



APRIL 2017

A brief guide to the French election:

Populism across the spectrum —left, right and centre

by **Matthew Elliott**

with polling analysis by **James Kanagasooriam** and **Claudia Chwalisz**

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Cover image: Rally to support French presidential election candidate François Fillon. Trocadero, Paris, 5 March, 2017.

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The Legatum Institute would like to thank the Legatum Foundation for their sponsorship and for making this report possible.

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1. INTRODUCTION

by **Matthew Elliott**,
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20th April 2017

2016 delivered two major political shocks to the West with profound global consequences: first the decision by British voters to leave the European Union and then the election of Donald Trump as President of the United States. These two events can be seen in a broader context of what some are referring to as the 'rise of populism', a realignment of politics away from the Third Way consensus started in the 1990s by Clinton, Blair and Schröder in favour of populist leaders and movements, from Podemos, Syriza and Momentum to Ukip, the Freedom Party of Austria and the 5 Star Movement.

Having published a guide to the March 2017 election in the Netherlands, I am now monitoring the underlying factors contributing to the rise (or otherwise) of populist movements in other countries. This report, published on the eve of the first round of the presidential election, gives an overview of the political situation in France.

There are important differences between how populism is manifesting itself across the world, and populism itself is a problematic term, often (mis)used in a loaded way. It would be a mistake to assume, for example, that anyone who was pro-Brexit, is automatically pro-Trump, pro-Le Pen or pro other countries leaving the EU. But while there are clear distinctions between populist movements in different countries, the underlying attitudes fuelling them are often driven by similar economic, social and political changes.

As part of my Senior Fellowship at the Legatum Institute, I have started to compare and contrast these similarities and differences. As I predicted in my paper on the Dutch election, a month since the vote, a new government has still yet to be formed and it will take some time before the impact of the election can be fully assessed. But what we do know is that populism advanced, not just in the moderate increase in Geert Wilders' vote but also in the rise of left-wing populism as GreenLeft, the Socialists and others took support from the Dutch Labour party.

The upcoming French elections might well result in yet another upset in global politics as voters once again switch from the established parties and candidates to insurgent alternatives. If, as looks likely, Marine Le Pen and Emmanuel Macron make it to the second round of the presidential election, neither the Socialists nor the Republicans will be on the ballot paper for the first time in the history of the Fifth Republic. When traditional parties of government are displaced by new parties or parties previously consigned to the fringes of politics, the mould of politics is truly being broken.

I am especially grateful to James Kanagasooriam and Claudia Chwalisz, Head of Analytics and a Consultant at Populus respectively, for contributing the polling overview to this report. If your time is limited, I urge you to begin by reading section 4, because their mix of deep analysis and thoughtful conclusions is political analysis at its best. I am also grateful, once again, to Rory Meakin for his research assistance and number crunching; to my Legatum Institute colleague Harriet Maltby for helping us identify relevant data from the indispensable *Prosperity Index*; and to Jonathan Isaby for his careful sub-editing. I also benefited from a trip to Paris at the end of March where I am grateful for the insights on the ground I was given through my conversations with Bruno Jeambar, Cyrille Lachèvre, Jean-Paul Oury and Albane de Rochebrune.

I hope you find this brief guide to the French election useful and, as ever, I would appreciate any feedback you might have.

2. THE FRENCH POLITICAL SYSTEM

On Sunday 23rd April, voting will take place for the first round of the 2017 presidential election. Theoretically, a winner might be declared, in the improbable event that one of the candidates receives more than half the votes. Almost certainly, voters will return to the polling booths two weeks later, on Sunday 7th May, to choose between the two candidates who won the most votes in the first round, and a new President of the Fifth Republic will be declared.

Five Sundays later, on 11th June, attention will turn to the first round elections for the lower house of the French parliament, the *Assemblée Nationale* (National Assembly). Similarly, most seats will undertake a second round of voting between the two front runners a week later on 18th June. And then in September, half the seats in the upper house, the *Sénat* (Senate), will also come up for an indirect election from around 145,000 electors.

2.1 A SEMI-PRESIDENTIAL DEMOCRACY

The Fifth French Republic was established in 1958 by Charles De Gaulle, after the collapse of the Fourth Republic, which was established after the Second World War in 1946. It is a semi-presidential democracy that consists of an elected president as head of state and a prime minister, appointed by the President from parliament, as head of government. All French citizens can vote, regardless of residence.

The government consists of all ministers, led by the prime minister. The Council of Ministers is equivalent to the Cabinet in the British political system, and is chaired by the President but also led by the prime minister. In the French system, unlike the UK, 'Ministers' are the most senior ranking members of the government while a 'Secretary of State' is a junior minister who only attends the Council of Ministers when their portfolio is up for discussion.

2.2 THE PRESIDENT

As head of state, the President of the Republic has significant powers over the executive. The President can:

- » name but cannot dismiss the prime minister;
- » name and dismiss other ministers, with the prime minister's agreement;
- » ask parliament to reconsider a law once, before promulgation;
- » refer treaties and some laws to referendum;
- » dissolve the national assembly;
- » name some of the constitutional council; and
- » pardon criminals or reduce sentences.

In 2000, the presidential term was cut to five years from seven¹ and since 2008 there has been a two consecutive term limit. Candidates in the presidential election need 500 elected official sponsors (mostly mayors: 33,872 of a total 45,543) from at least 30 *départements*, with no more than 10 per cent from the same *département*.² Polling stations are open between 8am and 7pm³ and the result of the first round must be declared by the Constitutional Council by 8pm on Wednesday 26th April and by 8pm on Wednesday 17th May for the second round.⁴ However, preliminary results are made public soon after 8pm on election day.⁵

2.3 THE PARLIAMENT

The French parliament is a bicameral legislature. **The National Assembly**, the lower house, consists of 577 single-member constituencies: 539 for European France (often referred to as 'metropolitan France'), 27 in 10 overseas *départements* (Guadeloupe, French Guiana, Martinique, Réunion, Mayotte) and collectivities (French Polynesia, Saint Barthélemy, St Martin, Saint Pierre and Miquelon, Wallis and Futuna), and 11 for French citizens abroad.

Members of the National Assembly are elected for five-year terms, unless interrupted by a dissolution. A candidate wins in the first round on receiving over 50 per cent of votes cast, assuming those votes exceed 25 per cent of registered voters. If no candidate meets these criteria, there is a second round for which (unlike the system for electing the French President) all candidates who receive more than 12.5 per cent of registered voters qualify. If only one candidate meets that criterion, the runner-up also goes through.

The upper house, the **Senate**, consists of 348 indirectly elected senators.⁶ The electoral college consists of roughly 145,000 voters, drawn from the National Assembly, regional councils and municipal councils (including mayors). Half of the seats are elected every three years for six-year terms. Senators are elected on a multi-member ballot in *départements* with two or three seats, or using proportional representation for *départements* with four or more seats.⁷

The National Assembly elections are important for two reasons. First, the President might not win the support of a majority, in which case they might be forced to appoint an opposition prime minister and government or exercise their right to dissolve the assembly and hold another election. Secondly, the leader of the opposition group in the National Assembly becomes an important figure. If Marine Le Pen fails to win the presidency, her party might nonetheless become the largest opposition party in the assembly, giving her an influential platform to take on the new President.

3. PARTIES AND LEADERS

For the purposes of the Presidential election, the focus will inevitably be on individual candidates, but with the subsequent elections to the National Assembly, it is also important to understand more about the political parties in France.

3.1 PRESIDENTIAL ELECTION

The only candidates with any realistic hope of getting through to the second round of the presidential election, to take part in the run-off, are:

» Emmanuel Macron ('Blair-lite')	<i>En Marche!</i> (On The Move)
» Marine Le Pen ('Griffarage')	National Front
» François Fillon ('Thatcher-lite')	Republicans
» Jean-Luc Mélenchon ('Corbyn-plus')	Unsubmissive France
» Benoît Hamon ('Miliband-lite')	Socialists

The descriptions used to characterise their ideological positioning, to assist British readers, are explained below. The other minor candidates, none of whom are expected to win more than 4 per cent in the first round, are:

» Nathalie Arthaud	Workers' Struggle (hard left)
» Philippe Poutou	New Anticapitalist Party (far left)
» Jacques Cheminade	Solidarity and Progress (left)
» Jean Lassalle	Independent (left)
» Nicolas Dupont-Aignan	Arise France! (Gaullist right)
» François Asselineau	Popular Republican Union (hard right)

Emmanuel Macron ('Blair-lite')

Emmanuel Macron is the favourite to win the presidential election. Previously trailing Marine Le Pen and François Fillon in polls for the first round of voting, he overtook Fillon in January and then Le Pen in late March this year. The two have been almost neck and neck at around 25 per cent each, with second round polls suggesting Macron will win around 60 per cent of the vote (a point which is examined in more detail in section 4.3).

