

Politics & Diplomacy

The Sarkozy Effect

France's New Presidential Dynamic

J.G. Shields

Nicolas Sarkozy's presidential campaign was predicated on the need for change in France, for a break—"une rupture"—with the past. His election as president of the French Republic on 6 May 2007 ushered in the promise of a new era. Sarkozy's presidency follows those of the Socialist François Mitterrand (1981-95) and the neo-Gaullist Jacques Chirac (1995-2007), who together occupied France's highest political office for more than a quarter-century. Whereas Mitterrand and Chirac bowed out in their seventies, Sarkozy comes to office aged only fifty-two. For the first time, the French Fifth Republic has a president born after the Second World War, as well as a president of direct immigrant descent.¹

Sarkozy's emphatic victory, with 53 percent of the run-off vote against the Socialist Ségolène Royal, gave him a clear mandate for reform. The near-record turnout of 84 percent for both rounds of the election reflected the public demand for change. The legislative elections of June 2007, which assured a strong majority in the National Assembly for Sarkozy's centre-right Union pour un Mouvement Populaire (UMP), cleared the way for implementing his agenda over the next five years.² This article examines the political context within which Sarkozy was elected to power, the main proposals of his presidential program, the challenges before him, and his prospects for bringing real change to a France that is all too evidently in need of reform.

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The context. Three major events marked the second presidential term of Sarkozy's predecessor, Jacques Chirac. The first was that Chirac won his second term against the leader of France's far-right Front National (FN), Jean-Marie Le Pen.³ The unprecedented appearance of a far-right candidate in the presidential run-off was but the latest indicator of a political disaffection that had grown more pronounced through the 1990s. The threat of Le Pen reaching the run-off again hung like a specter over the presidential campaign of 2007.

Another defining event of Chirac's second presidential term was France's vote against the European Union (EU) constitutional treaty in the May 2005 referendum. Drafted by a convention under former French President Valéry Giscard d'Estaing, the treaty was designed to give new impetus to the process of European integration. It was a cause personally espoused by Chirac and massively supported by the National Assembly and the Senate. The disparity

outpouring of anger was provoked by the accidental death of two teenage boys fleeing the police in the Paris commune of Clichy-sous-Bois, but it expressed a much wider revolt against the failure of the French Republic to honor its contract of "*liberté, égalité, fraternité*" with France's largely ghettoized immigrant communities and urban underclass.

The above sequence of events presented many symptoms of the ills besetting France in the run-up to the 2007 elections. While the years following the liberation of 1945 had favored economic growth and increased prosperity, those after the oil crises of the 1970s had been characterized by economic recession, industrial restructuring, rising unemployment, worsening crime, and the difficulties of integrating large immigrant communities. Elected to implement change, French governments were often impeded from doing so—then punished for not having done so. In all six legislative elections between 1978 and 2007, the governing majority was overturned,

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between 90 percent parliamentary support and the 55 percent of French voters who rejected the treaty in the referendum highlighted the gulf between France's governing elite and its citizens, many of whom saw the treaty as institutionalizing an unbridled economic liberalism across the EU.

The third and most dramatic event of Chirac's *fin de règne* was the outbreak of extensive urban rioting in Autumn 2005 by youths of mainly North African origin, prompting the declaration of a national state of emergency. This violent

while a succession of twelve prime ministers and their governments outdid one another in unpopularity.⁴

Campaigning for election in 1995, Jacques Chirac lamented the "monarchical drift" of a Mitterrand presidency which, he charged, had neglected the needs of the French people, leaving the country "in a state of social emergency."⁵ Then, throughout his own quasi-monarchical presidency, Chirac failed on his promises to heal the "*fracture sociale*" caused by high unemployment and socio-economic inequalities.⁶ When

labor-market or welfare reforms were attempted by his center-right premiers, they were met with social and political opposition. As Chirac's would-be successors rehearsed a new litany of electoral promises in Spring 2007, many believed France to be a country in inexorable decline. The term coined to describe this pervasive mood of pessimism was "*le déclinisme*," and the growing number of commentators articulating it even earned their own neologism as "*déclinologues*."

