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D-7  
7 days before  
the poll

# The gap between François Hollande and Nicolas Sarkozy has tightened in the first round but the socialist candidate is still forecast to win in the second.

45 millions French citizens are being called to ballot on 22nd April for the first round of the presidential election in which ten candidates are running :

- Nicolas Sarkozy (Union for a Popular Movement, UMP), outgoing President of the Republic;
- François Hollande (Socialist Party, PS), former First Secretary of the Socialist Party (1997-2008) ;
- François Bayrou (Democratic Movement, MoDem), MP and former National Education Minister (1993-1997) ;
- Marine Le Pen (National Front, FN), MEP ;
- Jean-Luc Mélenchon (Left Front, FG), co-chair of the Left Party (PG), which with the French Communist Party (PCF) forms the Left Front – is also MEP;
- Eva Joly (Europe Ecology-The Greens, EELV), former magistrate and presently MEP;
- Nicolas Dupont-Aignan (République debout, DLR), MP;
- Nathalie Arthaud (Lutte ouvrière, LO) ;
- Philippe Poutou (the New Anti-Capitalist Party, NPA);
- Jacques Cheminade (Solidarity and Progress, S&P).

Just one week before the election, the gap between outgoing President Nicolas Sarkozy and his socialist challenger François Hollande tightened even though the latter is still forecast to win in the second round, which will take place two weeks after 22nd April on 6th May. The populist National Front candidate Marine Le Pen (right) and the left populist Jean-Luc Mélenchon (Left Front) are vying for third place.

The most recent polls highlight the risk of a low turnout. A survey published on April 1st last by IFOP estimates the abstention rate at 32% i.e. a record level in French electoral history.

## Debt, public deficit, a battle of figures

The state of public finances is still one of the central themes in the electoral campaign. The outgoing President, Nicolas Sarkozy's programme plans to bring France's accounts back to balance by 2016, that of his

rival by 2017. To do this the UMP candidate wants to increase revenues by 40 billion €, 32 billion of which are to come thanks to reductions in tax niches that have already been approved by parliament and to reduce spending by 70 billion €. For the outgoing Head of State, France's recovery lies therefore in reducing spending by three quarters unlike his socialist rival. Nicolas Sarkozy wants to see the golden rule, i.e. the inclusion of the country's commitment with regard to the respect of the goal of balanced budgets in the public accounts and the limit of its structural deficit to 0.5% of the GDP (1% for countries whose debt is below 60% of the GDP) to be approved by the summer and repeats that the French socialists are the only ones in Europe not to want to make this commitment, which is part of the European budgetary pact – the so-called Stability, Coordination and Governance Treaty approved by 25 of the 27 EU Member States (except for the UK and the Czech Republic) on 2nd March last.

## Presidential election in France 22<sup>nd</sup> April and 6<sup>th</sup> May 2012

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Nicolas Sarkozy is planning to continue his policy to reduce the number of civil servants by including the major local communities (regions, departments and cities of over 30,000 inhabitants) which will not replace one civil servant in two as they retire (but they will continue to recruit). He is suggesting the introduction of a flat rate tax on profit (global, at least to start with) paid by big CAC 40 companies (which should bring in 2.3 billion €) and a tax on tax exiles, which should bring 500 to 700 million € per year into the State coffers. The outgoing President also wants to extend tax on financial transactions and increase taxes on the internet giants and also on people who rent out property. France's public deficit totalled 103 billion € last year, i.e. 5.2% of the GDP instead of 5.7% in 2010. Nicolas Sarkozy stressed that the reduction in the public deficit from one year to another was an all time first for France. *"For the first time since 1960 public spending as a whole was stabilised in terms of its volume. For the first time since 1945 State spending, excluding the burden of the debt and pensions has decreased,"* said the Prime Minister François Fillon (UMP). The public debt (around 1,700 billion €) has however increased: in 2010 it rose from 82.3% to 85.8% last year, whilst the government was counting on 84.9%. Obligatory payments have increased, rising from 42.5% in 2010 to 43.8% in 2011, again this was a figure above the one expected (43.7%). Public spending fell from 56.6% (2010) to 55.9% in 2011 – a better result than expected (56.3%). Average public spending in OECD countries lies at 43%.

