Twenty Years after Maastricht:
Euroscepticism and the Politics of European Economic Integration in France

Paper delivered at the Annual Conference of the Political Studies Association
March 25-28, 2013, Cardiff, UK.

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The 2012 presidential election campaign in France was widely held to feature an unprecedented role of and debate on Europe as compared to its predecessors. Specifically, the campaign was marked by the unexpectedly Eurosceptic discourses of the candidates from the mainstream political parties, in addition to the expected anti-European proselytizing of the fringe party candidates. Thus, while François Hollande campaigned on the theme of renegotiating the budgetary pact that had been agreed by incumbent President Nicolas Sarkozy and German Chancellor Angela Merkel in December 2011, and more broadly advocated a reorientation of European economic governance in a reflational, pro-growth direction, Sarkozy called for strengthening the Schengen customs agreement on the pain that France would leave the agreement should the European Union (EU) fail to do so. Meanwhile, the Euroscepticism on display from the presidential candidates appeared to be widely shared among French voters, with roughly one in three of them voting in the first round for candidates—principally Marine Le Pen, Jean-Luc Mélenchon, Nicolas Dupont-Aignan and a bevy of candidates from small extreme left parties—who had campaigned on an explicitly anti-EU platform. In short, the primacy accorded to Europe among both candidates and voters in the 2012 French presidential elections was seen to mark a major qualitative departure from the issue focuses and discursive tenor of previous national campaigns.

Many chose to see this development as little more than a ‘one-off,’ the prominence given Europe understandably reflecting the extraordinary context of financial crisis.

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currently gripping the Eurozone. Resolve the crisis, so the thinking went, and Europe would return to its previously “invisible” or “trace” role in what were preponderantly domestically focused presidential campaigns.\(^2\) Thus, France’s integration with Europe would continue—though perhaps with greater nuance and elite acknowledgement of domestic concerns over the latter—according to the long-standing “permissive consensus” whereby it was conducted without the interference of voters who were considered either too indifferent or ignorant about Europe to sufficiently care about or understand it.\(^3\)

Yet, there are grounds to be circumspect about this supposed eruption of Europe into the 2012 presidential campaign. Indeed, if at the level of political supply (i.e. the discourses and communications deployed by the candidates during the campaign) the inordinate focus on Europe represented a departure from previous presidential campaigns, in no way was it unprecedented. Given the severity of the present Eurozone crisis, what some observers chose to view as the excessive attention given to Europe was to be expected. In this sense, the dynamic of the campaign probably was closer to that of the campaigns preceding the September 1992 referendum on the ratification of the Maastricht Treaty, or the May 2005 referendum on ratification of the draft European Constitutional Treaty, rather than previous presidential campaigns.

At the level of political demand (i.e. in terms of voters’ expression of their preferences), however, the 2012 elections present much more continuity with previous

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presidential races. Indeed, if we focus on European integration as a factor of political demand—or even more so, as a ‘proxy’ for domestic issues on which voters perceive it to have a bearing—we find that Europe has been a consistently central leitmotif in French presidential elections since at least the 1990s. If it did not directly motivate voters’ choices in casting their ballots, it is reasonable to suppose that European integration provided a fundamental context or backdrop that helped to structure and orient those choices. In short, contrary to the theory of the “permissive consensus” that continues to predominate in much academic writing on European integration not to mention among the French governing elite, it could be argued that, due to the increased embedding of Europe in voter French voters’ choices, the latter were bound to play an increasingly significant role in how France’s integration into Europe unfolded. As such, the “permissive consensus” came to be replaced by a “constraining dissensus” on Europe within the French political debate.4

The purpose of the present paper is to trace the influence that Euroscepticism has had on French national elections since the ‘deepening’ of European economic integration beginning in the 1980s and to decipher its impact on the country’s system of party competition. The central argument that will be advanced is that this process served as a ‘conditioning framework’ for substantially liberalizing the French economy and transforming beyond recognition the system of state society relations that had emerged in the country through the postwar period. In turn, the paper will explore the various forms that opposition to European integration took in the country, and the implications these had for the dynamics of party competition in the country on the one hand, and the country’s relationship with its European partners and the European Union on the other. Finally, the

paper will conclude by considering what the preceding impacts of Euroscepticism on French politics mean in the context of the present European financial and economic crisis, and what it bodes for the incoming Hollande administration’s prospects for successfully implementing and realizing its respective domestic and European policy agendas.

European Integration and Economic Liberalization in France

During the 1980s and 1990s, France underwent a singular transition from the Fordist political economy that had characterized it throughout the postwar period to a distinct model of post-Fordism. This transition involved a fundamental shift from a stakeholder model of society, implying greater interclass and inter-sectoral consultation, equity and stability, to a shareholder model of society that calls for sacrificing these goals in the name of maximizing short-term profits. While undergoing this transition, France experienced a two-tiered pattern of economic deregulation followed by budgetary retrenchment.\(^5\) Productivity increases were achieved through technological innovation, the decentralization of industrial relations, the privatization of firm ownership, and the capitalization of corporate financing. Likewise, the French welfare state was initially expanded in order to help cushion the pain of these structural reforms. However, as the economic unviability of such programs grew apparent, this preliminary course of restructuring was followed by a second round of often more painful and destabilizing cuts in welfare and social spending. Consequently, by the turn of the century, France had effectively liberalized its economy

while preserving the institutional of the Fordist era, thereby heralding a far-reaching the
country’s social and political relations as well as its economic practices.

A key component of this process of liberal restructuring was the powerful
constraining effect of the process of European economic integration in helping to spur the
dismantlement of the postwar Fordist system in France. The heightened competition
wrought by the Single Market Act (1986) and the strict controls imposed on the capacity of
member states to pursue discretionary monetary and fiscal policies first under the European
Monetary System (1977) (EMS) and then in the run-up to European Monetary Union
(EMU) (1999) served as decisive levers for liberalizing the country’s labor, goods, services,
and capital markets. Similarly, the strict limits placed on budgetary spending by the
Stability and Growth Pact (1993) were a crucial legitimizing and sanctioning mechanism
for reining in the increasingly unsustainable welfare expenditures that accompanied
structural reforms in France. In this sense, the process of European economic integration
served to ‘exogenize’ these painful domestic reforms which French political elites would
not have been able to implement on their own. More broadly, European integration
intensified and accelerated the liberalizing impetus of economic globalization. As such, it
acted as a conditioning institutional framework that steered the distinct postwar model of
capitalism that had evolved in France toward an increasingly deregulated form of
capitalism aligned within “a new transnational anti-inflationary monetary regime.”

Before we can account for the modalities and impacts of this transformation,
however, it is first necessary to describe the characteristics of the postwar Fordist regime

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that emerged in France. There, Fordism developed around a dirigiste paradigm whereby the French state placed itself at the center of economic decision-making, social concertation, and welfare provision. At a first level, through the institution of indicative planning, the French state from the Fourth Republic onwards set productive targets and allocated investment to industry based on its appraisal of the interaction of domestic and international market cycles. By the 1960s, this translated into an activist ‘National Champions’ policy whereby the French state promoted firm consolidation in order to take advantage of broadening global markets and to achieve greater international competitiveness through the creation of sector-wide economies of scale. At the same time, the state sought to maintain domestic growth and international competitiveness through the pursuit of Keynesian demand-management fiscal and monetary policies, periodically resorting to competitive devaluations in order to reduce inflation while maintaining the competitiveness of French exports.7

In turn, the state also served as the guarantor of social peace by underpinning and regulating the economic relations between the principal social partners, notably capital, represented by the employer associations, and labor, by the trade union confederations. With the Grenelle Accords that followed the riots and general strike of May 1968, the French state unilaterally imposed binding collective agreements on employers and workers, based on its consultation with the principal peak associations.8 Finally, the state also aspired to preserve social peace by presiding over an increasingly generous welfare state, based on a participatory social security system whose purpose was to reconcile French

workers to republican democracy and market capitalism. In short, under an extensive framework of government intervention and control of economic and social relations, the state guaranteed the stakeholder values underpinning the postwar Fordist model in France by ensuring a “virtuous cycle of mass consumption fueling mass production.”

These forms of statist economic management were all compatible with the European customs union which had been established under the Treaty of Rome. In particular, French governments could use fiscal and monetary policy as a means to pursue domestic economic and social objectives such as maintenance of full employment and the building up of national champions in strategic economic areas. Similarly, once the inflationary effect of pro-cyclical state spending and investment grew too great, governments could resort to devaluations as a means to absorb domestic price increases while improving the price competitiveness of domestic goods. In short, in its first twenty-five years, European economic integration worked in symbiosis with the postwar Fordist political economy that had developed in France. However, once this process of European economic integration was deepened and tethered to a strict set of monetarist and deregulatory rules, France’s Fordist institutional legacy would enter increasingly into conflict with the new liberal direction and impetus of this process of integration.

France: From Déplanification to Retrenchment

It is worth noting that this course of European integration along neoliberal lines, which signaled a growing consensus among European political elites that their postwar Fordist

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political economies were unsustainable, was given its first real impetus by political and economic developments in France during the early 1980s. The failure of the latter to achieve the desired growth forced the government to revert to a dual strategy of déplanification and social management that was first tested by the Barre government in the late 1970s. Specifically, this European impetus toward liberalization followed the abandonment of the policy of ‘Keynesianism in one country’ that was enacted following François Mitterrand’s election as president in April 1981. The fundamental backdrop for this decision was the French president’s determination to remain within the Exchange Rate Mechanism (ERM), the system of currency parities within the EMS. As we will see, the latter became both the justification and enforcement mechanism for Mitterrand’s U-turn towards deflationary rigueur, his choice to stay in monetary Europe effectively ending the reflationalist statist experiment upon which he had embarked following his election.

Indeed, in the wake of the 1981 elections, the Socialist-Communist coalition had attempted to end the cycle of economic stagnation by stimulating consumption through a dual strategy of reflationalism and statist economic management. However, the failure of the latter to achieve the desired growth forced the government to revert to a dual strategy of déplanification and social management that was first tested by the Barre government in the late 1970s. This strategy was in turn adopted by the Right when it returned to power in 1986-1988 and 1993-1995, and then was alternately pursued by the Right and the Left throughout Jacques Chirac’s presidency.

