European countries it is on the left, in France it is clearly on the right.

Denial of democracy – what do I mean by it? I simply mean that mainstream political parties and governments – centre-left, centre-right – when they're in office, clearly carry out policies which do not seem to answer the expectations of the majority of the population. That creates a gap between expectations and what governments do. There is a problem of political offer, and essentially the problem with the incumbent government, the Socialists, is that they have made or not made a number of promises in the run-up to the presidential election in 2012 which didn't really keep, which broke instantly. I think you probably remember the main one, where he had promised to renegotiate with his European partners the European Stability Pact, and two days into his presidency he went to Berlin, met with Angela Merkel and didn't do such a thing at all. On the contrary, he said: that's fine, we will certainly not revise a treaty. I think that was two days into his presidency, an important turning point, and he hasn't recovered from it, to be fair.

Ten years ago, there was a referendum in France on the European constitutional treaty, which the French rejected by a large majority: 55 per cent of the French rejected that treaty, after a very long campaign, very politicized. It's not accurate to say that the French didn't know what they were voting for. I think on the whole there was a really sustained campaign of information. People knew what they were doing. They just basically rejected it on the whole because they didn't like the kind of Europe that was set in stone in that treaty – a Europe essentially that the French, a majority of them, would say of free market, deregulation, privatization. Not the kind of Europe that was promising more economic growth or more jobs. That's really the starting point of French Euroscepticism. Of course, one talks about Euroscepticism in this country, but there is now one in France which is gaining momentum, which you find not only on the far right but across the board, through the centre and also on the left today – including in the governing party, where you have sections of the party which clearly are deeply dissatisfied with the course of action, with the shift of Europe at the moment.

How is such a denial of democracy possible? This is a big schematic but I think, like in Britain, the electoral system and the institutions make it possible for any government not to respect its promises, not to essentially do things which they were committed to do. In Britain you have the 'first past the post' electoral system, which makes it very difficult for smaller parties to have any gains in parliament. In France it's the powers of the executive, notably the president – the president can virtually do anything that he is (or she is) to a large extent politically responsible. We saw it, just an example – the claim that the European Stability Pact would be revised, and just a man deciding not to do so. There was no debate in France, and that was it.

At the moment, there is a very controversial law, the so-called Macron law. The government used an article of the constitution, Article 49.3, which essentially the government pledged its responsibility before the House, and if the opposition doesn't put forward a motion of no confidence and votes on it – which in fact it has no chance of winning, because it is in the minority – then the bill will pass without any discussion whatsoever. That's what they did on one of the most controversial, opposed laws in France – not only by the opposition, but opposition came from within the ranks of the Socialist Party. So that's another major problem.

There is also all the types of weakness. I have to be very quick. The media, let's talk about the media. I think the French media are not doing too well. It's no surprise that what has been really successful in the past years in France is the sort of online publications, notably a publication called *Mediapart*, if you've heard of it. It's run by a former vice-director of *Le Monde* newspaper. Very successful, because that

publication was one which talked first and revealed affairs of corruption in the French system which have been involving the former president, Sarkozy, or which revealed also a case of a Socialist minister which had hidden bank accounts in several countries, one in Switzerland – Jérôme Cahuzac – which led to his resignation. So that's really one other problem, the French [indiscernible] remains very slow and wary of judging politicians.

Two points quickly. I think there is clearly, as a result of a sort of shift in the main parties, with the Socialist Party toward the centre on economic issues, there's been a kind of political void which has played into the hand of one party notably, the National Front. That in turn has led to what I would call the racialization of French politics. A lot of talks in France revolve around issues of racial issues, immigration, the fear or the so-called threat of Islam, Islamophobia. This is really the heart of the debate. I would say the mainstream politicians are largely guilty of that because in their speeches – I can give you later on in our discussion examples of that – in the Socialist Party and the UMP, they have been feeding this sort of rhetoric.