Macron, 39, began his career in the government, auditing the finances of government bodies. He then worked as an investment banker before joining President Hollande's staff in 2012. He was appointed as Minister for Economy, Industry and Digital Data in 2014 but, after quitting his membership of the Socialists and launching his own political movement, *En Marche!*, he resigned in 2016 to launch his presidential campaign.

Macron has been described as a third-way candidate in the tradition of Clinton, Blair and Schröder, due to his reforming, business-friendly, right wing of a left-wing party policy position together with his modern presentation and, frankly, his youthful looks. But while there are some obvious similarities, unlike those three he stands for an insurgent party (not an established one), lacks their popularity and comes with the baggage of having failed to implement reforms while in government. Nonetheless, his pro-EU, pro-globalisation and pro-reform identity clearly mark him in the third way tradition.

Macron talks of being neither left nor right. He proposes economic reform with a modest reduction in the size of the state. But his framing is usually balanced in terms of reform and balance. For example, he proposes allowing employees to claim unemployment benefit if they resign from work. But this right should be limited to once every five years and coupled with introducing suspension of benefits for jobseekers who decline two suitable employment offers. He is also very pro-European, proposing a Eurozone government and parliament, an EU border force, a European single energy market and a Buy European Act to reserve public procurement to companies with half their production in the EU. Another Blairite theme is found in his call for league tables and targets across the public sector. For these reasons, in a British context, Macron might be thought of as 'Blair-lite'.

Figure 3a : Policies from 'Blair-lite' Macron's manifesto⁸

- » Cut corporate tax from 33.3 to 25 per cent while increasing carbon tax and tackling corporate tax avoidance
- » Increase spending on skills, health and modernisation of public services while reducing the overall spending total
- » Reduce public spending by €60 billion a year by 2022
- » Reduce the unemployment rate to 7 per cent
- » Suspend allowances for those who don't make efforts to find work, or who refuse reasonable job offers but allow people to claim benefit after resigning, not more than once every five years
- » Exempt 80 per cent from the annual property tax
- » Simple flat rate tax of 30 per cent on all income from capital
- » Buy European Act to reserve public procurement for companies with over half their production in Europe
- » Create a single European digital market and energy market
- » Create a European border agency with 5,000 staff
- » Open public services on evenings and Saturdays
- » Disclosure of service quality information for all public services
- » End hiring of family members by parliamentarians and scrap their special pension scheme
- » Reduce number of deputies and senators by one third
- » Allow corporate referendums to change maximum working hours
- » Make French language proficiency the main criterion for obtaining French nationality

Figure 3b: Policies from 'Griffarage' Le Pen's manifesto¹¹

- » Substantial increases in public spending for popular causes, such as lowering the pension age from 62 to 60 and more generous disability benefits
- » Opposition to global free trade and labour market reform
- » Referendum on withdrawal from the European Union and leave the Schengen area
- » Leave NATO
- » Increase defence spending to 2 per cent of GDP in the first year, then to 3 per cent by 2022
- » Proportional representation (with a 5 per cent threshold and 30 per cent winner's bonus)
- » Presumption of self-defence for armed forces and police
- » Automatic expulsion of criminals and foreign offenders
- » Tax on hiring foreign employees
- » A Buy French policy in government as long as the price premium is reasonable
- » Middle corporate tax of 24 per cent between the existing 15 and 33 per cent rates
- » Access to credit for small businesses through the central bank
- » Repeal the 2016 El Khomri labour market reforms
- » Cut regulated gas and electricity prices by 5 per cent
- » Cut income tax by 10 per cent on the lowest three bands of tax
- » Increase the heritage budget by 25 per cent
- » Oppose free trade treaties but promote agricultural exports
- » Expand renewable energy and prohibit shale gas
- » Make animal welfare a national priority

Marine Le Pen ('Griffarage')

Marine Le Pen is the favourite⁹ to win the first round of voting, but is tipped to lose to any of the other candidates who are likely to face her in the second round. She leads the National Front, a far-right party founded in 1972 by her father, Jean-Marie, whom she expelled in 2015 for anti-Semitic remarks, four years after taking over the party's leadership from him in 2011.¹⁰ She came third in the first round of the 2012 election, winning 18 per cent of the vote, the party's best ever first round result by share of the vote. (In 2002, her father won 17 per cent, and this was enough to go through to the second round, where he performed only marginally better with 18 per cent, against Jacques Chirac's 82 per cent.)

Le Pen has tried to broaden support for the National Front by softening the hard image built by her father, a process referred to as "de-demonising" by the French press. While remaining virulently anti-Islamic and right-wing on issues such as drug prohibition, she has nonetheless led the party to retreat from anti-Semitism while promoting a number of gay party members to prominent positions. Her absence from the street protests over gay marriage was noted. She has also gradually softened her position on both abortion and the death penalty.

Economically, Le Pen is well to the left of Macron on most issues, favouring large spending rises (such as raising pensions and civil servants' pay, and lowering the retirement age to 60), overt protectionism, reversing Hollande's mild labour market reforms and directly cutting energy prices. Another contrast is to be found in her hostility to the European Union. She proposes reinstating the Franc (and possibly withdrawing from the euro), exiting the Schengen area and holding a referendum on EU membership.

In a British context, her left-wing economic policies through a nationalist lens align her with the former leader of the BNP, Nick Griffin, while her 'de-demonised' social policies and tough on crime approach might bear more resemblance to Nigel Farage, making her 'Griffarage'.

Figure 3c: Policies from 'Thatcher-lite' Fillon's manifesto¹²

- » A balanced budget and return to growth to restore France's status as leading power
- » Deregulate labour markets (including scrapping the 35-hour week) to reduce unemployment
- » Increased spending on defence, police and prisons
- » Cut tax on payroll and production by €25 billion
- » Cut corporate tax from 33.3 to about 25 per cent by 2022
- » Reform unemployment benefits to enhance conditionality and ensure work always pays more
- » Penalise second refusals of a job offer
- » Exempt young people from payroll taxes
- » Rewrite the precautionary principle to promote responsible innovation
- » Double regulatory thresholds from 10 to 20 employees, and 50 to 100, to increase the size (and reduce the number) when companies become subject to regulations
- » End the 35-hour maximum working week and impose a 39-hour week in the public sector
- » Reduce the number of public sector jobs by 500,000
- » Privatised research units of public universities
- » Reduce immigration to the bare minimum
- » Refuse residence permits for family reasons without a serious prospect of integration (including French language proficiency and respect for the values of the republic and French way of life)
- » Restore the principle of detention of applicants for asylum by increasing the maximum administrative detention from 45 days to six months
- » Renegotiate Schengen to allow targeted border controls when there is a risk of illegal immigration
- » Prohibit those with a conviction for a serious crime or for insulting the national anthem or the French flag from obtaining French nationality
- » Put foreign aid at the service of French diplomacy to strengthen foreign, security and migration policies
- » Restore dialogue and trust with Russia
- » Refuse the current draft of TTIP and market economy status for China

François Fillon ('Thatcher-lite')

François Fillon was a prime minister under President Sarkozy and is the Republicans' candidate after beating Sarkozy, Alain Juppé and others in the party primary. He was once favourite to win, before the emergence of Macron and the scandal involving payments to his wife from the public purse for which little work was done.

Fillon is the most economically liberal of all the candidates, promising a reduction in government spending from 57 to under 50 per cent of national income by 2022, partly to eliminate France's deficit of almost 4 per cent and partly to allow various tax cuts, including reducing corporate tax from 33.3 to 25 per cent. He also backs deregulation of labour markets—including ditching the 35-hour cap—and various policies to encourage entrepreneurialism, which he says "can energise an entire nation".

Fillon criticises Le Pen for promoting Frexit, but is mildly eurosceptic himself, proposing a renegotiation of Schengen and an intergovernmental Europe. He opposes EU sanctions against Russia, which he says "must become great again" and proposes to stop jihadis from returning from wars in Iraq and Syria.

In a British context, his approach could be described as a moderate version of Thatcher's, especially in the economic sphere, hence the description 'Thatcher-lite'. Unlike Margaret Thatcher, his approach isn't a break from current global economic orthodoxy, and some will question whether a reduction in spending to 50 per cent of GDP is sufficient to meet France's economic challenge.

