

The incredible shrinking président

The Economist, Sep 9th 2010

His ambitions seem to have shrunk along with his poll ratings. Time to rediscover the original grand vision

WHEN Nicolas Sarkozy first burst into the French political consciousness he was unlike any other recent leader the country had known. He dared to tell the French what they did not care to hear: that they should work more, take more risks, promote more ethnic minorities, be nicer to America. He was not afraid to roll up his sleeves, confront his opponents and court unpopularity. He balanced firmness on immigration from abroad with fairness towards ethnic minorities at home. Never a fully fledged liberal, he nonetheless had enough liberal reflexes to understand that the French could preserve the best of their way of life only through reform.

What a shrunken version of that politician now occupies the presidency. Little more than three years into his five-year term, Mr Sarkozy seems to be a shadow of the reformer he once was on economic affairs and a caricature of the tough-cop leader on social matters. He bashes capitalism with one hand and now Roma (gypsies) with the other. His popularity has collapsed, the opposition Socialists are breathing down his neck and a series of mini-scandals has damaged his standing. Even his own camp has begun to doubt that he still has what it takes to carry them to victory again in 2012.



This is what lies behind the battle over pension reform, which drew 1.1m-2.7m protesters (depending on whom you believe) onto the streets on September 7th as part of a one-day national strike. At stake is more than the sustainability of France's generous pension benefits. It is Mr Sarkozy's credibility as a leader who is still willing to take risks, and France's ability to restore its public finances and economy to health.

Impoverished ambitions



By the standards of other European countries, the French pension reform is timid. Mr Sarkozy plans to raise the minimum retirement age from 60 to just 62, in a country where men spend six more years in retirement than the OECD average and where the state pension-fund faces a shortfall of €42 billion (\$53 billion) by 2018. A bolder president would have raised the retirement age higher still. Yet, flush with the success of this week's *manif*, union leaders are pushing for concessions even to the current modest plan. The palaeolithic Socialists joined in the demonstrations, calling for the legislation to be thrown out and claiming that they would revert to retirement at 60 if they won the presidency in 2012. From his offices in Washington, Dominique Strauss-Kahn, a potential Socialist presidential candidate and presently boss of the IMF, must have blushed as red as the banners on the boulevards of Paris.

Fear of the French street, where all great battles are won or lost, is understandable. Recent history is littered with examples of street protests that have defeated government plans: pension reform in 1995 under Alain Juppé, one of President Jacques Chirac's prime ministers; a new job contract for the young in 2006 under Dominique de Villepin, another former prime minister. The French are proud of their cradle-to-grave welfare benefits, and do not give them up without a good old theatrical fight. Their recalcitrance led Mr Chirac to conclude that they were too fragile to cope with unpopular change.

That is too pessimistic now. One encouraging trend has been a growing French acceptance of the need to adapt. The euro-zone crisis has focused minds, and even the French—or, at least, those not marching this week—know that they cannot expect Europe's new austerity to apply to everybody except them. They approve of protest: in one poll this week 70% backed the strikes. That does not, however, mean that they think the government should cave in. The same poll showed 53% thought Mr Sarkozy's plan to raise the retirement age to 62 was "acceptable". This is a turnaround from 15 years ago, when a majority wanted the government to back down.

For years the French elected politicians who were happy to sustain the illusion that generous benefits and snug protections were indefinitely affordable by building up the debts they leave to future generations. The fact that they voted for Mr Sarkozy demonstrated that they were hungry for change. But now he seems unwilling to bring change about.

The good news is that Mr Sarkozy says he will not budge on retirement at 62. Yet, no sooner had the demonstrators folded up their banners this week than he announced exceptions to the new rule, for farmers and other hard labourers. This fits a pattern. Even when the president's popularity was sky-high, he tended to give too much ground in order to secure a headline-grabbing deal. More worrying, his advisers say that, once the pension plan is passed, there are no further big reforms in the diary.



The idea that France is fixed and that there is nothing useful to do for the next 18 months is preposterous. While the German economy is surging ahead, Christine Lagarde, the finance minister, recently cut the forecast for French GDP growth in 2011 from 2.5% to 2%. This will make it harder for the government to curb its deficit as promised, from 8% this year to 6% next; no French government has balanced its budget for over 30 years. The young are shut out of work because excessive rules and costs discourage employers from creating jobs. The heavily immigrant *banlieues* that encircle French towns are steeped in unemployment, gang violence and rage. The strengths that protected France's economy from the worst of the recession are turning into weaknesses in the recovery.

Point him in the right direction, someone
 At his best, Mr Sarkozy is a thrilling politician; at his worst, a shameless opportunist who bends with the wind. His inconsistencies make it hard to know what he really wants, if he even knows himself. Before the next election there is still time for him to demonstrate the qualities that once made him so beguiling, and to reassert both his reformist streak and his previously open approach towards ethnic minorities and integration. Holding firm on pension reform would be a start. The current, timid, reactionary Sarkozy may judge that he stands to gain little from further reform. His grander former self would decide that he has little to lose from trying either.