SPECIAL REPORT

Regeneration

# France’s new beginning

*President Emmanuel Macron’s reform plans represent a turning point for his country, says Sophie Pedder. Failure would be costly not just for France but for all of Europe*


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SIX MONTHS AGO Sandrine Le Feur was growing leeks and raising Highland sheep on her farm in Brittany. Bruno Studer was teaching history to high-school students in Strasbourg. Bruno Bonnell was running a robotics business in Lyon. Today all three sit in the National Assembly, under the banner of La République en Marche (LRM), a political movement set up only last year by Emmanuel Macron. His election as president in May, at the age of 39, and their arrival in parliament, mark

the greatest wholesale political clear-out France has seen since Charles de Gaulle established the Fifth Republic in 1958. At a shaded terrace café outside parliament in June, such first-time deputies were to be found huddling over their National Assembly welcome packs. Included among the helpful documents was a map of Paris.

As the first disenchantments with the new regime set in, it is worth recalling the remarkable events of the presidential and National Assembly elections earlier this year. No guillotines fell. No tumbrils rolled. Yet Mr Macron swept aside the old guard, rewrote the political rules and brought about a quiet revolution. A one-time investment banker and former economy minister, he had never before run for elected office. Fully 78% of today's deputies are new to this parliament. It has only 13 legislators over the age of 70; the previous one had 96.



At a time of angry populism and political nationalism the world over, there was little to hint that France, of all countries, would be the one to reaffirm unfashionable pro-European and liberal values. The country had fallen out of love with the European project it co-founded. In 2005 it rejected a draft European Union constitution in a referendum. Polls showed the French to be among the continent's most Eurosceptic people. Twice, in 2002 (with Jean-Marie Le Pen as its candidate) and again this year (with Marine Le Pen, his daughter), it voted the xenophobic and Eurosceptic National Front (FN) into a presidential run-off. France seemed to be

trapped by *immobilisme*, a state of fearful conservatism shaped by self-serving political parties, entrenched interests, risk aversion and lack of confidence.

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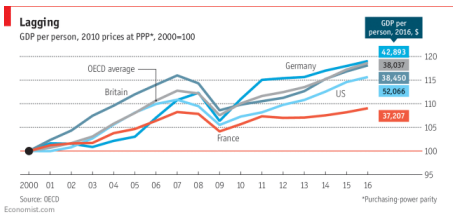
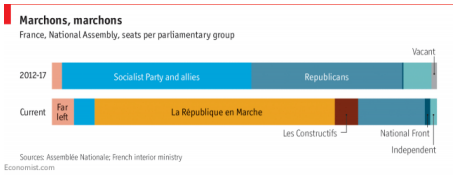
Yet this year's democratic purge suggests that, as Alain Peyrefitte, a former minister, put it in 1976, "France succeeds only by constructing enormous barriers, and then blowing them up." A highly centralised rule-bound system once served the country well, bringing fast trains to every region and three-course meals to every nursery school. But in recent decades France has piled up taxes and public debt, crushed initiative and failed to generate enough jobs, especially for the young. Between 2000 and 2016 its GDP per person consistently grew more slowly than the OECD average (see chart). Successive governments of the left and right largely failed to nudge France out of its lethargy. Book titles about "French Suicide" and "Unhappy Identity" became bestsellers. Anti-establishment politics thrived. Disillusion and despondency took hold.






Mr Macron thinks he spotted the reason. France was blocked, he judged, not because of its inclination to protest or innate resistance to change. It was because on all the pressing issues—inequality, globalisation, the environment, Europe—parties disagreed internally. "In France the political families of the left and the right, structured in the post-war era, are exhausted because of their own divisions and inconsistencies, and have no

more answers to the challenges of today," he told *The Economist* this summer. His idea was not to reinvent the politics of the centre: "If it had just been centrism," he says, "I don't think we would have won." It was, rather, to force a new alignment along a different fault line: between those sympathetic to an open society and those tempted by nationalism, Euroscepticism and identity politics. So he blew up the party-political establishment.




This special report will look at France under its young president; at what can be learned from the way he won power and is starting to exercise it; and at his chances of succeeding in the huge task he has set himself. Mr Macron wants not only to remodel party politics and rebuild an "entrepreneurial and ambitious" economy that can restore France's clout in Europe. He also hopes to turn France, and Europe, into a model of how to respond to what he calls a "crisis of contemporary capitalism". By this, he means fashioning rules that encourage sustainable growth and innovation while protecting the losers from technological change and globalisation in order to minimise the risk of a populist backlash and preserve the liberal order.

The mood in France remains volatile. The first four months of the Macron presidency have veered from relief (at his defeat of Ms Le Pen), admiration (at restored presidential dignity) and delight (at his muscular treatment of the Russian and American presidents) to wariness (at his inclination to pomposity) and apprehension (as spending cuts and labour reforms take shape). France had been morose for so long that at times it seemed to have lost faith in the possibility of renewal. Yet these things come in cycles. Mighty Germany was dismissed as the sick man of Europe back in the early 2000s, and so was Britain in the mid-1970s. At that time it was the French who were inventing the future: launching Minitel (a precursor to the internet, in 1982) and superfast trains (the TGV, in 1981), and rejuvenating Paris with modernist constructions in steel and glass.

