
Macron's World

How the New President Is Remaking France

Ronald Tiersky

In 2015, before resigning his position as economy minister in President François Hollande's government, Emmanuel Macron explained his idea of French democracy to the newspaper *Le 1*. "Democracy," he said, "always implies some kind of incompleteness. . . . In French politics, this absence is the figure of the king, whose death I fundamentally believe the French people did not want."

What he meant was that the French people instinctively demand a strong state with centralized leadership, that France does best when its executive actually governs rather than merely serves as a vehicle for ideological and personal rivalries. That sentiment has run through French politics for over two centuries, since the French Revolution, through two empires, the Vichy regime, and five parliamentary republics. In modern times, it has become especially prominent. In 1958, the Fourth Republic's last president, René Coty, persuaded Charles de Gaulle to return to power to deal with a military crisis shaking the French government of Algeria, then still part of France. The Algerian crisis was so destabilizing that it threatened to bring violence to mainland France. The Fourth Republic, its Parliament torn between ideologically incompatible parties and with only a weak presidency, was on the verge of collapse. Once in power, de Gaulle used the crisis as an opportunity to write a new constitution that gave the president enough power to dominate the fractured party system. He then shaped that presidency into a kind of elected kingship, turning France into a "republican monarchy," as French commentators have called it ever since.

Yet despite the immense power of the office, only two presidents, de Gaulle himself and the Socialist François Mitterrand, have deployed

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its potential to the full. Every other president either lost the initiative or never had it to begin with.

Now, in Macron, France may have found its third transformative president. Like de Gaulle and Mitterrand, Macron has the ambition to be more than simply president. He wants to accomplish great things. Of course, Macron is not de Gaulle, and France's predicament is far less serious than it was during World War II or the Algerian War. But Macron has a sense of personal destiny similar to de Gaulle's, one that is bound up with his idea of what a twenty-first-century France must be.

Macron's vision of France has at its heart a deeply integrated Europe, with France as the continent's leader alongside Germany. Macron wants the European Union to become an economic powerhouse that will play a crucial role in a multipolar world order.

To achieve this, he believes that he needs to rejuvenate more than France's economy. He aims to turn French complacency into ambition, transforming a country that has lost its energy into a dynamic, entrepreneurial nation with a renewed sense of national purpose. Macron describes his strategy as "radical centrism," meaning a centrism that is bold and original, tackling the problems of the twenty-first century—terrorism, cybersecurity, climate change—and not just triangulating positions between the old right and the old left.

As Macron told *Der Spiegel* in October, "Post-modernism was the worst thing that could have happened to our democracy," because it destroyed the idea of a convincing national myth, and with it the possibility of a feeling of national unity and purpose. "Modern political life must rediscover a sense for symbolism," he said. "We need to develop a kind of political heroism. . . . We need to be amenable once again to creating grand narratives."

OUT WITH THE OLD

When Macron launched his presidential bid in the summer of 2016, few paid much attention. He had never run for office. His experience in government was limited to two years as a junior inspector of finances in the Economy Ministry and two years as the minister of economy, industry, and digital affairs. For months after his entry into the race, polling organizations did not even include him in their surveys.

Yet as the campaign unfolded, Macron left far more experienced politicians in the dust. He led the field in the first round and won



Monsieur Fix It: Macron visiting a factory in Amiens, October 2017

66 percent of the vote in the May runoff against Marine Le Pen, the leader of the right-wing populist National Front. His new party, *La République en Marche!* (The Republic on the Move!), or LRM, won 308 of the 577 seats in Parliament. With LRM's ally, the Democratic Movement, an older party with its roots on the center-right, the coalition has 350 seats, giving Macron the ability to pass his legislative agenda without major compromise.

