
France, the State, and Globalization

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Everyone recalls the famous Stalinist expression “socialism in one country.” In a very different context I will argue that the French strongly support globalization provided that it does not modify their way of life or alter their social model. Their preference is for globalization in one country. But there is a strong paradox: They are the westerners most reluctant to embrace the market economy and globalization, which is regarded as a source of social disorder; but at the same time they have expressed a real capacity to cope with its constraints. Why is this so? What implications does this reality have for the European crisis and for French conduct? These are the main questions I will explore.

The Specificities of the French Political System

At the institutional level, it should be noted that France has a unique political system compared to the rest of Europe. This system is commonly described as “presidential” or “presidentialist.” However, these terms are misleading because the French presidency substantially differs from the American presidency; counterweights to executive power are much weaker in France than they are in the United States. Unlike all the other European systems, the French one is characterized by a very marked subordination of the legislative to the executive. This feature is all the more remarkable as it stems not from

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constitutional texts, but rather from political practices that have been established now for nearly 60 years.

Indeed, a comparison between France and Germany shows that the French parliament formally has no less power than the Bundestag to control government action. Why does the French parliament not play its full part? Why does it fail to use its constitutional powers to its advantage? There are two explanations. The first and most important one by far derives from the practice, in place since 1962, of electing the president of the republic by direct universal suffrage. Everything proceeds from the president, including the Parliament's legitimacy.¹ The trend towards a stronger presidency has increased in recent years. President Sarkozy has been described as a hyperpresident because he has sought to maximize his power while reducing the powers still held by the prime minister.

The second source of voluntary subordination of the Parliament to the executive can be found in another French particularity: the accumulation of mandates, whereby a politician may simultaneously hold national and local office. This unique feature, which dates back to the 1970s, means that a deputy is never fully dedicated to parliamentary work. The deputy's added political value is accordingly diminished. If the deputy is part of the presidential majority, he or she is basically expected to rubber-stamp the government's decisions. The parliamentary majority thus has little power of initiative; by definition, the opposition has even less, despite a constitutional reform designed to increase its power. For example, it is of great significance that two of the main presidential candidates from the opposition Socialist Party (Martine Aubry and Ségolène Royal) are not members of Parliament. The former was defeated during the 2002 legislative elections, but this did not prevent her from becoming the first secretary of the Socialist Party. The latter chose to hold local rather than national office. The fact that nobody has challenged this state of affairs confirms the power of the presidency over the French political system, and even over the opposition that claims to combat the imbalance.

How does this very distinctive configuration affect political decision making during periods of crisis such as the one we are currently experiencing?

First and foremost, it grants the executive considerable room to maneuver compared with the legislature. It is unimaginable, for instance, that a French debate on eurobonds would take place in the Parliament, let alone that Parliament's opinion would be heard. Parliamentary subordination was further seen in August 2011 in the middle of recess, when the government proposed a series of new austerity measures, which called into question a good number of economic and fiscal policies enacted by the Parliament since 2007. Nobody in France thought to ask how these policies could be overturned without

1. The exception is when the parliamentary majority is different from the presidential one. This situation has occurred only three times in 30 years. Its chances of occurring are now very low because the presidential elections take place before the legislative elections; moreover, the terms of the National Assembly and of the president of the republic are now the same length.

consulting the Parliament. In the subsequent formal vote, amendments to the government package were very limited.

The centrality of the executive has a second consequence. It grants the executive discretionary power, not only regarding national representation, but also with regard to the French administration. There has been a lot of talk about the length of Christine Lagarde's tenure as finance minister, since in the 10 years before Nicolas Sarkozy was elected in 2007, the average tenure of a minister at the Ministry of Finance was not more than one year.

However, one should not be under any illusions about this longevity. It is primarily due to the minister's extreme submission to the Elysée's authority. In no way does this detract from her skills and qualities. The fact nonetheless remains that because Lagarde did not have any national political mandate, she was automatically dependent on the authority of the head of state. The presidency's power over economic decision making has continued to grow as the state has seen its power in economic matters diminish. The residual power naturally went to the Elysée. This development is striking at the economic level, and it partially explains why widening public deficits have not been addressed within the system. It is very tempting to make discretionary use of the sovereign privilege of public expenditure, especially when it is not financed. Unrestrained use over the past 30 years eloquently testifies to this.

