

## Chapter 15

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# France and the Global Economic Order

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**Introduction: globalization's comeback in French politics**

Globalization has never been popular in France. This is, after all, the country that had given birth to anti-McDonald's hero José Bové, the policy of 'cultural exception' and the anti-globalization organization ATTAC (Association pour la taxation des transactions pour l'aide aux citoyens (Association for Taxing Transactions for the Benefit of Citizens)). As a result, French policy-makers and big companies have long had to tread carefully, globalizing by stealth while pretending not to – never mind that France is the fifth largest commercial power in the world, one of the world's most attractive destinations for foreign investment and one of the largest holders of real assets in other countries.

Nicolas Sarkozy was elected president after the apex of the '*alter-globalization*' movement, which occurred in the early 2000s. A decade ago, the French were collectively obsessed with globalization, which politicians vilified all across the political spectrum. Today, France is less exceptional in its relation to globalization, not because the French grew tired of their obsession, but because the rest of the developed world rallied around the same fears, disillusion and identity crises (Meunier, 2012).

The Sarkozy presidency started off in an appeased international economic climate, leaving the centre stage to domestic issues, from law and order to university reform, and international affairs, from freeing the Bulgarian nurses held in Libya to settling the Georgia conflict. Yet Sarkozy and his government were quickly confronted with a succession of economic crises that indeed demanded global management – first the financial crisis that erupted in the United States in September 2008, then the 2010 Greek crisis which subsequently degenerated into a crisis of the eurozone and culminated in January 2012 with the degradation of France's AAA debt rating, a '*coup dur*' for national prestige. As a result, the theme of globalization made a central comeback in the 2012 electoral season.

In this chapter I review French perceptions of globalization at the dawn of the Sarkozy era, explore how the Sarkozy presidency initially made a priority of managing the global economic order, analyse why and in what direction French perceptions of the nature of globalization evolved in recent years, and explain how and to what effect the themes of ‘*démondialisation*’ and protection played a role in the presidential campaign and beyond. What is unique about the French rapport with globalization is that they seem to ignore their own place in the global economic order – they both underestimate the real size and assets of the national economy, while they overestimate their national capacity to order and master globalization. This was true of the Sarkozy administration, as it was true of Chirac’s before him, and it seems to be true again of the Hollande presidency, at least in its first six months.

### **French perceptions of globalization at the dawn of the Sarkozy era**

The singular French reluctance towards globalization in the early 2000s had been tamed in the ensuing years through promises by successive politicians that globalization could actually be ‘managed’ (*maitrisée*) thanks to a combination of European and international policy initiatives. It therefore became less of an issue in political rhetoric. Yet even though Sarkozy’s 2007 platform, characterized by many in France and abroad as triumphant neo-liberal capitalism, was not a hindrance to his election, his initial stance on globalization was prudent, reflecting the general French uneasiness with the phenomenon.

Judging by numbers alone, France should not have been one of the countries in the world most uneasy and fearful about globalization, nor most pessimistic about its own national future in the global economic order. The French economy is highly integrated in, and highly dependent on, the global economy. It is one of the world’s largest traders: in 2010, the country was the sixth largest exporter of goods and the fifth largest exporter of services, while at the same time it was the fifth largest importer of goods and the sixth largest importer of services. It was also the fourth largest destination for foreign direct investment in the world. French workers are among the world’s most productive, and overall competitiveness rankings put France among the top 20 worldwide. In 2012 it boasted 32 companies among the Global Fortune 500 ranking of the world’s biggest companies, the largest number in Europe, and many of these are world leaders in their sector (Fortune, 2012). Overall, globalization has benefited France and enabled it to conserve both its status as one of the world’s largest economies and its high standard of living.

And yet the country turned out in the late 1990s to be one of the hotbeds and epicentres of the anti-globalization movement. Why has resistance to globalization been more intense, more widespread across the political spectrum, and more forcefully articulated publicly in France than among its European and Western partners? Globalization represents a particular challenge for France for a variety of reasons (Gordon and Meunier, 2001).

The first reason is the individual and decentralized nature of globalization. By increasing the power of private, individual actors over that of the state, globalization seemed to weaken the foundations of modern France, which has relied on a highly centralized state for entrepreneurship, redistribution and economic support. The French do not fault the state for doing too much and meddling in the private sphere, like Americans do. On the contrary, everything is expected from the state, which is constantly accused of not doing enough.