So what is to be done? I think clearly the institutions of the Fifth Republic have come to an end. They were fine until probably politicians were behaving more responsibly. There was less transparency in terms of media projection. But today they don't work anymore. I think they would need to replace them with a more parliamentary, collegial and accountable regime. I think I should leave it there because I've been too long. Thank you.

Maurice Fraser

Thank you very much. I've been given the task of saying something about France's relationship with the European Union. There are few more fraught and problematic – and entertaining, at times – relationships in Europe than that between France and the European Union.

I happen to believe that there is actually now a real opportunity for France to regain some of its earlier leadership role. That sounds counterintuitive given France's economic travails at the moment, but I think it's not inconceivable. My premise throughout is that what is good for France is good for the EU.

As we all know, France has always seen the EU as an economic instrument to secure political power and leadership in Europe, to offset German economic primacy. The French analysis has always been that as night follows day, economic power will always over time translate into political power. They think we British are rather naïve and not really understanding this fundamental relationship between economic strength and political strength. Anyway, that analysis is what led France to lead the original drive for the European Economic Community and then for economic and monetary union. Who can say, after the shift we have seen towards Germany – the power shift we've seen towards Germany in the European Union – that the French were wrong in their analysis? But having said that, who in France (or anywhere, for that matter) would have predicted that the economic project which was intended to constrain German power – the single currency – should have precisely the opposite effect of placing Germany in the EU's driver seat? A savage irony, one might say; 'hoist by their own petard', cynics might say.

But in France's defence, some might say that the attempt to take politics out of EMU, which is what the Germans insisted on as the price of their acceptance of monetary union – that that attempt to take politics out of the European Union was bound to produce a political bite-back. That was always the French argument at the time of Maastricht, because the French foresaw a situation in which in the eyes of many, the European Union could start to run too restrictive a monetary and too restrictive a fiscal policy. Some commentators are saying now that the bite-back is what we're seeing in the various anti-austerity street

movements in Europe and also the rise of some of the populist parties, particularly on the far right (but by no means exclusively on the far right).

France has always been deeply conflicted about the European Union. Famously, we can think of de Gaulle's hostility to the supranational ambitions of the European Commission. Unless France felt that it had real control over the Commission's agenda, it was deeply suspicious of it. It did for a while under Jacques Delors, of course, but that didn't last all that long. The French have always been jealous about guarding the prerogatives of the member states, just as the British have been. There's a lot of affinities, in fact, between these two proud and ancient and rather arrogant nation-states in their European policy.

Of course, France was never in love with the European project as such, apart from a relatively small – well, not an insignificant number, but a proportion of its centrist, mostly originally Christian Democratic politicians from the Fourth Republic, until perhaps the 1980s. There are still a few people in France, politicians, *qui se réclame de cette tradition*, but it's not a majority one. The key thing about French EU policy, as we've known for the last 40 years, is that whilst never being in love with the European project as such, it has played a brilliant hand of rhetoric, dressing up its ruthlessly clear-sighted pursuit of its national interest in the language of European construction.

It was a masterly strategy but it was to come apart under several pressures. First of all, the collapse of communism and the existential growth of the EU's membership into a herd of cats which could not be herded, and certainly not by France. Second, there was the fact that there was a second new element impinging and encroaching on French power: a strong resistance from the newcomers, along with the British and several of the north European member states, to the idea of the European Union as a bulwark against countries exploiting their competitive advantage, or engaging in what the French call social dumping. The history of the EU, I would suggest, is a history of France slowly coming to terms with the fact that the EU is and always has been an economically liberal body, and the EU Commission accurately represents the views of the majority of EU governments, who are basically receptive and friendly towards markets and toward broader processes of globalization.

