La Menace across La Manche: Brexit to Shake France’s Political Centre

In their first meeting last week, Boris Johnson, the UK’s freshly appointed Foreign Minister, assured his French counterpart Jean-Marc Aryault that the UK was still part of Europe, at least as an ally if not member state. Two ISIS attacks on French soil in July loomed over their pledge to strengthen UK-French security and intelligence cooperation. Both the French and EU at large stand to gain from UK’s counterterrorism expertise, accumulated through decades of conflict with Northern Ireland and a series of Islamist attacks in the early 2000s. The recent appointment of Sir Julian King as the EU’s new Commissioner for the Security Union confirms that view: Julian King brings to the post experience as the UK Ambassador to France and former Director General of the Northern Ireland office in the Foreign and Commonwealth Office.

When facing a common enemy, the Anglo-Franco relationship does not seem bound for cold divorce after Brexit. In the context of Europe’s widening internal disarray, however, things are much less certain.

The Johnson-Aryault meeting proceeded agreeably, granted the UK was still preparing its negotiating position. With three Brexiteers occupying central positions in the UK’s new ministry—Foreign Minister Johnson, David Davis as Secretary for Exiting the European Union, and Liam Fox as International Trade Secretary—an assembly of players who have stood staunchly against free movement of people will face the firm resolve of German Chancellor Angela Merkel and French President François Hollande. Some EU Member States such as Italy are allegedly ready to offer the UK concessions to keep them in the single market, while France and Germany remain tough in their insistence that access to the EU single market will only be granted to the UK if all freedoms are respected.

Either the Brexiteers or EU leaders must flinch from their position, sacrificing some political skin in the process. Merkel and Hollande have a lot at stake not only as leaders of the EU’s centres of gravity, but also as leaders facing elections this coming year. Such timing may perhaps underlie May’s strategy to delay triggering Article 50: on her visits to Berlin and Paris last month, May requested more time for the UK to consult regional and industry leaders as it prepares its negotiation offer. Is May waiting for election pressure to subside so that her counterparts may have more flexibility in negotiations? Or is she hoping for more favourable allies at the table in ten months-time? Holding out for the stakes and/or players to change may be the UK’s best bet, though this depends on French and German internal politics.

Brexit, and the larger wave of political malaise which triggered it, may indeed be a game-changer for EU politicians, particularly those who have elections next year (e.g. Germany and France). The future of the EU is now a huge question mark in the political landscape, forcing candidates to re-evaluate their national interests in the context of a continent under mounting external and internal pressures. Below, we discuss how the EU’s changing relationship with the UK has figured into electoral debates in France on some key issues.
The future of France in the EU

While Hollande himself is a strong Europhile, he is constrained by a rising majority (72%) of French voters with whom the EU has fallen out of favor. He cautiously avoided hints of a more federalist future after Brexit, calling instead for a more moderate ‘Europe understood and controlled by its citizens.’ Already relatively low, Hollande’s approval rating troughed after the Nice attacks. If he offers his candidacy for re-election, Hollande may be wary of taking an unrelenting position against the UK at the negotiating table ahead of elections, especially as France grapples with rising Euroscepticism.

Former Prime Minister Alain Juppé and former President Nicolas Sarkozy, both competing for the Les Républicain (LR) bid, are each calling for votes on new EU treaty. Juppé wants to engage multiple ‘core states’ with redesigning the EU; meanwhile, Sarkozy wants to prepare a simplified five-point proposal before the end of the year with Germany alone. A process of parallel negotiation between EU member states and between UK and the EU may unfold under either candidate’s purview.

The FN’s Marine Le Pen is the far-right populist candidate who appealed to French Euroscepticism and distrust of government to secure historically high levels of support for the party last autumn. Establishing her support base in Northwest France is no coincidence, where resentment against foreign workers and migrants resonates particularly strongly amongst poorer working-class inhabitants. If elected, Le Pen promises to continue the “people’s spring” initiated by the UK’s referendum, and hold a similar vote in France.
To add to what will be an interesting dynamic between Member States throughout Article 50 negotiations, European Commission President Jean Claude Juncker appointed Michel Barnier, former Commissioner for the internal market, to be Chief negotiator. Does this demonstrate the Commission’s desire to play ‘hard-ball’ with the British?

**Brain drain – Brain gain**

In the UK, the Leave campaign was fueled by fears that southern and eastern European immigrants were depressing their wages. Similarly, the French are concerned with free movement of people and services absent from a uniform labour policy. Current EU regulation allows multinational companies to pay workers posted in France but originally from other member states French wages, while offering them social protections according to their country of origin. As France has one of the most generous sets of social welfare laws in the EU, the French view posted workers as cheaper labour with an unfair advantage in European labour markets.

The incumbent socialist government can take credit for protecting French workers given freedom of movement: reforming posted workers’ legislation was part of Finance Minister Emmanuel Macron and Prime Minister Manuel Valls’ controversial overhaul of French labour laws. Vall’s threat to disregard the EU’s directive absent reforms prompted European Commissioner for Employment, Marianne Thyssen, to resubmit new rules in July.

Yet, the liberalisation of French labour markets may only be a competitive edge for the Socialist Party (PS) vis-à-vis the centre-right LR, whose pro-business potential candidates Sarkozy and Juppé also support such reforms, which include a higher retirement age and an end to France’s 35-hour work week. More traditional socialists and French workers, on the other hand, have met such unpalatably ‘un-French’ reforms with great resistance. Only in June did an anti-liberal faction within the PS attempt a motion of no confidence, while Macron was egged by union activists during a round of labour reform strikes. The more Macron moves the Socialists towards the centre with his reformist “En Marche” platform (that aptly promises to be “ni droit, ni gauche”), the less likely he is to shake his pro-business reputation to keep workers from fraying to the Eurosceptic far-left and far-right.