During the first two years of Mitterrand’s presidency, the government of Pierre Mauroy pursued a sweeping reflationalary program that amounted to a 12% increase in government spending in real terms. This program was accompanied by the most
comprehensive nationalization campaign since the Liberation, trenchantly underlining the Socialists’ commitment to *dirigisme*.\(^{10}\) Massive reinvestment by the state in the economy went hand in hand with its elaboration of activist industrial policies, including setting production targets for a large contingent of industries, as well as resuming the ‘national champions’ policy that had ostensibly been abandoned in the 1970s, and which called for SMEs to be fused into larger, often state-controlled firms.\(^{11}\) Secondly, the Socialist-Communist government’s commitment to *dirigisme* was accompanied by a series of unemployment-reduction measures which would become a staple of French economic and social management in subsequent years. These included reducing the work week from 40 to 39 hours and extending paid vacations from four to five weeks, making 500,000 recently laid-off workers between the ages of 50 and 55 eligible for retirement, and subsidizing ‘solidarity contracts’ to encourage firms to hire younger workers.\(^{12}\) In addition, a slew of welfarist policies were promulgated to placate the political base of the left-wing coalition, principally industrial workers and *fonctionnaires*. At one level, these included a reform of labor practices under the Auroux Laws of 1982. Introduced to increase democracy in the workplace, these measures sought to give workers and their unions a greater say in running their firms while reinforcing their collective bargaining rights.\(^{13}\) In turn, the Socialist-Communist government enacted redistributive policies that benefited the most vulnerable socioeconomic strata as well as the country’s fast-growing population of retirees. Third and finally, the Mauroy government raised taxes on the wealthy in order to pay for these

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12 Smith, *France in Crisis*, p. 98.
13 Specifically, they obligated all firms counting over 50 employees to conduct yearly negotiations on economic and social matters, enhanced the protections and grievance procedures available to workers, and extended the creation of CEs (plant committees) to almost all firms. Levy, *Tocqueville’s Revenge*, pp. 238–40.
benefits. Likewise, it instituted the highest capital gains tax in the industrialized world, precipitating massive capital flight from France to more investor-friendly markets.\textsuperscript{14}

The failure of reflation and nationalization to return the economy to a path of growth, however, forced the Socialist government to reappraise its policies and reverse course. In a radical turnabout, it embarked on a more comprehensive program of liberalization and \textit{déplanification} than had hitherto ever been attempted. The proximate causes for this shift were the spiraling inflation and gaping budget and trade deficits that had been created by the increase in government spending, combined with the contraction of demand for French goods due to the global economic slowdown.\textsuperscript{15} These conditions in turn wrought unsustainable pressure on the franc, triggering a run which threatened the viability of the latter within the EMS.

In order to remain within EMS and continue to adhere to the ERM that underpinned the parity of the franc to other currencies, notably the deutschmark, by March 1983 the Mitterrand government elected to implement a harsh austerity program in order to reduce the budget deficit and rein in inflation while redressing the external balance and relieve pressure on the franc. Under the stewardship of Finance Minister Jacques Delors, a series of strict price and wage controls, compulsory savings measures and, most significantly, painful spending cuts were instituted to stabilize the deficit at 3\% of GDP. These austerity measures were intensified under Delors’ successor, Pierre Bérégovoy, who did away with the wage indexation system introduced under the 1968 Grenelle Accords, which in turn

\textsuperscript{14} Smith, \textit{France in Crisis}, p. 99.
\textsuperscript{15} Between 1981 and 1982, the budget deficit shot up from 0.4\% to 3.0\% of GDP, while the trade deficit surged from 56 billion francs to 93 billion francs. Levy, \textit{Tocqueville's Revenge}, pp.4-6.
allowed the government to lift price controls.\textsuperscript{16} As a corollary to these measures, Bérégovoy introduced the policy of the franc fort which sought to maintain the franc at a higher exchange parity with the deutschmark and thereby force French firms to lower their costs in order to remain internationally competitive.\textsuperscript{17} Such ‘competitive disinflation’ implied severely tightening the money supply and markedly raising interest rates in order to safeguard the franc and reduce inflation by curbing investment. The real interest rate rose from 5\% to 8\% between 1983 and the early 1990s, leading pundits to coin the term ‘sado-monetaryism’ to describe the new policy.\textsuperscript{18}

This policy of budgetary austerity and monetary rigueur allowed France to achieve one of the lowest inflation rates in Western Europe, whilst initiating a period of steady balance-of-trade surpluses. However, by crowding out borrowing for investment, penalizing existing business borrowers, and depressing consumer demand, the new policy caused, in the words of one observer, “damage to the economy [] so severe and persistent” that growth was effectively strangled and unemployment shot up to 10\%.\textsuperscript{19} By the same token, the process of deflation undergone by France to ostensibly fulfill its European monetary commitments also proved vital in forcing the country to adopt market reforms. Indeed, while French membership in EMS was evoked as a basis for reigning in public spending in order to close the country’s gaping balance-of-payments deficit, at the same time the commitment to and defense of the currency peg within the ERM meant that France would be able to achieve competitiveness only through internal deflation, i.e. by lowering productive costs within firms, most notably by reducing labor costs. Thus, although the

\textsuperscript{16} Ibid., p. 52.  
\textsuperscript{17} Smith, \textit{France in Crisis}, p. 104.  
\textsuperscript{18} Levy, “Redeploying the State,” p. 105.  
\textsuperscript{19} Smith, \textit{France in Crisis}, pp. 102-3.
outward effect of deflation was to maintain France in the EMS, on the grounds that leaving the latter would expose the country to disastrous levels of currency volatility and inflation, the actual internal effect of this policy was much more profound. By forcing French firms to reduce their costs and enhance their operational flexibility, France’s European monetary commitments served as key lever driving the liberalization of the French productive structure and facilitating the replacement of the state by the market as the primary mechanism ordering the country’s economic life.

Thus, the restrictive fiscal and monetary policies adopted under the aegis of rigueur were accompanied by microeconomic reforms designed to enhance the flexibility of the economy by disengaging the state from its workings—the government also effecting a U-turn from its reassertion of dirigisme during the first two years of the Mitterrand presidency. This disengagement of the state from the economy, overseen by the new Finance Minister—and subsequent Prime Minister—Laurent Fabius, had three key components. First, public enterprises were increasingly exposed to market competition: they were no longer held to planning targets but evaluated according to the overarching criterion of profitability. State outlays to nationalized industries were eliminated and in exchange étatiste restrictions on the managerial prerogatives of public firms were lifted. Thus, the state no longer interfered with closures or layoffs decreed by their managers in order to render them profitable, in effect bringing nationalized firms, though still effectively state-owned, to be run like private sector firms. Correlatively, the subjection of state-owned enterprises to market competition was accompanied by the state’s abandonment of efforts to steer private industry towards planning targets. As in the public sector,

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20 Levy, “Redeploying the State,” p. 106.
restrictions on hiring and firing workers and raising capital were lifted for private firms in exchange for their no longer receiving government assistance. The fact that both public and private firms were subjected to market forces was starkly highlighted by the elimination of all price controls in 1986, a measure that forced them to become more competitive and less reliant on state handouts in order to remain economically viable.  

Thirdly, déplanification in the public and private sectors was accompanied by comprehensive legislative deregulation. At a first level, the latter targeted the financial system in order to make it more capital responsive and able to channel credit to sectors most in need of it. Accordingly, a series of measures was implemented which diversified financial markets and facilitated the provision of credit to French businesses. Perhaps the most important was enacted in 1984, with the reintroduction of competition in the banking sector in order to lower the costs of borrowing. At the same time, controls on the free movement of capital were lifted, thus making it easier for firms to leave the country if they found conditions not to their liking. At a second level, the deregulatory campaign also extended to the labor market. Wage deindexation and the lifting of administrative constraints on managers strengthened the hand of employers to impose their terms on their workers and effect layoffs when they needed to. Similarly, the expansion of workshop bargaining to increase democracy in the workplace paradoxically strengthened the position of employers in dealing with their employees. As a result of the fractured nature and weak implantation of unions, combined with a context of high unemployment, French employers were able to achieve much greater labor flexibility within their firms. In this sense, it is no

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21 Ibid.
22 Levy, Tocqueville’s Revenge, p. 53.
23 In particular, the principle of dérogation stipulated that agreements concluded between employers and workers within the firm were to take precedence over those reached within individual professional branches or even at a regional or national inter-professional level. Howell, pp. 71-99.
small irony that the Auroux Laws, which had been drafted to enhance wage earners’ leverage in the workplace, ended up benefiting management instead.

The déplanification and deregulation campaign that was launched by the Fabius government was expanded by the second Chirac ministry of 1986-1988 and finalized by governments of both the Left and the Right in the early 1990s. These successive governments reversed the nationalizations undertaken between 1982 and 1984 and returned most public firms to private ownership. The implementation of these microeconomic reforms from the mid-1980s to the mid-’90’s rationalized the structure and liberalized the operation of the French economy. The elimination of subsidies to public and private enterprises resulted in a large number of bankruptcies. Financial deregulation spurred a greater reliance on financial markets by a growing number of French firms while labor market deregulation enhanced wage flexibility and reduced production costs, substantially increasing firm profits.25 In short, these reforms ushered in a new economic structure which revealed the profound ‘decontrol’ of the French economy relative to the selective dirigisme of the 1970s, let alone the Socialist-Communist étatisme and nationalizations of 1981-82.

A key facilitating impetus in this process of microeconomic reform was given by the creation of a single European market for goods, services, capital and labor under the auspices of the Single European Act (SEA) (1987). Following the rationale that such a single market would allow European firms to develop economies of scale while rendering them more competitive and efficient by exposing them to the rigors of market discipline, the SEA had a profound impact on the operation and structure of the French economy.26

First, the Act effectively enforced and gave legal sanction to the disengagement of the state from the economy, particularly in strategic sectors in which the state had been particularly active, such as aviation and automobiles. Secondly, the SEA contributed to economic liberalization by restricting the regulatory purview of the French state through the removal of “physical, regulatory and fiscal barriers” to trade at the EU level. Such deregulation particularly targeted traditionally protected sectors, such as ‘national champions’ and public services, which the state had been historically favored and directed. And third and finally, the SEA forced the French state to eliminate financial aid to firms that it considered of strategic import to the economy, such as Renault, Bull and Air France, and to support or block mergers in order to increase the global influence of French firms or on the contrary, prevent the latter from being swallowed up by foreign competitors. In all of these regards, the European Commission and the European Court of Justice acted as strict external regulators which punished any statist attempt to interfere with the establishment of the internal market, thereby intensifying and accelerating the process of market liberalization that had begun in France in the mid-1980s.

This retreat from dirigisme that was effected by the French state under European tutelage did not spell the end of state intervention per se, however, but instead marked its displacement to the realm of social policy. Despite the abandonment of planning and the decline of state economic intervention, overall government spending has continued to increase since the end of the neo-Keynesian experiment of the early 1980s and following

28 In this respect, as Kassim points out, the European Commission was “not afraid to deploy the ‘formidable’ competition powers available to it in order to open up sectors economically characterized by anticompetitive processes and structures.” Ibid.
the déplanification that began from the mid-’80’s on.²⁹ In response to this development, European economic integration was also to become the principal enforcement and legitimizing mechanism for constraining and ultimately reducing French public expenditures.

