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Newsletter

The *french* Dispatch

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Setting the scene

A few weeks after Emmanuel Macron's re-election, **France is facing a new electoral challenge on Sunday as the country is heading towards parliamentary elections.** In this new milestone, French voters will determine the political direction of the country for the next five years by voting for their new MPs. **Over the last few decades, the electorate have always been consistent in how they have voted.** The electorate has always given the president-elect an absolute majority to run the country and implement its policies. **This time it could be different.** Amid a campaign marked by an outstanding lack of enthusiasm, **Emmanuel Macron and his party Renaissance are struggling to secure a workable majority.**

The announcement of a new Government usually marks a positive step for a newly elected President. This time **the appointment of the new list of Ministers had little effect on public opinion,** as many freshly appointed ministers were unknown by a large majority of French citizens. Prime Minister Elisabeth Borne is falling short from strong ties with organized political forces and mobilizing voters in her name will remain a hurdle. Hence, **the presidential majority is struggling to progress in the polls.** This is unlike 2017 where Edouard Philippe's appointment helped to capture votes from the right spectrum and secure Macron's stance.

The conservative opposition is however not able to contest Emmanuel Macron's dominance. *Les Républicains* (or LR, the conservative party) is facing a leadership crisis following its historical defeat in the presidential election. **The far right, led by Marine Le Pen, is not in a better position** as she was kind of faded during the campaign. Hence, both LR and the National Rally are either scarcely heard or confined to a much defensive position.

Meanwhile, **the Left, unified for the first time since 1997 is experiencing a historic moment.** Led by the far-left populist Jean-Luc Mélenchon, the new coalition is set to replace *Les Républicains* as the main opposition to Emmanuel Macron in Parliament. Despite successfully engaging his electoral base, Jean-Luc Mélenchon is far from gaining a majority.

The government's future legitimacy will rely on the size of the majority and on the turnout of the election. The key issue will be low participation as the government's legitimacy could be questioned, its ability to implement the most needed reforms weakened and could lead to a change public opinion against the government and possibly social unrest.



A new French government ahead of crucial parliamentary elections

The new Government that was announced following the Presidential election on the 20th May is, above all, rallying for Emmanuel Macron to succeed and gain the necessary majority to rule the country. In the context of geopolitical disruption and economic uncertainty, it is therefore no surprise that the current members of government echo the expectations of the French people, seeking stability and sovereignty. At the same time, cautious of a surging alliance across left political forces the government also reflects Macron's ambition of gaining a stronger profile among the more left-leaning, ecologically conscious electorate.

New government, between change and continuity

For the first time in the history of the 5th Republic, the **Prime Minister, Elisabeth Borne, will be directly entrusted with wide-reaching ecological competencies** – a testament of Macron's ambition to gain a stronger ecological profile. And with ministers Amélie de Montchalin and Agnès Pannier-Runacher, now responsible for leading France's ecological and energy transitions, Macron is set to reinforce France's energy and industrial sovereignty whilst undertaking the necessary reforms for France's green transition.

Bruno Le Maire, Minister for Economy, Finances and Industrial and Digital Sovereignty was quoted first in the list of appointed Ministers and is the country's longest serving Economy Minister. His appointment and rank has sent a **strong signal to businesses and investors**. In a world marked by an ever-increasing competition and headwinds, most notably that of an economic slowdown, Le Maire's appointment represents a **conscious message of stability and continuity**. As a reminder: it was under Le Maire's policies that France became the most attractive European country for foreign direct investments (FDIs).