Second, 'Anglo-Saxon neo-liberal' globalization was initially equated with Americanization. Its most potent symbols were the English language, American corporate logos and cultural icons. As a result, globalization was also accused of threatening French identity, with the potential for American mass culture, from Hollywood to Google books, to send French culture into oblivion. In defence against these perceived attacks against national identity, France passed in 1994 the Loi Toubon which mandated the exclusive use of the French language in all government and commercial publications and subjected radio and television broadcasts to a minimum quota of works in French. Other countries, whose national identity was less tied to its language and cultural production, did not exhibit a similar collective resistance to globalization.

Third, France's proud special role in international affairs seemed menaced by a world in which money had replaced ideas as the main determinant of foreign policy. The disproportionate international role of the country, reached through centuries of imperialism and careful cultivation of a universalist message, was under threat by a world under which consumerism had replaced values and English had become the new lingua franca.

Finally, France has a well-documented collective penchant for being the most pessimistic nation in the world, and one understands better why the French were so wary of globalization. Therefore, the country became a hotbed of contestation against globalization with the launch of the anti-globalization movement ATTAC in 1998 (which spread out to 40 countries), a dynamic intellectual activity backing '*altermondialisme*' and a generalized anti-globalization discourse which politicians left and right tried to appropriate (Ancelovici, 2002; Fougier, 2003).

The theme of globalization was centrally present in the 2002 election, though more as a bogeyman and rhetorical focal point than as a

cause of division. Incumbent conservative president Jacques Chirac talked about the need to ‘humanize’ globalization, while his socialist challenger Lionel Jospin claimed that it ought to be ‘tamed’ and ‘civilized’. As for FN candidate Jean-Marie Le Pen, who faced Chirac in the run-off second round, he did include the denunciation of globalization alongside his repudiation of immigration and European integration as one of the central components of his far-right platform.

By the next electoral cycle in 2007, however, the issue had lost considerable political salience. On one hand, resistance to globalization had morphed into resistance to the process of European integration. The divisive referendum on the project of European constitution, which a majority of the French ended up rejecting in May 2005, had focussed the arguments against the downsides of neo-liberalism and its deleterious effects on employment, welfare and the general standard of living in France. On the other hand, some of the fears about globalization had been temporarily assuaged because they did not materialize. Unemployment was relatively stable, with the rate falling to a 24-year low of 7.4 per cent in March 2008. After two years of a sluggish 0.9 per cent GDP growth rate in 2002 and 2003, the economy grew more than 2 per cent on average over the next four years. Some French analysts, such as Alain Minc, saw in this evidence of ‘*la mondialisation heureuse*’ (‘happy globalization’). As a result, the 2007 presidential election was fought on a different terrain, that of law and order, immigration and European integration.

Sarkozy was portrayed in the media at the time of his election as an unabashed neo-liberal capitalist – a compliment in the Anglo-Saxon press, a criticism in the left-wing French press. Yet even before his election he gave clear signs that he conceived of globalization in ambiguous terms, much like his predecessor. In his first major speech on globalization, delivered in November 2006 in Saint Etienne, Sarkozy insisted on the need for management and protection against a phenomenon that cannot be curtailed but that does have real negative effects. And indeed, as soon as he took office, Sarkozy appointed Hubert Védrine, the former foreign minister under socialist president François Mitterrand, to write a major report on the role of France in the globalized world (Védrine, 2007).

### **Sarkozy and the management of the global economic order**

Globalization came back with a vengeance to the political centre stage in the autumn of 2008. This gave France an opportunity both to try to fashion the global economic order at the international level and to resurrect the collective demonization of globalization at home. In this

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section I analyse Sarkozy's attempts to manage the global economic order in the immediate aftermath of the outburst of the American financial crisis and throughout the rest of his presidency, as the crisis of the euro progressed.

### The 2008 financial crisis

The bankruptcy of Lehman Brothers in September 2008, which precipitated much of the advanced industrialized world into the biggest economic crisis since the Great Depression in 1929, was in many respects a crisis of globalization. The causes of the crisis did lie in the excesses of globalization: a combination of neo-liberalism run amok and intense international interconnectedness that acted as a multiplier effect. The crisis also had an impact on globalization, at least temporarily, with an immediate contraction of world trade and a drying up of the private flow of credit and investment, which worsened the situation.

The financial crisis provided a chance for Nicolas Sarkozy to shine and for France to reclaim some control over the global economic order. Personal factors meshed opportunistically with political and institutional factors for France to step forward.

