

Why the French Presidency will be won or lost on the political right

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Summary

- After a month of frenetic campaigning, and one month from polling day, incumbent French President Nicolas Sarkozy has eliminated the gap between himself and his Parti Socialiste challenger Francois Hollande in polling for the first round of the French Presidential election on April 22. Hollande continues to lead Sarkozy by a significant margin in second round preferences.
- However, this margin may be narrower than it appears because it assumes that many supporters of other candidates will not vote in the second round. If these disaffected voters, who are mostly supporters of centrist Francois Bayrou and far right candidate Marine Le Pen, do chose to vote, they could decide the election.
- The fact that more than half of these undecided voters are first-round supporters of Marine Le Pen helps explain the aggressive focus of the Sarkozy campaign on race, immigration and radical Islam. Events this week in Toulouse will keep these themes firmly at the centre of the campaign. This is now an election that will be won or lost on the political terrain of the right and far right.

One month from polling day in the first round of the French Presidential elections, incumbent President Nicolas Sarkozy has closed the gap on his Parti Socialiste opponent Francois Hollande. This Global Counsel Insight note looks at the dynamic of the first month of the campaign, and argues that Hollande's lead in the election may be more fragile than it appears as the campaign enters its final month.

The campaign

As expected, Sarkozy has fought a frenetic and intense campaign over the first month. He has leant heavily on anti-immigration rhetoric, receiving a 1.5% boost in first round polls after a major speech in Paris on March 12 that threatened to withdraw France temporarily from the European Union's open-border Schengen agreement if the EU did not take a harder line on immigration.

But, in line with the slightly unconventional political geography of French politics, the debate has also been staked out in ground more traditionally associated with the economic left. Sarkozy has revived his familiar theme of the protection and promotion of French industry in the face of globalisation, including changes to European public procurement rules to require reciprocal openings to European contractors. On tax, Sarkozy's riposte to Hollande's suggestion of a 75% top tax rate for people earning over €1mn was a proposal to link taxation to French nationality rather than residence in an attempt to limit a rise in tax exiles.

For his part, Hollande's campaign has focussed on remedying perceptions of his lack of executive experience. He has also been careful to try and avoid the hard left label, expressing admiration for Charles de Gaulle and Tony Blair. He has explicitly dismissed suggestions that he is heading

for a repeat of the first term of Francois Mitterand in 1980-81, during which financial market pressure ultimately crippled a Socialist government's expansionary spending plans. Hollande is well aware that his opponents, who semi-privately refer to a 'Hollande discount' on French bank shares and sovereign debt, are keen to talk up the risks his anti-banker and revisionist positions on the European Fiscal Treaty create for France in financial markets.

Hollande's aides have been careful to try and manage expectations on both of these positions, suggesting that the rhetorical radical is also a political pragmatist (See GC Insight *Francois Hollande says Non*, 14 Feb 2012). They explain that his intention is to edit the Fiscal Treaty to add a greater focus on growth measures, not to scrap it; and that on structural reform for banks he is guided by the US and the Volcker rule, not more radical dismemberment.

Hollande has been at pains to stress a collaborative contrast to Sarkozy's more abrasive personal style. In the first month of the campaign that abrasive style has seen Sarkozy aggressively attack what he describes as Hollande's unwillingness to address immigration and race issues and vigorously to deny allegations that his 2007 Presidential campaign was part funded by the Gaddafi regime in Libya.

La question Européenne

Given the backdrop of the Eurozone crisis, European themes have inevitably played a significant part in the campaign. Both candidates have mixed criticism of the European status quo with a desire to use Europe as a backboard onto which to project their world view and ambitions. In reality, both candidates have implicitly acknowledged that Europe is central to the delivery of their programmes. With the basic parameters of France's trade, immigration and industrial policies set in Brussels, much of what they aspire to achieve will have to be achieved at a European level first.

Sarkozy has used his record of high level diplomacy in the Eurozone crisis as testimony to

his European leadership credentials, even though he knows that the result is regarded with ambivalence in France. Alongside his suggestions for revisions to the European Fiscal Treaty before it is ratified, Hollande has called for a larger measure of European Central Bank support for the new European Stability Mechanism bailout fund.

Germany has been a constant presence in the campaign. German Chancellor Angela Merkel's open support for Sarkozy, and her implicit sanction of briefing from Berlin about the potential disruption to Eurozone rescue of a Hollande victory is something of a departure. For his part, Hollande has made as much as he can of the general endorsement of his European position by German SPD opposition leader, Sigmar Gabriel, and Italian PD leader, Per Luigi Bersani. Although Merkel's intervention in particular has raised some eyebrows, these first flickers of a pan-European politics, reflecting contrasting left/ right positions on austerity vs. growth, are one of the most interesting features of the campaign from a wider European perspective.

The undecideds

The net result of this frenetic first month has been a closing margin in first round polls that, in some cases, has begun to suggest a sliver of a lead for Sarkozy over Hollande (Chart 1). The three major third party candidates have all continued to poll consistently: 12-13% for centrist Francois Bayrou and between 14-17% for far right candidate Marine le Pen. Far left candidate Jean-Luc Mélenchon has seen his support strengthen slightly, from single digits in February to 11-13% over the last week, suggesting that Hollande may be losing some left wing support to his radical left flank, although the polls suggest he will win them back in the second round (Table 1).