François Hollande wants to reform taxation by cancelling 29 billion tax niches (capping tax niches at 10,000€ per year) and by raising the upper tax income tax band from 41% to 45%. The socialist candidate is also suggesting three professional tax rates (the first a low one at 15% for small companies: the second at 30% for medium sized businesses and the third at 35% for the biggest companies) as well as the end of tax exemptions on overtime.

According to a poll by Viavoice, published on 28th March last in the economic daily *Les Echos* and the BVA survey dated 27th March, employment is the main issue in the presidential election campaign for more

than half of the French (52%). 42% talk of buying power, 27% of public health issues, 24% of public deficits and 23% of insecurity. For the electorate, however the public deficit is the subject, which most candidates running in the election speak of the most – on a par with insecurity (32%) and ahead of employment (29%), immigration (25%) and buying power (24%). The British weekly, *The Economist* published a feature on 31st March *"France's Future. A country in Denial"*. The magazine accuses the two main candidates – Nicolas Sarkozy and François Hollande – of not preparing the French for the reforms, which are vital to counter the public deficit. It condemns their wait-and-see attitude with regard to the country's lethargy, which according to *The Economist* may lead to dramatic consequences.

### What kind of society model?

Nicolas Sarkozy defends an economic model, qualified as German, i.e. focused on the development of SME's that export and which are dynamic and positioned on middle of the range products. The programme put forward by the outgoing president on 5th April last includes 32 proposals including a net salary rise of 840€ per year for the 7 million people who earn between 1000 and 1,400€ per month, a 50% reduction in immigration and the confirmation of the choice to adopt nuclear power.

Last autumn Prime Minister François Fillon, likewise the Foreign Minister, Alain Juppé pleaded in support of an electoral campaign focused on the debt and competitiveness. But to date Nicolas Sarkozy has chosen another path: favouring regalian themes such as immigration, security, justice etc. which enable him as outgoing head of State to have an advantage over his main rival, *"those who think the election will be won because of the economy are wrong,"* he declared.

Nicolas Sarkozy said that he wanted to reduce legal immigration in France. *"The extremist parties say: we do not want people who are different. I say: those who come to France must love France enough to speak French and learn about our values* (the Head of State wants family reunification candidates to pass a French language test). *Otherwise they will not come to France (...) How can people integrate, or assimilate if an*

*uncontrolled migratory wave continually reduces the Republic's work to nought? We accept differences but we do not want to change our values, which were those of our parents, our grand-parents and which we want to pass on to our children,"* he said.

After having suggested the establishment of a Buy European Act according to the Buy American Act, which would reserve part of state orders for SME's and having asked for the review of the Schengen agreements that regulate the conditions of entry and free-movement within the signatory countries, Nicolas Sarkozy said that he would freeze the French contribution to the EU budget i.e. in his opinion this would mean savings of 600 million €. This request asked for by France (but also by other Member States including the UK, Germany and Finland) has been repeated over the last few months. Paris's contribution to the EU totals 19 billion €, which places the country second amongst the 27. France receives however 13 billion € from Brussels, including 9.8 billion in virtue of the Common Agricultural Policy (CAP).

For his part, François Hollande continues his electoral campaign, criticising the results produced by Nicolas Sarkozy.

The socialist candidate has made youth the central theme of his electoral campaign. He suggests the introduction of a generation contract (reduction of social contributions to encourage employers to take on young people and to maintain the eldest in their jobs: employment on an unlimited contract of young people accompanied by a more experienced candidate, who will retain his job until he retires). The socialist candidate also wants to create 150,000 jobs for young people and says that every young person aged 16-18 who has dropped out of school will be offered training (apprenticeship or civil service). He also wants to draw up a productivity pact to revive growth in France by supporting innovative, exporting SMEs.