**Safe and Secure**

Security concerns are contenders’ strongest political currency this election. No later than the day after the Nice attacks did Alain Juppé criticize the Socialists’ failure to make France safer after several tragic attacks this year. Although the incumbent government has already undertaken reforms suggested by the LR (e.g. criminalizing visits to jihad-linked websites), their inability to demonstrate or communicate their actions will likely push voters to a more hawkish candidate.

Juppé, now current mayor of Bordeaux, promises several security reforms to stem the tide of rising Euroscepticism in France and across the continent. At the EU level, Juppe proposes overhauling the

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*Protests against the Socialists’ proposed labor law reforms in Rennes, northwestern France*
Schengen system, strengthening controls at European external borders, and ceasing accession talks with Turkey.

In France, Juppé supports scrapping Le Touquet accords if elected President. The Touquet agreement, signed in 2003, allows the UK to conduct border controls on French soil. The agreement is highly controversial particularly in Northwest France, due to its consequence of concentrating 3,500 migrants and refugees in the Nord Pas-de-Calais region. Despite escalating security and humanitarian concerns, Hollande’s government holds the official position that breaking the agreement would only make matters worse. Le Touquet is another issue that Macron aligns more with conservatives than the government, however.

For Le Pen, reflecting her support base in north-western France (she holds a seat on the regional council), scrapping Le Touquet is but the first step of tighter border controls and the ‘total eradication of Islamic fundamentalism.’

**Free trade without free movement**

The UK is the country with whom France has the largest trade surplus. While a falling pound or British import tariff will cut France’s trade surplus with the UK, some French industries will be impacted more than others, namely food products. 14% of French agricultural exports went to the UK in 2015, of which the majority consists of wine and dairy products. Despite the government’s current inflexibility, French politicians will want to see UK-French trade as least restricted as possible—a winning point for May’s team. Shortly after the referendum results, Juppé distinguished his willingness to compromise with the UK on freedom of movement. If the UK’s initial position in trade negotiations is to remain in the European Economic Area—which many believe to be the least costly divorce option—May would at least have Juppé’s support.

French interest in a strong trade relationship with the UK, however, does not imply French interest in total trade liberalisation, especially given rising populism in France. We only have to look at the dairy industry to know this. Although French dairy farmers were amongst many in the EU to receive additional CAP subsidies, EU policies are viewed as insufficient to solve the prolonging surplus crisis in the long-run. So long as pro-single market advocates cannot prove their ability to keep French farmers and businesses competitive and afloat, candidates like Le Pen will surge ahead, who offer more protectionist platforms (such as imposing ‘intelligent’ tariffs). How will France straddle these positions in the context of Brexit negotiations? France cannot negotiate bilateral trade agreements with the UK outside of the EU, but given existing internal pressure to disengage France from global markets, a Le Pen presidency risks more market fragmentation.

**Paris to roll out the red carpet**

Consistent with their approach to economic reform, Valls and Macron are also using Paris’ post-Brexit potential to replace London as Europe’s financial capital to appeal to the French business community. As early as February, Macron offered to ‘roll out the red carpet for UK’ bankers in the event of a Leave vote. Macron’s comment was then seen as a jab at Cameron, who used France’s high wealth tax to entice France’s rich to the UK. After the Leave vote, attempts to reverse the tide and make France more attractive for wealth are occupying a serious priority. Some of government’s promised reforms include a “one-stop
“Shop” for tax information to be established by the end of summer for foreigners and former expatriates settling in France, an extension of the partial tax exoneration for returning French citizens (from five to eight years), and a reduction of France’s infamously high corporate tax rate from 33 to 28%.

A gift to Le Pen?
The media has noted Brexit’s legitimating effect on populist movements in other EU member states like France’s FN. But while the Leave campaign amplified the FN’s Eurosceptic, anti-globalisation trope, the subsequent negotiations are simultaneously accelerating two related trends that began under Hollande’s presidency: the fragmentation of the socialist party and the consolidation of France’s political centre.

With the centre-left and centre-right converging at least around economic policy, the contours of political debate reflect those in many countries grappling with the political costs of global competition. The risk of a French populist government in 2017 thus depends on how the PS and LR split votes. The parties were conscious of this risk in regional elections last autumn, when the Socialists pulled their candidates from two regions where relatively high FN support threatened both centrist parties. PS and LR candidates have been able to distinguish themselves mainly around security concerns, which have escalated after the Nice attack. So far, it seems that a platform joining market liberalisation with a tough line on security can appeal to the LR’s traditional voting bloc, and retain potential centrist defectors as well. Hence, we are seeing predictions of a LR-FN run-off. A recent poll hypothesized election results in that event: Against Le Pen’s 28% of voter support, data speculates that Juppé would win with 35%, while Sarkozy would lose with only 21%.

Here are some key upcoming dates to look out for:

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<th>SEPTEMBER 2016</th>
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Party nominations are just right around the corner, and the Socialists and Républicains must each consider how their candidates will fare against Le Pen, and contrast against each other. France’s left has drifted under Hollande’s Presidency, but the 2017 elections have the vitality of both sides of France’s centre at stake.

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