With an economic upturn in the euro zone, the conditions for rebooting France are unusually favourable. Consumer confidence in the summer reached its highest level for ten years. Unemployment has begun to drop. "The way the world looks at us has completely changed," says one head of a firm in the CAC 40, which includes

the top listed French companies. "Macron has reawakened optimism," says another. He has given the French a session of "group therapy", commented Michel Houellebecq, a novelist known for his nihilism. If Mr Macron gets it right, France could, just possibly, be at the start of a new cycle.

Caution is nonetheless in order. Recent French history is littered with unkept political promises. Mr Hollande, a Socialist, vowed "to re-enchant the French dream"; Nicolas Sarkozy, his centre-right predecessor, a "rupture" with bad habits; and Jacques Chirac, a Gaullist, to "mend the social fracture". The dream faded, the rupture never happened, and the social fracture still runs deep. After his first 100 days Mr Macron's own approval rating had fallen to just 36%, the lowest of any modern French president at this point. His opponents mock his deputies' "amateurism" and accuse him of harbouring "a preference for the rich". Even friends worry that Mr Macron lacks an inner circle of political heavyweights. However charismatic, he cannot do it all himself. The forces that helped put him in the presidency—disillusion with elites, dejection at joblessness—could yet turn against him. The stakes are high, for France and Europe. If Mr Macron fails, in five years' time voters may not give a liberal democrat a second chance.

**The start of something big**

On successive Saturday mornings in the autumn of 2015, the lift to a young government minister's private apartment was in constant use. In secret meetings, plans were hatched to start something, although none of the participants knew quite what. "A club for reflection", recalls one; an "appeal for action", says another. What they shared with Mr Macron, the minister in question, was a frustrated sense that there was a hidden majority in favour of reforms, but no way to unlock it. Six months later Mr Macron launched En Marche! (On the Move!). The following year he—along with two young members of that original group—stepped into the Elysée Palace.

Mr Macron owed his improbable victory in part to France's two-round electoral system, as well as to political luck. But he also read the mood, created his own chances and exploited them. At its launch, En Marche! was dismissed as a quaint distraction by party barons among whose political families (under various names) power had rotated since 1958. It had no money, no members and no deputies. Yet Mr Macron "found enough people who were sufficiently mad, or lucid, to back

him", recalls one. By refusing to define his party as on the left or the right, he drew in those turned off by doctrinaire politics. By setting it up as a "citizens' movement", with semi-autonomous local committees, he secured grassroots backing for his political assault.

Today such local organisers sit dutifully, if at times awkwardly, on the red benches of the National Assembly. Opposition is muted. The Socialists have lost nearly 90% of their seats and are struggling to survive. The Republicans have been stripped of most of their moderates and are lurching to the right. The FN boasts eight deputies but is straining to be heard. The most audible voice may well come from the far left, under Jean-Luc Mélenchon. It accuses LRM deputies of unthinking fealty to Mr Macron (although this will itself be tested, especially when novice politicians face angry constituents once reforms get going and spending cuts bite). Indeed, the fiery Mr Mélenchon vows to keep "one foot in the street", so opposition may well be as decisive outside parliament as discontent is vented through public protests and demonstrations. "All revolutions are followed by counter-revolutions," cautions Dominique Reynié, a political scientist. Mr Macron, after all, secured only 24% of the first-round vote. Twice as many votes went to anti-system candidates of the far left or the far right. His victory was greeted with relief and surprise, not jubilation. Distrust still simmers.

How Mr Macron manages resistance will determine his prospects. Ask what he will do, and he simply says: "hold firm". He kept his nerve over labour reform, having laid out his plans during the campaign and secured a mandate and parliamentary majority to carry them out. He has built further legitimacy with a post-partisan government, stealing his prime minister, Edouard Philippe, and his finance minister, Bruno Le Maire, from the centre-right. If he campaigned with charm, he seems ready to govern with steel. In July he sent a brutal message about political authority to his top general, who had criticised defence cuts; the general resigned. If anything, Mr Macron has an imperial concept of French power and a distinct taste for its symbols, hosting foreign leaders in Versailles one day and riding in a nuclear submarine another. He has called this model "Jupiterian", a reference to the ancient Roman king of the gods. His opponents dub him, rather, the "Sun King". Even well-wishers worry about hubris.

### Just do it

Yet the unflappable philosophy graduate who now occupies the ornate first-floor office in the Elysée, just below where he once worked as an adviser to Mr Hollande, seems undaunted by the task, and seized by a sense of historic responsibility. “The biggest risk for the next five years is not to get things done,” he says. In the short run Mr Macron may draw flak for unpopular reforms and grandiose tendencies. Yet his determination to do his own thing, even marry a woman 24 years his senior, suggests an imperviousness to criticism that could help him endure disapproval in the polls. The president certainly seems untroubled by self-doubt. “He always knew he had a special destiny,” says a childhood friend. Mr Macron is also shrewd enough to learn from his mistakes. Under Mr Hollande, he saw from the inside how to make them. In the long run his Gaullist reading of institutions, whereby the president concentrates on the grand scheme of things while his prime minister deals with day-to-day affairs, could serve to protect him.

Inflated political expectations often lead to excessive disappointments. One clear-eyed Macron adviser warns of the “Obama syndrome”. Voters in Europe also know about investing impossibly high hopes in young leaders (Britain’s Tony Blair, Italy’s Matteo Renzi). Mr Macron’s unexpected victory, and his first months in office, reveal qualities that should help him navigate tougher times. He has the ability to think ahead and to seize opportunities; determination bordering on ruthlessness; and a gift for embodying a hopeful optimism that has long eluded France. But in the end he will be judged mainly by one thing: whether he can put the economy back on track.

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