Figure 3d: Policies from 'Corbyn-plus' Mélenchon's manifesto¹³

- » Increase the number of income tax rates from 5 to 14, including a top rate of 100 per cent on incomes above €400,000 (£340,000) a year
- » Introduce a new Sixth Republic of France on ecological principles to replace De Gaulle's Fifth Republic constitution, determined by an assembly from which all former and current politicians would be barred and including proportional representation, votes at 16 and compulsory voting
- » Referendum on the EU
- » Leave NATO, the IMF and the World Bank and create a Social Emergency Fund and a Solidarity Investment Bank instead
- » Create an international crime of ecocide to be tried by an international court of ecological justice
- » Reward and welcome freedom fighters including Edward Snowden and Julian Assange
- » Transformation of the media into cooperatives of employees and readers/listeners/viewers
- » Give works councils the right to veto redundancies
- » Cut the 35-hour working limit to 32 hours to introduce a 4-day week
- » Lower the retirement age from 62 to 60
- » Abstain from the stability pact and EU rules limiting deficits
- » An inquiry into economic plunder with powers to indict and detain suspects
- » Renationalise motorways, EDF, STX shipyard and Engie
- » Reconstructing industrial conglomerates
- » Socialise banks with a view to basing credit policy on social and ecological criteria
- » Refuse all free trade agreement for "solidarity protectionism"
- » A kilometric tax to promote local production
- » Mandatory citizen service of conscription but with a right to conscientious objection
- » Legalise and regulate cannabis production and consumption
- » Increase foreign aid spending to 0.7 per cent of GDP, and arts spending to 1 per cent of GDP
- » End continuous updating of share prices
- » Prohibit digital advertising screens in public places
- » Abolish patriarchy in the state and society
- » Abolish prostitution
- » Develop interplanetary missions and the capability to defend France from hostile actions from outer space

Jean-Luc Mélenchon ('Corbyn-plus')

Jean-Luc Mélenchon is a former Socialist politician who left the party to form his own Left Party in 2008. They joined with the Communist Party to back his candidacy in the 2012 presidential election where he came fourth with 11 per cent of the vote.

Possibly the most radical of all the main candidates, Mélenchon proposes a new constitution to replace De Gaulle's Fifth Republic. Pledging to sweep away the oligarchy and the monarchical presidency, he proposes an assembly to draft the new constitution whose members will not be allowed to stand for election in the new republic. Current and former politicians would also be disqualified from joining the assembly.

He is also the most left-wing. Like Le Pen, he is explicitly protectionist on trade and opposes membership of both the EU and NATO. He proposes fourteen income tax rates to replace the current five, including a top rate of 100 per cent on incomes above €400,000 (£340,000) a year. He also backs reducing the retirement age from 62 to 60 and the cap on weekly hours from 35 to 32, while increasing minimum paid leave to six weeks.

He backs the fundamental right to self-determination "in all circumstances", on matters such as assisted suicide and abortion rights, but he also pledges to abolish the patriarchy in society and opposes commodification of the body, so prostitution, which he pledges to abolish, would not be covered under the right to self-determination.

Benoît Hamon ('Miliband-lite')

Until recently (see figure 4a) Socialist candidate Benoît Hamon's polling performance indicated that he had a realistic chance of being a contender for the presidency. However, his support has since fallen below 10 per cent as left-wing voters switched to Jean-Luc Mélenchon, leaving him a distant fifth place. This is especially remarkable for the candidate of the incumbent party of President Hollande. According to bookmakers, the odds on him winning the presidency now range from 100/1 to 500/1.

Hamon's platform is left-wing, but less so than Mélenchon's, proposing state guarantees for loans to small business, improvements in working conditions and a tax on robots that replace employee functions. In light of his comparatively mild policies and apparent polling failure, from a British perspective he could be viewed as 'Miliband-lite'.

Figure 3e: Policies from 'Miliband-lite' Hamon's manifesto¹⁴

- » Feminisation of the public service at all levels in the hierarchy
- » Alternatives to the individual car through increased public transport provision
- » A €600 a month universal income distributed automatically
- » Refuse certification of CETA and TTIP
- » Buy European Act to protect European sectors from competition
- » One-year prison sentences for non-compliance with equal pay laws
- » Promote a European financial transactions tax
- » Create a European intelligence agency
- » Allow all foreigners to vote in local elections
- » Employees to represent half the votes on boards of large and medium-sized companies
- » Moderate corporate tax to favour companies that reinvest their profits

3.2 NATIONAL ASSEMBLY ELECTIONS

The National Assembly elections in June are particularly important this year because the two leading contenders have either no established presence in the Assembly because they didn't exist in 2012 (Macron's *En Marche!*), or a very limited presence because they were less popular five years ago (Le Pen's National Front). The new Assembly is therefore likely to be very different to the current one.

Table 3a: The current Presidential majority

PARTY	FRENCH NAME	LEADER	PAN-EUROPEAN PARTY (UK MEMBERS)	ASSEMBLY SEATS
Socialists	<i>Parti Socialiste</i>	Jean-Christophe Cambadélis	Progressive Alliance of Socialists and Democrats (Labour)	280
Miscellaneous left	<i>Divers gauche</i>	Various dissidents and small parties		19
Greens	<i>Europe Écologie Les Verts</i>	David Cormand	Greens–European Free Alliance (Greens, SNP, Plaid Cymru)	17
Radical Left	<i>Parti Radical de Gauche</i>	Sylvia Pinel	Progressive Alliance of Socialists and Democrats (Labour)	12
Citizen and Republican Movement	<i>Mouvement Républicain et Citoyen</i>	Jean-Luc Laurent	n/a—no MEPs	3
TOTAL SEATS				331

Table 3b: The current Opposition group

PARTY	FRENCH NAME	LEADER	PAN-EUROPEAN PARTY (UK MEMBERS)	ASSEMBLY SEATS
Republicans	<i>Les Républicains</i>	Bernard Accoyer	European People's Party (no UK party, since the Conservatives left in 2009)	194
Miscellaneous right	<i>Divers droit</i>	Various dissidents and small parties		15
Centrists	<i>Les Centristes</i>	Hervé Morin	European People's Party (no UK party, since the Conservatives left in 2009)	12
Radical Party	<i>Parti Radical</i>	Laurent Hénart	Alliance of Liberals and Democrats for Europe (Liberal Democrats)	6
Centrist Alliance	<i>Alliance Centriste</i>	Jean Arthuis	Alliance of Liberals and Democrats for Europe (Liberal Democrats)	2
TOTAL SEATS				229

Table 3c: Non-aligned parties

PARTY	FRENCH NAME	LEADER	PAN-EUROPEAN PARTY (UK MEMBERS)	ASSEMBLY SEATS
Left Front	<i>Front de Gauche</i>	André Chassaigne	European United Left–Nordic Green Left (Sinn Féin)	10
National Front	<i>Front National</i>	Marine Le Pen	Europe of Nations and Freedom (no UK party, but former UKIP MEP Janice Atkinson sits with them)	2
Democratic Movement	<i>Mouvement Démocrate</i>	François Bayrou	Alliance of Liberals and Democrats for Europe (Liberal Democrats)	2
Others			Various	3

4. POLLING OVERVIEW

by James
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As explained previously, the French presidential election is a two-round system. If no candidate wins over 50 per cent, there is a run-off between the top two candidates two weeks later. The polls for both the first and second round are therefore important indicators of who is likely to win. The first round will take place on Sunday 23rd April; voting for the second round is on Sunday 7th May.

In 2012, the presidential election was a tight race between the traditional centre-left and centre-right candidates: François Hollande of the Socialist Party (SP) and Nicolas Sarkozy of the Union for a Popular Movement (now called the Republicans—LR). The polls were rather accurate for both the first and second round, predicting the order of victory and the final results within the margin of error.

