



Will French Voting Test Franco-German Ties?

Nicolas Véron assesses the contest between President Nicolas Sarkozy and the socialist Francois Hollande, and the implications for European integration.

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Steve Weisman: President Nicolas Sarkozy's re-election campaign is stirring as much interest, almost, as the American election. It may also have implications for the European economic crisis. Nicolas Véron, visiting fellow at the Peterson Institute is here to scope it out. The election is in April and May. To begin with, tell us the players.

Nicolas Véron: There are four main candidates. One is not yet officially a candidate, but it would be a huge surprise if he weren't. That's the incumbent, Nicolas Sarkozy. The main opposition candidate is François Hollande, a candidate of the Socialist Party, center left.

And then there are two other candidates which have relatively high poll ratings at this point and have also featured prominently in past elections, at least their parties. One is a centrist -- center right, but not very, mainly centrist -- François Bayrou, who has a relatively small party operation, but a significant following. And the other is the far right Marine Le Pen of the National Front, who is the daughter of the previous long-time candidate, Jean-Marie Le Pen.

Other candidates will compete, but their showing is likely to be quite small. The Greens haven't taken off in this. Their candidate, Eva Joly, has had very poor ratings so far. There are some far left parties which are also likely not to make very big scores, and also some independent candidates on the right, such as the former Prime Minister, Dominique de Villepin. But their current ratings are so low that they may just get out of the race before the actual poll.

Steve Weisman: Any incumbent, in the current economic climate, whatever country, whatever political stripe, has faced difficult reelection prospects. In the last year or two, President Sarkozy's striking role in working with Germany on the European sovereign debt crisis has been something that the United States has watched with great interest. Is his role in the crisis under fire from his political opponents?

Nicolas Véron: Yes and no. I think there are many aspects that really are a matter of broad consensus amongst the mainstream parties, and certainly in between the ruling party, UMP [Union for a Popular Movement], center right, and the Socialist Party as the main opposition. Among them is the need for fiscal consolidation. There is no big difference on this. There are big differences on how to execute this consolidation and what the mix of spending measures and tax measures—

Steve Weisman: Excuse me for interrupting, but you're talking about consolidation by France?

Nicolas Véron: Yes, exactly. I'm not talking of the broader philosophy in the euro zone. But if you talk about that, there is also a broad consensus that, yes, things have to be done in a consensus that encompasses Germany, but that Germany goes too far in the direction of fiscal contraction and that more attention has to be given to growth prospects.

So there are many things in economic policies that tend to be a matter of consensus between the two mainstream parties -- center right, center left -- and I don't think there's a huge divide in these fundamental assessments. Even so, of course, the nature of the campaign is to introduce wedges between the candidates and find some points of difference.

Steve Weisman: Is Sarkozy taking any blame for the downgrading of sovereign debt?

Nicolas Véron: I think both parties have really accommodated this significant piece of news in a way that suits them ...

Steve Weisman: You mean both ...

Nicolas Véron: Yes. The center left of course is saying, "This is Sarkozy's fault, and it's the degradation of the whole country and not just a financial downgrade, and he gets the country in the wrong direction." But the center-right is saying, "Look, there are good reasons to believe that the opposition's program would be even worse in terms of how it would be rated by the markets and by the rating agencies than what Sarkozy is doing." So basically voting for Sarkozy is voting for a more fiscally responsible trajectory.

I think the downgrade is very significant, and has probably increased the sense of anguish and concern in the electorate. But it's not clear that it benefits one or the other candidate in a sort of automatic way.

Steve Weisman: Do you have a view on the center left's approach and whether or not it would have an effect on the solvency or credit-worthiness?

Nicolas Véron: The Socialist Party has not been in charge of government since 2002 and it has not won a presidential election since 1988. So this is a party that has spent a long time in opposition, even though they have a lot of management of regions and local communities, and is not as familiar as the ruling party with the way things are getting negotiated in Europe right now -- the role of Germany, the dynamic of the [European] Council.

And this is embodied by François Hollande's claims that he would renegotiate the fiscal compact treaty that has been now finalized and soon ratified, which from a Brussels perspective sounds very outlandish.

Steve Weisman: How would he renegotiate the fiscal compact?

Nicolas Véron: What he's saying is that he would orient it more towards growth and less just towards fiscal consolidation and contraction in the view of the Socialists. How fundamental this difference is, is really a matter of judgment, because at the same time, the Socialist Party is not a radical party. It's a party which is supported by many former and current civil servants. It has a strong bureaucratic base, including many people who are very much plugged in in the current negotiation process. So it's not like barbarians at the gate, and they would do completely crazy things if they were in power.

Steve Weisman: Like the Tea Party ...