The challenge. In an unsparing assessment of France published in October 2006, the *Economist* charted a persistently slow-growing economy and a faster-growing public debt as a share of Gross Domestic Product (GDP) than that of any other EU-15 state.⁷ With its bloated public sector, over-regulated labor market, high taxation, diminished purchasing power, low-ranking university sector, and intractable unemployment of over 8 percent—over 20 percent among those under 25—France was, despite many countervailing economic and social strengths, in danger of being diagnosed "the sick man of Europe." Other depressing statistics recorded 3.7 million people living in poverty, 2.5 million on the minimum wage, and 2.4 million unemployed.

These statistics can be read as an indictment of the failure by successive French governments since the 1970s to mold public policy to meet the changing social and economic realities. Developed in a time of near-full employment, the French "social model" is ill-adapted today. Founded on a worthy notion of solidarity, it perpetuates an unbridgeable divide between those with secure jobs, pension rights, and special welfare privileges, and those who live the daily realities of unemployment, job insecurity, pover-

ty, and exclusion. Nowhere is this disparity more starkly illustrated than in the treatment of France's ethnic minorities, drawn largely from North African immigration and often corralled in rundown *banlieues* (outskirts) where unemployment, crime, and social alienation are rife. In the name of a secular and theoretically colorblind state, French officialdom refuses even to acknowledge the presence of a Muslim community estimated by some to be as high as six million, close to 10 percent of the population.⁸ It is a principle deriving from the Revolutionary creeds of 1789 that all French citizens are indistinguishably French. No European country has been more resolute in refusing the "Anglo-Saxon model" of multiculturalism, effectively denying the existence of its largely disadvantaged ethnic minorities.

In the judgment of its most severe (usually Anglo-Saxon) critics, the French model has become a perverted expression of "good intentions, bad policies, and vested interests," which invoke the language of solidarity to obstruct change.⁹ While acknowledging the problems besetting the French Republic, let us keep a sense of proportion too. France is the Eurozone's second largest, and by some measures the world's sixth largest, economy. The productivity of French workers is high and the French healthcare system and public transit system remain the envy of foreign observers. Yet it is undeniable that the workplace currently contains too many disincentives to work. Given the social charges and rigidities of employment contracts and the costs and complexities of redundancy procedures, it is no surprise that employers often do not recruit at all or hire temporary staff who fall outside the protective employment regime. When, in the wake of the Autumn 2005 riots, de Villepin's gov-

ernment passed legislation making it easier to hire and fire young employees, it responded to the needs of one disadvantaged section of youth. However, another section, students, fearing for their future job security, protested so vehemently that the legislation was withdrawn at President Chirac's urging.

Herein lies the essence of the challenge confronting France's new president: to dispel the egalitarian myths that entrench existing inequalities and retard economic and social development on a number of levels. The challenge is also to renounce the discourse of denial in which political leaders have too readily taken refuge, blaming outside forces—the European Commission or European Central Bank (ECB), the International Monetary Fund (IMF), the World Trade Organization (WTO), or simply “globalization”—for France's ills and fashioning policy to mitigate rather than eradicate those ills. Even where the need to engage with the global economy has been acknowledged, it has been too often couched in vacuous rhetoric, as in Chirac's declaration to the UN in September 2003 that “there cannot be economic globalization if it is not accompanied by a globalization of solidarity.”¹⁰ In rejecting the EU constitutional treaty in May 2005, French voters expressed their fear of a “market society” as the dreaded alternative to the “social model,” an alternative embodied by an imagined army of Polish plumbers poised to invade a deregulated French labor market.

Changing culture. Sarkozy's task goes beyond political reform. It is about changing attitudes, perceptions, and culture. It is also about redefining the role of the state in French Republican psychology vis-à-vis the citizen, ethnic and other minorities, the economy, and the

outside world. Sarkozy's program set out the vision of a recovery based on job and wealth creation, cuts in labor-market regulation and taxation, increased competitiveness, and reductions in the national debt and trade deficit. He argued for a smaller public sector, the curbing of trade-union power, reforms to higher education, and the rationalizing of the “social model.” Work and the reward for work lie at the heart of Sarkozy's prescription, where reform of the labor market and fiscal regime is paramount. “*Travaillez plus pour gagner plus*” (“Work more to earn more”) became the defining slogan of a campaign resonant with terms—*travail, effort, mérite*—to rally “*la France qui se lève tôt*” (“the France that gets up early”). The 2007 elections revealed that a clear majority of voters preferred this exhortation to the soothing nostrums of France's first female *présidentiable*, with her defense of state-subsidized jobs, workplace security and generous welfare provision for those fortunate enough to enjoy these.

