

Catherine Mathieu and Henri Sterdyniak

Can a new French economic policy be successful?

François Hollande's economic strategy was ambiguous. He is convinced that there is a need for a new policy in Europe, more growth-targeted, but in order he accepts a Fiscal Pact which constrains countries to run austerity policies. He wishes both to reassure financial markets and to reduce their influence. Cuts in government borrowing should be obtained in the short term by higher taxation on the wealthiest and on large companies, but in the medium term by public and social spending dramatic reduction. The EU discourse on the need for structural reforms is neither accepted nor clearly rejected. The government counts on social partners to reform labour market functioning. The government undertake a 'competitiveness shock' strategy, a decrease by 20 billion of employers' social contributions. Thus, it is more and likely that Holland will not engage a 'rupture scenario' where France would try to find an original way, Colbertist/social-democrat/ecologist, but a 'normalisation scenario'.

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