As he has proven throughout his political career, Sarkozy is a man who thrives on crises. When a crisis occurs, he is omnipresent, hyperactive and deploys great energy in order to bring about a resolution. That is how he treated the outbreak of the financial crisis in September 2008: as an emergency situation to which he would devote his entire attention.

The international context was also propitious for this take-charge approach by Sarkozy. U.S. politicians were not in a position to articulate ambitious responses because the American electoral context was heated and divisive and the Bush administration was on the way out. As for the EU, France was actually holding the rotating presidency in the second half of 2008, so Sarkozy was speaking not only on behalf of France but also on behalf of the whole EU 27 when articulating a response to the crisis (see p. 000).

French initiatives were ambitious, both in form and substance. In form, Sarkozy pushed for a multilateral response to the crisis, which concretely became the G20. Indeed, Sarkozy claims that one of his biggest accomplishments is the invention of the G20 in its contemporary incarnation. The G20 includes 19 of the world's largest economies plus the EU, as well as representatives from the International Monetary Fund (IMF), the World Bank and some invited countries, representing 85 per cent of the world's GDP.<sup>1</sup> Initially created in 1999 in response to

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<sup>1</sup> Members of the G20 are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States and the EU.

the Asian financial crisis, the G20 was first a low-profile gathering of finance ministers and central bank governors who met annually to discuss international financial stability. When meeting with American president George Bush in September 2008, in the midst of the financial crisis, Sarkozy suggested that a broad multilateral forum be convened as a meeting of heads of state in emergency. The format of the G20 was agreed upon because, conveniently, it already existed, even if its nature changed dramatically once it became a forum for heads of state.

The pioneering heads of state 'G20 Summit on Financial Markets and the World Economy' took place in Washington in November 2008. Since then, it has met bi-annually and has overcome the G8 in stature due to its more accurate representation of the world's population and economy. It is an informal institution whose secretariat is assured by the country holding the presidency. It convened in London in April 2009. At the September 2009 Pittsburgh summit, it was decided that, starting in 2011, the heads of state G20 would meet annually and that France, which was already scheduled to hold the rotating presidency of the G8, would preside over the G20 as well.

In substance, the initiatives led by Sarkozy to manage the global economic order were ambitious as well. The crisis was interpreted as a vindication against the dangers of jungle capitalism. Given the traditional Gallic unease vis-à-vis globalization and Sarkozy's own prior admonition to protect the country from its damaging effects, the French made, in the heat of the crisis, a series of bold proposals to overhaul radically the international financial architecture and regulate neo-liberal economics. Speaking both on France's behalf and on behalf of the EU, Sarkozy called for a 'rethinking of the financial system from scratch, as at Bretton Woods' and made proposals concerning regulation, transparency, supervision and integrity. Over the course of the following two years, France continued to push for restoring the moral dimension of capitalism against deregulated globalization.

### The G8/G20 presidency

The highlight of Sarkozy's attempt to manage and reform the global economic order was the twin French presidency of the G8 and the G20, the world's premier international economic fora, in 2011. With the G8 summit in May in Deauville and the G20 summit in November in Cannes, the French president had much to gain both internationally and domestically, or so it initially seemed, from this opportunity to showcase France as the first country ever to head the two groupings simultaneously. Internationally, Sarkozy could acquire world stature, which might help him domestically ahead of the 2012 electoral contest – especially since that contest was expected to involve Dominique Strauss-Kahn, then the managing director of the IMF and recognized

as one of the world's leading experts on the management of the global economic order.

The main objective of the G20 is to tackle the root causes of the 2008 financial and economic crisis and to improve global stability and prosperity in order to prevent the recurrence of such a crisis. The country holding the presidency inherits the agenda left over from previous summits. However, it also has some latitude in determining the rest of the agenda which finance ministers, central bankers, heads of state and countless working groups will be labouring on. The objectives stated by France for its G20 presidency were ambitious:<

1. Reforming the international monetary system;
2. Strengthening financial regulation;
3. Combating commodity price volatility;
4. Supporting employment and strengthening the social dimension of globalization;
5. Fighting corruption;
6. Working on behalf of development.

As Sarkozy stated, 'we live in a new world, so we need new ideas'.