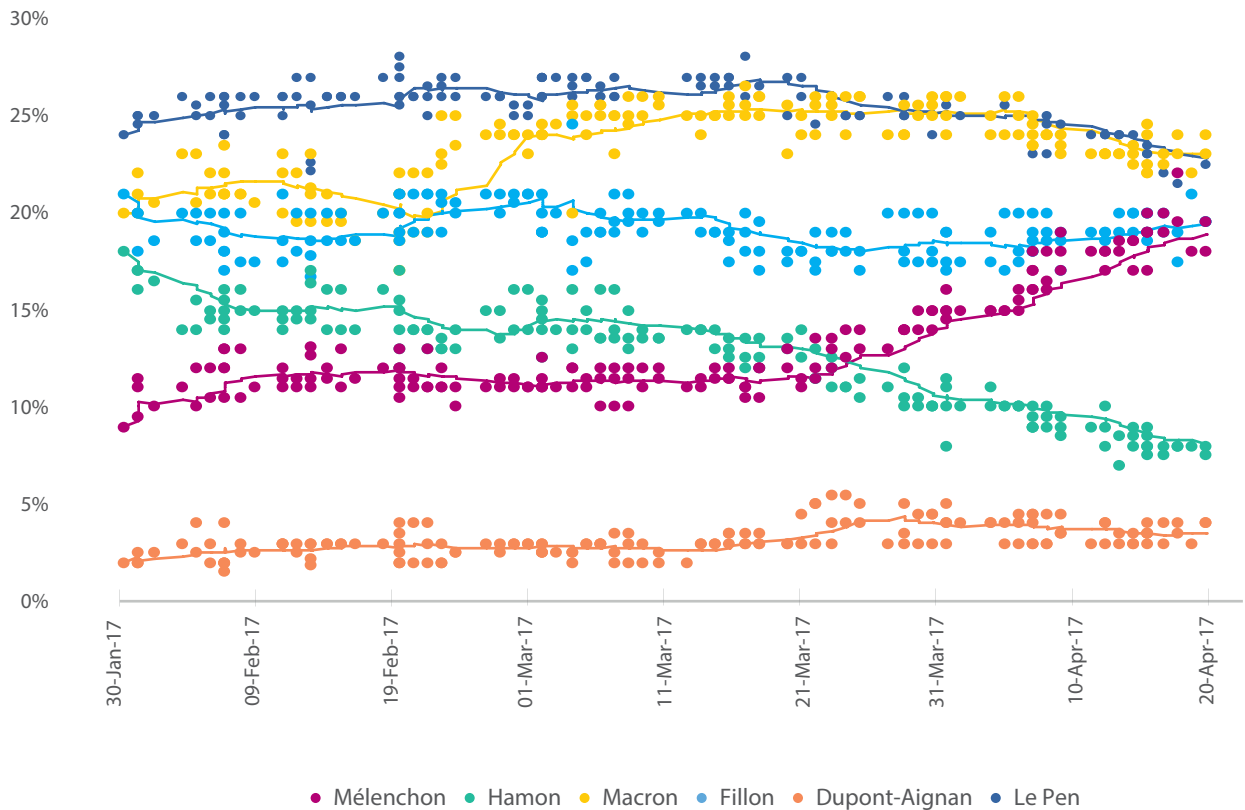
2017, however, has seen the traditional duopoly of the left and right challenged by a new progressive movement launched by Emmanuel Macron, *En Marche!* (EM), and Marine Le Pen's far-right National Front (NF). Only 1-3 per cent behind these two front runners are the Republican candidate, François Fillon, ex-Prime Minister under Nicholas Sarkozy's presidency, and Jean-Luc Mélenchon (Left Front), a pan-Communist candidate who has benefited from a late surge following the television debates. These four candidates account for around 85 per cent of vote share in the first round polls.

Other candidates include Benoît Hamon (Socialist Party) and a host of minor candidates, some of whom also ran in 2012—Nicolas Dupont Aignan, Jean Laselle, Nathalie Arthaud, Philippe Poutou, Jacques Cheminade and François Asselineau—none of whom is expected to win more than 4 per cent in the first round.

4.1 CAMPAIGN TRENDS

Over the past few weeks, a number of key campaign trends that have taken shape, which we detail in the rest of our analysis. As an overview, these trends are:

- » **Le Pen's lead during the campaign:** She has been ahead in the first round polls for months and is the favourite to be one of the two candidates in the run-off. Only the most recent polls show her grip on first place weakening.
- » **The emergence of Macron:** The former economy minister launched his movement *En Marche!* one year ago. As Fillon's fake jobs scandal began to unfold in late February 2017, Macron gained momentum and has held a stable lead over all other candidates bar Le Pen. But the lack of historical precedent and his voters' higher levels of uncertainty about their vote choice put into question the true strength of his support.
- » **Fillon's scandals and polling stability:** Despite the scandal regarding his wife's alleged fake employment and the judicial inquiry into it, Fillon has been shown to have a strong support base of around 20 per cent of the population. These are primarily older, retired, Catholic and wealthy voters. It remains to be seen whether this is his ceiling or if he can gather enough support from moderate centre-right voters tempted by Macron to make the second round of voting.



Above: Figure 4a: First round poll-of-polls (up to and including 17/04/2017)

» **The Socialists' collapse and Mélenchon's late surge:** The TV debates seem to have helped far-left candidate Mélenchon to the detriment of Hamon. The latter has conceded defeat by unofficially endorsing Mélenchon, who has a chance of making it to round two if his surge of support continues to grow. His chances should not be overstated, however. There is an enthusiasm gap between his supporters and those of Le Pen and Fillon, which when taken into account, places Mélenchon firmly behind in fourth place. At the last election, Mélenchon also experienced a late surge of support in the polls, but only won 11 per cent on election day.

4.2 THE FIRST ROUND

On the eve of the first round of voting, little more than four per cent separates the first and fourth placed candidates, meaning that mathematically there are 24 possible permutations as to the order of the top four candidates. Taking into account all of the campaign polls, Marine Le Pen looks to have the best chance of making the second round. She has polled either first or second in almost every first round poll for months, as is clear in Figure 4a. The identity of her challenger is most likely to be Emmanuel Macron, but a Fillon-Le Pen run-off cannot be dismissed, even though it has been written off as less likely by much of the press. Mélenchon's

recent surge in the polls to around 19 per cent means his presence in the second round is no longer unimaginable either, but it remains less likely than Macron or Fillon facing off against Le Pen. A second round contest without Le Pen would be a surprising outcome and would constitute an enormous polling error, given that she has polled either first or second in over 95 per cent of public first round polls in 2017. Large polling errors have been a feature of a number of recent elections, though. Given the possibility of herding (discussed later in this chapter), Le Pen's presence in the run-off is highly probable, rather than certain (an important difference). Ultimately, there are numerous factors such as turnout, high levels of uncertainty, the presence of a new political movement, the TV debates, and the enthusiasm gap—not to mention any significant events that potentially occur between now and election day—which will influence the result.

Turnout and motivation

Turnout in French presidential elections is typically very high, around 80 per cent. The polls at this time in the 2012 electoral cycle were predicting turnout at around that level. In 2017, first round polls are suggesting that turnout will be between 65-75 per cent—a significant drop compared with previous elections. Those who voted for Marine Le Pen or Nicolas Sarkozy in 2012 are the most likely to say that they will definitely vote this time, as opposed to those who voted for François Hollande, François Bayrou or Jean-Luc Mélenchon. Older people, the retired and those working in intermediary occupations are also more likely to say they are certain to vote, which is unsurprising given general voter turnout trends in Western democracies.

Although he is third in most polls, these factors are likely to benefit Fillon on polling day. These are the demographics which support him in the highest numbers, a reason often cited for why opinion polls leading up to the Republican primary failed to predict the scale of his victory. Reaching older, retired people is more difficult online, the medium that most pollsters have been using during this election cycle.

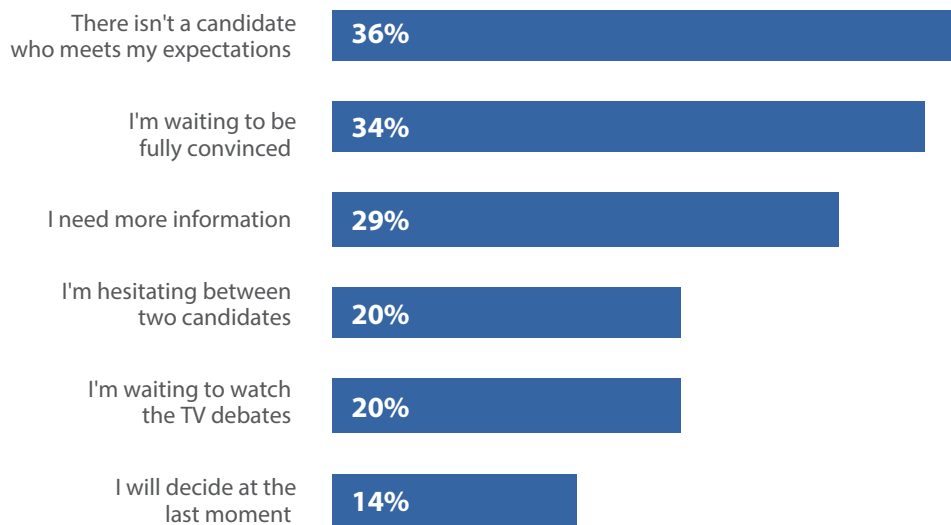
Uncertainty

At this point, four in ten people who say they are definitely going to vote have not yet made up their minds about who to vote for. This compares with 30 per cent of those certain to vote not having decided at a similar stage in 2012. The lack of an incumbent in the race, the emergence of a new political movement and the scandal which scarred a candidate previously perceived as a 'safe' choice have likely all contributed to people's indecision.

Amongst uncertain voters (Figure 4b), 37 per cent are waiting to be fully convinced, 36 per cent say there is not a candidate who meets their expectations, 24 per cent say they need more information, 20 per cent are hesitating between two candidates, 14 per cent say they will decide at the last moment and 10 per cent are waiting to watch the TV debates.