The plethora of reforms projected or underway includes creating a more flexible employment contract with incremental protection and circumventing the thirty-five hour week by exempting overtime from income tax and payroll charges. Other proposals are to cut income, corporation, inheritance, and wealth taxes to an annual sum of over \$18 billion, while raising healthcare charges and potentially value-added taxes. The reform package includes measures to lower the personal tax ceiling to 50 percent of earnings, make mortgage interest payments tax deductible, abolish special pension programs for certain public servants, cut the civil service, and tighten unemployment benefits while banning “golden parachutes” for the bosses of failing companies.¹¹

Other measures aim to guarantee a minimum service during transport strikes and secret balloting for extended strikes, and to give universities more autonomy and incentive to compete for staff, students, and funding. In keeping with Sarkozy's previously tough line on law and order, sentences for youth crime and multiple offenders have been stiffened. The new Ministry for Immigration, Integration, National Identity and Co-development has been created to oversee the integration of immigrant communities, to clamp down on illegal immigrants, and to ensure that new arrivals should be competent in French language, respectful of French values, and have adequate means of financial support. Those seeking to join relatives in France may be subject to DNA testing, while the government has set a deportation target of 25,000 illegal immigrants for 2007 alone. A cross-party commission has been established to look into institutional reform, considering such

world markets. The choice of London as Sarkozy's first foreign campaign trip in January 2007 was a mark of his respect for British economic success and a bid to encourage up to 300,000 mostly young, highly qualified expatriates in Britain to take their skills back to France. Though an avowed believer in the market economy, Sarkozy makes a distinction between "fair" (what benefits France) and "unfair" (what does not) competition. As finance minister in 2004, he displayed a very Gaullist penchant for industrial intervention and the protection of "national champions."¹² As president, he showed the same interventionist impulses over the merger agreement in September 2007 between the state-owned Gaz de France and the private utilities group Suez. He has blamed EU monetary policy for some of France's economic woes and called for "community preference" for EU products.¹³ In his victory speech, Sarkozy warned of the EU's image as a "Trojan horse" for globalization, and his

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questions as the representativeness of parliament and the accountability of the executive. Other objectives on the new president's agenda encompass restoring authority in schools, celebrating national identity, ending the "culture of repentance" surrounding French history, and stifling the legacy of student and worker uprisings in May 1968.

While the public sector requires the most urgent remedial attention, much of the private sector, by comparison, thrives, as many French companies and entrepreneurs are highly competitive in

protracted timetable for balancing France's budget threatens to undermine the EU's Stability and Growth Pact, the fiscal requirements underpinning the euro. He will oppose foreign takeovers of French companies and may seek to deter factory relocations by penalizing companies moving jobs out of France. This combination of economic liberalism and nationalism, though a winning formula with French voters, may make France an unpredictable partner within the EU and WTO.

France and the world. Foreign policy hardly featured in the presidential campaign of 2007, but Sarkozy's election has important consequences for France's standing in the EU and wider world. His first weeks in office saw a flurry of initiatives: talks with Algeria over civil nuclear technology, pressure for a climate change deal at the G-8 summit, calls for ending the genocide in Darfur, and an arms and nuclear energy deal with Libya. This deal occurred in conjunction with the high-profile release of six Bulgarian and Palestinian medics imprisoned in Tripoli, an act for which Sarkozy's (then) wife Cécilia snatched credit after months of quiet European diplomacy. Sarkozy has proposed and secured a simplified EU institutional treaty to be ratified by parliament, and voiced his opposition to Turkey's accession. He has called for a "Mediterranean Union" to strengthen commercial and political links between Europe, North Africa, and the Middle East, seeing here perhaps an alternative for Turkish admission to the EU. In an address to French diplomats on 27 August, he declared the "construction of Europe" to be an "absolute priority," and, with the EU presidency returning to France in 2008, he will have an early opportunity for a leading role in EU affairs.