With hindsight, the dilution of the Services Directive by the French in 2006 and the rejection of the EU constitution by French voters a year before in 2005, those events can be seen as the last rear-guard action of France before its final acceptance that the EU is not the French socioeconomic model writ large, nor is the EU on the trajectory towards the economic union which France has always championed. I won't bore you with looking at all the measures of that, but there are a few things that do jump out. It's been clear for some years now that the idea of an EU industrial policy, which was for long championed by the French, is off the agenda. So is the idea of an economic union with harmonized company taxes, harmonized labour market regulations – these kinds of ideas which used to bubble up from the French, particularly in the 1990s and early 2000s, there has been no buy-in for these ideas from Berlin at all, and the French have quietly dropped them.

But these ideological divides over the nature of EU integration are increasingly a matter of history. France still finds it deeply annoying to be lectured by the EU Commission on its budget deficit but it lives with it now. Even in economics, I would suggest France and the EU can now move on. The French accept that competitiveness must be at the centre of the EU's agenda, that the single market needs to be completed – including in services. The French government's mind now is that liberalization of services is something that Europe needs, along with the completion of the single market and the digital economy, for example, and energy and so on. Of course, as we've seen in Manuel Valls' government and particularly from Emmanuel Macron, who accept the urgency of structural reform and the need to address France's economic under-performance.

Rarely has the reality of EU interdependence been so stark. Can we imagine a serious eurozone – indeed, EU – recovery without French recovery? Of course not. Can the EU function without the fabled Franco-German motor? Yes, it can – of course it can. It's desirable that the EU should have two of its strongest powers – and economic powers, as well – pulling in the same direction. Of course it will remain the case that any agreement at EU level will require the French and the Germans to agree to it, simply in order for it to happen. So nothing changes there.

But more ambitiously, and this is my final point: there is an area where I would suggest the French sharing leadership but engaged in stepping up to the plate of leadership is absolutely essential for Europe and the wider world, and that is in the international effort to build a safer world, and therefore a better world. The conditions are there. The French have, not before time, buried the hatchet with the United States post the Iraq standoff. The reintegration into NATO's integrated military command in 2008 was a poignant moment for any of us, but seeing France fully rejoin the Western family was a very significant moment. The political will is also there, I believe, to make a difference actually through interventions – we have seen in the Maghreb – supported by Britain.

So the key elements are now there and we should welcome France's determination to be an effective global actor, commensurate with its UN Security Council status and its nuclear status. That happens to be the British default position as well, to want to be an effective global actor. Now, at last, I think we can see the prospect of the EU playing the role of a serious partner for the United States, not as a rival trying to define itself against the United States – which of course was a rather self-indulgent flirtation of the French at various times, which I think has now been laid to rest, thank god. But certainly in a world of the Islamic State, a world of President Putin, that must be our priority as Europeans – that concerted European security and defence effort with our American allies. Because a world in which the UK, France and the United States do not work together as one is a world which is, to my mind, too horrific to contemplate.

So bring on the Franco-British motor. I think the conditions are now there. The old ghosts have now been rested in France's relationship with the European Union and that's good news for Europe as a whole.

Gaspard Koenig

Thank you for inviting me here. I would just like to draw on the point that Philippe made earlier on, on the Front National, and just clarify for a British audience: the Front National is not a far-right party now, it is a far-left party. It is National Socialist in the true sense of the term: it's nationalist on one side; on the other, it argues in favour of regulating prices, nationalizing banks. It's written in their programme, which people should carefully read. They want to expand the public services, because apparently it's too small in France. So you see the line they are taking. They are a real threat for the country in this respect. They are well organized. You see more and more people from the traditional elite drifting toward the FN and joining their ranks, so it's a serious concern for all of us.

To me – of course, I have an ideological interest in it, but what's the problem of France? The problem is just the lack of liberty in the civil sphere, in the political sphere, as well as in the economic sphere. For once, I will try to substantiate my claim with a few facts. I take a few international rankings. Democracy Index, done by the *Economist*: France is 28th on the list. Doing Business Report from the World Bank: France is 38th. Index of Economic Freedom from the Heritage Foundation: we are at the 70th rank. World Press Freedom Index from Reporters Without Borders – so liberty of the press and media in France: we are ranked 39th.