The emergence of *En Marche!*

One of the likely reasons why there is more uncertainty surrounding 2017's election is the emergence of Macron's political movement, *En Marche!* While the strength of Le Pen's support has destabilised the centre-right, Macron has broken up traditional progressive coalitions in the centre



Above: Figure 4b:
Voter uncertainty:
Reasons why the
undecided are yet to
make up their minds
(BVA 5-7 April)

and on the left. François Bayrou, leader of the centrist Democratic Movement, hesitated for months about running in the presidential race before deciding to back Macron right before candidate declarations were due. The former Socialist prime minister, Manuel Valls, ran in the Socialist Party primaries on a moderate centre-left platform. After losing to the more left-wing candidate, Hamon, he later endorsed Macron. A number of other senior Socialists have gone down the same route.

Furthermore, a recent study by Cevipof, Ipsos-Sopra Steria and the Fondation Jean-Jaurès¹⁵ of 1,500 Socialist Party sympathisers found that Emmanuel Macron is their preferred candidate. 42 per cent of them are planning to vote for Macron, 38 per cent for Hamon and 15 per cent for Mélenchon. The voter flows between the three are fluid, and numerous voters might be waiting to see which of the three (though really, which of the two, as Hamon has little chance) offers the best chance to avoid a Le Pen-Fillon run-off.

While the support from heavyweight political figures lends Macron some credibility, it also presents him with three challenges. First, he claims to be neither of the left nor the right, but thus far his key endorsements have only come from the left. This is more likely down to career protectionism rather than lack of support on the centre-right. Fillon still stands a good chance of

winning; moderate right-wing figures tempted by supporting Macron do not want to risk their careers in case of a Fillon victory. They are leaving their options open. Second, the support of key politicians also makes it harder for Macron to distance himself from the current government, leading him to be labelled as “Emmanuel Hollande” and forcing him to spend time rebutting the suggestion that he represents continuity with the status quo. Third, despite these endorsements, only 21 per cent of French people think that Macron best represents the ideas and values of the left,¹⁶ so he ends up in a position where those on the left see him as too right-wing and those on the right see him as too left-wing.

For all these reasons, the addition of *En Marche!* to this year’s election throws up numerous questions. Macron’s movement is new; he is relatively young (in French political terms). This worries some, particularly older voters, who are concerned that chaos will ensue if he is elected. As there is no precedent, it also remains to be seen how many people will come out for him on voting day, particularly as a large part of his base is among the young, who express a lesser conviction to vote in the first place. The fact that he claims to be from the centre whereas his strongest support comes from figures on the left may also harm his chances of winning over enough moderate centre-right voters.

TV debates and the Mélenchon surge

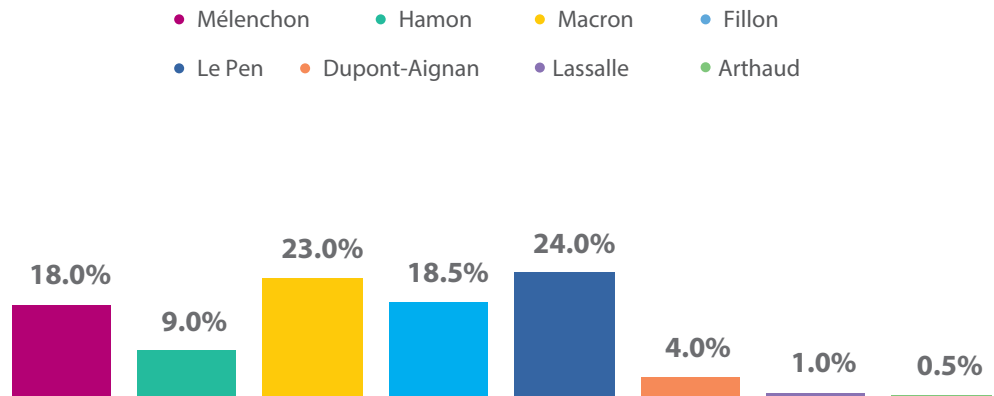
The televised leader debates are a new factor to consider in this election. It is the first time that there have been live debates before the first round of voting. Traditionally, these have only taken place between the first and second round. Although not a precise guide, the TV debates for both the Republican and Socialist primaries seem to have had an impact on the outcome of each contest. Neither Fillon nor Hamon were seen as the frontrunners until after these debates, held right before polling day. While it is difficult to disentangle the effects of the debates from other factors, the fact that millions of French people watched them and that there were such volatile swings in the polls after each of them suggests that they likely changed some minds.

The first TV debate, featuring the top five contenders—Macron, Le Pen, Fillon, Mélenchon and Hamon—took place on 20th March. 9.8 million people watched the three-hour spectacle, reaching a peak of 11.5 million viewers. Two weeks later, a second debate with all 11 candidates was watched by only 1.75 million people. A third debate planned for three days before the election has been cancelled because not all candidates promised to participate.

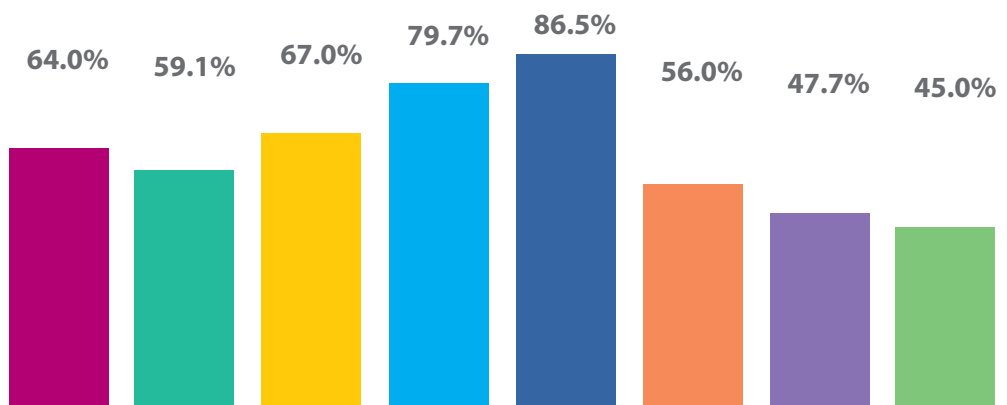
The main beneficiary of the debates seems to have been Mélenchon, who has seen his support rise from around 12 per cent to 17-19 per cent in the most recent surveys. It remains to be seen whether he can sustain this dramatic surge. Mélenchon seems to be benefiting at the expense of Hamon, unsurprisingly as the two draw deeply from the same demographic pool of voters. Whether as an early admission of defeat or because of a gaffe, Hamon also unofficially endorsed Mélenchon, saying he will vote for him if Mélenchon gets through to the second round.

As a note of caution, a recent Ifop poll highlights that Mélenchon worries 62 per cent of French people and that 54 per cent think he does not have the stature of a president.¹⁷ At the same point in the 2012 election cycle, Mélenchon experienced a similar rise in support to around 15-17 per cent in the polls, only to receive 11 per cent on voting day. Nevertheless, a Mélenchon rise has made the battle for second place in the first round even less predictable than it was before.

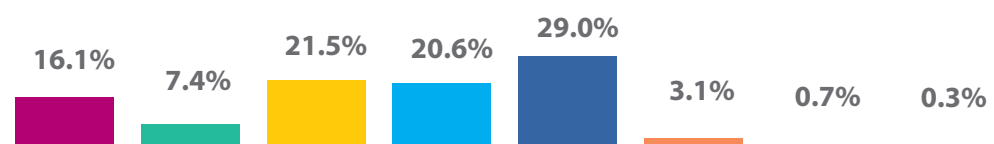
Top: Figure 4c:
First round voting
headline numbers
(IFOP, 10/04/2017)



Middle: Figure 4d:
Per cent of candidate
support that
are "certain" of
their vote (IFOP,
10/04/2017)



Bottom: Figure 4e:
First round voting
headline numbers
amended by
certainty of vote
choice (IFOP,
10/04/2017)



The enthusiasm gap

The final factor which makes the first round such an open race is the enthusiasm gap. As witnessed in the recent US election and the UK's referendum to leave the EU, the varying strengths of support for the different 'sides' and candidates was significant. Donald Trump and Leave voters were more passionate in their support and easier to turn out to vote than Hillary Clinton and Remain voters.

In France, polls suggest a similar discrepancy. For a long time, around 80 per cent of Le Pen's supporters have said they are certain they will vote for her; this figure has now climbed to 86.5 per cent in the latest IFOP poll on 10th April (Figure 4d). Around 70 per cent of Fillon's supporters—despite the scandals—have consistently remained committed in their vote for him, reaching a high of 79.7 per cent (Figure 4d). Even when the press was focused on nothing but his judicial inquiry, his support never dropped below 17.5 per cent in the polls, and has since been recovering. On the other hand, Macron's supporters have been less sure of their choice. For many months, only about 50 per cent of his supporters said they were certain about him; at this point, this has risen to 67 per cent. A similar number, 64 per cent, are sure of their vote for Mélenchon. By way of comparison, at this point in 2012, 80 per cent of both Hollande and Sarkozy's supporters were saying they would definitely vote for their candidate.