The upsurge in French government expenditure was almost wholly attributable to the growth of the welfare state in order to attenuate the social dislocations caused by the retreat from dirigisme and economic liberalization. Increased social spending was geared toward financing adjustment in two principal areas. First, it underwrote labor market programs designed to dampen the impact of rising unemployment triggered by economic restructuring and the deflationary policies that accompanied it during the first Mitterrand septennat. These mostly took the form of early retirement programs that were intended to allow firms to pare down their workforces without provoking a new increase in unemployment.³⁰ By the early 1990s, given their failure to reduce unemployment, successive Socialist and center-Right governments supplemented these early retirement programs with various work subsidization measures and business-friendly tax incentives to encourage low-wage hires, particularly among younger workers. Finally, in the second half of the 1990s, the Jospin government introduced two further labor market initiatives in the hope of reducing unemployment. These included subsidizing non-profit and public sector organizations as a means of encouraging youth employment and, most famously, the Aubry Law which reduced the work week from 39 to 35 hours.³¹

²⁹ Reflecting this trend, total government spending rose from 42.6% of GDP in 1983 to fully 46% in 1999. Levy, “Redeploying,” p. 104.
³⁰ Ibid., p. 107-8.
³¹ Smith, France in Crisis, pp. 112-4.
Overall, the number of workers affected by these labor-reduction measures increased from 1.2 million in 1984 to 3 million in 1999. Adding this figure to the approximately 2 million unemployed, this meant that by the close of the century, France had one of the lowest labor-force participation rates and the shortest average duration of employment in the industrialized world. In turn, as a consequence of the upsurge of wage-earners enrolled in labor-reducing programs, aggregate spending on labor policy rose from 2% of GDP-per-year during the mid-1980s to fully 4.2% of GDP in 1999. This proportion was comparable to that of Sweden, the country noted for having the most activist labor-market policy.\(^{32}\)

The second major area of expenditure increases to offset the effects of déplanification was in respect to welfare programs proper. France evolved the largest welfare state outside of Scandinavia, with social spending increasing from 26% of GDP in 1980 to 27.2% in 1990 and 32.1% in 2001. (See Table 1.) This period also saw the launch of specialized benefit programs to assist those worst affected by deindustrialization and economic restructuring.\(^{33}\) In short, starting in the mid-1980s, a vast “social anesthesia state” emerged to ease the pain of economic restructuring and liberalization. Support for this strategy was not limited to the Left but extended to the Right as well. Likewise, both the Left and the Right pursued labor market management policies that aimed to reduce unemployment by subsidizing new hires, increased taxes, and removed obstacles to expanding the private sector.\(^{34}\) Under their stewardship, the purview of state intervention


\(^{33}\) These included the introduction of the Revenu minimum d’insertion (RMI) in 1988 by the Rocard government, followed by the Couverture maladie universelle and the Aide personnalisée à l’autonomie passed by the Jospin government in 2000 and 2002. Ibid., pp. 109-11.

\(^{34}\) Smith, France in Crisis, p. 90.
was progressively ‘redeployed’ from the étatiste stance it had assumed at the start of Mitterrand’s first term to the ‘anesthesizing’ function it evolved from the mid-eighties on.

Table 1. Social Spending in France as % of GDP and Household Income

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<td>% of GDP</td>
<td>10.0</td>
<td>13.8</td>
<td>19.2</td>
<td>26</td>
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<td>29.8</td>
<td>27.7</td>
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<tr>
<td>% of Household Income</td>
<td>14.3</td>
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However, as the 1990s progressed, the rapidly advancing objective of European Monetary Union (EMU) made retrenching the welfare state an increasingly urgent priority. Domestically, the ballooning social security obligations imposed on French firms in order to fund welfare spending hurt their cost competitiveness while impeding their ability to hire more workers. Externally, the explosion of welfare spending threatened France’s position within the Stability and Growth Pact, with the country being placed on notice by the European Commission of its transgression of the 3% yearly limit on budgetary spending in 2003.

In this sense, the rules attending the convergence and then maintenance of monetary union served as powerful symbolic and practical agents of fiscal retrenchment for a reforming French state. The Maastricht criteria (1992) underpinning the economic convergence of the future members of the Eurozone, which were then codified and reinforced first in the Stability and Growth Pact (SGP) (1997) and since September 2012, in
the new European budgetary pact\textsuperscript{35}, forced states to keep their public expenditures at or below an annual ceiling of 3\% of GDP or an accumulated debt ceiling of 60\% of GDP. In the 1990s, a failure by states to respect these criteria could ostensibly lead to their exclusion from the future common currency. In turn, once the euro was introduced in 1999, a failure to respect these conditions would result in fines from the Commission and, in theory, should repeat offenses occur, potential expulsion from the Eurozone.\textsuperscript{36} In short, enforcement of the eurozone criteria became an important source of both legitimacy and coercion that drove French political elites to reduce the size of the French welfare state, notably through the pursuit of pension reform and, increasingly, by effecting deeper cuts to the public sector.

Accordingly, following the Juppé government’s failed attempt to push through pension reform in fall and winter of 1995, successive French governments have made concerted attempts to reduce state expenditures, especially by cutting welfare benefits for certain categories of the population such as the long-term unemployed, and peel back social security taxes on employers. These have been accompanied by a series of reforms of the health system that sought to achieve savings by increasing personal deductibles and

\textsuperscript{35} The official name of this addendum to the European Treaty is the \textit{Treaty on Stability, Coordination and Governance in the Economic and Monetary Union.}

\textsuperscript{36} In actual fact, as the cases of France in 2003 and in Germany in 2004, let alone since the onset of the Great Recession in 2009, demonstrate, enforcement of the terms of the SGP, particularly in regard to the largest Eurozone economies, was lackadaisical at best. Consequently, the new budgetary pact tightened the Stability and Growth Pact by stating that a country would be in violation of its fiscal obligations if it carried over a 1\% structural deficit of GDP if its accumulated public debt did not exceed 60\% of GDP, or if it carried a structural deficit of over 0.5\% of GDP if its total public debt exceeded 60\% of GDP. Likewise, the pact also included a ‘golden rule’ whereby member states whose government debt-to-GDP ratio exceeded the 60\% accumulated budget limit would commit to reduce the latter at an average rate of at least one twentieth (5\%) per year of the exceeded percentage, where the calculated average period would be either the three-year period covering the previous year and forecasts for the current and next year or else the previous three fiscal years. In cases of violations of this new ‘golden rule,’ the European Commission would fine the guilty member states up to 0.1\% of their GDP.\textsuperscript{.} See \textit{Treaty on Stability, Coordination and Governance in the Economic and Monetary Union}. 2 March, 2012. Available from \url{http://european-council.europa.eu/media/639235/st00tscg26_en12.pdf}, pp. 6, 8.
reducing the number of services that could be reimbursed by the state. In turn, beginning with the Jospin government, plans were drawn up to reduce corporate and income taxes, including for the highest income brackets, in order to encourage savings and investment. These measures were intensified by the Raffarin and de Villepin ministries which, in addition to reducing inheritance taxes and the rate on the highest earners, further cut corporate tax rates while continuing to shift the burden of social security taxes away from firms towards employees. Likewise, the cost burden attaching to welfare benefits was further diminished through the decentralization of income supports to the poor in 2004 and the replacement of the Revenu Mensuel d’Insertion (RMI), which had been introduced in 1988 to reduce pauperization among the long-term unemployed, by a less generous Revenu de Solidarité Active (RSA) designed to serve as a complement to poorly paid short-term or part-time work. These retrenchment measures continued to be accompanied by proposals to encourage employment, notably among the young, through activist policies exempting firms from having to pay social security taxes on certain types of jobs.  

At the same time, successive governments sought to limit government expenditures by reducing the size of the public sector as well as through reforms to the country’s pension system. A symbolic threshold was crossed as Electricité de France (EDF) and Gaz de France (GDF) were respectively opened to private capital in 2004 and 2006. Likewise, the Post Office was restructured to comply with EU directives on the liberalization of services while its banking division was sloughed off to create a legally separate entity, La Banque  

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37 Perhaps the most notorious example was the Villepin government’s ill-fated Contrat première embauche (first-time hires program) proposed in the summer of 2005, which dispensed employers from having to pay social security taxes for three years on recently hired unemployed young workers, while giving them the latitude to dismiss these workers at any time.
Finally, on pension reform, following the Juppé government’s failure to overhaul the existing system in 1995, in 2003 the Raffarin government adopted a more discrete approach by extending the retirement age at which private sector workers would be eligible to receive a full pension.

These retrenchment strategies were continued and expanded upon following Nicolas Sarkozy’s election in 2007, the new government standardizing civil service pensions with private sector ones by making a full pension for both categories of workers contingent on paying into the social security system for 41 years. In turn, after initially attempting to shrink the public sector through natural attrition (one in two public sector posts were to be eliminated upon their occupants’ retirement), it proposed to cut the public sector by 30,000 posts in 2008 and again in 2010. The impetus behind such cuts continued to grow in the wake of the 2008 financial crisis and ensuing economic recession, which saw a dramatic increase in the budget deficit (estimated to reach 7.7% of GDP at the end of 2010) as a result of falling tax receipts and renewed welfare spending. Accordingly, the budget for 2011 calls for reducing the public sector by 31,638 posts, principally in education, in addition to eliminating 62,000 posts in 2012 (and 97,000 through 2013) through the non-replacement of retiring fonctionnaires. Meanwhile, public sector cuts were complemented by the privatization of the last remaining state enterprises and opening of certain public services to private investment. Thus, the takeover of GDF by Groupe Suez was authorized

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in September 2007 and a proportion of the capital of the Post Office converted into private shares in March 2010.\textsuperscript{40}

Last but not least, deepening the strategy of retrenchment engaged by the Jospin, Raffarin and Villepin ministries, the Fillon government also sought to diminish the economic costs attaching to the welfare state while implementing substantial cuts in social spending. On the one hand, it attempted to shift the burden of social security financing away from firms towards consumers by offsetting a reduction in the share of the payroll tax levied on employers with an increase in the value-added tax—the so-called \textit{TVA sociale}.\textsuperscript{41}

On the other hand, it built on social spending reductions by increasing individual health care liabilities as well as reducing unemployment benefits for those who refused to take a job. Finally, the Fillon government complemented these retrenchment measures with policies to stimulate saving and encourage people to work more. Most notably, it exempted employers and employees from social security taxes on overtime work, while further reducing corporate and income tax rates—particularly on the highest brackets—and cutting the ‘wealth tax’ in an effort to create a supply-side “confidence shock.”\textsuperscript{42}

The 2008-9 financial crash and the 2010-11 European sovereign debt crisis have failed to deflect the course of these policies. After the passage of a timid and short-lived stimulus package at the end of 2008 and 2009, the Sarkozy government resumed its course of public sector and welfare state retrenchment.\textsuperscript{43} This strategy gained particular urgency in the

\begin{flushright}
\textsuperscript{40} Holcblat, “Politique macroéconomique,” p. 181.
\textsuperscript{41} Although this measure has been shelved upon meeting resistance when it was proposed in the summer of 2007, it remains a key plank of the government’s fiscal reform program. See Eric Woerth, “La TVA sociale sera sur la table au cours du premier semestre. \textit{Le Monde} (January 30, 2008), p. 19.
\textsuperscript{42} Jean-Marie Monnier, “Politique fiscale. Une mise en perspective,” in \textit{L’état de la France 2009-2010}, 182.
\end{flushright}
midst of the ongoing European sovereign debt crisis as financial markets lost confidence in
the country’s ability to service its debt, culminating in the downgrading of its AAA credit
rating in January 2012. In December 2010 the government pushed through pension system
reform that standardized public sector pensions with those in the private sector by making
retirement benefits for both categories of workers contingent on paying into the social
security system for 41 years. In turn, in August 2011 it introduced an austerity budget that
sought to reduce government expenditures by €1 billion in 2011 and another €11 in 2012.
This plan was revised in November 2011 to take account of falling growth projections,
calling for €65 billion in budget cuts by 2016, including €7 billion in 2012 and €11.6 billion
in 2013, the overall objective being to achieve €100 billion in savings and balance the budget
by 2016. Since these cuts would accelerate the course of public sector retrenchment and
welfare reform, they were bound to disproportionately impact those worst affected by the
economic and social crisis.44

