

France: Another 'national' European election campaign

President Macron's party is improving in the opinion polls ahead of the European elections in May. So too are France's economic indicators. But as the campaign kicks off, we suspect the vote will be won, as usual, on domestic policies rather than on each party's European positioning



The French President, Emmanuel Macron

A steady political and economic recovery

France's economy is recovering and so are voting intentions in favour of President Macron. French PMI indicators were confirmed to be just below the 50.0 threshold in March, indicating a slight decline in activity. However, most indicators showed improvements in the economic outlook in the first quarter, enough in any case to believe that a rebound in domestic demand is likely in the first half of 2019. In particular, hiring and investing intentions in the service sector in March were back at last October's levels, just before the "yellow vest" crisis brought virtually all confidence indicators down.

At the height of that crisis in early December, Mr Macron's poll ratings fell to a low of 15% (Ifop

survey published on 3 December), with the extreme left seemingly benefiting with around 12% of voting intentions. Since then, the president's party, LREM, is back at 22%, and the extreme left at 8% (Ifop survey published on 28 March). Marine Le Pen's Rassemblement National (RN) is close, with 21% of voting intentions. If the UK does not take part in the EU elections, we expect both parties to gain 20 seats in the new European Parliament, which will be restricted to 705 seats after Brexit.



Nathalie Loiseau, candidate for the La République En Marche party in the EU elections

Campaigning is unlikely to swing many voters

The first TV debates haven't happened yet, but so far the first rallies appear not to have moved voting intentions. Mr Macron put Nathalie Loiseau, a former diplomat and the Government's EU Minister, at the head of LREM's list in March. She has been repeating the President's pledges (Eurozone budget, a level playing field for social protection rights, more defence cooperation) with a greener touch while the RN party does not have an official programme for the upcoming elections yet. However, one could note that, as in Salvini's Italy, the party has abandoned its "Frexit" pledge for more "national liberalism" where claims for more sovereignty are mixed with protectionist intentions.

Despite Mrs Loiseau's efforts, we believe it won't be her campaign that swings the electorate, rather it will be the current difficult exit of what's known as the 'national debate', the government's answer to the 'yellow vest' crisis. It's been running for months after having gathered more than one and a half million suggestions and comments, but it's now coming to an end. Mr Macron finished his tour of regional constituencies in Corsica this week and the National Assembly is currently debating on the possible measures which could be taken over the four themes of green transition, taxation, citizen participation and state reforms.

The prime minister, Edouard Philippe is due to communicate the government's intentions early next week but President Macron has yet to decide what to announce. For now, no door is closed, but he said proposals could be discussed until the summer. We suspect Mrs Loiseau's list success will depend much more on these than on LREM's own proposal for Europe. The road still looks long towards the 26th of May and the first proposals, together with a possible resurgence of violence in some French cities, may well frame the outcome of the next election.

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