Testing the "enthusiasm gap", we have multiplied the reported poll numbers for each candidate by the percentage of that candidate's supporters who say they will not change their mind about who they are voting for. Such treatment would increase Le Pen's vote in the first round to 29 per cent (+5 per cent from her polling) and Fillon's vote to 20.6 per cent (+2.1 per cent). However, it crucially reduces Macron's vote by -1.5 per cent. This would leave little more than one per cent difference between Macron and Fillon. As such, inadequate attention has been paid to the possibility of Fillon slipping through into the final round, despite his recent adverse press coverage. The recently considered Mélenchon scenario appears least likely when supporter certainty is taken into account—he drops a further 4.5 per cent behind Fillon (Figure 4e).

4.3 THE SECOND ROUND

Given that there are four candidates polling close to, or in excess of, 20 per cent in the first round, there are six possible scenarios for the second round run-off. Despite this massive level of uncertainty regarding who will enter the final round of voting, the polls taken in aggregate strongly suggest that one of these candidates will be Marine Le Pen. The likeliest scenario of the possible six is a Macron-Le Pen battle. They have been neck and neck in the first round polls for a few weeks, although the space between the “front-runners” and Fillon / Mélenchon has narrowed recently. A Fillon-Le Pen run-off is the next likeliest scenario. For the purposes of this second round analysis, we assess in depth only these two most likely scenarios, and briefly cover a Mélenchon-Le Pen run-off. The three possible second round scenarios which would not involve Marine Le Pen have not been analysed due to the paucity of polling around them. However, given how close the first round polling is, we do not rule out the “tail-risk” of a second round run-off that does not involve Marine Le Pen.

Le Pen versus Macron

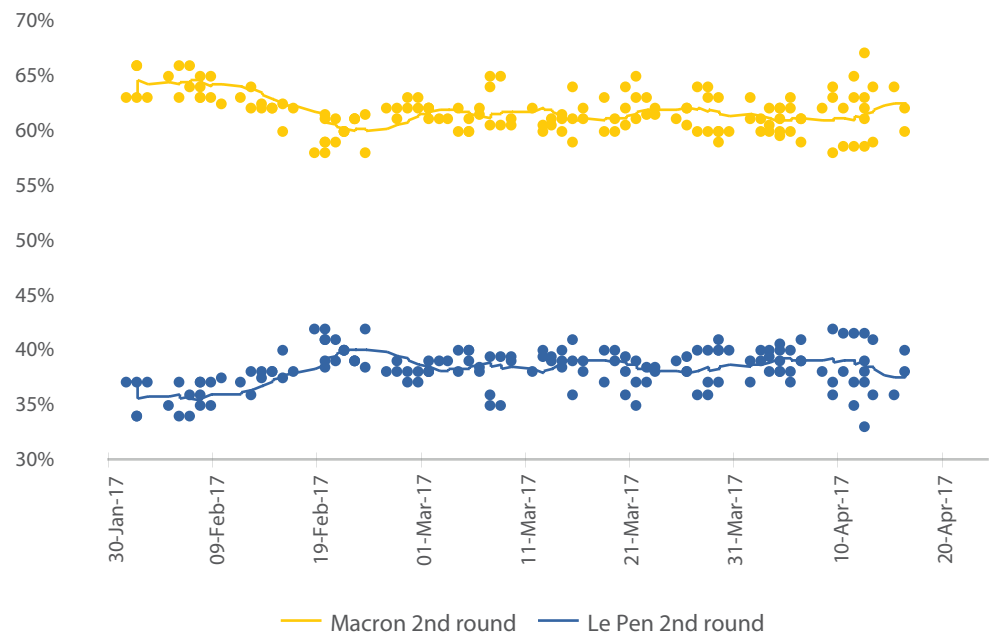
While they have been more or less tied at around 23-24 per cent in first round polls, the second round polls have consistently shown Macron leading Le Pen by about 15-20 points (see Figure 4f). Is this plausible?

What we know about Macron’s core vote is that, as a representative of a new movement, his coalition is naturally built from other parties’ bases and support structures. There is a strong demographic similarity to François Bayrou’s (centrist Democratic Movement) and Eva Joly’s (Green) voters in 2012 (see Figure 4g), who collectively won no more than 15 per cent of the vote in any French region in the first round of voting.

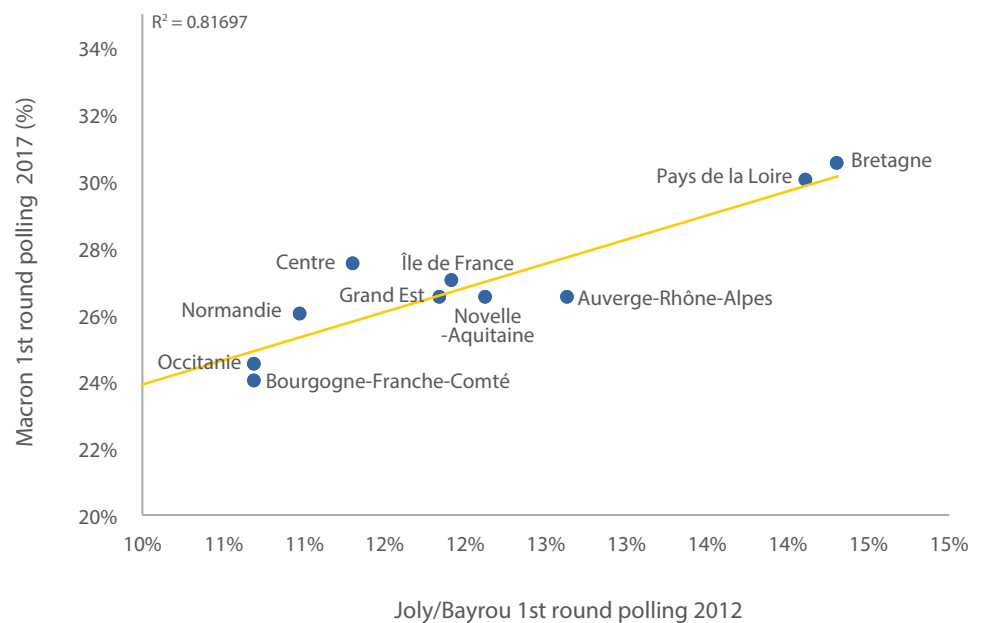
To win with around 60 per cent of the votes in the second round, as polls suggest, Macron would need to draw support amply from both left and right. There are historic precedents for such broad-reaching support across party lines. In 2002, Jacques Chirac won only 20 per cent in the first round, but went on to get 82 per cent of the votes in the second against Jean-Marie Le Pen. However, demographically and attitudinally, it is by no means certain that conservative, Catholic Fillon voters would back an anti-Le Pen candidate like Macron so heavily, or that left-wing voters who might share Le Pen’s protectionist and statist stance in old white working class areas would vote overwhelmingly for an economic liberal like Macron either.

For the 60-40 Macron-Le Pen scenario suggested by most national polls to be a reality, Macron would need to win three out of every four voters who backed candidates defeated in the first round. Put another way, looking at the regional polls (by Ipsos), Macron would have to increase his vote share by between 30-42 per cent in each region of France (Table 4a). For her part, Le Pen’s second round vote share increase would need to be restricted to between 9-15 per cent depending on the region (Table 4b).

Top: Figure 4f:
Second round
poll-of-polls:
Macron versus Le Pen
(up to and including
17/04/2017)



Bottom: Figure 4g:
Macron's support is
strongly correlated
with François Bayrou
and Eva Joly's 2012
first round scores



Right: Figure 4h:
Second round voter
flows in a Le Pen-
Macron run-off (1
block = 1% of 1st
round voters) (IFOP
10/04/2017)