Described by one opponent as an "American neo-conservative with a French passport," Sarkozy is an unabashed admirer of American economic dynamism and has signaled his intention to repair Franco-American relations damaged by the rift over the U.S.-led invasion of Iraq.¹⁴ Speaking in Washington in September 2006, Sarkozy, as interior minister, criticized the "sterile grandiloquence" of an "arrogant France," though he later praised

President Chirac's lucidity in foreseeing a disastrous outcome in Iraq, which he declared a "historic mistake."¹⁵ A new Atlanticist spirit was evident from the address in his victory speech to "*nos amis américains*," and in his decision both to spend his first holiday as president on Lake Winnepesaukee and to share a picnic with the Bush family in Kennebunkport. This sentiment was also evident in the recall from Washington of former French Ambassador Jean-David Levitte to serve as Sarkozy's diplomatic adviser-in-chief.

At a moment when American foreign policy is deeply discredited, a friendlier voice in Paris will be welcome, but its early value may be more symbolic than substantial. Though French troops remain engaged in Afghanistan, and though Sarkozy's administration firmly opposes Iran's nuclear ambitions, the White House will draw no sympathy from the Elysée on Iraq.¹⁶ Speculation, too, about France rejoining the integrated military structure of NATO is premature, despite Sarkozy's hints at resuming a full role. In the same victory speech that hailed the United States as friends, the incoming president added, "Friendship is about accepting that one's friends can think differently."¹⁷ When Condoleezza Rice asked Sarkozy what she could do for him, he reportedly replied, "Improve your image in the world," stressing the difficulty of being an ally to "the most powerful," yet "one of the most unpopular countries in the world."¹⁸ At the same time, a poll showed the ambivalence of French public opinion towards the United States, with 40 percent of respondents wishing to maintain the Franco-American relationship as it is, 33 percent wanting closer links, and 26 percent wanting a more distant relationship.¹⁹

A reformed and reforming government. The government charged with implementing President Sarkozy's reform program is itself a conspicuous expression of renewal. It is led by François Fillon, a former social affairs and labor minister best known for steering through a modest pension reform in the Raffarin government of 2003. Of the fifteen other senior ministers, seven are women, and three hold the key Ministries of the Interior, Finance and Justice. The latter, Rachida Dati, is of Muslim working-class Moroccan-Algerian origin. She brings a very rare element of ethnic, religious and social inclusiveness to the government, as do the junior ministers Rama Yade and Fadela Amara, of Senegalese and Algerian origin respectively. Yade is in the office of Foreign Affairs and Human Rights, while Amara, a feisty Muslim feminist and anti-racist, is in the office of Urban Affairs, confronting the pressing problems of France's multi-ethnic *banlieues*.

The government's inclusiveness is also evident in the nomination of some leftists to major posts. Most eye-catching is the appointment of Bernard Kouchner, the former Socialist health minister and popular humanitarian activist, as foreign minister. Other leftists in Sarkozy's government include former Socialist Culture Minister Jack Lang and ex-Premier Michel Rocard. Centrists and non-political figures such as former national rugby coach Bernard Laporte also have representation in government posts or consultative bodies. The aim of this *ouverture* (opening) is to forge some cross-party legitimacy for government action, to respond to calls for more bipartisan politics, and to confound and further divide an already divided Socialist opposition.²⁰ Socialist leaders may

have expected Sarkozy to be as abrasively right-wing in office as he had been in his campaign, but thus far he has assumed the role of the more astute, pragmatic and consensus-building president.

Despite some twenty-five years in politics, with the past five of them spent as interior and finance minister, Sarkozy has managed to appear as a new man. He combines sharp political intelligence with seemingly boundless energy. Terms commonly used to describe him include "hyperactive" and "omnipresident," but, for all his populist instincts, he is no man of the people. This long-time mayor of the affluent Ile-de-France commune of Neuilly-sur-Seine inhabits a rarefied world, with a weakness for ostentatious wealth and strong personal connections to business and high finance. He is also on intimate terms with some of France's most powerful media barons, prompting worrisome comparisons with Italy's Silvio Berlusconi.