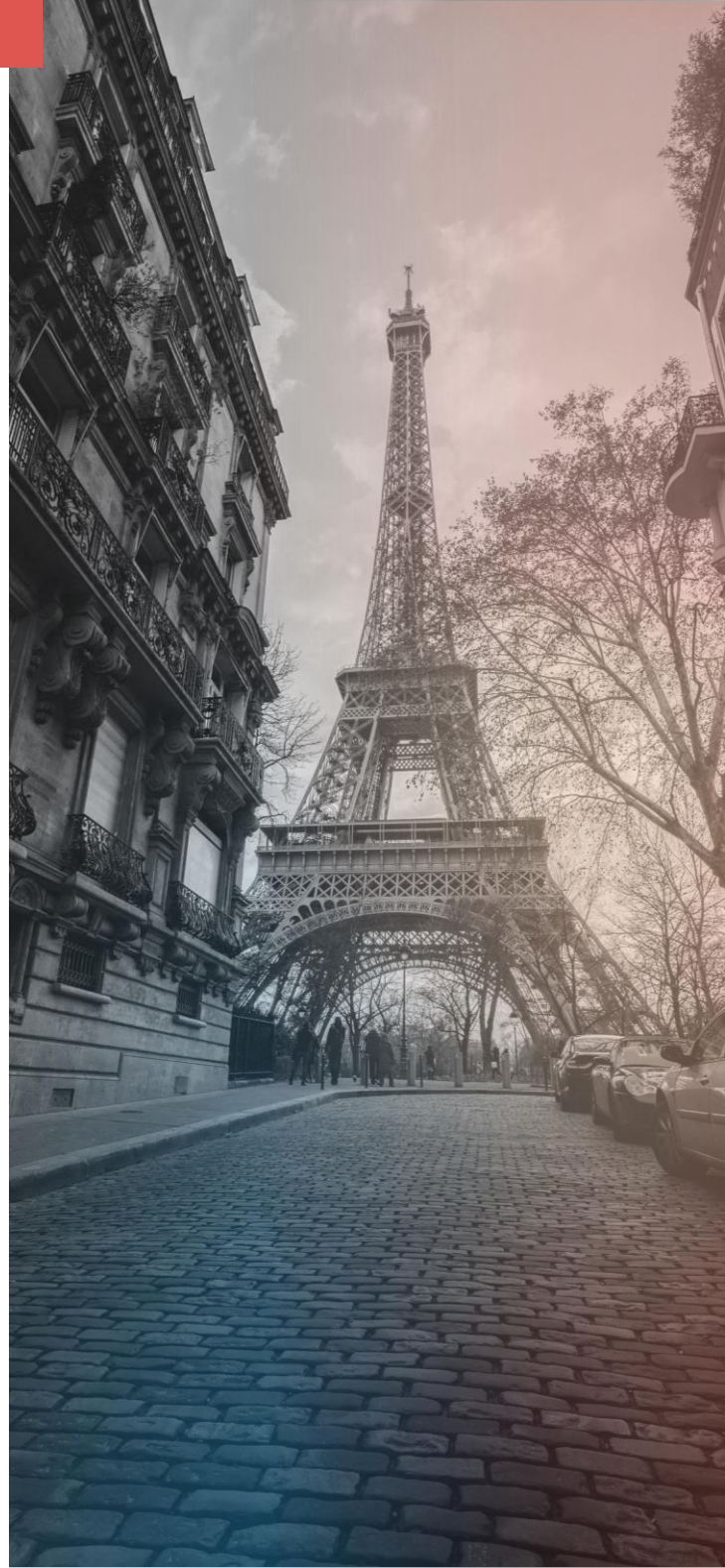
The five key reforms for Macron's second term

Despite a very quiet parliamentary campaign and some uncertainties regarding the government post parliamentary elections, **Macron's second-term agenda is already taking shape**. The focus is expected to be on independence (industrial, military, food...), full employment, carbon neutrality, public services (healthcare and education reforms) as well as on the democratic renaissance, including institutional reform.

Already today, **two noteworthy legislative files are expected to be launched quickly**: firstly, the **purchasing power law** on 29th June, which is the government's response to inflation and aims to support low-income households and low-wage earners; and secondly the simplification and **emergency text for energy project**, which would ease the administrative procedures for authorising renewable energy projects. Larger projects concerning production, ecology, public services are to be launched in a second step.