Decision Making versus Consensus Building

It is important to emphasize this institutional and political reality as it allows the head of state to very easily commit France to initiatives with its partners. Nicolas Sarkozy has often been annoyed or irritated by Angela Merkel's legendary caution towards his proposals. Their different approaches have been attributed to undeniable differences of temperament, but these do not explain everything. In Germany, the chancellor must constantly compromise with her coalition members, with the parliamentary majority, and with all the *Länder*. The French president of the republic does not have to consult with anyone other than his advisors, who owe him their positions. In times of crisis the French political system may seem to be operationally efficient because it reacts more quickly than other countries, as is made clear by the extreme speed with which France implemented an anticrisis plan in the aftermath of the 2008 crisis. Could one therefore deduce that this centralized system is just as efficient when more painful tradeoffs are involved, such as the reduction of public deficits?

This question requires a nuanced response. While the French political system's centralization is conducive to rapid decision making, the flipside is a difficulty in producing consensus. The French system knows how to make a decision, but not how to build consensus. It is much easier to decide by oneself to spend (French debt has quadrupled in the past 40 years, and public expenditure accounts for 56.2 percent of GDP) than to reach a consensus to reduce public spending. This is where another significant difficulty in the system

comes into play: the preference for a plebiscite over a consensus. Any time a president is in difficulty, he can always appeal to the people to settle the issue.

The state's inability to pursue a sound policy of public deficit reduction can also be explained by the extremely strong ideological direction of most of the debates in France. This ideological strand is the historical product of the interplay between the state and its creation of political identity. In France, the state's retreat is more or less associated with national decline. In the best case this retreat may be considered a necessity but rarely a salutary choice, even according to the French Right. The valorization of the state stems from French political culture since the French Revolution, and it at least partially transcends the Left-Right divide. Indeed, the French Right remains incomparably more statist than the other European right-wing parties, albeit slightly less statist than the French Left. Moreover, the differences between the Right and Left are in degree and not in kind. All this can only be understood by reference to a political culture that is historically rooted and built around a basic hostility to liberalism.

French Defiance of the Market

Upon taking office, Nicolas Sarkozy claimed that he would change this reality. The break did not take place, however. Sarkozy himself has never purported to be a liberal. He has repeatedly extolled state proactivity and expressed condescension towards those seeking to reduce it.² The Left's reflex is identical. A politician of the Left calling for a reduction in public expenditures would be marginalized and suspected of right-wing drift. One can moreover be both right-wing and antiliberal in France. There is a deep divide between what could be called cultural liberalism, which is overwhelmingly accepted and promoted by both the Left and Right, and economic liberalism, which is verbally attacked by the Left and half-heartedly defended by the Right.

The renowned GlobeScan poll about attitudes towards free enterprise and the market economy revealed a French particularity.³ Over a set of 20 countries, 61 percent of respondents considered the free market system to be the best possible system, while the average dropped to 36 percent in France, compared to 65 percent in Germany and 74 percent in China. Among the 20 selected countries, France ranked last in terms of support for the market economy. Since the 2008–09 crisis this aversion has grown. A comparative study conducted in December 2010 highlighted that only 15 percent of the French believe that the market economy and capitalist economy work well and

2. Seventy-eight percent of the French believe that politicians have the power to change society. CSA, "La politique peut-elle encore changer la vie? [Can politics still be life-changing?]," May 2011, www.csa.eu (accessed on November 15, 2011).

3. GlobeScan, "20-Nation Poll Finds Strong Global Consensus: Support for Free Market System But Also More Regulation of Large Companies," January 2006, www.globescan.com (accessed on November 15, 2011).