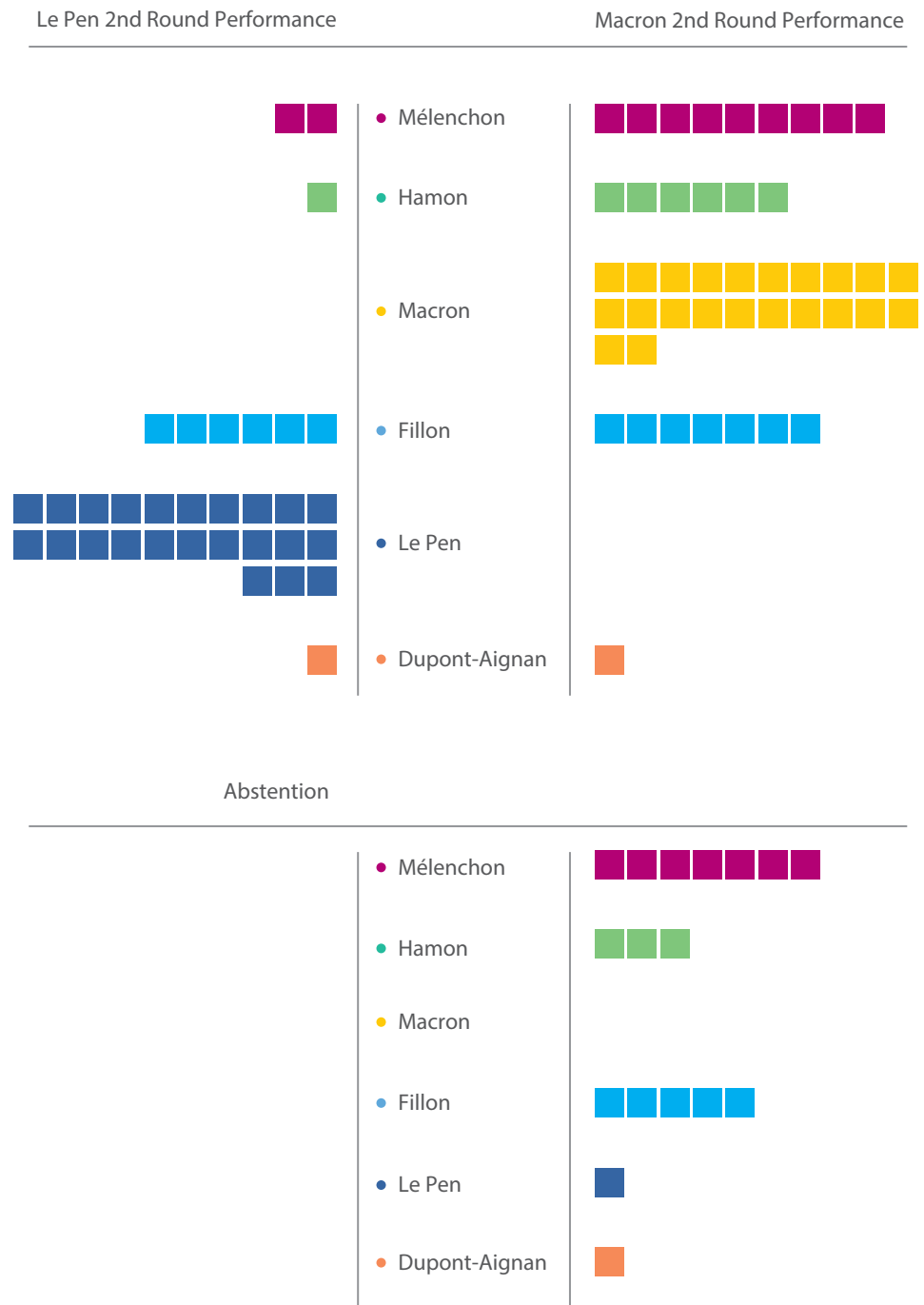
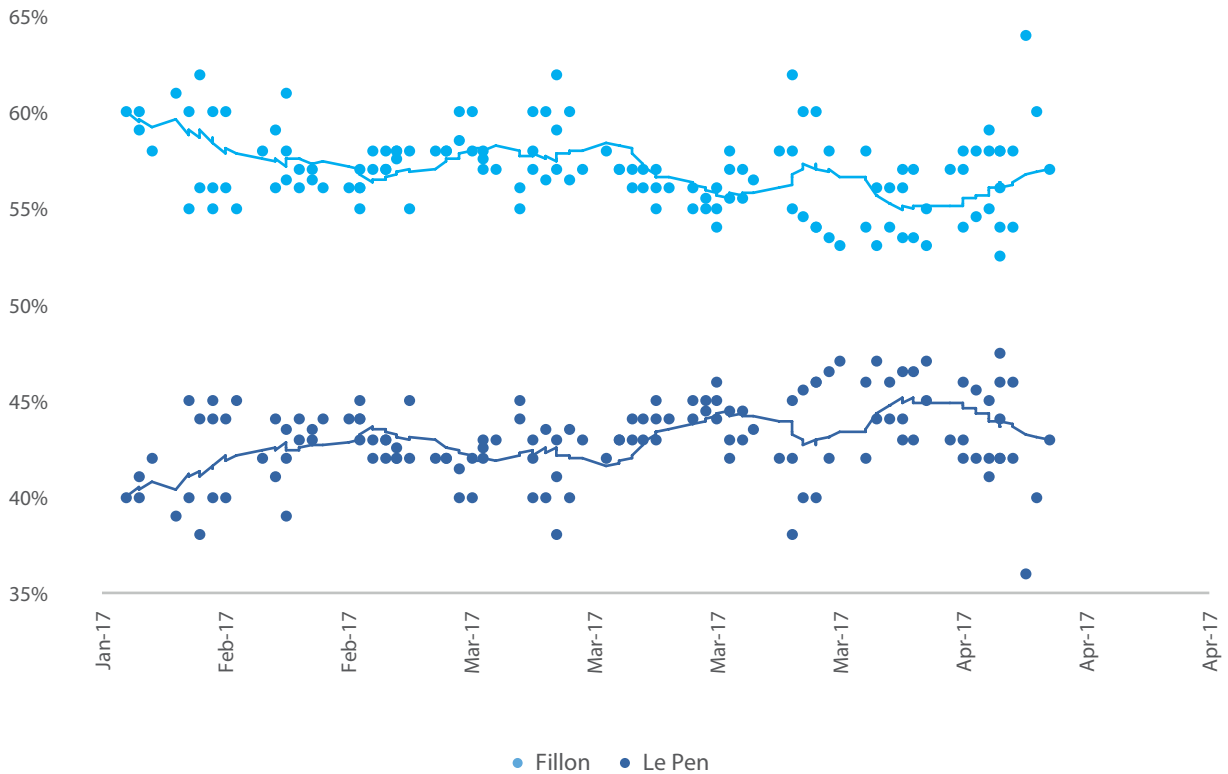


Table 4a: Macron: Increase in support from first to second round by region in Metropolitan France (Ipsos, 14-17 March)

	2017 (1ST ROUND)	2017 (2ND ROUND)	2ND ROUND INCREASE
Bretagne	31%	72%	42%
Île de France	27%	68%	41%
Pays de la Loire	30%	67%	37%
Centre	28%	64%	37%
Nouvelle-Aquitaine	27%	63%	37%
Normandie	26%	62%	36%
Auvergne-Rhône-Alpes	27%	59%	33%
Occitanie	24%	56%	32%
Bourgogne-Franche-Comté	25%	56%	32%
Hauts-de-France	24%	55%	31%
Provence-Alpes-Côte d'Azur	20%	51%	31%
Grand Est	27%	56%	30%

Table 4b. Le Pen: Increase in support from first to second round by region in Metropolitan France (Ipsos, 14-17 March)

	2017 (1ST ROUND)	2017 (2ND ROUND)	2ND ROUND INCREASE
Hauts-de-France	29%	44%	15%
Bourgogne-Franche-Comté	23%	37%	14%
Provence-Alpes-Côte d'Azur	27%	41%	14%
Grand Est	36%	49%	14%
Normandie	31%	44%	13%
Bretagne	20%	32%	12%
Auvergne-Rhône-Alpes	22%	33%	11%
Île de France	33%	44%	11%
Pays de la Loire	35%	45%	10%
Occitanie	18%	28%	10%
Centre	28%	38%	10%
Nouvelle-Aquitaine	28%	36%	9%



Above: Figure 4i: Second round poll-of-polls: Fillon versus Le Pen (up to and including 17/04/2017)

Indeed this could be possible. Only 43 per cent of French people think that the National Front is a party of government, down seven points from a year ago.¹⁸ The same poll also finds that a minority of French people support Le Pen's key campaign promises related to Europe—only 22 per cent want to leave the euro and return to the franc. The numbers who see the National Front as a danger to democracy have also grown over time—58 per cent in 2017 compared to 46 per cent five years ago.

Furthermore, if key figures in the Republican party, like Sarkozy, choose to endorse Macron rather than 'ni ni'—neither—then this might sway a portion of undecided voters away from the temptation of Le Pen. However, it is important to reserve some scepticism about Macron's ability to reach far more undecided voters than Le Pen until the first round of voting actually occurs.