Nicolas Véron: No judgment on the US scene, but certainly viewing them as radicals in a way like the Socialist Party was in 1981, when it was first elected to government more than 30 years ago, I think would be wrong.

But if Hollande is elected, as the current polls predict, there would be a difficult transition between the phase of the campaign and the campaign rhetoric, which is very oriented toward domestic issues and domestic perceptions, and the fact that many of his most urgent decisions would be on the European stage and in discussions with European partners.

And from this perspective, the very unusual and open support that [German Chancellor Angela] Mrs. Merkel has given recently to Sarkozy, even before he's a candidate, is significant and unprecedented.

Steve Weisman: If you read the press reports, Merkel and Sarkozy do not love each other as political figures. In what way do you say she's giving support to Sarkozy?

Nicolas Véron: It's difficult to answer this question, because this is unprecedented in terms of the clarity of support by one political leader to another in this very specific set of circumstances. So one way to look at it is that this is in a way a step towards political integration of the euro zone and the build-up of something that would be more akin to a European-level or euro zone-level political party. So, a more explicit solidarity between center-right players in different countries.

Actually, you see the same thing playing out right now in the center left with the SPD [Socialists] ramping up its support to Hollande and seeing, in a way, the French election as a proxy for the German election. It looks almost as if France was one of the German lander [states], if you want to push that comparison. It's a by-election that has significance for the German national scene.

Steve Weisman: The German election is in another year and a half or so.

Nicolas Véron: It's September or October 2013, or at least at the current timetable.

Steve Weisman: What ways are the Germans signaling this support, and has it stirred any backlash in France?

Nicolas Véron: It's been very explicit. She said that she supported him, that she would attend joint campaign meetings, so it's not a very subtle indication of support. It's very explicit. And conversely, Sarkozy has been remarkably straightforward in saying, "We have to emulate Germany. The German model is what France needs."

So a sort of very unusual rhetoric which is completely different, of course, from what the Polish Foreign Minister famously said recently, that he wanted a more active Germany on the European scene.

But I think there is, in a way, a parallel. We're seeing strange things happening politically in Europe, because the policy challenges being at the European level, our politics, which are framed by national constitutions and national member state frameworks, actually spill over in ways that are novel and largely experimental, in a way.

So Hollande has apparently made a choice of going in the other direction and making a very national campaign. His major campaign speech so far has been focused to a surprising degree on a sort of novel expression in the French context, which is a "French dream." He wants to basically promote the French dream, which is an explicit allusion to the American dream, so a very national approach which sounds slightly off-base, given the high level of interdependence in the euro zone crisis, but certainly resonates with large parts of the electorate.

So it will be a very interesting campaign from this standpoint. It will be interesting to see whether the choices that seem to be made at this point by the candidates, Sarkozy emphasizing the French, German, and European link, and Hollande more on a Franco-French basis, if this will continue.

Steve Weisman: You mean, Franco-German?

Nicolas Véron: Hollande -- Franco-France. Sarkozy -- Franco-German. If this will continue until the end of the campaign, or if this is just one phase a more complex game.

Steve Weisman: Would Hollande bring a different approach within Europe toward the troubled countries and their debt problems, and the creation of a financial backstop or firewall and other issues?

Nicolas Véron: Frankly, I'm not sure. I think there is a lot of transpartisan consensus on these issues in Paris. Where this is perhaps changing is that we're saying, for the reasons we just discussed, the dynamic of the campaign may be creating more difference between the center left and the center right than existed so far.

It creates facts on the ground which may mean that, in the end, a presidency of Hollande will really take a different route from a Sarkozy presidency, just because of the past dependency and what will have happened in the campaign. But I think if you look at the fundamental positions, frankly, they are not very far apart in terms of how they think about European integration.

It's ironic, of course, that Sarkozy, who at least formally has a political legacy of de Gaulle and Gaullism, will be at this point be the one that emphasizes not really Federalism, because Sarkozy stops short of that, but constructive attitudes towards Germany and European integration, compared to an optically more reluctant position of Hollande.

But once again, I think it's important to be cautious about the assessment of what that means fundamentally. I think framing Hollande as a euro skeptic would be really wrong. That's not what the Socialist Party is about, and that's not what he's about in the Socialist Party. Remember, he was almost a spiritual son of Jacques Delors, a famous European Commission President. So he's very much the Europhile wing of the Socialist Party, which is itself historically a Europhile party.

So we're seeing, in a way, [a situation] not unlike what we've seen in Germany. Think of the FDPs [Free Democratic Party], the German liberal party, which was historically very Europhile, now turning partly Euro-skeptic, but not entirely. We're seeing shifts, but it's too early to see what the nature of these shifts really is. I think this makes the election perhaps, more interesting to observe than what I initially anticipated.

Steve Weisman: Thank you for walking us through it.

Nicolas Véron: Thanks very much, Steve.