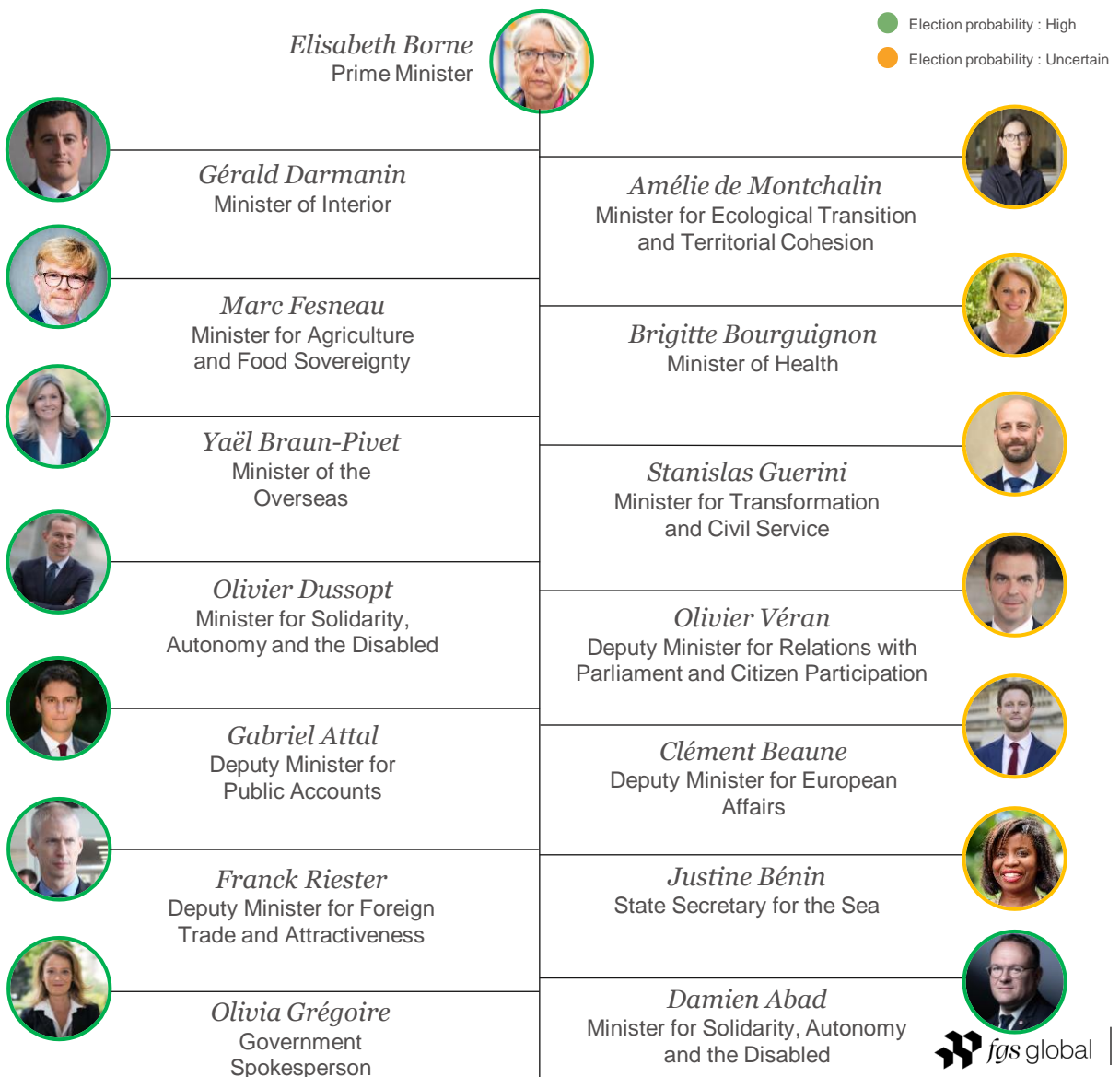
On education and healthcare, Emmanuel Macron also promised a new approach that calls for broad consultation with stakeholders to adapt solutions to the realities on the ground. At a time when healthcare ranks amongst the main concern of the population after purchasing power, Emmanuel Macron dedicated his first official presidential trip in France to the hospital of Cherbourg. From Cherbourg, he announced the launch of a special task force to support the crisis-ridden emergency care system. Meanwhile, on education, Macron intends to significantly increase teachers' salaries and to overhaul their responsibilities, in the hopes of attracting more talent to the profession given the current shortage of personnel.

Macron also announced during his campaign that he wanted citizens to be more involved and pledged “to lead a new, permanent Great Debate” referring to the nationwide public consultation exercise that he launched in 2019 in response to the Yellow Vests protests. Against this backdrop, last week saw **the announcement of a National Council for Refoundation** which will be set in motion following the parliamentary elections. The body will bring together the country’s political, economic and social actors, including citizens chosen at random, to launch reforms on matters such as purchasing power, ecology, institutions and pensions.