Table 7.1 Opinions concerning capitalist/free market system, by political orientation (percent of respondents)

Country	Supporters of the Left			Supporters of the Right		
	A system that functions well on the whole and should be conserved	A system that functions poorly on the whole but should be conserved because there is no alternative	A system that functions poorly and should be abandoned	A system that functions well on the whole and should be conserved	A system that functions poorly on the whole but should be conserved because there is no alternative	A system that functions poorly and should be abandoned
United States	55	32	13	63	28	9
Germany	48	46	6	66	30	4
Great Britain	40	44	16	57	41	2
Italy	15	70	15	45	44	11
France	4	44	52	32	62	6

Source: IFOP, *Regards croisés sur la mondialisation dans dix pays*, 2011, www.ifop.fr.

should be conserved. Even Italy had a higher percentage (26 percent), as did Germany (46 percent), the United States, and China.⁴ The issue is understood differently across the political spectrum in each country but it is in France that commitment to capitalism is socially weakest (table 7.1).

This cultural reluctance to accept the market economy was further confirmed in a comparative study on the relationship between consumers and their bankers. The comparison between the United States and France is especially telling. When the French were asked what they expect of their banker, 66 percent responded that a banker should serve his client’s best interests.⁵ The figure for the United States is only 49 percent. This difference reveals quite a bit about attitudes towards the market. Most Americans do not expect their banker to serve their best interests because they fundamentally know that the latter is primarily driven by self-interest. Above all, Americans expect that the rules of the game be transparent and the banker accountable. The French see this as a relatively secondary concern. French political culture reflects the idea that all agents, be they political or economic, first and foremost need to be vested with a mission of general interest. The French first turn to the state to assume this mission. However, when the state is not able to do so, it is not easy for the French to resign themselves to the idea that market actors might

4. IFOP, “Regard sur la mondialisation dans 10 pays” [“Outlook on globalization in 10 countries”], January 2011, www.ifop.com (accessed on November 15, 2011). The text figures are aggregates; table 7.1 provides a breakdown by political orientation.

5. All the data for this study are extracted from the IFOP opinion poll.

not be able to manage it, either. Banks are regarded by a majority of French citizens as a public utility (*service public*). All these ideas are not necessarily clarified or formalized in the minds of citizens, but they do mold their vision of the world. The French people's tepid support for the market nevertheless has an important political counterweight that is important in the current European context. A majority of the French remains strongly supportive of redistribution mechanisms, which the French deem to be indispensable market correction mechanisms.

It therefore comes as no surprise that they are among the greatest proponents of aid to Greece, for example. In June 2011, 59 percent of the French supported an aid package for Greece, compared with 58 percent of Spaniards and 73 percent of Italians.⁶ Of course, this generosity can be explained by France's relative vulnerability. In Germany, for example, support for Greece does not exceed 41 percent. It is generally the countries in most danger that are calling for redistribution at the European level. While there is some truth to this explanation, it does not completely explain why most of the French support a policy of aid to Greece and to other countries in the euro area facing serious threats. The French are very comfortable with the idea of redistribution, regardless of their political affiliation.⁷ As a result, French commitment to Europe has remained strong and has not crumbled. On the contrary, 61 percent of the French remain attached to it despite the hard times; only 29 percent call for a return to the franc, compared to 38 percent in May 2010.

The Gap Between Overall Perception and Individual Assessment

Aggregate data do not by themselves convey the complexity of the French case. French public opinion on all these subjects consistently shows a significant gap between the general perception of a problem and the way in which the French individually grasp the gravity of the problem. That is, French public opinion is systematically very worried, very pessimistic, and very negative when it comes to assessing the market economy, capitalism, and globalization, whereas the results are more nuanced when the French are asked to assess the consequences of this reality in their lives. According to one poll, 68 percent of French employees believe that globalization is a bad thing for them as workers.⁸ However, when employees were asked to assess the impact of globalization on the company in which they work, the figures became less stark:

6. IFOP, "Europeans and the Euro Crisis," June 29, 2011, www.ifop.com (accessed on November 15, 2011).

7. This preference is confirmed by the BVA poll on aid to Ireland, which received greater support than aid to Greece, even though aid to Ireland followed aid to Greece. See BVA, "Les Français et l'aide de l'UE à l'Irlande," November 2010, www.bva.fr (accessed on November 15, 2011).