In addition to being ambitious (some international observers characterized them as 'grandiose'), these priorities were also somewhat unrealistic. Coordination and goodwill were possible at the apex of the crisis in 2008 when there was a shared sense of urgency, but now that most G20 members were seeing the end of the recession tunnel and the new crisis of the day was the future of the euro, national interest and immediate domestic political considerations came clashing against ambitious rhetoric. The international and European economic situation was no longer particularly propitious for the ambitious regulatory agenda and overhaul of financial governance proposed by France.

As the months went by, the French presidency fizzled, both for internal and external reasons. Internally, lofty ambitions progressively gave way to petty disagreements, such as on current account definitions, and the order of the day evolved from rethinking the international system to extinguishing immediate fires. Externally, the European sovereign debt crisis of the euro, with its potential for triggering a collapse of the euro with unpredictable economic consequences, became the most pressing order of business, relegating ambitions to manage the global economic order to the background. What was supposed to be the highlight of Sarkozy's presidency of the G20, the Cannes summit in November 2011, was overshadowed by the simultaneous crisis of the euro – its initial sweeping agenda eventually replaced by a quasi-exclusive focus on bolstering the euro bailout agreement to ensure that the euro crisis would not spread to the rest of the world (see p. 000).

## Did France change the global economic order?

Sarkozy's attempts to manage the global economic order during his five-year tenure reflect France's dual underestimation and overestimation of its role in globalization. By denouncing Anglo-Saxon capitalism and calling for a radical overhaul of the international financial system, Sarkozy confirmed deeply held national suspicions that France had been a victim of globalization, underestimating its nature as a major actor of globalization instead. At the same time, by planning to use its presidency of the G20 to reform fundamentally the international monetary system and drastically strengthen financial regulation, Sarkozy overestimated the power of France, and of French public actors, to alter the course of global finance and reorganize it with a purpose against the will of its central players.

For a short window of time, the crisis seemed like a vindication of the French model of capitalism, with its peculiar balance of state and market. In March 2009, the usually French-bashing *The Economist* even put a big Sarkozy next to a little Merkel (and a quasi-disappearing Gordon Brown) on its cover with the title 'Europe's New Pecking Order' to accompany a laudatory article about the French economic model (*The Economist*, 2009). If France was indeed a beacon of a new enlightened capitalism, as Sarkozy was suggesting at the height of the crisis, then French solutions should lead the way out of the crisis. But this state of grace did not last long, and as other economies started to bounce back, while the euro crisis deepened and French exports and competitiveness declined, analysts went back to deriding the French model.

The balance sheet of Sarkozy's attempt to manage the global economic order is not overwhelmingly positive. In his speech on the financial crisis pronounced in Toulon in September 2008, he had declared that 'a certain idea of globalization ends with the end of a financial capitalism that had imposed its logic on the whole economy and had contributed to pervert it' (Sarkozy, 2008a). He said that it was time to be 'imaginative and audacious' in coming up with solutions to the crisis and creating a 'new form of capitalism' that puts 'finance at the service of business and citizens'. Under his leadership, France indeed made many ambitious proposals and declarations, such as reform of global economic governance, regulation of hedge funds, a clampdown on financial offshore centres and tax havens, and caps on bonuses for traders and CEOs.

Few of these ambitions, however, had materialized into actual policy reforms by the time Sarkozy left office in 2012. His call for abolishing tax havens was well reported in the French media and was a popular proposal, but so far the G20 has not cracked down on these havens and the proposal announced with great fanfare has not been followed by implementation. One partial exception to the lack of measures actu-

ally implemented is the greater international economic governance made possible through the institutionalization of the G20, which has now become the *de facto* premier international economic forum, though it has not delivered real results so far. But even the quasi-institutionalization of the G20, which now regularly meets annually at the head of state level, is not a clear-cut Sarkozy accomplishment. Though he has claimed its paternity, many actors involved in the troubled days and weeks after the collapse of Lehman Brothers suggest a different story, one in which the US wanted a multilateral response, but to which Sarkozy advocated a more restrictive forum with a dozen members. But all concur that Sarkozy amplified these trends and tried to capitalize on the invention of the new format.

Another announcement that has been followed by partial implementation, if only in France, is the so-called Tobin tax on financial transactions. Initially conceived by the anti-globalization movement at the turn of the millennium and characterized at the time by Sarkozy as ‘an absurdity’, this tax became a pet cause of the French president who suggested in 2009 that it should be adopted by the G20. He tried to convince France’s EU partners to adopt the tax to set an example for the rest of the world, and he finally announced in January 2012 that the 0.1 per cent tax on financial transactions would be implemented in France as of August.