François Hollande says that if he wins on 6th May next he will enter office quickly. He has laid out in detail several measures that he wants to implement at the very beginning of his mandate: a 30% reduction in the salary earned by the President of the Republic and the members of government; a freezing of fuel prices for

three months ; a 25% increase in the school allocation in September; the introduction of retirement at 60 for those who started to work at 18 and who have paid their contributions for 41 years and the establishment of a scale of 1 to 20 in salary bands in the civil service. The socialist candidate wants to see parliament – that will be elected on 17th June next – to convene from 3rd July until 2nd August. MPs will have to approve tax reforms quickly (abolition of tax niches, return to the previous tax on wealth (ISF), 75% taxation on the highest incomes (as of one million € per year) and the abolition of social VAT (a 1.6 point increase in the present VAT rate, that has already been approved and supposed to enter into force on October 1st next)). The designer of the socialist project, Michel Sapin, declared on 10th April that the 75% tax band would *"last as long as the recovery of France's finances required it"*.

François Hollande is trying to create a consensus around his bid for office and over the last few days he has increased the number of meetings he has had with socialist leaders, Ségolène Royal, Henri Emmanuelli, Arnaud Montebourg and even former socialist and honorary chair of the Citizens' Movement (MRC), Jean-Pierre Chevènement. *"I am seriously on the left and I am in favour of a serious left, which will not disappoint, will not deviate and will not turn away from its promises,"* declared the socialist candidate recently insisting on the fact that *"everything will depend on the first round"*, calling regularly for a "strategic vote". *"The first round first – it will be decisive. We must create dynamism as of 22nd April. I am calling on the electorate to understand this,"* stressed the favourite, who warned however against the idea *"that everything has already been decided."* *"By continuing to announce a result, we'll end up by not creating it,"* he said on 13th April in the daily Libération.

The two favourites in the first round rallied their supporters on 15th April at the Concorde in Paris (Nicolas Sarkozy) and on the esplanade of the Château de Vincennes (François Hollande). Copying John Fitzgerald Kennedy, the latter spoke of *"defining a new frontier for a new France."* *"The appeal I am launching is not only the rejection of the outgoing candidate. My responsibility is higher. My responsibility is to open*

up a new era," he declared. The outgoing President announced a new measure – the general application of the civil bankruptcy principle – and insisted greatly on his determination to work towards strengthening the role played by the European Central Bank in reviving growth.

### A Duel for Third Place

Behind the two favourites, Jean-Luc Mélenchon and Marine Le Pen are vying for third place in the polls.

The National Front candidate promises "a big surprise" on 22nd April. "I am convinced that more than one Frenchman in two does not want the duel between François Hollande-Nicolas Sarkozy. They know what they have to do," she declared, saying however that if the 2nd round brought the two men up against one another she would not give any voting directives.

Marine Le Pen tried to develop her party's usual campaign themes in the wake of the murders in Montauban and Toulouse (on 11th and 15th March last three soldiers and four Jews (including three children) were murdered by a young 23 year old Frenchman, Mohamed Merah). "We have to take drastic measures immediately and firmly against fundamental Islam," declared the National Front candidate who promised to "take all of the necessary measures to protect the French from the Islamic threat."

Jean-Luc Mélenchon continues his campaign that leans rather to the left. He defends an increase of the minimum salary to 1,700€ (10% of workers earn the SMIC, which lies at 1,398€ gross). He also suggests the employment of 800,000 people in the civil service (the Left Front candidate wants to create 11 new services or "public centres") and the renationalisation of EDF-GDF, Areva and Total. "France is extremely wealthy. The public service is not expensive. The public service does not cost a lot," he maintains. Jean-Luc Mélenchon wants demonetise the debt and create nine new tax bands, including one in which tax totals 100%. We should note that the EU makes renationalisation impossible, likewise taxation at 100%.

The populist leader, who has always said he would not run in the second round to the benefit of the left candidate best suited, is convincing the voters on the left who are not very keen on the idea of voting for François Hollande and who want to have influence in the PS. As for the UMP it hopes that Jean-Luc Mélenchon will scare centrist voters, pushing them to give up their support of François Hollande in the second round. Although he may not be amongst the two leaders on 22nd April next, Jean-Luc Mélenchon may at least be

pleased to have become the one with the best campaign (in the opinion of the French) in this presidential election. According to a poll by LH2, 63% of those interviewed say this. 57% of those interviewed speak in support of Nicolas Sarkozy's campaign and 54% for that of François Hollande.

