



France's next president: Emmanuel Macron

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On May 7, French voters faced a stark choice between the populist economic nationalism and Euroscepticism embodied in Marine Le Pen and the pro-EU centrist globalism of Emmanuel Macron. Though they chose the latter, nearly two in five French voters submitted empty or spoiled ballot papers or abstained from voting. This indicates a deeply divided France, and Macron will face immense challenges bridging this divide. How he rises to these challenges will define not just France, but also impact the European Union as a whole.

Crumbling of the traditional parties

The election is historic in that, for the first time in the history of the Fifth Republic, neither of the traditional parties, the centre-left Socialist Party and the centre-right Republican Party, made it to the second round. The centre-right candidates did relatively well in the first round given campaign scandals, though the Socialist Party received barely 6% of the vote, which is the party's worst performance since 1969. The election constitutes the crumbling of traditional political forces, supplanted by new movements.

Macron's En Marche! movement (now renamed La République en Marche! -- REM), has more than 150,000 members, though it was formed only in April 2016. It has far more support than the Socialist Party, of which Macron was a member from 2006 to 2009. Unlike Macron's movement, Le Pen's Front National (FN) has existed since her father founded it in 1972 and has undergone radical changes since she took over as its president in 2011. Le Pen has endeavoured to normalise the party's discourse and adopt an interventionist and statist stance on socio-economic issues in order to present the FN as a capable of governing.

The colour of the country's next parliament will determine many of France's future social and economy policies, as the president's powers are typically directed toward the international stage as opposed to domestically. If Macron cannot secure a friendly parliament in June's legislative elections, his presidency may prove little more than ceremonial under what is known as 'cohabitation'. There are 577 electoral districts in the upcoming elections, and REM will present candidates in each one. It is unlikely that REM will strike any pre-election alliances, meaning that all of France's political parties will present candidates in these districts. This renders the outcome of parliamentary elections uncertain. Support for the wider REM agenda is not clear. Polls show that roughly half of those who voted for Macron did so only to prevent Le Pen from winning the election. Polls also indicate that REM will likely obtain 24% of the votes in the first round of the parliamentary elections. Established Socialist and Republican candidates will have advantages over new candidates from REM.

Macron and economic reforms

Macron has promised wide-ranging economic reforms, though he has yet to provide details. Many of France's economic problems are structural; Macron may struggle to find new ways to address them. Unemployment is one of the catalysts that pushed voters toward the far left and right, engendering frustration with the political class on the whole. However, it rarely features as a prominent issue among French politicians. Employment currently sits at roughly 10% and causes anxiety within the French working class. The budget deficit and debt constitute another set of macroeconomic issues. Attempts to reign in high government spending often find voracious resistance from the public.

France also runs large trade and current account deficits, in contrast with the surpluses experienced by Germany and the euro-area as a whole. Claims that Macron will be bolstered by an economic upswing in the euro-area may not be supported by France's economic data. Last year, the country's economy grew by 1%, and this year may see roughly the same. All this indicates an unsteady economic background with issues that will not be easily solved even if REM succeeds in parliamentary elections. Macron may be able to invigorate financial markets by introducing business friendly policies or by working more closely with the European Central Bank. However, there will be few quick wins.

France's role in Europe

Macron has ambitious plans for the European Union, though implementing them will require a parliament that is willing to work with him. Credibility abroad will also depend on progress on domestic reform, which will be Macron's primary focus. His victory will boost the European Union's self-confidence, and he will have better relations with the region than his predecessor did. The election marks another setback if not vanquishment of populism in Europe, following those in Austria and the Netherlands.

However, Macron does not have much experience with foreign policy and may struggle to navigate complicated issues such as Syria or relations with the Trump administration. France's most important relationship is that with Germany, which has lost confidence in the country as a reliable partner. Macron represents a chance for a fresh start, though the outcome of the forthcoming German elections will also influence the relationship. Macron supports the euro-area having a finance minister and a common budget, plans about which Germany's governing Christian Democrats remains sceptical. Social Democrats in Germany typically do support these policies, though they may not fare well in elections.

Regardless of Macron's strong pro-EU stance, his election does not necessarily mean more trouble for the United Kingdom's Brexit negotiations; most of his election rivals would have held a hard line in negotiations as well. Macron will support the rights of the roughly 200,000 French citizens who live in the United Kingdom. He will also work to tempt companies considering the move from London's financial sector to Paris. The Le Touquet Agreement, an Anglo-French agreement that places a British border checkpoint in Calais, may also be up for renegotiation. However, increasing confidence in the European Union may make Brexit negotiations easier given that the EU may not perceive itself as backed into a corner now that the Eurosceptic Le Pen has been defeated.