8. All the figures on workers' attitudes towards globalization are extracted from TNS-Sofres, "Mondialisation et emploi," June 21, 2011, www.tns-sofres.com (accessed on November 15, 2011).

45 percent believe that globalization offers them some positive prospects, versus only 30 percent holding the opposite view. The “citizen employee” is hostile to globalization but the “individual employee” is much less so.

Another illustration of this discrepancy between overall perception and personal perception can be found in French views on the economic future of France. Here again, the figures are enlightening. The French are not only hostile to the market economy but foresee an extremely gloomy future. A comparative study in 2010 underlined that 3 percent see greater prosperity in the future, while the global average is 38 percent.⁹ On the flipside, 36 percent see the future in negative terms, and 61 percent anticipate no change in either direction. When these same questions were not asked generally but rather were applied to the individual situation of each respondent, the results improved: 15 percent of respondents believe their situation in the future will be better (versus 3 percent at the general level) and 48 percent estimate it will remain unchanged. A recent study on social perceptions of the crisis underscores this same disconnect between a negative global perception and a more nuanced individual perception. Some 61 percent of the French fear contagion by the Greek crisis, while the share is only 56 percent in Italy, which is more directly concerned, and 34 percent in Germany. However, when the French were asked about the effects of contagion on their individual situations, the outlook was less dour: Only 59 percent believe that the crisis will personally affect them. This may be a high figure, but it is lower than the European average (71 percent). As seen above, the Italians are collectively less pessimistic than the French, but the reverse is true at the individual level.

Major problems like unemployment bring out this same discrepancy. According to the BVA poll just cited, 67 percent of the French believe that the employment situation will further deteriorate. However, only 40 percent think that this deterioration is likely to personally affect them.

This gap is significant because it serves as a mechanism that enables French society to adapt to the globalization process. In other words, the social and political behaviors and attitudes of the French do not necessarily reflect their spontaneous preferences. Rather, they reflect the French people’s capacity to adapt to a reality from which they cannot escape but in which they cannot recognize themselves. Nothing is more alien to French political culture than the idea of an imposed reality that cannot be overcome. Cultural resistance, however, does not preclude the ability to adapt to market constraints. This discrepancy explains how the French can be very protectionist even while France remains a country that is hardly protectionist.

9. All the data on visions of the future cited in this paragraph and the next are extracted from BVA’s Voice of the People opinion poll: “International Survey Conducted in 53 Countries: 2011 Economic Outlook,” January 3, 2011, www.bva.fr (accessed on November 15, 2011).

The Political Implications of French Particularity

What are the political consequences of the French particularity only briefly summarized here?

The first and most important one is that political actors have to make sure that any government effort to confront the constraints and rigors of the market is not considered or perceived as mere political capitulation to the market. State heroism in dealing with the market is a hallmark of French political culture even if it affects the left-wing electorate more than the right-wing electorate. Accordingly, combating public deficits must be sold to the public using political rhetoric when neither budgetary rigor nor the reduction of state expenditures receives strong approval from a majority of the French. The preferred route to overcoming constraint is the redistribution of earnings and wealth. This is striking in the discourse of the Left, which exclusively attributes deficits to the Sarkozy government's alleged systematic favoritism of certain groups to the detriment of the middle class. The Left therefore advocates correcting social disequilibria by increasing the tax burden on the wealthiest. Even in 2011, the idea that France might have a bloated civil service is simply rejected by the Left, especially in an electoral period.¹⁰ It must be said that the civil service has considerable leverage over left-wing parties.