In this respect, despite his commitment to initiate a reflationary policy in order to
restart growth and reduce unemployment, even the new president François Hollande has
stipulated that he intends to respect the budgetary rules of the Stability and Growth Pact and
to balance the budget by 2017. Initially, the Hollande administration banked on a 75%
marginal tax on annual incomes above one million euros as well as higher tax receipts made

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44 In terms of the public sector alone, the 2011 budget calls for reducing the number of fonctionnaires by
31,638 posts, concentrated mainly in education, in addition to eliminating 62,000 posts in 2011 (and 97,000
through 2013) by not replacing retiring fonctionnaires. See Jean-François Kahn, ‘Le séisme Marine Le Pen
menace d’écroulement la droite et la gauche,’ Marianne. 12 March, 2011: 22-6, and Le Monde [online]
‘Fillon dévoile un plan de 11 milliards d’euros de réduction des déficits.’ 24 August, 2011. Available from
http://www.lelomonde.fr/politique/article/2011/08/24/francois-fillon-devoile-son-plan-de-11-milliards-d-euros-
de-reduction-des-deficits_1563069_823448.html.
possible by increased economic activity in order to achieve this aim. However, faced with the prospects of slower growth than those underpinning its budget projections as well as the stiff resistance elicited by the 75% tax plan, the president and his team have been forced to opt for more orthodox retrenchment policies. In order to bring the budget deficit back to 3% of GDP by the end of 2013, the government unveiled a severe austerity plan that would include €24 billion euros of additional taxes as well as further spending cuts of €10 billion euros. On the revenue side, after being initially repealed by the incoming government, the TVA sociale has been reintroduced as a means of both funding social security while lowering hiring costs for employers. Meanwhile, on the expenditure side, a number of hitherto taboo measures are being explored by the government in order to lessen its budgetary burden. These include means-testing family benefits, further lengthening the period for pension benefits, and eliminating the duplication and cutting public sectors jobs—the latter two proposals building on policies introduced under the Fillon government.

In sum, faced with the unsustainable economic costs of runaway social spending, since the end of the 1990s governments of both the Left and the Right have attempted to bring it under control. Primarily, such retrenchment targeted programs that were designed to cushion the impact of earlier structural reforms introduced to enhance economic flexibility whether in the form of welfare and social security benefits, work subsidization programs, or curbs on the public sector. As we saw, the process of European economic integration and notably the monetary constraints imposed by EMU played a key legitimizing and enforcement role in bringing French state expenditures under control.

More broadly, this process presided over the dramatic transformation of the French economic and by extension, social landscape. It wrought the country’s transformation of the country from a statist to a market economy, entailing massive growth of the private sector, and in particular finance,\(^{47}\) that coincided with a substantial retrenchment in state services and welfare protections. In turn, the country’s economic transformation presided over a dramatic transformation of state-society relations in France. Marking the displacement of the France’s postwar Fordist model, it would herald the onset of an increasingly harsh and punitive social model built on the principles of individual merit rather than social solidarity as the defining criteria determining access to economic opportunity and social benefits. As we shall see, this shift has brought with it new and daunting sociopolitical challenges, not least in terms of France’s relations with the European.

\textit{The Social Costs of Liberalization}

The institutional evolution of the French economy under the auspices of European economic integration facilitated the deregulation of product, labor and financial markets, reducing the economic burdens posed by the welfare state and replacing the counter-cyclical policies and competitive devaluations of the Fordist era with monetary discipline and price and currency stability. Thus, the liberalization of the French economy and the shift it effected from Fordism to post-Fordism portended a dramatic movement away from

\(^{47}\) The following figures testify eloquently to this process of “financialization” that went hand in hand with opening the French economy to ever larger short- and long-term capital flows over the period under examination. Thus, inward and outward foreign direct investment grew from representing only 7.4\% of GDP in 1990 to 66.8\% in 2005; the total value of stocks traded increased from 29\% of GDP in 1990 to 63\% in 2005, and the market capitalization of listed companies rose from the equivalent of 25\% of GDP in 1990 to 109\% in 2005, before falling back down to 80\% in 2009 as a result of the 2008 global financial crisis. See John Peters, “The Rise of Finance and the Decline of Organized Labour in the Advanced Capitalist Countries,” \textit{New Political Economy} 16(1)(2011), p. 78.
stakeholder toward shareholder values. At one level, the decentralization of production and
deregulation of labor and financial markets shifted the distribution of value added away
from labor towards capital, substantially increasing income inequality in France. As returns
on capital have risen due to the increased financialization of the French economy, the
proportion of value-added going to wages as a proportion of GDP fell from an average of
73.9% between 1971 and 1980 to a low of 65.1% in 2007, before inching back up a bit as a
result of the 2008 financial crisis.\textsuperscript{48} Likewise, the displacement of workers by technology at
home and the outsourcing of production abroad, when combined with the increasingly
onerous burden of the French welfare state, substantially contributed to unemployment in
France, particularly among industrial workers as well as manual tertiary sector employees,
resulting in the substantial erosion of workers’ living standards over the past quarter
century. By the turn of the millennium the aggregate unemployment rate had settled at
between 9% and 10% after spiking at 12.8% in 1997.\textsuperscript{49} Industrial workers were harder hit
than any other occupational group, with unemployment peaking among them at nearly 16%
in March 1997, compared to 14.4% for service sector employés, the second-worst affected
group.\textsuperscript{50} The worst affected were the unskilled, who were also most likely to be
unemployed the longest.\textsuperscript{51}

Partly as a result of these disproportionately high unemployment rates, the living standards of French workers substantially declined beginning in the 1980s. Assuming a median income level of 100 for the workforce as a whole, the average yearly salary of the country’s industrial workforce fell from 79 in 1983 to 76 in 1991. Despite a slight improvement during the second half of the 1990s due to an improving global economy as well as the work subsidization policies introduced by the Jospin government, this rise was offset by the loss of earnings occasioned by the increase in worker unemployment, particularly among younger workers. A vivid testament to the growth in worker poverty as a result of unemployment and under-employment was the growth of people who received income support benefits over the period under study. Hence, the number of RMI/RSA recipients grew from 618,000 in 1992 to 1,084,000 in 2002 to 1,766,000, an almost 300% increase over this period.

In turn, politically, these rising socioeconomic disparities and unemployment have helped to fuel the rise of substantial anti-system populist parties, such as the Front National (FN) and the Parti de Gauche, which are rapidly gaining adherents among the social categories worst impacted by modernization within the country and growing wariness and hostility to Europe without. It is specifically to this latter problem, and to how it is affecting the political debate and electoral outcomes in France, that we now turn.

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54 Overall, FN candidate Marine Le Pen and Jean-Luc Mélenchon of the Parti de Gauche respectively garnered 17.9% and 11.1% of the vote in the first round of the 2012 presidential election. Among industrial workers, the candidates came respectively first (33%) and third (18%), while Le Pen tied Socialist candidate François Hollande for first among service sector employees (28%) and came second behind the latter among
Euroscepticism and French Politics

The rise in Euroscepticism that is evident among the French public is closely correlated to the social impacts of France’s economic liberalization which, rightly or wrongly—and often with the complicity of their elected leader—French voters have come to identify with the process of deepening European economic integration since the 1980s. A number of statistical indicators illustrate this trend. At a first and most general level, the latter is evident in terms of the relationship of the indicators of Euroscepticism, which has generally been increasing in secular fashion since 1980 (See Graph 1). Thus, anti-EEC/EU sentiment rose from an average of under 10% during the ‘80s to 19% in 2011; this progressive upsurge logically coincided with a decline of pro-EEC/EU sentiment from over 70% in the late 1980s to 46% in 2011.
Graph 1. Public Support for France’s Membership in the EU (1981-2011)

Source: Eurobarometer, spring poll.

In turn, the connection between deepening European economic integration and a rising opposition to Europe can also be seen as a function of the relationship between unemployment and Euroscepticism, as shown in Graph 2. As the latter shows, an objective relationship between these two indicators can be inferred from the fact that, since 1981 to the answer “the EU is bad for France” is at its lowest point between 1984 and 1990, while unemployment has stabilized. Conversely, from 1990 to 1997, negative opinion of the EU progresses, tracking the growth in unemployment, evening out once again at the end of the decade and beginning of 2000s (1997-2002) as unemployment falls from its postwar high attained in 1997. However, beginning in 2003, negative opinion of the EU resumes its climb as unemployment begins to rise once again, with Euroscepticism peaking in 2007 at 21%.
This objective connection between rising unemployment and growing Euroscepticism is confirmed at the subjective level, as individual pessimism regarding one’s own professional situation or even more so, regarding the country’s economic outlook, has repeatedly been shown to be strongly associated with Euroscepticism. Thus, according to a survey following the 2004 European Parliamentary elections in France, only 36% of those who believed that the economic situation of France had worsened over the previous twelve months thought that France’s membership in the EU was a good thing. Conversely, this proportion rose to 75% of respondents who felt the country’s economic situation had improved.\(^{55}\) Similarly, the “No” vote in the 2005 referendum on the draft European Constitution Treaty was strongest among those who felt most pessimistic about

the economic future. A French pre-election survey conducted in February 2007 showed that the “No” reached 76% among those who felt that “unemployment had strongly risen” over the last few months in France, 72% of those who felt “very pessimistic” regarding the country’s economic outlook over the next six months, and 67% among those who respectively thought that they were “at serious risk” of becoming unemployed in the near future or who had “a very hard time making ends meet” with their current income.\textsuperscript{56} These data suggest that voters’ views of Europe are colored by their own appraisal of their economic and social circumstances and prospects.

Table 2. Unemployment and Euroscepticism by Socio-Professional Category

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<tbody>
<tr>
<td>Unemployment Rate (%)</td>
<td>5.3</td>
<td>7.9</td>
<td>8.5</td>
<td>9.4</td>
<td>9.0</td>
<td>8.9</td>
<td>8.6</td>
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<td>Cadres</td>
<td>3.2</td>
<td>3.3</td>
<td>4.1</td>
<td>3.9</td>
<td>33</td>
<td>35</td>
<td>45 (53)</td>
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<tr>
<td>Professions intermédiaires</td>
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<td>3.8</td>
<td>4.9</td>
<td>4.9</td>
<td>38</td>
<td>53</td>
<td>55 (63)</td>
</tr>
<tr>
<td>Employés</td>
<td>6.5</td>
<td>9.0</td>
<td>9.5</td>
<td>9.5</td>
<td>53</td>
<td>67</td>
<td>77 (88)</td>
</tr>
<tr>
<td>Ouvriers</td>
<td>7.9</td>
<td>10.0</td>
<td>9.9</td>
<td>13.4</td>
<td>61</td>
<td>79</td>
<td>77 (90)</td>
</tr>
</tbody>
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\* In this poll, respondents were given the third choice of “I don’t know.” For purposes of comparison, I have broken down these undecided responses according to the proportion of “Yes” and “No” votes in the remaining votes cast per party. The adjusted figures, which I evoke in the argumentation above, are provided in parentheses.