Macron's victory blew apart the old party system. The ruling Socialist Party collapsed. Its candidate won only six percent of the presidential vote, and the party lost almost 90 percent of its seats in Parliament. The conservative Republican candidate also failed to make the presidential runoff, and the Republicans lost 40 percent of their seats. The National Front, shocked by Le Pen's lopsided defeat, has descended into a leadership struggle, one that Le Pen herself might not survive. Jean-Luc Mélenchon, a far-left anticapitalist demagogue, has taken up the banner of populist revolt, but his party, *France Unbowed*, has few seats in Parliament and much-reduced influence in the street. A kind of one-man show, Mélenchon has had a negligible effect.

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In the midst of a surge of nativist populism across Europe and the United States, Macron's victory made France into the defender of the values of liberal democracy and internationalism. This was sur-

prising. For years, economic stagnation and political failures have left much of the French population pessimistic about the future, more interested in being protected from the world than engaging with it. In a poll conducted by YouGov in 2016, 81 percent of respondents in France said they believed the world was

getting worse, and just three percent said they believed it was getting better, the gloomiest result among the 17 countries surveyed.

France's stagnant economy is the cause of much of this pessimism. To be sure, many people are doing well, and the high French quality of life still exists, at least for them. But the larger picture shows a society in which too many are struggling for a decent living. French GDP growth has consistently trailed the average of the Organization for Economic Cooperation and Development (OECD). As Macron often emphasizes, France is the only large European economy not to have conquered mass unemployment. For three decades, French unemployment has hovered around ten percent. In 2016, almost 25 percent of those aged 16 to 24 and actively seeking work could not find a job, and many others were working part time or in jobs below their skill level. The gap between rich and poor has widened, and poverty rates have risen. Poverty in France is now as much a phenomenon of the young and jobless as of the old and retired. About 13 percent of French children grow up in deprived households.

The basic economic problem is that in an open international trading system, French products and services must compete globally or they will lose market share, even at home. Domestically, two main forces hold back private-sector dynamism: sky-high public spending along with the taxes that pay for it and an overly protected labor market.

France's public sector accounts for 56 percent of GDP, the largest share in the OECD. French payroll taxes are among the highest in the world. As individuals, French workers are highly productive, but they work fewer hours each week, and have more vacation time and more national holidays, than do workers in any other developed country. The mandatory 35-hour workweek increases overtime costs and hasn't

kept unemployment down. Letting employees go in hard times can be prohibitively expensive for employers due to strict rules regarding layoffs, and wrongful-dismissal cases can drag on for years. Businesses often solve this problem by hiring inefficient temporary workers instead. This creates a two-tiered labor market, split between people with protected permanent positions and those living precarious lives on temporary job contracts.

WORK BEGINS

Macron has nevertheless had a lucky start, taking office during improving economic conditions. French GDP growth is rising and has reached nearly two percent, close to Germany's and the eurozone's as a whole. By the fall of 2017, unemployment had dropped to 9.7 percent. Consumer confidence is at its highest level in over a decade. The country's 2017 budget deficit was 2.9 percent of GDP, already below the three percent limit mandated by the EU, a threshold France had missed for several years. In 2018, the deficit is slated to be 2.6 percent, which means planned government spending cuts that will reduce welfare programs and a cut to the military budget that will be restored the following year. (Macron intends French military funding to meet NATO's goal of two percent of GDP by 2025.) Macron aims to shrink public spending to 51 percent of GDP within five years. That would be a major accomplishment, as it would allow for significant tax reductions.

To boost growth, Paris needs to encourage foreign and domestic businesses to invest in France and create new permanent jobs. French governments have too often resorted to employing more civil servants—including teachers and staff in the public school system—to reduce unemployment. But private-sector jobs create far more value for the economy. In a broader sense, Macron must reduce the widespread French antipathy to capitalism, profits, and risk taking.

Macron's first major step was to rewrite France's lengthy labor-market rules. The major unions were expected to put up fierce resistance to any changes. Yet the government spent much of the summer consulting them, and they proved willing to cut deals. Even the General Confederation of Labor (CGT), an erstwhile ally of the Communist Party, chose to negotiate. The CGT leadership was responding to a changing mood among union members and supporters. Fewer people—tens of thousands rather than hundreds

of thousands—now show up to street demonstrations, and because of legal restrictions, public-sector strikes by railway workers, utility employees, truckers, and airline staff can no longer shut down the country, as they did in famous past crises in 1968 and 1995.