The Left has officially promised to revisit the decision taken by Sarkozy's government to not renew half the posts of retiring civil service employees. It has also continued to promote the creation of government jobs as a means of boosting economic growth; increasing the tax burden of the wealthiest is a means of financing these jobs. Therefore, the crisis cannot be said to have truly changed the Left's attitude towards public action and the market. If the Left manages to win the 2012 elections—and this is far from a foregone conclusion, despite Sarkozy's disastrous poll numbers—it will reproduce the gap between what is said and what is done. When Lionel Jospin was in power, for example, he became the prime minister who was most intent on privatizing public companies. As a leftist, though, he could not clearly assume responsibility for this aim and has always refused to emphasize this part of his legacy. This is why one should be cautious when speaking of “archaic socialists,” as this assessment takes into account only positions of principle. The political agenda of the Left is admittedly not very bold, but it would be a mistake to believe that discourse is the only window into left-wing leaders' views on economic issues. In a country where, as was mentioned above, all submission to market rules is seen as capitulation or even utter catastrophe, left-wing leaders continue to pretend to believe in state proactivity, which is the Left's major point of differentiation from the Right. This does not mean that, once in power, the Left

10. Reducing the number of civil servants is not very popular in France, even among the right-wing electorate, most of which does not want to go beyond the nonrenewal of half the positions of retiring civil servants. See IFOP, “The French Face the Debt,” June 29, 2011, www.ifop.com (accessed on November 15, 2011).

would not deal with the huge constraints that currently hamper the French economy.

The gap between words and action is not only a prerogative of the Left, which has not exercised national power for over 10 years now. The Right has constant recourse to it, but to different ends. At the beginning of the 2008 crisis, President Sarkozy took positions that were extraordinarily hostile to the capitalist system and financial capitalism. He did not hold back on using political terminology close to that traditionally used by the Left and even the Far Left. His denunciation of financial capitalism did not prevent him, however, from adopting a very conservative attitude towards protecting the French banking system: Financial capitalism was denounced, but the French banking sector was shielded.

The gap was also manifest in the management of the Greek crisis, when the French government very clearly sought to protect French banks that were heavily exposed in Greece. Indeed, all governments legitimately seek to protect their national interests, including the ones that coincide with those of the private sector. From this perspective, Nicolas Sarkozy did not behave very differently from Angela Merkel, except that Merkel never used the words and terms that Sarkozy used to denounce the capitalist system.

What should be recalled here is that at the beginning of the crisis in 2008, many of the French, and especially their leaders, tried to convince themselves that the crisis revealed the strength of the French model, based on the central role of the state. France was resisting in a world that was damaging itself for lack of market distrust. This is the narrative par excellence that the French would have liked to see spread throughout the world. It is true that at first the effects of the crisis were relatively well contained in France, notably through the implementation of a recovery plan.

Has this perception changed since the Greek crisis? This question calls for a nuanced answer. Without a doubt, the deepening crisis no longer allows the French and their government to believe that the French model is immune to market pressures. France is experiencing weak growth, high unemployment, and explosive debt. The French are not witnessing the collapse of capitalism as they might have thought in 2008, but rather its supremacy over states.¹¹ In fact, the antimarket rhetoric has toned down, even within the Left. While the Left continues to fiercely fight against the famous golden rule on balancing public finances, it now does so with political arguments and not economic ones. That is, the Left rejects the principle of the golden rule to avoid being politically trapped by President Sarkozy, whom it accuses of being primarily responsible for worsening deficits. However, it no longer substantively challenges the principle of this rule and is careful not to attack the rating agencies at a time when they are threatening to downgrade French debt. Here again, French society is ambivalent in its relations to the crisis and market. It

11. On public attitudes towards the worsening debt crisis, see IFOP, "Europeans and the Euro Crisis," June 29, 2011, www.ifop.com (accessed on November 15, 2011).

maintains its firm and resolved opposition to the prevailing economic system. Many of the French (59 percent) even believe that they have consented to enough sacrifices over the past 10 years to not have to consent to any more.¹² At the same time, all the opinion polls show that voters systematically favor candidates who avail themselves of classical economic expertise. This is very striking on the Left, where the electorate's voting intentions have clearly swung from Dominique Strauss-Kahn towards François Hollande, to the detriment of Martine Aubry. The swing occurred because Hollande, like Strauss-Kahn before him, is (rightly or wrongly) seen as incarnating the responsibility and competence required to confront the crisis. This does not prevent France from being the only country in Western Europe where a crazy debate on de-globalization has emerged.