A further indicator of the link between voters’ perceptions of their economic circumstances and their views on European integration can be surmised from the comparison between the opinions on Europe evinced by the members of occupational categories who suffer from the highest rates of unemployment versus those expressed by the members of groups with the lowest unemployment. (See Table 2) Here, basing

\textsuperscript{56} Cautrès and Strudel, “Les Traces du référendum,” p. 146.
ourselves on unemployment figures since the 1980s and comparing them with the two referenda on European integration conducted in 1992 and 2005 and a 2012 poll of voters who would have been eligible to vote in the Maastricht referendum, we see that the occupational groups that suffered from the highest unemployment over the course of the process of European economic integration, notably service employees and industrial workers, consistently displayed the highest levels of Euroscepticism (i.e. voted “No” in the highest proportions in the (proposed) referenda.) Conversely, the group with the lowest unemployment rate, liberal professionals and management executives, evinced the lowest levels of Euroscepticism. And though such Euroscepticism increased across occupational across the three referenda, this increase was proportionally much greater among industrial workers (from 61% voting no in 1992 to 90% in 2012) and service employees (53% to 88%), than for professionals and executives (33% to 53%). This suggests that members of those groups who saw their professional status and socioeconomic situation deteriorate the most during the process of deepening European economic integration became the strongest electoral reservoirs of opposition to this process.57

57 The one apparent exception to this rule is the category of ‘intermediary professions,’ for whom the unemployment rate during the period under study reached a high of only 5.3% in 2009 but whose expression of Euroscepticism grew substantially from 38% in 1992 to 63% in 2012. This reflects this category includes a large proportion of public sector workers—educational staff, medical personnel, daycare staff etc.—who felt particularly threatened by proposals to liberalize services under the Single European Act and subsequent EU proposals—such as the infamous Bolkestein Directive in 2004—to improve the single market. This would suggest that their Euroscepticism reflects concerns about their prospective professional and socioeconomic situations, despite the relatively low unemployment which they actually faced during this period. See INSEE Références, “Fiches thématiques—Emploi, salaires,” p. 191.
Table 3: “No” vote in European Referenda by Party Affiliation (%)

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<tr>
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<tbody>
<tr>
<td>Far Left</td>
<td>70</td>
<td>94</td>
<td>--</td>
</tr>
<tr>
<td>PCF/Parti de Gauche</td>
<td>81</td>
<td>98</td>
<td>81 (94)</td>
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<tr>
<td>PS</td>
<td>22</td>
<td>56</td>
<td>49 (53)</td>
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<td>Verts/Europe Écologie</td>
<td>43</td>
<td>60</td>
<td>47 (51)</td>
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<tr>
<td>UDF/Modem</td>
<td>39</td>
<td>24</td>
<td>31 (35)</td>
</tr>
<tr>
<td>RPR/UMP</td>
<td>59</td>
<td>20</td>
<td>36 (40)</td>
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<tr>
<td>MPF</td>
<td>75</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>FN</td>
<td>92</td>
<td>93</td>
<td>91 (93)</td>
</tr>
<tr>
<td>No Affiliation</td>
<td>55</td>
<td>69</td>
<td>59 (79)</td>
</tr>
</tbody>
</table>

* In this poll, respondents were given the third choice of “I don’t know.” For purposes of comparison, I have broken down these undecided responses according to the proportion of “Yes” and “No” votes in the remaining votes cast per party. The adjusted figures, which I evoke in the argumentation above, are provided in parentheses.


Fourth and finally, the connection between European economic integration and a rise in Euroscepticism is to be seen in the changing political coloration of the latter over the period under study. (See Table 3.) One is particularly struck by the by high proportion of “No’s” cast by RPR and UDF voters in the 1992 referendum on ratification of the Maastricht Treaty compared to the 2005 referendum on the draft European Constitution (+39% and +15% respectively) and the poll on a supposed referendum on the Maastricht Treaty twenty years after the fact (+23% and +4%), this despite the current crisis plaguing the common currency that the Maastricht Treaty had been so instrumental in bringing about. Conversely, the Socialist and Green “No” jumps from 22% and 43% respectively in the 1992 referendum, to 56% and 60% in 2005 and 53% and 51% in 2012. Thus, while Euroscepticism started out strong on the Right and progressively diminished over the course of European economic integration, it was initially low on the Left and then...
substantially increased in reaction to that process.\textsuperscript{58} This evolution of course makes sense given the liberalizing impetus that the integration process impressed on the French economy. More broadly, since the Left is in general more concerned than the Right about socioeconomic issues and this process coincided with the worsening socioeconomic circumstances of its traditional class and occupational supporters, this evolution also suggests that over time, Euroscepticism came to take on a distinctly social protectionist, anti-liberal resonance with many voters, who had heretofore not been affected by it.

\textit{Forms and Patterns of Euroscepticism}

This shift or diversification of the political coloration of Euroscepticism raises important questions as to its nature or rather, natures. As Paul Taggart has defined it, eurosceptism is an elastic concept that designates “the idea of a contingent or qualified opposition, as well as incorporating outright or unqualified opposition to the process of European integration.” In this sense, it applies to a continuum of forms of opposition to Europe, whereby “[a]ll opponents of the EU are, at least, skeptical, but not all skeptics are opponents.”\textsuperscript{59}

European integration, and consequently the opposition it elicits, have come to mean different things to different people. At one level, their different meanings are a function of the “schemes of perception” that voters bring to bear in apprehending European issues and

\textsuperscript{58} Another indication of this leftward shift of Euroscepticism is revealed by comparing the respective “No’s” expressed by voters from the parties on the margins of the political spectrum. In this respect, though high (70\% and 81\%), this vote on the Far Left and the Communist Party in 1992 was nowhere as high as that expressed by voters for the Far Right Front National (FN). However, by 2005 it had risen to 94\% and 98\% where it more or less stayed in 2012 (94\%) while that for the FN stayed remarkably consistent throughout the whole period. Thus, just as in the case of Socialist voters, this pattern highlights a substantive increase in Eurosceptic sentiment on the Far Left, compared to no increase on the Far Right.

assessing their impact and significance for their own lives and situations. These perceptual schemes are in turn mediated by deeply rooted symbolic dispositions, attitudes and norms which derive from voters’ life experiences and processes of socialization, as well as by cues on the part of opinion leaders and political representatives. By the same token, voters react to the social, economic and political contexts in which they find themselves and to forces and threats which they perceive to affect them. As far as Europe is concerned, this is particularly the case in the context of mobilizing events or contexts that focus specifically on the advance and/or costs of European integration, such as the 1992 and 2005 Maastricht and European Constitutional Treaty referenda, or the current eurozone crisis.

In short, it is inevitable that, as European integration has progressed and deepened, issues linked to that integration should come to be increasingly linked in voters’ minds to the forces and events that affect their everyday lives. Accordingly, since the onset of this new round of integration, Europe has progressively inserted itself by proxy into the French domestic political debate, despite the efforts of political leaders, at least within the governing parties, to suppress or “muffle” it. Consequently, as Europe came under growing scrutiny from increasingly wary publics, this threatened the “permissive

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60 Cautrès, “Clivages socio-politiques,” p. 146.
63 This is particularly true in the socioeconomic realm, where issues such as unemployment, weakened welfare protections, or the outsourcing of jobs have, rightly or wrongly, become tied for many voters with the process of European integration.
consensus” whereby national leaders had steered the process of European integration
divorced from any engagement or input from their national electorates.

Given the emergence of Europe as the new defining subtext of domestic politics in
France—and one that has grown all the more striking for going almost totally unmentioned
in national electoral campaigns (at least until 2012)—what are the principal forms of
Euroscepticism that it has elicited? These emerged in primarily two guises, which were in
turn traceable to the intensification of the process of European economic integration
beginning in the 1980s.

In his study of its influence on Western European party systems, Taggart identified
three ideal types of Euroscepticism within member states, which are also visible in
France.65 The first type is a Euroscepticism of principle, which is opposed to the very idea
of European integration. Most frequently, such opposition is expressed on radical
nationalist or sovereignist grounds, positing the inviability of state sovereignty as a basis
for opposing the European project. The second type of Euroscepticism is not opposed in
principle to European integration, but expresses skepticism that the EU is the best means to
optimize state capacity in the areas over which it claims jurisdiction on the grounds that it is
becoming too broad or inclusive. This is in essence a qualified sovereignist form or
Euroscepticism, according to which continuing integration is seen to be forcing together
excessively disparate or diverse elements.66 By contrast, such a Euroscepticism rests on the
intergovernmental assertion of member states’ prerogatives within the EU, thereby
articulating with the traditional Gaullist confederal conception of European governance.

66 For example, this type of Eurosceptic would view the successive EU enlargements as including ever more
different states whose interests are ultimately irreconcilable, thereby weakening effective decision-making
and cooperation within the EU.
The third and final type of Euroscepticism is also not in principle opposed to European integration, but is skeptical that the EU represents the best means of integration on the grounds that it is too exclusive. Expressing a concern over geographic but especially socioeconomic exclusion, Eurosceptics in this vein aver that the EU is an elitist project being pursued to the detriment of common people and especially the industrial working class.

These three types of Euroscepticism are all present in France. The first two strains tend to be respectively associated with the ultranationalist Right and Gaullist Right, respectively, while the third is identified with the Left. On the Far Right, the hard-line sovereignist position has been enshrined since the 1980s by the FN. Meanwhile, the conditional national sovereignist position has been respectively incarnated by right-wing or social Gaullist politicians from within the RPR, such as Charles Pasqua and Philippe Séguin, as by the erstwhile UDF deputy Philippe de Villiers who, through his opposition to the Maastricht Treaty and European Monetary Union (though not, it is to noted, to the Single European Act) formed a single-issue Eurosceptic party, the Mouvement pour la France (MPF), to run against monetary union in both national and European elections.67 Thus, this strain of Euroscepticism marks the opposition of the nation to globalization and/or supranationalism as its ideological motif.

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67 One notable exception to this general identification of sovereignist Euroscepticism with the Right has been the figure of ex-Socialist leader and Minister Jean-Pierre Chevènement and the Mouvement des Citoyens (MDC) he founded following the ratification of the Maastricht Treaty. Though Chevènement had heralded from the Left of the PS, he established the MDC on national sovereignist rather than socioeconomic grounds. His was an attempt to coopt the traditional Gaullist affirmation of the French state in order to construct a bipartisan Republican political discourse and tradition that would transcend the traditional Left-Right cleavage. In this sense, Chevènement was expressing a kind of social nationalism that was reminiscent of the social Gaullism of the 1950s and ‘60s, rather than a social democratic-inspired wariness of European economic integration. See Susan Milner, “Euroscepticism in France and Changing State-Society Relations,” Journal of European Integration 22(1)(2000), p. 46.
Finally, the third form of Euroscepticism identified by Taggart, that European integration is too elitist and exclusive a project, particularly in an economic and social sense, is a sentiment that has become almost exclusively with the Left. Two things are to be noted about this strain of Euroscepticism. First and most importantly, it is a conditional Euroscepticism that is not so much arrayed against the idea of European integration *per se*, but against the current economically (neo-)liberal direction that it has taken. This form of Euroscepticism was most prominently underlined by the size of the ‘pro-European’ “No” vote in the May 2005 referendum on the draft European Constitution, in which 56% of self-identified PS voters and 60% of Green voters pronounced themselves against the Treaty (compared to only 22% and 43% who voted against the Maastricht Treaty in 1992.) (See Table 3 above.)