The lack of concrete results of France’s attempts to manage the global economic order does not come only from the absence of support for its proposals by other leading economies or by the relentless succession of crises demanding immediate attention. It also came because, in regard to other initiatives, such as the Basel III accords on banking supervision, France was a more reluctant follower than a leader.

## **The changing nature of globalization**

In addition to the apparent failures to manage successfully the global economic order, French assessments of globalization changed during the Sarkozy presidency because of a shift in the actual and perceived nature of the phenomenon. In this section I explore in particular three new, related realizations accelerated by the financial crisis and the euro crisis: that Europe cannot deliver on its promise to manage globalization; that globalization is no longer synonymous with Americanization; and that China is now the dominant face of globalization.

### *Europe cannot deliver on its promise to manage globalization*

For over a decade, French policy-makers had reasoned that globalization could be palatable if it could be managed. The phrase ‘managed

globalization' originated in France as '*mondialisation maîtrisée*' at the height of the anti-globalization fever of the late 1990s (Abdelal and Meunier, 2010). Politicians promised that globalization would deliver economic opportunities while its negative effects would be kept under control by a series of specific policies. The EU was presented as the instrument of choice for managing globalization.

The divisive debate over the 2005 referendum on the European Constitution was in many ways a debate over whether the EU could enable the French to have their cake and eat it too: that is, to benefit from an open area where people, goods and services could circulate freely while being protected from the economic disruptions and realignments engendered by such freedom. The rejection of the Constitutional Treaty was a warning sign that the French were losing faith in the process of European integration, which they felt had exposed them to globalization instead of protecting them. This trend continued during the Sarkozy presidency. The growing French disillusionment with European efforts to manage globalization was accelerated by two shocks: the American financial crisis and the sovereign debt crisis of the eurozone, neither of which these efforts had been able to prevent or contain.

Surveys confirm both France's growing disillusionment with the EU's potential to manage globalization and its idiosyncrasies when it comes to perceptions of globalization. The Eurobarometer survey asked whether the EU helps to protect from the negative effects of globalization. In 2010, 42 per cent believed this to be the case, while 38 per cent did not. France was the outlier in the survey, with the smallest percentage of responses out of 27 countries believing in the protective role of the EU against globalization (29 per cent) and the second largest number of responses after Greece believing that the EU was not protecting French citizens from the effects of globalization (54 per cent) (European Commission, 2010). The responses are similar to a related question, asking Europeans whether the EU enables citizens to benefit more from the positive effects of globalization: France and Greece are the only two countries where a majority of respondents think that the EU cannot help them to reap the positive effects of globalization.

By the end of Sarkozy's presidency, the French no longer believed that European integration had played the role of a bulwark against globalization. Instead, they perceived that the EU had acted as a Trojan Horse accelerating the process of globalization and amplifying its negative effects into France.

Globalization is no longer synonymous with Americanization

A second French perception of globalization which has evolved during the years of the Sarkozy presidency is the American nature of the phe-

nomenon. Ten years ago, the French equated globalization with Americanization, and the US was perceived to be its main driver and main beneficiary. The American imprint on globalization was seen everywhere. The number of McDonald's, the spread of Starbucks or the ratio of Hollywood versus national blockbusters had become proxies for measuring globalization. The '*altermondialiste*' movement focused on globalization as an instrument of American imperialism and as a cultural steamroller.

The problem for the US was that, while Europeans in general, and the French in particular, were then ambivalent or enthusiastic about the opportunities offered by globalization, many people tended to blame the US for what they did not like about globalization: the increasing gap between the rich and the poor, the increasing pollution of the planet and the impacting negatively on national culture. There was no doubt that the US was the main driver and the main beneficiary of globalization then, and therefore was responsible for the negative side effects of it.

What has changed in the last decade is that the US has moved from a position of culprit to a position of victim when it comes to globalization. Today, few in France believe that the US still holds the keys of globalization. While the US still has, by far, the world's largest economy, only 29 per cent of the French believe this is the case – the fourth lowest score of all countries polled by the 2012 Pew Global Attitudes Project (2012). At least three kinds of changes have contributed to the broad decoupling of globalization and Americanization.