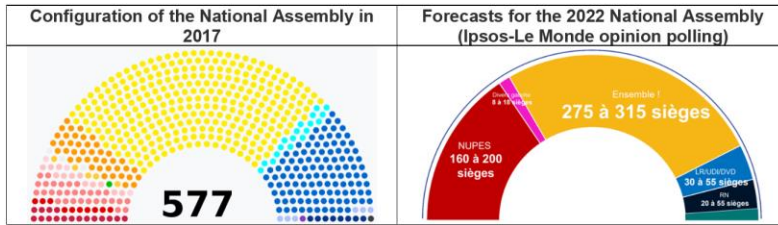
What's at stake for the current government

Fifteen of twenty-eight ministers are running for parliamentary elections this year. Though on paper ministers do not need to be elected at the Parliament to become a member of the Government, it is an unwritten rule that **those ministers who fail to find a seat in Parliament must step down from ministerial responsibilities**. Prime Minister Elisabeth Borne, a novice to the election campaign trail, should be elected without difficulty. However, this may not be the case for other ministers, including Amélie de Montchalin, Minister for Ecological Transition and Territorial Cohesion, and Clément Beaune, Deputy Minister for European Affairs, a close companion of Emmanuel Macron and rising star of the presidential camp.



Will Macron be able to wield power after the elections?

The 2017 shoo-in for Macron vs. the 2022 immediate unpredictability of winning the parliamentary elections



In June 2017, the presidential majority included LREM (308 MPs in yellow) and MoDem (42 MPs in orange) for a total of 350 MPs.

In 2017, Emmanuel Macron and his allies won a landslide victory, breaking away from the historical left/wing division which defined the French political scene since the beginning of the 5th Republic. In 2022 the picture is less rosy for the President-elect and will be more complicated.

In 2017, Emmanuel Macron secured a Parliamentary majority by benefiting from the decline of traditional parties, the desire of the electorate to back a new emerging political leader and the existence of a French electoral system which impedes far-right and far-left political parties from getting a majority in most constituencies.

In 2022, Emmanuel Macron's path toward a parliamentary majority will suffer major hurdles:

1. *The "power fatigue" effect:* After a five-year term punctuated by prominent crises, including widespread protests such as the Yellow Vests movement and the pandemic, Emmanuel Macron is burdened by this five-year history and his political heritage.