In short, this form Euroscepticism reflects the social welfarist and state interventionist concerns of these voters over the market-liberalizing and optimizing impetus of the latest phase of European economic integration. This is suggested by data which illustrates that, among Europhiles, the greatest fear of Europe was to be found on socioeconomic rather than sovereignist grounds. In February 2007, according to the French Electoral Panel survey, the greatest fear expressed by Europhiles linked to the process of European integration was the loss of social benefits (59.9%), followed by the increase of

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68 It is worth noting in this regard, however, that there appears to be a growing element of economic populism expressed in the Euroscepticism of many FN voters—a majority of whom hark from the lower classes (i.e. industrial workers and service sector employees.) However, in terms of the solutions it prescribes, the FN continues to reject Europe and globalization on national sovereignist grounds, even if that refusal has taken on a distinctly more socioeconomic tone in the guise of shaping macroeconomic and social policy according to the criterion of national preference (*la préférence nationale*). C.f. G. Goodliffe, “Back from the Brink: The Performance of the Front National in the 2012 Elections in France.” Paper delivered at the conference, “La France de François Hollande,” Johns Hopkins University School of Advanced International Studies, Bologna, Italy, 13 October, 2012.
immigrants (34.3%) and the loss of national identity (32.2%).\textsuperscript{69} In turn, this fear of the socioeconomic impacts of European integration appears to be more broadly supported by the growing disaffection of the French with free-market capitalism and economic liberalism in general.\textsuperscript{70} Thus, whereas national sovereignist Euroscepticism crystallizes the opposition between globalization and national sovereignty, this second strain of Euroscepticism embodies the opposition between economic liberalism and social statist or welfarist concerns.

The second point regarding this socioeconomically rooted Euroscepticism has to do with the timing of its emergence, which succeeded the appearance of the national sovereignist strain of Euroscepticism in the 1990s and 2000s. Whereas the petit oui of the 1992 Maastricht Treaty referendum principally reflected sovereignist opposition on both the Right—followers of Pasqua and Séguin within the RPR, de Villier’s MPF and Le Pen’s FN without—and the Left—Chevènementiste voters within the PS as well as many Communists and Greens—the substantial defeat of the draft European Constitutional Treaty in 2005 could not have transpired without, as we have seen, the “No’s” of broadly Europhilic PS and Green voters. Thus, a gradual displacement of national sovereignist Euroscepticism anchored mostly on the Right to a social welfarist Euroscepticism grounded


\textsuperscript{70} In this vein, according to surveys conducted by TNS for the Gabriel Péri Foundation, unfavorable opinions toward capitalism increased from 58% in 2001 to 64% in 2010. Likewise, negative perceptions of (economic) liberalism grew from 56% in 2001 to 64% in 2010. A European Values survey conducted in 1990, 1999 and 2008, found similar results: the proportion of respondents who felt economic competition was good fell from 61% in 1990 to 41% in 2008; those who thought private ownership of business and industry should increase decreased from 50% to 36%; those who believed that people who are unemployed should have to take any job declined from 54% to 34%, and those who believed that the state should give more freedom to firms fell from 44% to 30%. See Adrien Degeorges and Frédéric Gouthier, “’Plus ça change, plus c’est la même chose’: The evolution and the structures of attitudes toward economic liberalism in France between 1990 and 2008.” French Politics 10(3)(2012), pp. 236-7.
on the Left took place between 1992 and 2005 that transformed the physiognomy of the debate on Europe within French and by extension, European, politics.

**Graph 3: Vote for anti-EU Parties in French Presidential Elections (1988-2012)**

![Graph showing vote for anti-EU parties in French presidential elections from 1988 to 2012]

Source: Ministère de l’Intérieur.

This evolution can be clearly seen in Graph 3, which shows a rough calculation of votes cast for Eurosceptic parties (i.e., parties whose voters in majority voted against European integration in 1992, 2005 and would have again in 2012 were the referendum on Maastricht held again. We see a core of national sovereignist voters hovering at between 15% and 20%, with the remainder drawn to parties projecting an ant-liberal, social welfarist Eurosceptic message. Since, due to its conditional nature, this second type of Euroscepticism tends to be harbored by voters in pro-European parties, its effect is naturally underestimated. Nevertheless, the graph gives a reasonable approximation of the progression of Eurosceptic parties in successive presidential elections, as well as of the
relative importance of the two types of Euroscepticism animating French voters. The
highest cumulative level reached by the latter was attained in 2002, i.e. three years after the
completion of EMU and the year in which the national currencies were taken out of general
circulation and replaced with the euro. In this election, over four in ten (43%) French voters
cast their ballots for explicitly anti-EU candidates, discounting those conditional
Eurosceptic voters who voted for candidates for the globally pro-Europe mainstream
parties. Otherwise, since the 1990s, the votes garnered by Eurosceptic parties have
gravitated around one in three voters (34% in 1995 and 33% in 2012.) The only exception
to this trend is the 2007 election, in which the vote for Eurosceptic candidates fell to 23%--
the lowest since the new phase of European integration had begun in the 1980s. However,
this probably reflected the effect of party discipline on Eurosceptic Socialist voters who,
recalling the disastrous outcome of the 2002 election in which Lionel Jospin was eliminated
in the first round—in the eyes of many due to the anti-Europe candidacy of Jean-Pierre
Chevènement, which split the Socialist vote—“muffled” their Eurosceptical preferences
and voted for Ségolène Royal with the hope of blocking the way to the Right, rather than
because of a genuine diminution in their skepticism over Europe.  

The key juncture to which we can date the transition from and eclipsing of a hard
sovereignist Eurosceptism on the Right by a conditional, anti-liberal Euroscepticism on the
Left is undoubtedly the 1995 strike wave that met the austerity plan proposed by the Juppé
government several months after Chirac’s reelection. It is worth remembering that the
Juppé Plan, counting a series of deflationary measures, the centerpiece of which was a
reform of the public sector pension regime to align it with that of private sector workers and

71 On this point, see Rozenberg, p. 10.
to change the long-standing ‘paritary’ mechanisms governing the social insurance funds, had been proposed only a few months after Chirac had won the 1995 elections on the promise of fixing France’s ‘social fracture’ by enacting sweeping, pro-growth reflationaly program. Two points here are should particularly be noted. First of all, Chirac was able to run to the Left and defeat his principal rival within the RPR, Édouard Balladur, precisely because the latter had been forced to pursue a deflationary program in order to meet the Maastricht convergence criteria while continuing to liberalize the French economy in keeping with the Single Market Program. It was under Balladur’s watch that unemployment first reached 10%, giving Chirac his populist opening to challenge and defeat Balladur as the principal candidate of the Right. Secondly, once he won the Presidency, Chirac himself was forced to renege on his campaign promises and to embrace the very same kind of austerity and deflationary program he had denounced during the campaign in order to fulfill the Maastricht criteria and prepare the country’s entry into the common currency. However, following paralyzing transport strikes that endured through the autumn and winter 1995 (strikes which incidentally enjoyed the support of the population at large), Juppé was finally obliged to withdraw his plan, marking a severe defeat for the government and paving the way for, beginning in 1997, the second period of cohabitation in the history of the Fifth Republic.

72 Other provisions of the Plan included an emergency finance item for a 0.5% income tax increase that would last for 13 years in order to pay off the country’s outstanding social security debt of $60 billion, and the assumption of greater control by the government of the total social security budget by giving parliament final say over pension spending by the paritary commissions as well as ultimate authority over healthcare expenses. See Ross, “Monetary Integration and the French Model,” p. 92.
73 Indeed, Chirac did not shrink from indulging in the most hypocritical anti-EU rhetoric to couch his populist message, even going so far as to promise the staging of referendum on whether France should join the common currency were he elected President. Ibid. p. 91.
For our purposes, the key lesson of this episode is that it marked the mobilization of an anti-liberal social movement that would serve as the springboard for the “No” vote of the Left in the 2005 referendum on the draft European Constitution. Thus, it augmented and progressively displaced the national-sovereignist strain of Euroscepticism with an anti-liberal, social welfarist one, whose center of gravity was located on the Left. By the same token, and perhaps more importantly, 1995 strike wave demonstrated to governing elites on the Left and the Right alike that the “permissive consensus” according to which the domestic political debate could be divorced—as symbolized by Chirac’s abrogation of his promise to reflate the economy and adoption of a deflationary course following his victory—was effectively over. Instead, people began to connect their own situations on socioeconomic issues such as jobs, welfare benefits, social rights etc. as well as socio-cultural ones such immigration and national identity to the process of European integration. In fact, particularly on social and economic matters, these issues became proxies for Europe, thereby effectively importing it into the French political debate. As such, 1995 marked the end of the period of “integration by stealth” that had characterized France’s relations with Europe since the Treaty of Rome and, in a more intense guise, since the 1980s.

Read in this context, the referenda on ratification of the Maastricht Treaty in 1992 and of the draft European Constitutional Treaty had a transformative impact on the dynamics of party competition in France. By pitting anti-globalization nationalists on the far Right (Le Pen, de Villiers) and mainstream Right (Pasqua, Séguin) against its pro-globalization Europhiles (Chirac, Giscard), the Maastricht referendum ended up polarizing

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74 See on this point Dehousse and Tacea, “Les enjeux européens,” pp. 3-5.
the Right between the FN and UDF/RPR on the one hand, and dividing the latter between pro- and anti-Europe camps on the other. This in turn served to fracture the mainstream Right, leading splinter parties—such as the MPF—to break away from it on the issue of Europe, while driving a wedge between the traditionally more Europeanist, Christian Democratic UDF and the more sovereignist, Gaullist RPR.76

Conversely, the referendum on the draft European Constitutional Treaty had a similarly divisive impact on the Left, particularly within the Socialist Party. The significant divisions that emerged among the party leadership over the referendum, with former Prime Minister Laurent Fabius anointing himself head of the ‘No’ camp, merely reflected the growing disquiet expressed by Socialist voters and the party rank-and-file regarding the liberal path European integration was taking under EMU and its mounting socioeconomic costs. Needless to say, the victory of the ‘No’ tore the party apart, leading to a leadership crisis that indubitably weakened the party in the run-up to the 2007 elections which, following Chirac’s ineffectual twelve years in power, its candidate should have in theory been well placed to win. 78 Thus, similarly to the Right a decade before, the 2005 referendum served to polarize the Left over Europe, seen through the coalescing of Far Left parties, first the Nouveau Parti Anticapitaliste (NPA) followed by the Parti de Gauche (PdG), around an anti-EU, anti-liberal platform. As growing numbers of Socialist voters grew wary of the current course of European integration, many of them were drawn to this far Left alternative as they grew increasingly disaffected with the PS’s pro-European stance.