Macron seeks to create a core EU around the euro-area that will develop and integrate the Union more quickly. Other EU members may be wary of the push, which would revolve around even greater French and German leadership. His presidency may make a 'two-speed' EU more likely. His largest opposition will come from Eurosceptic populist governments like those in (non-euro using) Hungary and Poland. The way Macron defines the EU may accentuate an east-west EU divide.

Q & A Session

Future of the FN

Marine Le Pen will seek to reform the FN to increase its credibility. This will depend on continued normalisation of her image, possibly by striking alliances with the more radical branch of the Republicans and others. She also announced recently that she intends to change the party's name and sees it as the main opposition party to Macron. Alliances with other parties and the degree of Macron's capabilities will define her success in this endeavour. Le Pen will also compete within the opposition with the far left and the Republicans.

Labour reforms

Macron may be inclined to recruit parts of French industry to help create more jobs and lower unemployment. In return, these firms could receive compensation in the form of subsidies. In the EU, this would have to be labelled as a structural reform policy in order to prevent claims of permanent subsidies, which would fall foul of EU law. He may also attempt to ease contract laws to allow easier hiring and firing in the labour market. In the past, such proposals have been

unpopular among the public. Macron's relationship with French industry, under stress from the same globalisation forces that he supports, will be difficult to navigate.

Climate change and energy

Macron recently attempted to portray France as a home for climate science, making a direct video appeal to researchers in the United States and United Kingdom to come to France to continue their work in a welcoming environment. However, green energy did not play a major part in his campaign and does not appear to be one of his priorities. Overall, it appears unlikely that he will radically change current energy policies.

Nuclear energy

Macron wants to promote renewable energy and supports France's energy transition law (which, for example, aims to increase the share of renewables in electricity generation to 40% by 2030), but he also seems willing to support the nuclear sector. Although his official spokesperson said Macron would hold to existing nuclear policy, it is thought that he may delay the previous government's deadline for reducing the share of nuclear power (to 50% by 2025, from about 75% now) and will be considering subsidies for new nuclear reactors. As economy minister, he supported the nuclear sector, including backing a merger between energy firm EDF and nuclear technology supplier Areva. As president, he may well end up helping the nuclear sector in some way.

Russia

Macron will likely be hawkish on Russia, in part because of a possible Russian effort to destabilize his campaign and prop up Marine Le Pen. There will likely be a response from France. Macron may see Russian values as the antithesis of the pro-EU values he champions. His stance at the upcoming NATO summit will shed further light on France's position moving forward. These policies may include support for EU sanctions against Russia and the proposed EU defence force.

Greece

Macron does not support the European Union's austerity measures and spoke during his campaign about the possibility of debt relief. He will have to balance his desire for French-German synergy with a desire to move away from the austerity Germany has championed. Macron will have to prove his reform credentials at home before he can be taken seriously on policy issues such as Greek debt. However, stirring up another debate over Greek debt may irritate EU leaders who wish to focus on other issues.

Trump administration

A sound partnership will be important to Macron, and he is unlikely to seek conflict with the Trump administration. However, his focus will be on Europe and presenting it as a strong player on the international stage. He has not indicated any intention to revive the Transatlantic Trade and Investment Partnership (TTIP) trade talks with the United States. TTIP was already unpopular in France.

Insurgent politicians

The president-elect blurs the line between a non-establishment insurgent and a member of the traditional political elite. For many, Macron represents a new generation of politicians. His youth, private sector experience and position outside of traditional cleavages give him a 'disruptor's' edge. At the same time, he is perceived by a large part of the population as representing the elite, with his pro-EU stance placing him as part of the traditional political system. Macron will have to break this image if he is to confront the FN and present reforms.

Migration and terrorism

Macron has focused more on economic reform as opposed to migration or terrorism, topics which prove divisive. Avoiding those topics during the election campaign helped him to create fewer enemies. He does not support anti-immigration policies, though he has not espoused pro-immigration policies either. His moderate stance on immigration means that continuity of policy can be expected. Terrorism, however, will be a primary issue for him during his presidency. He will create a new task force to combat Islamic State abroad and seeks to coordinate these operations with French allies and partners.