So we can contest each of those rankings but clearly there is a problem. The problem is that we have been living through 30 to 40 years of heavy state interventionism. The government in France has taken the habit – on the right as well as on the left – to tell people how they should invest and how they should behave and how they should live. We see that just in the previous few days. I can illustrate that with the role that is given to the French public investment bank (BPI), who thinks it will replace all private investors in the country. Just this morning I learned that they wanted to ban e-cigarettes, not on the grounds that it's unhealthy but on the grounds that the gesture of smoking an e-cigarette could then induce people to take bad habits that would lead them to actually smoke. But that's seriously discussed in France. It's a proposal that will be put forward to parliament.

So how do we reform that, because many people in fact share this analysis? Or rather, why don't we reform? I have three contradictory explanations, which I will give to the public and then you can decide which one is the most relevant one: either we don't want, either we cannot, or either we just don't bother.

The first is maybe we don't want to reform. There the point is it's a generational issue. The country is run by people who are mostly from the baby-boom generation. The average French MP (and that is statistics that we did some research on, so it should be true) is past the French official retirement age. So they have a heavily vested interest in preserving the pension system, in preserving the real estate market, in preserving the social security system as they are today. The result for our generation (which is 25 per cent unemployed) is that we pay rent to sponsor the lifestyle of baby boomers who got lucky with real estate prices, that we pay taxes to reimburse debt that went mainly in [indiscernible] expenditures and financed the lifestyles that now we are asked to pay, that we pay social contributions to finance pensions and social security funds that will go bust before we reach the age to benefit from them, and that we struggle to find jobs because our elders stick to their very rigid labour laws.

So to me, there is a fundamental generational point in probably many OECD countries but especially in France. It's no surprise if a young finance minister (Emmanuel Macron) is sharing the view of the Generation Y and wants to liberalize the markets, because he understands it's not an efficient thing to do, it's a fair thing to do for the youth.

The second possible explanation is that we cannot. You can see that, again, with what Emmanuel Macron tries to do and fails to do, because his law is well intended, good-humoured but extremely marginal and extremely void of any serious substance. Why did that happen? I like to compare Manuel Valls' government with Turgot. Turgot was Louis XVI's finance minister. He came in 1774 I think, on a promise that he would cut spending, lower taxes and try to trim what was already the public service. They tried to do that. They passed what was at the time a Macron law, which was the Louis XVI decree of 1776. Then the resistance of all the corporations in France was so strong that the king himself had to back down. That led to the resignation of Turgot and ultimately to the French revolution.

I think the resistance of the French business establishment, the resistance of the different corporations to any liberalization, is much stronger than what you could think of. On particular issues we have been very active, like driving licence reforms – small points. You can see how they basically get what they want from the government through various channels, because they are very good at lobbying, because they are very well installed, whatever reason. So that's an explanation: that we cannot.

Then the third explanation is we don't bother. There I would just like to tell a story from a French writer called Joris-Karl Huysmans. Huysmans was one of the very stylish Belle Epoque writers, he wrote a book called *À rebours*. In this book, his hero, des Esseintes, wants to go to London, and so he prepares mentally to go to London. So he drinks, smoked whiskies, he impregnates himself with British literature,

he goes to different clubs, he reads books, he sees paintings and so on. Then the day where he should leave, he says: why should I go there? It ought to be disappointing. I'm already so well into the mood, into the British spirit, that I better stay in France in order for my travelling to Britain to be better. So he sends back his luggage.

I think that's what we tend to do. We discuss structural reforms so many times, so often, it's been so well devised – we have a Nobel Prize winner who wrote a lot about simplifying the labour market, putting together a single employment contract and so on. When this guy came to the Senate after his Nobel Prize, to lecture the senators, five came to the lecture. The room was just empty. So that's procrastination, and maybe testimony to des Esseintes, *À rebours* and this very French spirit that holds us back.