		13- Jan	30- Jan	12- Feb	26- Feb	12- Mar	17- Mar	as a % of all first round voters (17 March)
Mélénchon	Hollande	83	82	87	78	90	82	8.6
	Sarkozy	6	4	5	3	1	5	0.5
	Not sure	11	14	8	19	9	13	1.3
Bayrou	Hollande	48	52	42	45	41	33	3.9
	Sarkozy	28	26	34	28	34	30	3.6
	Not sure	24	22	24	27	25	37	4.4
Le Pen	Hollande	27	25	33	26	25	20	3.4
	Sarkozy	41	44	38	39	43	42	7.1
	Not sure	32	31	29	35	32	38	6.4

Table 1: Voting behavior of Mélénchon , Bayrou and Le Pen supporters in second round (all %)

Source: IFOP. CSA. Harris, LH2, Opos, Opinion Way, TNS Sofre, Global Counsel calculations

Sarkozy's polling at 27-28% tends to suggest some new support from previously undeclared voters and a trading of support back and forth with that of far right leader Marine Le Pen, who formally declared last Friday. Hollande has remained fairly steady at around 28-30%. If this was a one round contest, it would be far too close to call.

However, the two-round structure of the electoral contest means that the most decisive votes will be cast in the second round when there are only two candidates to choose from. Given that the polls give no grounds for believing that either Hollande or Sarkozy will be eliminated in the first round, these numbers still give by far the best indication of the likely outcome. However, these numbers, which have typically suggested a ten point margin for Hollande, can be misleading.

This is because polling of second round preferences typically eliminates undecided voters. This means that polls measure the share of the votes for Hollande and Sarkozy *among voters with an expressed preference for one or other of them*, which has the effect of enlarging the gap between them. Hollande's second round lead over Sarkozy *as a percentage of all voters* is probably closer to 5% than the double digit lead suggested by all but the most recent polling. Some 12% of French intended voters tell pollsters that they would vote

for Mélénchon, Bayrou or Le Pen in the first round, but no candidate in the second (Table 1).

This group has actually grown larger over the last two months as third party candidates seem to have developed doubts about the two frontrunners. If these voters change their minds and plump for either of the second round candidates, they have the potential to decide the election. More than half of them are Le Pen voters, and more than a third are Bayrou voters. The Le Pen cohort alone could narrowly decide the election for Sarkozy. This above anything else is why Sarkozy has majored so heavily on anti-immigration rhetoric and criticism of Islamic fundamentalism.

Sarkozy will worry that many of his professed supporters will actually vote Le Pen in the first round in the privacy of the ballot box. His strategy is not just to lure far right voters onto a more centrist ticket in the first round, but to convince them that he is a better-than-nothing candidate in the second. Bayrou supporters tend to break fairly evenly for Hollande and Sarkozy, so he will be calculating that he can pick up some additional support there. But ultimately, this race will be won or lost on the right and on the willingness of Le Pen voters to support Sarkozy.

A Toulouse effect?

This only intensifies the inevitable impact on the campaign of events of last week in Toulouse. France's tense debate about the integration of its five million Muslims has been brought sharply into the frame by the death, after a police siege, of self-proclaimed al-Qaeda terrorist Mohammed Merah in Toulouse. Merah had claimed responsibility for both the killing of three French Muslim paratroopers and three Jewish schoolchildren and their teacher on Monday.

Marine Le Pen was quick to promote herself as the only candidate who had been addressing the 'problems' of Islam in France, in contrast to a cowardly political establishment. However, Sarkozy, who has a strong record on anti-terrorism legislation, acted quickly in deploying force in the region. His recent positioning on immigration and

radicalised Islam have partly disproved Le Pen's claim to be the sole occupant of this political ground.

The events also handed Sarkozy an opportunity to demonstrate an appropriately grave and statesmanlike tone and demeanor. Whilst both Sarkozy and Hollande officially suspended their campaigns until Thursday, Sarkozy has used the platform of the Presidency to the greatest possible extent, attending the commemoration of the killed soldiers on Wednesday and calling for national unity.

It has had an effect. Polling since the shooting gives Sarkozy his first two point lead over Hollande in the first round, and closed his margin in the second. Marine Le Pen has fallen back to 13.5%, her lowest polling so far in the campaign. All major candidates will probably be at pains not to be seen as capitalising on the events of this week. However an electoral battle that was already being fought over the emotive and febrile ground of immigration and integration may just have collided with the event that will be critical in deciding its outcome.

A month before polling day Hollande's lead now looks considerably less secure. This is a narrowing race that is even closer than the top line polling suggests. While it is all but certain that it will be Sarkozy and Hollande who advance on April 22 into the second round of voting, what then happens on May 6 is less clear. It will depend decisively on how the campaigns advance in those two weeks, and above all, who they mobilise to vote.

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