First, the French have increasingly recognized that their own ambivalence about globalization is matched by American ambivalence. Outsourcing, deindustrialization and loss of global competitiveness have stricken American workers as they have the French, and surveys point to a negativity towards globalization almost as great in the US as it is in France nowadays. The financial crisis of 2008 revealed American vulnerabilities and weakened the international prestige and power of the US, precipitating the perceived demise of the country as the holder of the keys of globalization.

Second, as for the fear of cultural homogenization, which used to be the most distinguishing characteristic of the French reticence towards globalization, it has all but disappeared from the national debate. Globalization has not ushered in the feared American-led cultural homogenization. To be sure, the Champs-Élysées glitters with billboards and store signs with American brand names. But many of these signs, from New York to Shanghai, also say 'Louis Vuitton', 'Cartier' and 'L'Occitane'. Moreover, globalization has also meant diversity, with the easier access to wider cultural content and the availability to broadcast to the entire world.

China as the main driver and beneficiary of globalization

A third recent evolution is the perception that, today, China has become the main driver and the main beneficiary of globalization. For the French, it is now clear that China is already the world's largest economic power – even if these perceptions are a far cry from reality. Indeed, in 2012 a sizeable majority (57 per cent) of citizens in France, as elsewhere in Europe, believes that, today, China is already the world's biggest economic power, whereas only 29 per cent think it is still the US (ibid.).

This power shift is worrisome to the French because they share a strong suspicion that their interests are very different from those of the Chinese when it comes to globalization. According to a 2010 Eurobarometer survey, 23 per cent of EU citizens think that China and Europe have the same interests when dealing with globalization, while 52 per cent believe that their interests are different (European Commission, 2010). The French have the lowest percentage in all of Europe in thinking that their interests are different (14 per cent), and one of the highest percentages in thinking that their interests are the same (67 per cent).

The rise of China has brought forward a new set of concerns that have little to do with American competition. When globalization was perceived as American, the main reproaches were that it acted as a cultural steamroller (the 'coca-colonization', 'Disneyfication', 'McDoization' of the world) and was heightening the American values of individualism and competition to the detriment of the French values of equality and solidarity (Kuisel, 2012). Today, the concerns about globalization are markedly different. They focus mostly on the lowering of all standards and the ineluctable loss of unemployment to perceived unfair competition.

The tergiversations of France's foreign and economic policy towards China under the Sarkozy presidency reflect the unease towards this power shift. Sarkozy has given both the cold shoulder and a pompous reception to Chinese president Hu Jintao (see p. 000). He played a difficult balancing act of taking a moral stance by meeting with the Dalai Lama, which angered the Chinese government, while simultaneously conducting economic diplomacy to obtain potentially lucrative Chinese contracts for French companies. Chinese foreign direct investment in France is both courted and vilified. Even during the course of the French G20 presidency, policy alternated between alliance with or against China on currency matters. Like they were when globalization presented an American face, the French are now the most worried in Europe of globalization with a Chinese face. But unlike the US, which has long been a security ally and shared common values with France, China, with its exotic culture and fundamentally different political and

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value system, appears to be a more serious challenge to French identity and its role in the world.

## **Globalization and ‘démondialisation’ in the 2012 election**

The Sarkozy presidency, which started by focusing on domestic issues and rehabilitating neo-liberalism, came to be defined instead by attempts to manage the global economic order and old-fashioned railing against Anglo-Saxon capitalism. The combination of the financial crisis, the euro crisis and deeper structural power shifts put the topic of globalization back at the centre of political rhetoric during the 2012 presidential campaign: how France had been victimized by globalization; why the EU had been an agent of, instead of a bulwark against, globalization; how to protect the country from its negative effects. In this section I explore how the theme of globalization was used in the 2012 election and beyond.

### The French globalization consensus

Globalization made a comeback in French electoral politics, but more as a consensual bogeyman that everyone lashes out against than as a subject of real debate. With their penchant for pessimism, the French focus almost exclusively on the negative consequences of globalization, not the opportunities it has offered or will offer. The consensus in public opinion is striking. The most recent poll on this issue reveals that more than four out of five French people believe that globalization has had overall negative consequences on employment in France (Cochez, 2012). Moreover, polls have shown repeatedly that the French see their country as the least well positioned in the global economy.

