

# Hollande: backpedalling all the way

Hollande is moving ahead very slowly. “Change is now” was his electoral slogan, but the impact of problems currently afflicting France is dampening his initial enthusiasm.

by Anna Maria Merlo

Paris. In 2009 in Gandrange, in the Department of the Lorraine, the reformist CFDT trade union placed a marble plinth by the exit of the steel works that had fired two-thirds of its workers, bearing the inscription “Here lie the promises of N. Sarkozy”. Only a year earlier the then-president had guaranteed the state would take steps to prevent the blast furnaces being shut down.

Not far away, in Florange, also in the Lorraine, François Hollande ran the risk of receiving an accusatory plaque too: the two blast furnaces bought by Indian world steel giant ArcelorMittal in 2006 have not resumed operation. Threats of temporary nationalisation launched by the exuberant Minister for Industrial Renewal, Arnaud Montebourg, came to nothing as they were contradicted by none other than the cautious prime minister, Jean-Marc Ayrault, even before being put into practice. Yet, at the end of 2012, Hollande and his government had managed to avoid actual layoffs in Florange thanks to an agreement wrung from Lakshmi Mittal, the emblematic figurehead of world globalisation. But both the government and the president seemed to lack courage, appearing to have betrayed their commitment to protect workers.

The general disappointment was immediately reflected in the opinion polls. Hollande has recently beaten every record in terms of unpopularity less than a year after his election to the

Presidency on 6 May 2012. The French Constitutional Court’s rejection of the 75% tax threshold for incomes above one million euros, decided at the end of 2012 on the basis of a technicality (because it is a tax on the individual, while in France income tax is calculated per family), further reinforced the apparent amateurishness and incompetence of the socialist government following the left’s return to power after so many years of absence.

The far left viewed the cancellation of the 75% tax – a measure that had so symbolically represented Hollande’s promised change



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of course – as proof that the new government was incapable of standing up to the “faceless enemy”, as Mr. Hollande had dubbed the world of finance during his election campaign.

In the right-wing camp, the melodramatic flight of top tax payers who have chosen to become tax exiles, such as Bernard Arnault, the owner of the luxury group LVMH, and actor Gérard Depardieu, is viewed as the disastrous outcome of a policy that aims to punish the rich for purely ideological reasons, and also reduces the appeal of France for foreign investors. So, is Hollande undecided, wavering or incompetent? Flanked by disappointment to his left and scorn to his right, Hollande is advancing very cautiously along a very narrow path, made even more arduous by the growing tension between the Socialists and the Green party within the government. France has committed to righting its books (getting the budget deficit down from over 5% to around 3% and reducing its 1800 billion euros of debt, equal to 90% of GDP), but as the President sees it, this is supposed to be achieved without destroying France’s very protective welfare state and the network of solidarity that holds its society together.

Couched behind a very friendly disposition that aims for consensus, as opposed to the anxiety and violence displayed by his predecessor Nicolas Sarkozy, François Hollande’s design is an ambitious one: trying to coax Jacobin France into becoming a social democracy. His intention is to replace the head-to-head confrontational approach with a more negotiated path to lead his country towards modernisation while convincing it to become a little less distrustful of globalisation.

His gamble is to try to have results to show by the end of his term in 2017. And the first item on his agenda is employment: rising unemployment, on the up for months, with continuous announcements of business shutdowns, must be “reversed” by the end of the year. The president has promised to do this “whatever the

cost”, in a country where the jobless total has topped the three million mark and where eight million people live below the poverty threshold. France will have to introduce greater employment flexibility while increasing security for temporary workers. And he seems to be adopting the same diplomacy strategy with Europe. Though a few questions are now being raised on this front following several disappointments.

During the election campaign Hollande had promised to “renegotiate” the Fiscal Compact. But France then went on to ratify the treaty fielded by Angela Merkel while obtaining a rather meagre Growth Pact worth 120 billion euros as a trade-off. The close-knit bond between France and Germany seems to have slackened, though this has not hindered Paris from reaching an agreement with Berlin on fresh aid to Greece or on supervision of EU banks.

Hollande’s France is of two minds about taking a frontline role among the indebted countries of Southern Europe because it currently enjoys

☒ The President François Hollande during the Nobel Peace Prize Award Ceremony in Oslo.

☒ Demonstrators are taking to the streets in Paris to protests against gay unions and adoptions.



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low interest rates, very close to the German ones, which is something of a record (seeing as France had lost its AAA credit rating under Sarkozy).

After a 30 billion euro tax squeeze – which the government has promised not to increase – and spending cut-backs worth another 10 billion, 20 billion euros have since been allocated to provide tax relief for businesses to enable ‘Made in France’ products to climb back into market contention. Income tax was increased with the introduction of a new 45% rate (in addition to the controversial, though temporary 75% supertax), property tax has also risen and a new banking reform has been put in place. Balancing the budget won’t be easy seeing as economic growth could rise by no more than 0.3% this year, instead of a forecast increase of 0.8%. A number of programs have been introduced to boost employment, such as “jobs of the future” for unqualified young people and “generation contracts”, which

provide tax breaks for companies that hire a young employee while keeping on a senior staff member as a tutor.

In this undoubtedly sticky situation, Hollande’s presidency is basically trying to make up ground on the social reform front. His first government has complied with the equal male to female ratio in ministerial appointments, education has once more become a central issue (43,000 teachers hired this year) and the old French nuclear power plant at Fessenheim will be shut down as the first step towards reducing nuclear energy production from its current level of 80% of national demand to 50% by 2020. What’s more, at the end of January the French Parliament began discussions on a “marriage for all” bill, which would legalise gay marriage.

The right-wing opposition, once again united after months of internal bickering, teamed up with the church and took to the streets on 13 January

to show its muscle. But over 60% of the population support same-sex marriage, even though French society is split down the middle (50/50) on the adoption rights included in the bill.

Once again, Hollande’s cautious approach has not been belied: the president persuaded the Socialist Party to withdraw an amendment that would have made medically assisted procreation legal even for lesbian couples (though the issue will be included in an upcoming bill on bioethics). In June it is expected that legislation will be introduced on “peaceful death”, which will allow people to seek medical assistance to die with dignity. Hollande does not intend to legalise euthanasia, but does approve of sedation. Even in this case, Hollande’s approach is to reform and modernise without disruption and trying to force the issue. Come 2017, his goal is to be able to demonstrate his 2012 electoral promise, “Change is now”, has been kept. **E**