Welcomed by business leaders and investors, Sarkozy's first steps in office also won approval across French public opinion. His energetic, hands-on style and sheer appetite for work proved a refreshing change from the regal self-indulgence of his predecessor. Opinion polls showed resounding support for his animated style and for almost all of his government's early priority reforms. A poll in late July recorded that 82 percent of respondents appreciated this "new type of presidency," and 78 percent—at a time of diminished faith in politicians—judged Sarkozy "capable of reforming the country."²¹

The prospects. What, then, are the prospects of this new French president and government succeeding? On some reforms—the thirty-five hour week, uni-

versities, minimum public transport service, and tax relief on mortgages—concessions have already been made. These early retreats disappointed proponents of more radical reform but helped defer the inevitable social unrest, which did not gather pace until November. Even union leaders seemed at first oddly beguiled by the bold confidence of this new president, but they will now fight to protect the public-sector jobs, working conditions and *droits acquis* (entitlements) that are under threat. Students, too, will oppose any moves towards increased selection or competition in a higher education sector that remains, with its lofty *grandes écoles*, among the most selective in the world, but where egalitarian ideals have long stood in the way of sensible reform.

The composite nature of the support on which Sarkozy has come to power is another potential problem. Siphoning votes from Le Pen ensured Sarkozy's wide margin of victory, but it makes his task as president all the harder, since he must now satisfy the liberal, free-market, pro-European centre-right, as well as the nationalist, protectionist, anti-European hard right

al will wait to capitalize on their disappointment should Sarkozy falter. A worsening international economic climate could hamper economic growth and job creation, while the government's package of tax cuts and credits threatens to stretch an already excessive budget deficit.²² Most ominously, the melting pots of discontent that are France's *banlieues* continue to simmer and will surely boil over again unless drastic intervention improves the quality of life and economic prospects for their inhabitants. The burning of some 21,000 vehicles in the first half of 2006 dispelled any notion that the ills underlying the riots of the previous autumn had been cured.

For the moment, Sarkozy has brought a new dynamic to the presidency. In all, he has been dealt a strong opening hand to implement his policies. Despite its municipal and regional strength, the left is too weak nationally to block his program, while his arch-rivals on the centre-right, de Villepin and Chirac, have been too busy fending off judicial investigation for their own alleged misdemeanors to create mischief. The new president has enjoyed approval ratings comparable only to those of de Gaulle in the early

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attracted by his more populist pronouncements. These largely blue-collar and lower white-collar voters will look for early results on purchasing power, immigration control, law and order, and the protection of French jobs and interests, while Le Pen and the Front Nation-

days of his presidency, with even Le Pen joining in the initial approbation.²³ Unemployment fell in July to 8 percent, its lowest level for 25 years, with the aim being its reduction to 5 percent by 2012. A poll in late August gave a positive rating of 71 percent for Sarkozy's first 100 days

in office, and 75 percent for his initiatives relating to "France's place in the world."²⁴

Popularity in politics is a fragile commodity, however, and Sarkozy knows from the fate of other incoming presidents how quickly support for reform can evaporate. As a candidate, he clearly spelled out his intentions, and his party and he won backing in four election rounds. Presidents of the Fifth Republic have always set the governmental agenda, but Sarkozy is already more exposed than his recent predecessors through his visibly activist approach. By maximizing his authority he also maximizes his personal responsibility. As a president setting out to liberalize France's economy, he might reflect upon a survey conducted in 2005 which found that, whereas 71 percent of American, 66 percent of British, and 74 percent of Chinese respondents supported a market economy, only 34 percent of French respondents concurred.²⁵ Finance Minister Christine Lagarde might also warily reflect that she is the tenth minister to hold that office in ten years.²⁶

The municipal elections of March 2008 may allow the Socialist Party to

recover some ground and begin to mount a more credible challenge. Beyond potential opposition from the political left and far right, unions, students, and other groups whose vested interests may be threatened, Sarkozy will also face what former British Prime Minister Harold Macmillan famously feared most in government: "the opposition of events." Almost all of the political initiative has so far been with the new president. This has now begun to change, however, with the succession of public-sector strikes, university student protests, and localized rioting in outskirts of Paris in November. The way in which Sarkozy responds to such events will be as important in defining his presidency as the scheduled implementation of his reform program. As France prepares to mark the fiftieth anniversary of its Fifth Republic, one thing is certain: this presidency will not be uneventful.

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NOTES

1 Sarkozy is the son of an aristocratic Hungarian *émigré* father and a French mother of Greek-Jewish descent.

2 The UMP won 313 seats out of 577, returning a governing party to power in France for the first time in almost 30 years.