Partisan affiliation does not seem to matter, as 71 per cent of PS sympathizers and 75 per cent of Sarkozy’s UMP party favour protectionism (Ifop, 2011). The same poll on perceptions of globalization in ten countries reveals that France was judged the least well placed in international economic competition by its own citizens (with 34 per cent of respondents saying ‘well placed’ and ‘very well placed’, against 40 per cent in the US, 70 per cent in the Netherlands and 79 per cent in Australia). French respondents were at the extreme of almost all questions asked in the poll, whether on their favourability towards capitalism and the market economy system (15 per cent of favourable responses in France versus 65 per cent in China!), the imminent probability of another economic and financial crisis, and the necessity to block foreign takeovers.

That the health of the French economy is so heavily dependent on globalization does not seem to matter, because these arguments are hardly audible in such a political context. The disconnect between reality and the imaginary in the approach to globalization comes in part from the singular relation that the French entertain with their companies. They hardly see a convergence between the interests of firms and the interests of citizens, between private interest and national interest. The problem is not, as George W. Bush famously said in an involuntary pun, that the French have no word for ‘entrepreneur’. The problem is that, in France, ‘*entreprise*’ (‘firm’) often feels like a dirty word. This can be explained by the very low rate of unionization in France, which has created a culture of individualism and corporatism instead of corporate bargaining, as well as by the absence of basic private sector culture among French politicians, for whom politics has been a lifelong career – starting with Nicolas Sarkozy and Francois Hollande, the two main contenders in the spring 2012 presidential contest.

As a result, the mistrust and fear of globalization is spread out all across the French political spectrum, creating the appearance of a globalization consensus. If the anti-globalization (*alterglobalization*) movement no longer has the same visibility in France that it did a decade ago, it is not because the French converted to neo-liberalism in the meantime. Rather, it is because its central themes and pet peeves have been co-opted and absorbed into mainstream politics – starting with the Tobin tax on financial transactions, which Sarkozy put on the agenda of the 2011 French presidency of the G20, has tried to sell to Angela Merkel in the European context, and then reaffirmed as a centrepiece of his electoral platform in January 2012.

### ‘Démondialisation’ and protection in the 2012 campaign

In reaction to the twin financial and sovereign debt crises, ‘deglobalization’ and ‘protectionism’ have become some of the keywords of the 2012 presidential campaign – not as real objects of debate, but rather as givens that candidates must deal with. Arnaud Montebourg, an eloquent, ambitious, young Socialist, surprisingly came in third in the party’s primary contest in October 2011 after running on a platform of ‘*démondialisation*’ (‘deglobalization’) (Montebourg and Todd, 2011). That concept spread in the public debate like wildfire. Indeed, *Le Monde* published 73 articles talking about ‘*démondialisation*’ between January 2011 and April 2012, compared to no articles on ‘deglobalization’ in *The New York Times* during the same period, according to my own count on Lexis/Nexis.

‘Protection’ was the other keyword of the 2012 campaign. From the far Left to the far Right, with anchors in the PS and the UMP, everyone advocated protection, though this newfangled protectionism was almost

systematically qualified with epithets: ‘European protectionism’ (Jean-Luc Mélenchon, FG); ‘new wave protectionism’ (Arnaud Montebourg, PS); ‘modern protectionism’ (Laurent Wauquiez, UMP); ‘social and economic protectionism’ (Marine Le Pen, FN). Even Sarkozy, who had been misinterpreted initially by American commentators as a neo-liberal reformer, had declared in his first big speech on globalization in 2006 that his first duty would be to protect (Sarkozy, 2006).

As the campaign progressed, attacks on globalization became more virulent, and so did calls for protection from all four major candidates. Le Pen declared that ‘globalization goes profoundly against human nature’ (Gauvin, 2012). Jean-Luc Mélenchon and the FG, heir apparent to the *altermondialiste* movement and the ‘no’ vote to the referendum on the European constitution, campaigned on the theme of ‘another globalization’ and fustigated neo-liberalism and finance. Socialist candidate Francois Hollande also designated global finance as the main enemy in his speech in Le Bourget in January 2012: ‘my real adversary has no name, no face, no party; it will never be a candidate and yet it governs. That adversary, it is the world of finance’ (Hollande, 2012). Sarkozy also tried to play the protectionist card. In March 2012 he focused his speech in Villepinte on the need to provide protection, including by creating a ‘Buy European Act’ that would institutionalize a European preference for public procurement (Sarkozy, 2012a). In April, he published his platform in a ‘Letter to the French people’ in which he mentioned globalization 26 times and insisted on the duty of protection (Sarkozy, 2012b).