78 Meanwhile, on the Right, Sarkozy’s electorate proved much more united in support of European integration, having embraced the liberalizing course of EMU, with hardcore nationalist sovereignist Eurosceptics migrating to the FN. See Cautrès and Strudel, “Traces du référendum,” p. 144.
Thus we see at work in France the “crowbar effect” that Taggart identified in his analysis of the effects of the debate over European integration on the party systems of the member states. Fringe parties—FN, NPA/PdG—seize on Euroscepticism as a means of differentiating themselves from their mainstream competitors and reinforce their populist appeal. For this reason, it is no accident that they are the ones to most frequently evoke Europe in political campaigns. Conversely, the mainstream parties—UDF-RPR/UMP, PS—try to discuss European integration as little as possible given the division it can engender among both their leaders and—as we saw—among their leaderships. As a result, though national elections are rarely directly about Europe—the 2012 presidential race representing a notable exception—the latter has become, as Belot and Cautrès put it, the “invisible and omnipresent” subtext conditioning them. Similarly, given that voters have inevitably drawn a link between their own, subjectively felt professional and socioeconomic circumstances and the objective economic and social forces and trends that are related to European integration, it is inevitable that Europe has inevitably entered—if by proxy—into their electoral considerations and choices. Hence, the contrast between the backlash that Europe has provoked when it is directly evoked and the public is given a chance to, as in the case of the 1992 and 1995 referenda, express itself upon it and “the relative torpor of the debate on Europe engaged by the political class.”

Euroscepticism and the Politics of European Integration

80 “L’Europe, invisible mais omniprésente.”
Given the growing intrusion of Europe in general and Euroscepticism in particular in the French political debate as a function of deepening European integration, it is worth asking how French politicians and political parties—and in particular, those charged with governing the country—have responded to this new “omnipresence” of Europe in national elections. On the one hand, at the domestic political level, French political leaders have employed a dual strategy that shifted as the economic and social costs of European integration became increasingly clear for voters to see. In an initial phase lasting through the end of the 1980s up to the Maastricht referendum, politicians beginning with Mitterrand and then Chirac evoked European integration as a means to effect domestic economic reforms which they felt it was necessary for the country to undergo in order to meet the challenges posed by globalization and intensifying international competition. From this standpoint, European integration, particularly in the economic sphere, was effectively cast as a non-choice—that EMS, the Single Market, and EMU were the only way forward for France to regain its competitiveness and influence in an increasingly cut-throat economic world, and that in any case it had no choice but to adhere to this project lest it be left behind and even more vulnerable outside of Europe.

In a second phase, which started in the years after the Maastricht Treaty was ratified and the EMU convergence criteria began to exact increasingly severe social and economic costs, French political leaders began to distance themselves from Europe and to blame it for

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83 The following quote from an article in Le Monde penned by Valéry Giscard d’Estaing in support of the Maastricht Treaty ably seizes on this idea that France has no choice but to participate in European integration, and that the present course of integration is the only one that is desirable or viable. He writes, “At the present time, there exists no alternative solution that arrives at a ‘better Europe.’ And the response of the French people [in the referendum] will have as a direct and unique consequence, of permitting the advance, or of provoking the retreat, of the Union of Europe.” Le Monde, 16 September, 1992. Quoted in Martyn Cornick and Robert Elgie, “Dossier on the French referendum concerning the Maastricht Treaty, June to September 1992,” Modern and Contemporary France 1(1)(1993), p. 121.
for reforms which, in many cases, they themselves had been in the forefront in devising and implementing in the past. On the Right, as we saw, Chirac in 1995 campaigned on a populist, anti-EU platform after his government in the late 1980s had been instrumental in extending the deflationist policies initiated by Socialist governments during Mitterrand’s first *septennat*, as well as approving the passage of the SEA in 1987. On the Left, there was the case of Laurent Fabius, who emerged as the spokesman of the Socialist ‘No’ in the 2005 referendum on the European Constitution but who as Prime Minister two decades before had been most responsible, along with his predecessor Pierre Mauroy, for adopting the deflationary strategy of *rigueur* to keep France in the ERM and which laid the basis for the strategy of ‘competitive disinflation’ that would be followed by subsequent governments of the Left and the Right in the late 1980s and 1990s. These mainstream politicians thus came to employ European integration as an alibi for such liberal economic reforms which they had formerly been the first to call for and justify. In turn, not only did this strategy of alibi politics further discredit the EU among French voters, but it also ended up delegitimating the governing elites in their eyes by highlighting the supposed incapacity of the latter to shape European integration in France’s interests. Many of these voters, particularly those worst impacted by market deregulation under the Single Market and the deflationary policies exiged by EMU, gravitated to the populist extremes, ultimately moving the entire French political debate in an anti-EU direction. In short, at the same time that the economy was ‘endogenizing’ reforms conceived and enacted at the European level, the adverse social effects of these reforms were leading to a Europeanization of the French political space in an increasingly Eurosceptic guise.

Faced with a growing domestic Euroscepticism that was becoming a source of voter disaffection and elite division within their own parties, mainstream politicians conversely sought to resolve the problem by trying to address French concerns at the European level. Thus, at the same time that French politics was being Europeanized through the endogenization of the liberal principles behind European economic integration, French leaders sought to exogenize their own concerns by resolving them at the European policy level, thereby attempting to *françiser* the European political space. As a number of observers have pointed out, this tactic was hardly new. France had always viewed itself as the political leader of Europe and as such had sought, at times unilaterally, to shape the European project to its concerns.  

85 French imposition of the Common Agricultural Policy as a precondition for adopting the Treaty of Rome, or de Gaulle’s “empty chair” presidency to preserve the veto powers of member states in certain areas were only the most obvious manifestations of this diplomatic high-handedness. Furthermore, this imperiousness in trying to dictate the terms of European integration was enabled by the country’s position as senior partner within the Franco-German axis, in which France assumed the mantle of European political leadership, while Germany, constrained by its past, served as obliging paymaster and economic dynamo behind the integration process.  

86 Therefore, as the latest stage of European integration began in the mid to late 1980s, it was natural that in calling for a shoring up of EMS and the establishment of the Single Market, Mitterrand saw integration as a means for France to continue to assert its control over the European Community and bend its policies to its will. Indeed, given the growth of French criticism of European integration that would come later, it is a historical irony that it

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86 Ibid.
was France that more than any other country in Europe, including Germany, that did more to resume the integration process. However, as Germany’s economic preponderance over Europe became increasingly apparent (in large part because of the process of economic integration the French had initiated) the balance of political as well as economic power within Europe surreptitiously but surely shifted away from France toward Germany. Realizing this shift, the French response was to further deepen European integration in the hopes of being able to reassert its control over Germany. But it soon became obvious that Mitterrand had overestimated France’s capacity to steer European integration in a direction favorable to France. Instead, the latter found itself enmeshed in a process over which it not only exerted less and less control, but which profoundly unsettled its state-society relations while rendering unsustainable its postwar social model.

This erosion of French influence over the terms and direction of European economic integration could be seen from the beginning and grew more and more evident at each successive stage of the process. Already, as Germany returned to economic balance and growth through its adoption of restrictive monetary policies in order to check inflation while Mitterrand’s first two years in power had resulted in uncontrolled inflation and grave balance-of-payments crisis, it was in large part as a result of pressure from Germany that in March 1983, the Mauroy government adopted a comprehensive austerity program as a precondition for German support of the 5.5% revaluation to relieve pressure on the franc within the ERM. Similarly, in preparing the way for the SEA, Mitterrand had acceded to German and British demands that the Single Market Program be extended to the financial sector.

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87 Ross, “Monetary Integration and the French Model,” p. 76.
sector and that exchange controls and restrictions on capital flows be removed. Anxious not to see the prospect of the Single Market which he believed offered the sole means by which French firms would be able to meet the challenges posed by American and Japanese competition, Mitterrand accepted these conditions in return for vague promises of European fiscal harmonization that were never kept. Finally, in response to German reunification, for what were essentially geopolitical reasons Mitterrand acceded to a project of European monetary integration based on Germany’s monetarist and deflationary terms as a way to shackle the latter to Europe—and hence to France. Though perhaps understandable from a historical vantage point, given the social and political costs this process would have in France and across Europe, one is entitled to wonder if Mitterrand did not give up too much in allowing Germany to dictate the terms of EMU as a price for institutionally tethering it to the EU. In short, at all of these crucial points at which the direction of European economic direction was decided, Mitterrand overestimated France’s capacity to reign in its German partner in running the EU. Instead, by initiating further integration as a means of reasserting its control over the latter, France ended up reinforcing its increasingly secondary status vis-à-vis an economically resurgent and politically assertive Germany within the new Europe.

By the same token, when French leaders sought to modify the terms of European macroeconomic governance in order to dampen the social costs of market liberalization under the Single Market and deflationary effects of preserving monetary stability and fiscal rectitude under the terms of EMU, their entreaties fell upon increasingly deaf ears within

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89 Ibid., p. 67.
90 That other options were available and had been considered is apparent can be seen from the fact that, eager to placate the Germans, Mitterrand shelved plans from the Bank of France that a European reserve fund be created in order to maintain parities among ERM members and third parties. Likewise, he overruled Prime Minister Pierre Bérégovoy’s support for a British plan to establish a ‘hard ecu’ that would have been governed more flexibly than the future Euro. Ibid, p. 68.
Europe. In fact, it is striking how similar the proposals submitted by the French at each juncture of the integration process have been, all of them calling for some form of European economic governance built on a combination of the following elements: greater political control of the central bank, the loosening of the deflationary terms of EMS/EMU, and proposals for some degree of statist intervention or industrial policy. In each case, the overarching goal of these proposals was to address the worsening problems of economic stagnation and rising unemployment tied to the integration of European markets and the deflationary convergence and unification of its currencies.

The original template for this ‘economic government’ to accompany the Single Market and monetary union was first exposed in the Delors’ Commission’s White Paper on “Growth, Competitiveness and Employment,” which defended the principles of ‘social cohesion’ and ‘social solidarity’ as the basis for the EU’s economic prosperity. In practice, the White Paper called for creating a European Social Fund to train young people and the unemployed in order to integrate them back into the workforce while expanding the European Regional Funds in order to provide social and economic assistance to those regions worst hit by economic crisis. Through these mechanisms, the Delors Commission reasoned, some opportunities and relief could be given to those most impacted by the profound economic and social dislocations provoked by market liberalization and monetary convergence.\footnote{Alain Lipietz, “The Post-Maastricht Challenge,” \textit{Review of International Political Economy} 3(3)(1996), p. 368.} Correspondingly, these proposals were often accompanied by plans to make the central bank overseeing the processes of monetary convergence and then union, the Bundesbank and then the ECB, more sensitive to the imperatives of growth and employment rather than focusing exclusively on the imperative of maintaining price
stability. Finally, beginning with the negotiation of the SEA, French leaders incorporated language that sought to roll back the liberalizing microeconomic dispensation of European integration by proposing some form of EU-wide industrial policy in order to help those sectors hardest hit by international competition and preserving jobs in the short-term, while investing in the research and technological capacities to make European industry sustainably competitive over the longer term.

Usually, each new stage in the process of economic integration provided the opportunity for French political leaders to roll out some variation of a plan for a European economic government to complement the Single Market and EMU and at each phase, the liberalizing and deflationary principles underlying previous European agreements were either reasserted, or else cosmetic changes were made or empty reassurances issued in order to address French concerns without in practice inflecting European economic governance from its (neo)liberal course. Thus, for example, in reaction to French proposals to dampen the liberalizing reach of the Single Market Program by also implementing a European industrial policy to direct long-term investment towards new, potentially competitive, niche sectors, the European Commission reaffirmed in Title XIII, Article 130 of the Maastricht Treaty which ostensibly set the groundwork for EU industrial policy that liberal market principles based on free competition and the elimination of state assistance would henceforth represent the sole basis for such a policy.