Nevertheless, the fact that this debate remains marginal within the electorate, including the Left, testifies to both the gravity of the situation and the left-leaning electorate's tendency to be extremely prudent and to reject radicalism, be it only verbal. As a case in point, all the parties to the left of the Socialist Party are currently weak even though the worsening crisis should have automatically burnished their credentials.

In the coming months, three political events of great significance will unfold.

The first is the selection of the Left's presidential candidate after a completely unprecedented primary in France. The conditions and results of this selection, which will occur in October, are not negligible, since presidential election polls currently show that the Left has a lead over the incumbent president. If the Socialist primaries are successfully carried out (without any contestation and with participation exceeding 1 million voters) they will automatically enhance the prospects of the Left's candidate. If this candidate happens to be Hollande, his political prospects will be enhanced by his ability to draw on Left and centrist electorates that already view him favorably.¹³ This is only an indication, though; traditionally, winners of polls taken one year before presidential elections are systematically beaten. This has nothing to do with the quality of the polls, but rather the vicissitudes of public opinion, which very often solidifies only in the last months of the campaign.

The second event, which may occur in October 2011, is the vote on the "golden rule" designed to constitutionalize balanced budgets, albeit in a relatively loose manner. It is far from certain that Sarkozy will submit this proposal to Congress because of the uncertainty of the outcome.¹⁴ The head of

12. Ibid.

13. *Editors' note:* On October 16, 2011, François Hollande won the Socialist Party nomination.

14. In France, the Congress refers to the joint session of the National Assembly and the Senate. The two bodies must together vote with a three-fifths majority to pass an amendment to the constitution. *Editors' note:* Following the September 25, 2011, elections for half of the seats in the Senate, which gave the Senate majority to the left-wing opposition parties, the vote on the golden rule was postponed *sine die*.

state will need explicit or implicit (abstention) support from the Socialists to constitutionalize this rule. As mentioned above, the latter have decided to vote against the measure for essentially political reasons. This situation is a golden opportunity for the incumbent president, at least in theory. If the golden rule passes he will be able to build on a very strong political consensus to intensify deficit reduction measures and enter the next presidential elections in a position of strength, despite the sacrifices imposed on voters. French public opinion wholeheartedly supports the golden rule, which is another interesting paradox in a country where opposition to market dictatorship is so strong. The rule would also allow him to strike a number of decisions he has made since 2007 that have undeniably increased deficits. In the opposite scenario, wherein the Socialists refuse to vote for the proposal, or even to abstain, the head of state could appeal to public opinion by emphasizing that Socialist stonewalling could harm France's established credibility. But a boomerang effect against the president cannot be excluded.

If the markets detect an American scenario—where the political class is deemed to have a very weak capacity to reach consensus on managing debt—they will not hesitate to downgrade France's rating. The question is how public opinion would respond to such a development. The incumbent president could attribute responsibility to the Left, while the Left could denounce the president for deliberately using market pressure to get reelected. The risk would then be of falling into a vicious circle that could be catastrophic for the country if it spiraled out of political control. Political actors are currently playing a very delicate game of brinkmanship. What seems certain is that if the Left hardens its opposition to the golden rule, it will need to prepare a compelling response in the event of a downgrade. Hollande has said that if elected he will propose to the new Parliament a vote on the golden rule. Even if no downgrade occurs, the debate over the political credibility of public finance restructuring will remain crucial and will most likely dominate the presidential campaign.

The presidential elections are the third and last great event that will take place in France in the next few months. They will proceed under unprecedented circumstances, given the French economy's extreme vulnerability. However, the result will not be automatically determined by economic constraints. At the moment two equal forces are animating the French social body. The first is the desire to harshly punish the incumbent president of the republic despite the Left's weak economic credibility. The second is the realism that is conducive to continuity and thus benefits the power of the incumbent. The novelty is that this tension exists not only between the two camps that traditionally dominate French political life, but also most likely within every French citizen, whose points of reference have been blurred by the crisis.