This dual theme of globalization/protection featured even more centrally towards the end of the campaign. In his last attempt to convince the electorate in between the two rounds, Sarkozy gave a speech in Toulouse on borders and national identity. Alluding to the scores of 17.9 per cent obtained by Le Pen and 11.1 per cent obtained by Mélenchon in the first round, Sarkozy insisted on the ‘crucial importance of borders in globalization’ and declared that ‘I do not want to let France be diluted in globalization, that is the central message of the first round’ (Sarkozy, 2012c).

In the end, since Hollande and Sarkozy shared a general consensus regarding the nature and the drawbacks of globalization, the electoral contest could not play out in the global economic policy sphere. It had to play out elsewhere: in matters of domestic politics, social issues and personality.

## Beyond the 2012 campaign

The presidential election that brought Hollande to power in France in May 2012 happened during turbulent times for European economies: there was the fallout from the financial crisis, acute uncertainties about

the future of the eurozone, rampant deindustrialization and a sentiment of Western decline compared to the rising economic powerhouses of the East. Indeed the second round of the French presidential election occurred on the same day as a Greek legislative election that sent shockwaves throughout Europe, and throughout the world, when a majority of Greek voters expressed their discontent with the pursuit of austerity measures enacted to deal with the sovereign debt crisis. Managing France's place in the new global economic order, in part by managing the European order, will certainly be the defining challenge of Hollande's presidency.

So far not much has happened on this front, outside of the management of the euro crisis and the governance of the EU of course. The Hollande administration has sent mixed messages about how it intends to tackle the challenges posed by globalization. After his election, Hollande sent a strong signal that he would continue to 'manage' globalization by appointing Arnaud Montebourg to the government as the minister of the tailor-made, and yet to be defined, 'ministry of productive recovery'. From publicly shaming car-maker Peugeot about its proposed lay-offs to redirecting French automobile production through targeted subsidies, from provoking a showdown with steel industrialist Lakshmi Mittal to defending 'made in France' products on magazine covers, the minister seems to be devising a contemporary industrial policy to deal with global economic challenges.

But in several instances this ministry has already seemed at odds with the ministry of finance, headed by Pierre Moscovici, who is operating more in the shadows than the flamboyant Montebourg. This tension was revealed publicly on several occasions, for instance the creation of the French Public Investment Bank, one of Hollande's keystone initiatives. Supposed to be operational by late 2012 and bolstered by a capital of €30 billion, this bank is designed to help small and medium-sized enterprises. In addition to the conditions in which the bank was created, the two ministries (and ministers) disagreed on the objectives and criteria for financing projects – whether to encourage innovation and exports or to rescue failing companies and prevent bankruptcies.

Six months into the Hollande presidency, it is still not clear whether France will adapt an offensive posture, trying to project itself internationally in order to take advantage of globalization, or a defensive posture, protecting itself from competition through a variety of measures such as the promised 'Arcelor-Mittal' bill that would force companies intent on closing a factory to find a suitable alternative owner.

## Conclusion

All advanced industrialized economies are nowadays confronted with mass and long-term unemployment, deindustrialization and as a result growing resentment vis-à-vis globalization. France is still singular, however, in possessing strong anti-capitalist feelings at the root of its hostility to globalization. Of ten major countries polled in 2011 on perceptions of globalization, France came in first by far in its outright rejection of capitalism and the market economy as the best economic system (33 per cent) and last in expressing clear support (only 15 per cent). Ironically, the most ardent defender of capitalism according to this poll was China (Ifop, 2011).

Yet for all the talk about the loss of any margin of manoeuvre, the necessity of protection and the ineluctability of decline, the French discourse on globalization, left and right, ignores the fact that the deterioration of French competitiveness and trade position happened above all vis-à-vis the country's European partners. While China has displaced a sizable number of jobs to be sure, it is also a scapegoat in explaining why France seems to fare so badly in the globalized world. The competitive position of France has deteriorated in the past decade compared to the rest of Europe, and the record-breaking trade deficit, expected to reach €100 billion in 2012, is mostly incurred in Europe.

The dominant perception in France, on the left as on the right, is that the state's capacity to act and margin of manoeuvre need to be restored in order to protect the French from the unfair competition coming from the rest of the world. France is certainly not unique among its peers in fearing this competition and resorting to protective reflexes against it. But it is singular in the underestimation of its capacity to adapt and in the overestimation of its power to control and direct the global economic environment.