

February 2, 2012 8:19 pm

A telling tale of two Mitterrands



By Philip Stephens



The French election is shaping up as a contest of the Mitterrands. François Hollande is offering the voters the newly-minted president of 1981: a confident socialist certain that France could make its own way in a hostile world. Nicolas Sarkozy prefers to summon up Mitterrand in his subsequent guise: the hard-bitten realist forced by events to embrace the German way of economics.

Some arguments do not go away. I was in Brussels this week when eurozone leaders signed up to Angela Merkel's fiscal pact. The meeting reminded me of my time as a young journalist in the Belgian capital during the early 1980s. The big story then, as now, was all about currencies and deficits. The Germans, I seem to recall, were demanding strict fiscal discipline from their European partners.

Mitterrand had come to office promising an expansionist policy in defiance of the economic shocks of the 1970s. The banks would be nationalised and the state would assume its proper role as the engine of prosperity. That was the theory. By March 1983, Keynesianism-in-one-country had forced France into two devaluations against the D-Mark in the European Monetary System. Helmut Kohl's German government declared enough was enough.

At an emergency meeting of finance ministers, Germany presented France with a programme of fiscal austerity as the price of acquiescence in a third franc

devaluation. An outraged Jacques Delors – I still remember his expression – rushed back to Paris for consultations at the Elysée. The president shrugged and told his finance minister to go back and sign up to the German demands. Mitterrand moved swiftly to the political centre and embraced *le franc fort*. From here, monetary union became the logical destination.

This week it was Mr Sarkozy's turn to claim the mantle of realism. Trailing Mr Hollande in the opinion polls, he faces the prospect of becoming only the second of the Fifth Republic's one-term presidents. The first, Valéry Giscard d'Estaing, was beaten, well, by Mitterrand Mark One. Mr Sarkozy is gambling that this time, however, realism will trump idealism: that in such troubled times French voters will opt for Mitterrand Mark Two.

If France wanted to succeed, Mr Sarkozy declared in a lengthy television interview, it had to become more like Germany. France, he said, lagged behind the economic performance of its neighbour. Structural reforms in Germany had created jobs, jobs and more jobs. France would take the same route.

The president promised that he would reduce labour costs for business and loosen the straitjacket of the 35-hour working week. Cuts in the social charges on companies would be paid for by an increase in value added tax. France had lost 500,000 jobs in the industrial sector. Restoring competitiveness would reverse the trend.

Mr Hollande will have none of this. He summons up the Mitterrand who declared France must be allowed to dream. Affable and unflashy, the socialist candidate talks about restoring modesty to the Elysée and confidence and hope to the nation. He has promised to renegotiate Ms Merkel's austerity pact to secure a commitment to economic growth. He wants to relax the rise to 62 in the retirement age, and he promises state-funded employment for the young jobless. And, if the president wants to tax financial capitalism, Mr Hollande sounds as if he would wage war on it. "My real adversary," he says, "is the world of finance."

Study the fine print and the contrast is not quite as stark as implied by the campaign rhetoric. Mr Hollande, for example, is keen to stress that his spending pledges would be paid for with tax increases for the wealthy and big business, leaving the fiscal deficit on its present downward trajectory. That said, there is more to the contest than differences of texture and tone.

With his ratings about as low as they can fall, Mr Sarkozy's pitch is that of a leader ready to face up to unpalatable truths. The voters may not like him, but they need him. Mr Hollande, with a hankering for consensus, lacks sharp definition. His appeal is to the heart – to a belief that France can steer its own course instead of being carried along in the currents of global capitalism.

Ms Merkel has made her choice. Even before Mr Sarkozy has officially declared his candidacy, the chancellor has announced she will join him on the campaign trail. Mr Hollande's call for a rewriting of the statutes of the European Central Bank must have been the last straw.

French voters, however, seem less inclined to decide. They disdain Mr Sarkozy and are tempted by Mr Hollande's promise of an end to endless austerity. But the opinion polls do not speak of a nation that has firmly made up its mind.

Even predictions of which two candidates will progress through the first round to the run-off vote look precarious. Mr Hollande has held a steady lead, but has rarely polled much above 30 per cent. Mr Sarkozy has been stuck at a little below 25 per cent. The candidate with momentum has been Marine Le Pen, whose xenophobic National Front is up at nearly 20 per cent. She hopes to repeat the feat of her father in 2002 by pushing out one of the main candidates in the first round. To complicate things further, François Bayrou, a centrist conservative, has also seen a steady rise in support.

My French friends tell me their compatriots would rather hide under the bedcovers than make a clear choice. Does France want to keep running to keep up with Germany; or does it want to lead a rebellion against economic orthodoxy? Well, choose it must. Either way, though, the next president can claim the mantle of Mitterrand.

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