3 J. G. Shields, *The Extreme Right in France: From Pétain to Le Pen* (London and New York: Routledge, 2007), 281-290.

4 See J. G. Shields, "Political Representation in France: A Crisis of Democracy?," *Parliamentary Affairs* 59, no. 1 (2006), 118-137.

5 Jacques Chirac, *La France pour tous* (Paris: Nil Editions, 1994), 9-15, 35, 45-52.

6 *Ibid.*, 81-83, 87-92.

7 French public spending stood at 54 percent of GDP, compared with an OECD average of 41 percent, while public debt in France amounted to 66 percent of GDP, compared with 42 percent in Britain (Sophie

Pedder, "The Art of the Impossible: A Survey of France," *The Economist*, 28 October 2006).

8 U.S. Department of State figures (August 2007). Other estimates are closer to four million, or 6-7 percent, demonstrating the lack of hard statistical evidence on this important question.

9 Timothy B. Smith, *France in Crisis: Welfare, Inequality and Globalization since 1980* (Cambridge: Cambridge University Press, 2004), 1.

10 Sophie Meunier, "Free-falling France or free-trading France?," *French Politics, Culture and Society* 22, no. 1 (2004), 103.

11 The government aims to shed 22,700 fonctionnaires in 2008, and 100,000 over five years, from a civil service of some five million.

12 Most notably, he rescued the engineering company Alstom, makers of the high-speed TGV train, brokered the merger of Aventis and Sanofi-Synthelabo to avert a takeover by the Swiss Novartis group,

and helped fend off a potential bid for Danone by PepsiCo.

13 Sarkozy advocates, inter alia, protection for European farm policy and barriers against “dumping” from cheaper markets.

14 The former Socialist economic adviser who coined this description, Eric Besson, subsequently joined Sarkozy’s campaign team and now serves in the government as secretary of state for public policy.

15 Reported in *The Financial Times* (12 September 2006) and *International Herald Tribune* (28 February 2007).

16 Untainted by the Iraqi debacle, France is now positioning itself as a potentially influential mediator within and beyond Iraq. See the article by Foreign Minister Bernard Kouchner, “What France can do in Iraq,” *International Herald Tribune* (26 August 2007).

17 *Le Monde* (8 May 2007).

18 Adam Gopnik, “Letter from France: The human bomb – The Sarkozy regime begins,” *The New Yorker* (27 August 2007), 45.

19 *Le Journal du dimanche* (11 August 2007).

20 Sarkozy neutralised another dangerous Socialist opponent, former Finance Minister Dominique Strauss-Kahn, by engineering his nomination in July 2007 to head the IMF—the fourth Frenchman currently to head a large international institution, alongside Jean-Claude Trichet at the ECB, Pascal Lamy at the WTO, and Jean Lemierre at the European Bank for Reconstruction and Development (EBRD).

21 Arnaud Folch, “Sarkozy: l’été de grâce,” *Valeurs actuelles*, no. 3687 (27 July 2007), 12–13. Another poll in mid-August revealed approval ratings of 87 percent for tax relief on mortgages, 84 percent for tougher sentences for multiple offenders, 72 percent for a minimum service during transport strikes, 66 percent for tax exemption on working overtime, 64 percent for lowering the personal tax ceiling, 61 percent for a simplified EU treaty, and 58 percent for increased university autonomy. In contrast, the proposal to cut civil service posts found only 38 percent in favor and 61 percent opposed. See *Le Journal du dimanche* (11 August 2007).

22 Growth of only 0.3 percent in the second quarter set the government back on its full-year growth target of 2.25 percent; job creation, too, stalled in the second quarter, after a first-quarter rise of 0.6 percent.

23 *Le Monde* (9 August 2007).

24 TNS-SOFRES poll, “Le bilan des 100 jours de Nicolas Sarkozy” (22–23 August 2007).

25 Gideon Rachman, “France braces itself for a stiff dose of Thatcherism,” *The Financial Times* (8 May 2007).

26 The incautious suggestion during the legislative election campaign that payroll tax cuts might be offset by a rise in VAT appears to have cost Sarkozy’s party some seats and certainly cost Lagarde’s predecessor, Jean-Louis Borloo, his ministry after barely a month in post.