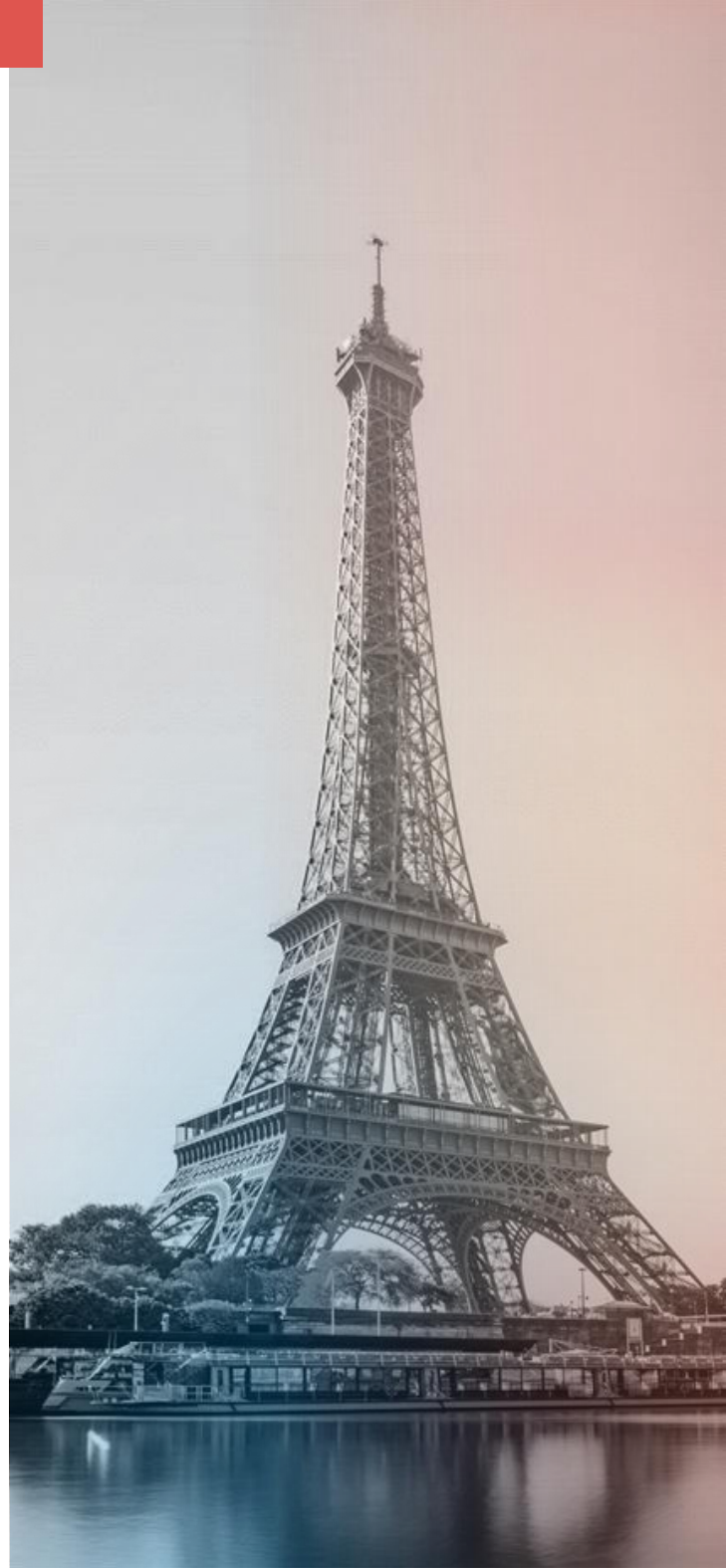
2. *A new contending coalition has formed:* Parties of the Left (*La France Insoumise*, *Europe Écologie Les Verts*, the *Parti Socialiste*, and the *Parti Communiste*) have unified under a common platform and have exaggerated the stakes of the parliamentary elections to rally their electorate.
3. *Post-presidential 'coma':* The widespread fatigue among the French electorate could lead to unexpected results and could end up boosting political mavericks who are able to go to great lengths to rally their electoral bases.

In Presidential circles, this challenging context is said to have sparked fears that the ruling party may fail to secure a majority. A poll published this week by the Ipsos-Le Monde suggested Macron's coalition would win 275-315 seats in the vote, therefore possibly failing to hit the 289-seat threshold required for a majority.

What would be the effect of having the left coalition as a leading force of opposition?

If the united parties of the left were to be a leading opposition, some legislative powers would be allocated to those parties which will undoubtedly secure increased influence. This could hinder Macron's full ability to govern: One of the main consequences however would be the over-tendency of the opposition to rely on filibustering.

- The Finance, General Economy and Budgetary Monitoring Committee is generally chaired by a member of the leading opposition political alliance. This particularly is a subject of concern for the Government as the united left could use this to their advantage to investigate the Ministry of the Economy and Finances regarding public spending or economy-related policy proposals.
- With 185 MPs and the signatures of several million of citizens (4.7 million or 10% of all voters), it is possible to call for a shared (popular) initiative referendum. Voters would be able to trigger the procedure for a referendum.





What to forecast?

The parliamentary elections in France consist of a two-round contest in 577 constituencies. Any projection in seats is to be taken with cautiousness. That being said, **three possible scenarios can be seen:**

1st scenario: **An absolute majority** (at least 289 MPs) for the President's party and its allies (MoDem and Horizons). It would allow Emmanuel Macron to appoint a government aligned with his platform and facilitate the implementation of his program.

2nd scenario: **A relative majority** would be sufficient to maintain a stable minority government. However, it could force the Government to reach difficult compromises with either parts of the moderate left or right opposition groups.

3rd scenario: **No majority for Emmanuel Macron.** This would create unprecedented institutional turmoil with both chambers of Parliament not backing the platform of a newly elected President. In addition, in such a scenario, it would be unlikely that any other political force could get sufficient support for leading an alternative majority. Such a constellation would, for the first time in the 5th Republic, lead to a hung Parliament, with unknown consequences for the policy agenda.

Given the current political context, there is real uncertainty on the support that the President can get in Parliament and whether his majority will be absolute (Scenario 1) or relative (Scenario 2). While the first round might provide a hint as to the strength of the opponents to Emmanuel Macron, only the results in the second round will provide a certainty.

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