Among the labor-code revisions are new restrictions on how long employee litigation is allowed to take, limits on the compensation that labor courts may award in wrongful-dismissal cases, reductions in the number of workers' councils permitted inside individual companies, and rules that allow firms to negotiate working conditions within themselves rather than through industry-wide talks involving dozens of firms, a practice that magnified union influence.

In October, talks began on reining in France's generous unemployment insurance benefits, to be followed by discussions on reducing the variety and costs of retirement schemes. Once again, the goal is to reduce the cost of doing business in France, thus encouraging firms to invest and hire. The government also plans to increase programs of professional retraining, vocational schooling, and apprenticeships, following the "flexicurity" models of Germany and the Scandinavian countries.

It's an open question whether these sorts of policies can boost the economy quickly enough to win over public opinion to more optimistic ideas about France's economic prospects. Macron hopes for significant results within a year or two. The expansionary phase already under way will help.

CONTINENTAL AMBITIONS

Macron's success or failure will reverberate throughout the European Union. For decades, the partnership between France and Germany set the EU's agenda, determining the content and pace of integration. But when France's economy fell behind and its political leadership declined in quality, the EU lost its focus, its incubator of new ideas, and its propulsive force. German Chancellor Angela Merkel has waited for years for a heavyweight French leader with whom she could work.

For Macron, reforming France and reforming the EU represent two sides of the same coin. In a speech he gave two days after the German elections in September, Macron laid out a vast program for EU development. The idea at the core of Macron's plan is that in return for French fiscal responsibility and economic reform, Germany would support closer integration of the eurozone, including

a joint budget to fund common investment and help countries through national recessions. There would be a eurozone finance minister and a eurozone parliament separate from the European Parliament. Macron also called for the harmonization of national corporate tax rates and an EU carbon tax.

Macron believes that deeper European integration serves France's national interests, because national sovereignty and EU sovereignty are ever more inextricable. French sovereignty today,

he told the journalist Éric Fottorino in 2017, exists "sometimes at the national level, but also at the European level," when it comes to energy, migration, technology, and some military affairs. "France cannot win against Google and Facebook, but Europe can . . . at least regulate them." Mitterrand would have agreed.

Macron's plan would create a much clearer two-speed EU than currently exists, with the 19 eurozone countries on one track and the other EU member states on a second. He intends the deepened eurozone to become "an economic power that can compete with China and the United States." Macron wants the eurozone budget to amount to several percentage points of eurozone GDP, far higher than the 1.2 percent that the EU currently allocates to its common finances.

The EU's border, Macron believes, must be made comparable to a national one, so that travel and immigration are brought under central control. This is important, above all, to prevent the movement of Islamist terrorists. He wants to establish a European asylum office to speed up the process of accepting or rejecting refugees. In 2015, Merkel was right to welcome hundreds of thousands of Syrian refugees to Germany, but, Macron argues, that was a humanitarian emergency for which the EU was totally unprepared. In future crises, his strategy would attempt to keep refugees and asylum seekers close to home so they can return once the crisis from which they fled is over.

The extent to which Macron will be able to implement his European agenda will depend first of all on Merkel. It will help her a lot if Macron manages to enforce fiscal responsibility in France. German politicians have grown used to France's failure to control its budget deficit. If Macron's vision of a renewed EU is to have a chance, he

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will have to convince them that he is serious about controlling spending, including how much he will ask Germany to contribute to a eurozone budget.

Even then, winning their support will not be easy. Many of the things Macron has called for represent radical departures from current EU policy, whereas Merkel's career has been defined by caution. Especially after an election that saw her party victorious but with a smaller vote share and fewer seats in parliament, she may well refuse to take big risks, especially if her new coalition partners, the Free Democrats and the Greens, oppose her.