Similarly, at the 1997 Amsterdam Summit at which the green light for Monetary Union as to be given, Prime Minister Lionel Jospin’s attempts to modify the terms of the

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94 This provision asserted: “This Title shall not provide a basis for the introduction by the Community of any measure which could lead to a distortion of competition.” Quoted in Kassim, p. 180, n. 17.
Stability Pact to give it a more pro-growth, pro-employment, and impetus, establish an “economic government” to oversee the future ECB, and call for the creation of a “European Growth Fund,” were also effectively dismissed. However, in exchange for giving his approval to monetary union, Jospin secured the following concessions from the European Council: modification of the name of the “Stability Pact” to “Stability and Growth Pact” in order to symbolically address French concerns about economic stagnation, and the commitment to hold an emergency jobs summit to discuss the employment situation within the EU (in France, the unemployment rate had just hit its postwar high of 12.8% in March 1997.) At that summit, however, amidst widespread disagreements among member states, Jospin was forced to accept a compromise resolution tabled by Tony Blair that made employment a goal but only through increasing labor market flexibility. Thus, despite his interventionist and reflationary proposals, what Jospin actually took from the Amsterdam Summit and the emergency jobs summit which followed it was a reaffirmation of liberal market principles as the effective template guiding European economic integration.

Finally, in 1999, the long-anticipated unveiling of the European Social Charter to address largely French concerns about the lack of social solidarity in an increasingly liberal Europe was widely regarded as a timid and ineffectual document. While paying lip-service to concerns about growing inequality and worsening working conditions in Europe for many wage-earners, the Charter markedly failed to address them in a concrete manner that might disrupt the operation of the Single Market and in particular threaten labor market flexibility. Thus, though it did improve social conditions for some of the poorest EU members, its impact was desultory for most of the others. In fact, the Social Charter was

95 Ross, “Monetary Integration,” p. 93.
96 Ibid., 98.
adjudged to impose such weak constraints on employers that a motion of censure was tabled against it by the Green Group of MPs in the European Parliament.\textsuperscript{97}

In short, repeated attempts by successive French governments to try to address at the European level the domestic problems of economic stagnation and unemployment have repeatedly failed to bear fruit. At the European level, this testified to France’s dwindling diplomatic clout as a function of her relative economic and political decline compared to Germany, the effect of which was further magnified by the EU’s enlargement to incorporate the economically liberal, former Communist states of Central and Eastern Europe during the 2000s. At the domestic level, this perceived incapacity to address the causes of France’s social crisis at the European level served to underscore in the eyes of many voters the fecklessness—if not duplicity—of the governing elite when it came to European integration, thereby discrediting the governing parties and reinforcing their wariness of European integration as a whole. Hence, the key role played by Europe in polarizing the French party system by contributing to the appeal of fringe parties on the Far Right and the Far Left on the one hand, while pushing the mainstream parties in an increasingly Eurosceptic direction so that they could appear to be responding to the voters’ growing anxieties and frustration over the effects of European integration on the other.

\textit{Hollande’s European Challenge}

This pattern of exogenizing the most controversial issues in French politics to the European level in response to the Europeanization of the French economy and political space can be

\textsuperscript{97} Lipietz, “Post-Maastricht Challenge,” p. 375.
seen in most recent guise the European policy proposals advanced by the newly elected President François Hollande administration. Indeed, partly in a bid to address the problem of burgeoning unemployment in France since the onset of the 2008-9 global financial crisis and the current Eurozone crisis, the Hollande administration has, in a reprise of the Jospin’s 1997 attempt to renegotiate the terms of the Stability Pact and increase pro-growth investment across the EU, pledged to renegotiate the terms of the budgetary pact, a stricter version of the Stability and Growth Pact that was introduced by Nicolas Sarkozy and Angela Merkel in December 2011, as a means to return the public finances of EU member states to balance.98

Arguing that, rather than resolving the sovereign debt problems of Eurozone members, austerity is only likely to make them worse, Hollande has instead called for a number of reflationary measures to be taken in order to kick-start European growth as a vital precondition for reducing members states’ aggregate debt levels and balancing their budgets. In addition, Hollande’s proposals also contained hints of state planning and protectionism in an attempt to steer EU governance in a more interventionist direction. Specifically, his plan called for the European Investment Bank (EIB) to fund public infrastructure projects in order to boost investment demand in Europe and create jobs. Similarly, it also featured a demand for the inclusion of reciprocity of social and environmental standards in the negotiation of EU trade agreements. Thirdly, Hollande has also called for the establishment of special ‘project bonds’ in order to finance job-creating development projects in Europe. And finally—and most controversially—he has called for the creation of Eurobonds that would be backed by the ECB, a move that would essentially

98 See footnote 35.
mutualize the member state’s sovereign debt and make European creditor states like Germany in part liable for the losses incurred by debtor states such as Greece.99

Needless to say, these proposals have not gone down well in Berlin. Apart from the commitment to allow for the EIB to fund a still-to-be-determined number of infrastructure projects, Hollande returned empty-handed from the June 2012 European summit at which he proposed to modify the current course of European economic governance. Merkel has held firm in her opposition to loosening the fiscal criteria outlined in the new European budgetary pact, and for her both European project bonds and Eurobonds—which she believes would divert responsible German taxpayers’ savings to fund the spendthrift ways of the Club Med states—remain a dead letter. Thus, just like Jospin after the 1997 Amsterdam Summit or even Chirac following the 1995 presidential election, Hollande has been forced to backtrack from his campaign promises and, in the name of European Unity, sign up to exactly what he had opposed. In September 2012, the new Socialist government got the deflationary budgetary treaty negotiated by Sarkozy and Merkel passed through the National Assembly.100 Furthermore, in order to address the burgeoning budget deficit and sky-high debt levels—the French aggregate debt reached 89.3% of GDP in the first quarter of 2012, nearly 30% above the limit specified in the budgetary pact101—and to try to stabilize unemployment, Hollande has been forced to renege on other campaign promises in acknowledgement of economic realities. For example, after repealing the TVA sociale that

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100 However, twenty Socialist MPs voted against the treaty and nine abstained, making its passage dependent on votes from the UMP. See France TV Info [online], “l’Assemblée vote le traité budgétaire européen, grace au voix de droite?” 9 October, 2012. Available from: http://www.francetvinfo.fr/l-assemblee-a-vote-le-traite-budgetaire-europeen-par-477-voix-contre-70_152771.html.

had been introduced by its predecessor on the grounds that it was too regressive because it employed the proceeds from sales taxes in order to fund social security rather than payroll taxes on employers, the Ayrault government was forced to institute it again so as to make it cheaper for firms to hire.\textsuperscript{102} Likewise, his promises to balance the budget by 2017 have been exposed to be an exercise in wishful thinking or cynical spin-doctoring, since these are predicated on the unrealistic assumption of a 2\% to 2.5\% growth rate over the next five years, rather than the 1\% to 1.5\% growth rate predicted by most economists.\textsuperscript{103} Thus, reneging once again on promises to restart growth through reflation, the government has found itself forced to consider pursuing the very types of austerity policies for which it had attacked its predecessor in the campaign.

The only concrete policy achievement of the incoming government has been the passing of the internationally controversial but domestically popular 75\% tax rate on earned annual income over €1 million.\textsuperscript{105} However, the law was struck down by the Constitutional Court in December 2012, leaving the government without a single notable achievement in the area of economic policy since its swearing in.\textsuperscript{106}

Although the spread on French government bonds has remained low thus far and the government can continue to borrow at low rates, unless it addresses its budgetary and fiscal woes, it is only a matter of time before financial markets punish the government and the

\textsuperscript{103} Clift, “Le Changement?”, p. 118.
\textsuperscript{105} According to a TNS Sofres poll from March 2012, the measure enjoyed the support of 61\% of the population. See Guillaud and Sauger, “Redistribution, Tax Policy and the Vote,” p. 1.
debt burden grows from critical to unsustainable. On the other hand, however, the Hollande government’s failure to deliver on its promises of reflation and greater state intervention has begun to cause ructions, particularly on the Left of his party as among supporters of Jean-Luc Mélenchon’s Parti de Gauche, whose votes were crucial in securing Hollande’s victory in the second round of the Presidential election. Similarly, European policy is increasingly a source of tension within the government, notably between the anti-liberal left of the party, represented by the Industrial Recovery Minister Arnaud Montebourg, and PS’s ‘social liberal’ wing, incarnated by Interior Minister Manuel Valls. Up until now, the Ayrault government has managed to contain these internal divisions, but the fact that these exist testifies to the growing polarization around Europe not just between the PS and the Parti de Gauche, but among the voters and cadre of the Socialist Party itself.

Conclusion

Once again, then, the issue of Europe, generating growing levels of anti-liberal Euroscepticism, is helping to drive the polarization of the French party system, while highlighting the direction and dynamics of integration as an increasingly controversial and divisive issue within the mainstream governing party. As we saw, this is not a new development. Euroscepticism, first in a national sovereignist guise and then a welfarist anti-

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107 This is at any rate, a common prediction in the establishment liberal press. See, for example, The Economist, “France and the euro: The time-bomb at the heart of Europe,” 17 November, 2012., p. 12.
110 See footnote 98 above.
liberal one, has been driving such a dynamic of polarization and governing party division since the 1992 referendum on ratification of the Maastricht Treaty, if not earlier. Correlatively, as European economic integration has accelerated and intensified, the hard core of unconditional sovereignist Eurosceptics has been progressively augmented by a growing number of conditional Eurosceptics who, though they remain supportive of European integration in principle, have grown increasingly opposed to it current liberalizing and deflationary direction. As we saw with the defeat of the 2005 referendum to ratify the draft European Constitution Treaty, on occasions when people are allowed to pronounce themselves on European issues, the strength of this form of Euroscepticism has been sufficient to impede France’s involvement in the European project, spreading shockwaves not only among the country’s pro-European governing elites, but across the rest of Europe as well.

The silver lining in all this is that, despite the growing influence of this form of conditional Euroscepticism, a healthy majority of the French still believe that France’s membership in the Union is positive (see Graph 1) and, despite the fact that 64% of those who were old enough to vote during would have voted “No” to the Maastricht Treaty that launched the process of European monetary union if the referendum had been held again in September 2012 (vs. the slim majority of 51% who approved the Treaty twenty years earlier), only 35% of those same respondents stated that they desired France to abandon the euro and return to the franc.\footnote{Ifop, “Les Français et l’Europe 20 ans après Maastricht,” pp. 21, 28.} Thus, it seems that though there is pervasive skepticism about the current course of European economic integration, most French people continue to
believe that *une autre Europe* governed according to different economic and social priorities remains possible.

Leaving aside the vast question of whether such an alternative Europe is actually possible, the question remains, given the ongoing crisis and intransigence displayed by Germany and the ECB in maintaining the monetarist and liberal dispensation that define European economic governance in general and monetary integration in particular, how long this disjuncture between a generally positive opinion of Europe and qualified opposition to its present form can endure. Indeed, the great fear must be that, if nothing is done—or indeed, if nothing can be done—to alter Europe’s present course of economic integration so as to attenuate mounting popular concerns about rising unemployment and increasingly diminished welfare states, that this conditional form of Euroscepticism will eventually harden into an unconditional rejection of Europe. Given France’s historically primordial and politically central role in Europe, it is hard to see how, should such a day arrive, the European Union, let alone the euro, could go on.