As for the other candidates François Bayrou, third in the first round of the presidential election on 22nd April 2007 with 18.57% of the vote, is losing ground and is due to come fifth. The Democratic Movement candidate maintains however to be the only one "dealing with real problems" and protests against the attitude adopted by his rivals, who, in his opinion, are preventing the French from understanding how serious the crisis is in France. "Only those who do not lie to the people love it. We say to people that everything is going well, that the crisis is behind us, that we can spend again," he says in an interview in the daily Le Monde on 6th April. "The first question that springs to my mind is over employment, and the revival of production in our country," he adds.

François Bayrou, was indeed the first to highlight the threat posed by the debt on the French economy and continues to warn the electorate both of extremes and against the futility of the left-right tug of war. "Extremes are becoming increasingly dangerous and taking up more and more space. Because the political world is cut in tow, right against left – we have two dominant parties – one on the right, the Union for a Popular Movement, and the other on the left, the Socialist Party, who are both under pressure from their respective extremes. This leads to extremely significant excesses in terms of decisions and attitudes. In this presidential election there is only one political proposal that is safe from any extremist pressure, and it is the one I am putting forward to the French," he stressed.

In spite of their efforts and the opening of the official campaign on 9th April last the five other candidates -- Eva Joly (Europe Ecology-The Greens, EELV), Nathalie Arthaud (Lutte ouvrière, LO), Philippe Poutou (the New Anti-Capitalist Party, NPA), Nicolas Dupont-Aignan (Debout la République, DLR) and Jacques Cheminade (Solidarity and Progress, S&P) – are struggling to convince and are credited with very few votes in the polls (1% of the vote except for Eva Joly, who is due to win 2.5% of the vote).

François Hollande is in the lead in terms of voting intentions in the most recent poll by the Sofres for the TV channel Itélé, which was published on 13th April last. He is due to win 28% of the vote and is two points ahead of outgoing President Nicolas Sarkozy (26%).

Jean-Luc Mélenchon and Marine Le Pen share third place with 16% of the vote each. François Bayrou is credited with 9% of the vote and ecologist Eva Joly 2.5% of the vote. The other candidates are due to win 1% of the vote or less. More than one quarter of those interviewed (27%) say they have not decided. Two thirds of those interviewed (64%) say however they know how they will vote. François Hollande is forecast to win in the second round on 6th May with 56% of the vote and 44% for Nicolas Sarkozy.

Many proposals that have been made over the last few weeks by the President of the Republic have not had the desired effect within the population. The outgoing head of State chose to warn the French of a victory by François Hollande who, in his opinion, would provoke "a confidence crisis" that would rapidly lead France to bankruptcy. "In 1981 it took two years. This time it will take two days," he declared. "If by misfortune François Hollande should win he will not be able to govern without Jean-Luc Mélenchon or the Greens. A left victory would reduce our budgetary, energy, food and military independence to nought," stressed Jean-François Copé, the UMP's Secretary General on 14th April.

If, in the opinion of the French, François Bayrou is the

candidate "who understands France's and the French population's problems the best" (62%), the MoDem leader struggles because of his solitary image: 24% only believe that he "has a real team with which to form a government", a quality that six Frenchmen in ten acknowledge however with regard to the outgoing head of State, (60%). An equivalent number of Frenchmen (60%) believe that Nicolas Sarkozy has the necessary qualities to be president against 38% with regard to François Hollande. The latter "understands France's and the French population's problems" (56% of those interviewed); only 36% share the same opinion about the outgoing head of State. These figures come from a poll undertaken by Sofres for *Itélé* at the beginning of April.

Finally with 57% of positive opinions François Holland takes the lead in terms of the most popular political figure in a monthly poll undertaken by Ipsos for the weekly magazine *Le Point*. He is ahead of François Bayrou, (56%). The outgoing President of the Republic Nicolas Sarkozy wins 40%.

We should remember that the presidential election will be followed on 10th and 17th June by general elections that will lead to the renewal of the 577 members of the National Assembly, the lower chamber in Parliament.

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