Agnès Poirier

I'm going to talk to you about my newsagent in Paris. A few days ago I was in Paris. I woke up early, 7 AM, I go to my newsagent. It was market day so the fishmonger was lining his sea urchins, the last ones of the season. The cheesemonger was inspecting his wonderful arrangement of Camembert. I walked to the kiosk, as we call them there, and I walked up to Hati. He's an Egyptian man, he's lived in France for 30 years. He looked visibly upset and he threw in the gutter a whole pile of *Closer* magazine, the French edition. The guy is not at all the angry type, he's not the grumpy Parisian, not at all. He's very cheerful, always positive. He organizes every year a literary prize of Arabic poetry in translation. So I thought, my god, something serious happened. So I said: Hati, what's the problem? I think he wanted to be heard from everyone on the pavement. He started almost shouting and saying: France needs reforms! Who will have the courage to reform this country? I thought: I haven't had my coffee, it's a bit early to have this sort of abstract conversation. What is he on about?

Actually, I was wrong and stupid: this was not abstract at all. It was actually very practical. Basically, the distributing of the press in France and the printing is in the hands of a monopoly, one of the last bastions of – we must call it that – communism in France. Basically, they had just that day changed the way they delivered the press, in big containers, and in a kiosk like his, there was no space. So I was thinking, this is really a practical case of a very abstract thing: France and reform.

Basically, I think it encapsulates the topic we are discussing tonight, because this trade union called the *Syndicat du Livre* – let's call it the book union – everybody knows in France we should break that monopoly. And nobody does. There have been over the decades a lot of attempts, as some young French MPs tried to build a new law or even new magazine owners tried to print elsewhere across the border in Belgium, where it costs half as much. Surprise, surprise: each time the threats from the communist trade union actually came with baseball bats. I'm not making it up. So it's still the same thing.

I thought this was such a good example. This man, he's Egyptian, he told me: in France it's easier to be lazy than to be like me, to try to sell. As a result, I'll have to sell less, because I can't get it in my kiosk. The reason why I think it really encapsulates the problem is that on the one hand, France enjoys a very strong social model. You could argue, of course, that this trade union is actually safeguarding the interests of a small group of very highly paid printers, but why not? This is what trade unions are for. This is, in a way, what I was brought up to admire: the French social model. On the other hand, of course, this model looks as if it can't adapt to new realities. It can't evolve unless through violent hiccups of history. That's our history.

Let's take recently the Macron law, the economic minister's law, which is – if you look into the law, it's a messy thing. It's sort of patchwork, potpourri. Philippe said it was very controversial. I found it quite

timid. Basically, the overriding principle is that it was trying to inject some flexibility in the labour market. Even though President Hollande and his government has a large majority in parliament, it had to use the last resort decree just to pass it. Why? Because the left of the left thought – and there was really a contending issue there. The law is extending the number of Sundays on which shops can be open, from five to twelve a year.

Gaspard Koenig

And which municipalities can decide to extend.

Agnès Poirier

So yes, that's another illustration. I'm going to end with this – I'm currently working on a book about postwar France and postwar politics, 1944 to 1954. That was a great period for reforms and for devising institutions that we still have. Some of them were brilliant – we can talk about the National Centre for Cinematography, which doesn't cost a penny to the taxpayers and yet has managed to create an industry with half a million people working for it. So we can do it.

This brings me to Jean Monnet, for whom the term 'power broker' was actually invented, by an American journalist who was based in Paris at the time. It seems to me that Jean Monnet had this idea which was very old, of course, the idea of Europe – but he had a plan for the idea. It was very practical. It was a coal and steel community. It was basically the common market. So it seems to me that although France is caricatured for dealing and dwelling in just ideas and theories, that it should go back to brokering ideas – but ideas with plans. Thank you.

Emma Jane Kirby

Thank you very much to everybody on the panel tonight. It's a shame we didn't have 30 minutes for each of you – certainly could have listened to 30 minutes from each speaker. Let me open the floor for questions now.