Yet Merkel is not likely to simply run out the clock on her remaining time in office. Her decision to admit the Syrian refugees into Germany showed rare political courage. "*Wir schaffen das*," she said. "We'll make it work." That courage has been rewarded. Turmoil among EU governments about accepting refugees threatened to break apart the union, yet they have integrated surprisingly well in Germany. Now, blessed with a dynamic French partner, Merkel might step out front with Macron, not least to demonstrate anew that Germany still supports an ambitious version of European integration. That would be a remarkable conclusion to a remarkable career.

MACRON ABROAD

As with his domestic reforms, Macron's foreign policy will defy old categories. As an Atlanticist, he is fully committed to NATO and knows that the United States is France's and Europe's natural ally. Yet with the Cold War long over, U.S. supremacy within NATO is no longer automatic, especially now that U.S. President Donald Trump has adopted a policy of reducing U.S. exposure to the world's conflicts. As a result, Macron is intent on keeping Washington at a distance, with France mediating between the United States and other countries. And his strategy for EU development shows the importance he accords to a secure, independent Europe.

Macron is, at heart, a pragmatist. He knows that Ukraine's international orientation—toward Europe or toward Moscow—is Russia's most important problem. He has proved willing to stand up to Russian President Vladimir Putin's plans to expand Russia's influence and territory. But he also recognizes that fighting Islamist terrorism, organizing cybersecurity, and dealing with climate change all require democratic and authoritarian countries to work

together. Today, Atlanticism, Europeanism, and globalism are no longer mutually exclusive.

In Europe's dealings with the United States, Macron will play the leading role. He speaks fluent English and has cosmopolitan instincts and a background in investment banking. He also has experience in the French technology and media industries. So far, he has both charmed and challenged Trump. At the July 14 Bastille Day festivities, Macron honored and flattered his American guest. On the other hand, Macron's speech at the UN General Assembly in September flatly refuted Trump's "America first" nationalism.

Where France and the United States come closest together on foreign policy is over Iran. France, along with the United States and five other world powers, negotiated the nuclear agreement with Iran that was signed in 2015. During the talks, the French negotiators took the hardest line, demanding that Iran's ballistic missile program and Tehran's spreading influence in the Middle East be addressed in the deal. But in the end, the French government agreed to focus on the nuclear issue alone, as the Obama administration wanted.

Since the agreement was reached, France has again been the most demanding, this time in terms of verifying Iranian compliance. Although Macron was critical of Trump's decision to decertify the agreement in October, he understands that Trump's decertification may well have been a negotiating tactic. Because Trump did not denounce the agreement completely, the United States can stay in it if Congress votes in favor of doing so. Whether the United States stays in or leaves the deal, France, along with the other signatories, will maintain it. In any case, Macron and Trump both want new agreements to limit Iran's ballistic missile program and its support for Hamas and Hezbollah, and they want a more general understanding about Iran's aggressive policies throughout the Middle East.

Macron's solidarity with Israel is similarly clear. He endorses the long-standing French support for a two-state solution and the Palestinians' right to a homeland. But more clearly than any previous French president, Macron has put Israel's legitimacy as a state beyond question. In a speech marking France's Holocaust Remembrance Day, in July, he denounced "anti-Zionism" as "a reworked form of the old anti-Semitism." He warned about prejudice against Jews in France today. And he emphasized French complicity in the

Holocaust. Speaking of the infamous Vel d'Hiv Roundup of July 1942, in which over 13,000 Jews were arrested in Paris, he was unambiguous: "It was France that organized the roundup of Jews. . . . Not a single German was involved."

Much now rests on Macron's shoulders. There are many reasons why he might fail. Changing minds and creating new energy are hard tasks in any country at any time. Macron is asking the French people to care once again about the country's sense of purpose, "*le roman français*," or "the French narrative," as he puts it. In particular, he's asking young people to feel ambitious rather than complacent.

In graduate school, Macron's master's thesis discussed Machiavelli, whose description of political leadership remains true today: the successful prince needs great skill and great luck. So far, Macron has had both. Whether he will continue to do so will count for much in France, Europe, and the wider world. 🌐

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