Le Pen versus Fillon

Until the beginning of March, the polls were indicating that a contest between Fillon and Le Pen was the most likely outcome. Since the scandal surrounding the alleged fake employment of his wife and children came out, Fillon's support has remained steady at around 19 per cent,

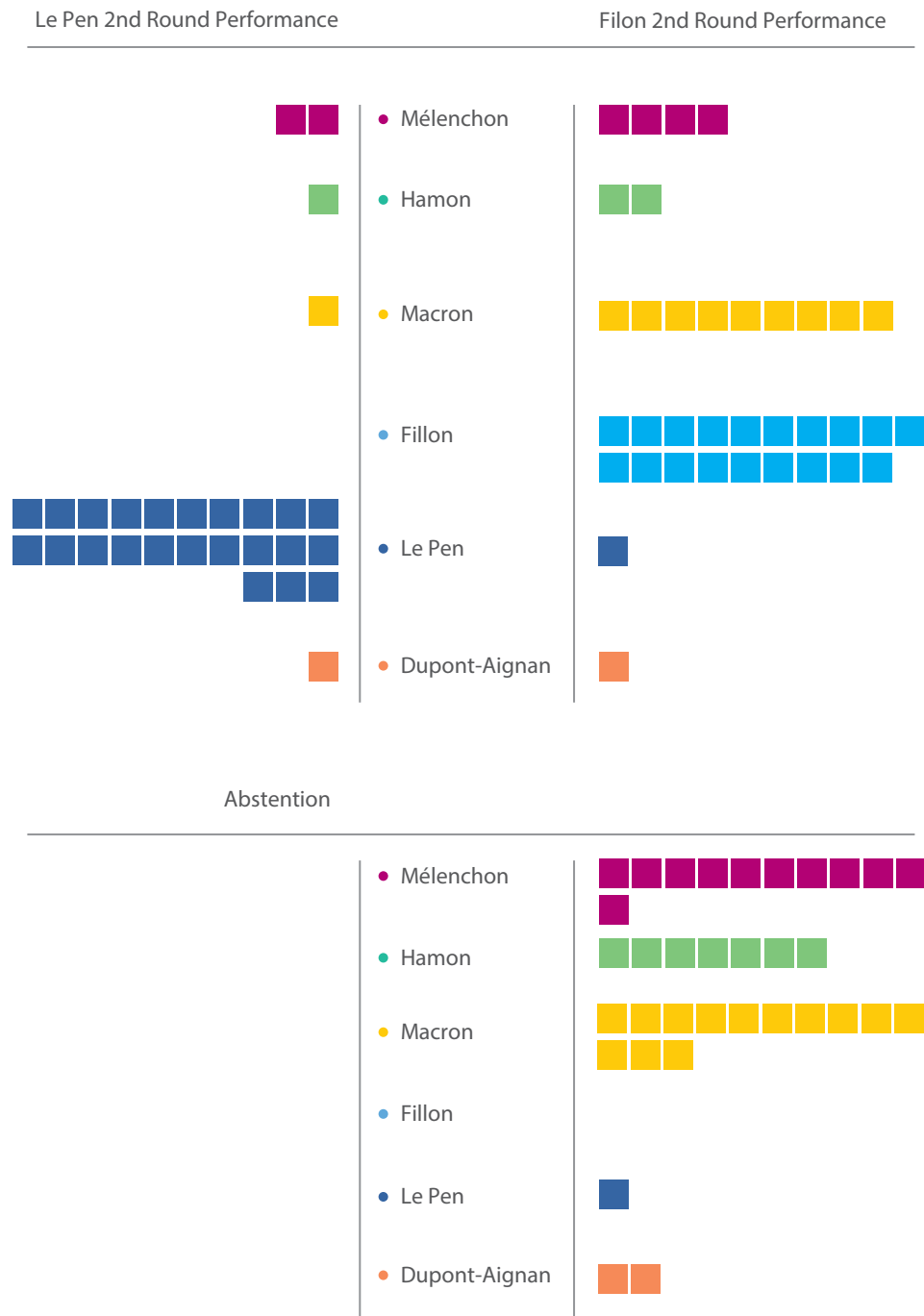
failing to build the momentum that has accompanied Macron. However, 25 per cent of those who currently say they will vote for Macron or Le Pen also say that they could change their mind in favour of Fillon according to the latest BVA poll.¹⁹ One third of those who voted for Sarkozy in 2012 have thus far refused to give a voting intention or have claimed they will abstain. As election day approaches, Fillon will have scope to rally these voters and is well placed to gain an additional few per cent. Furthermore, for reasons to do with turnout, demographics and enthusiasm, outlined earlier in this analysis, Fillon has a better chance of reaching the second round than received wisdom suggests.

If he does so, the size of a likely Fillon victory over Le Pen has narrowed from 20 per cent in January to only 10 per cent, on average, most recently. Some polls show an even narrower margin. While the 'republican front'—the collusion of left- and right-wing voters to block the National Front—has held up thus far, this would be its biggest test yet. With his socially conservative views on gay marriage and abortion and his economically liberal programme, Fillon alienates large sections of the left-wing vote who would find it difficult to 'pinch their nose' and vote for him. Abstention rates in the second round are thus predicted to be much higher, compared with Le Pen's highly-motivated base. Moreover, far-left voters have more in common with Le Pen than Fillon, particularly when it comes to the economy and Europe, so it would not be surprising to see a good number of them swing that way.

Le Pen versus Mélenchon

This remains the least probable of the Le Pen-based scenarios for the moment, but it cannot be ruled out. As our analysis later on this chapter indicates, Hamon and Mélenchon draw deeply from similar pools of voter groups. Therefore, as Hamon's fortunes have faded, it makes sense that many have drifted into Mélenchon's camp. However, Mélenchon's dramatic increase in support over the course of the campaign needs to be tempered by the fact that his support base is younger, and contains a sizeable chunk of voters who are not habitual voters. His polling strength may not translate into electoral strength at the ballot box. There are only a handful of public polls which have tested the Mélenchon-Le Pen run-off, a recent poll from Élabé²⁰ has Mélenchon at 61 per cent and Le Pen at 39 per cent. It seems Mélenchon would be better placed to rally voters against Le Pen than Fillon.

Right: Figure 4j.
Second round
voter flows in a Le
Pen-Fillon run-off
(1 block = 1% of 1st
round voters)
(IFOP 10/04/2017)



4.4 CAN WE TRUST THE POLLS?

We have conducted correspondence analysis on aggregated polls to better understand the similarities and differences between different parties and their respective political positioning. This statistical technique spatially represents the political landscape in which parties operate. Where parties are presented opposite each other, this represents great difference. Where they are in closer proximity, it indicates that there are large political and demographic similarities among their supporters. The axes are approximate, but the horizontal one is left-right and the vertical one is globalist-nationalist.

The correspondence analysis highlights that Conservatives and Nationalists appear to operate in distinct political spaces. The former are most markedly defined by being 65+ and retired. The latter have their demographic roots in the bottom left quadrant—among less educated, rural workers.

Notably, the moderation of Le Pen's vote over time is there to see. The correspondence analysis indicates that average National Front voters are similar to both private and public sector workers. Le Pen has significantly changed the party, moving its support base closer to that of other parties.

It is also clear from this analysis why Mélenchon is able to siphon votes off Hamon and 2012 Hollande supporters, given their demographic similarities of appealing to younger people, students and those in the public sector.

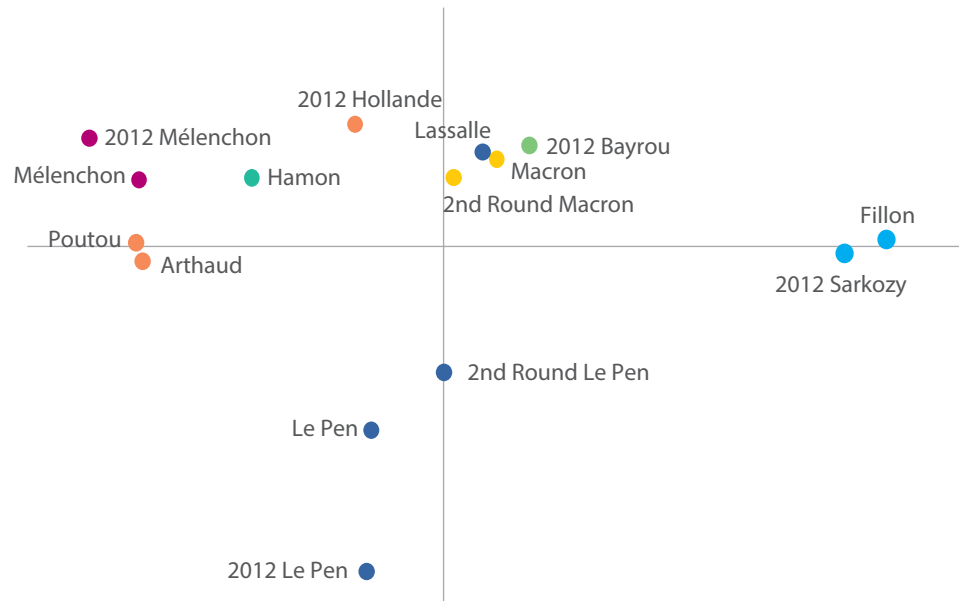
Polls appear to be quite favourable to Macron among far-left voters, considering their demographic dissimilarity from Macron, who appeals most to the highly-educated, professional executives, urbanites and the self-employed. His position near the centre demonstrates that he is well-placed to also gather support from a wide range of ages and the private sector.

Macron and Le Pen's opposite positioning point to a similar 'open/closed' divide that we have witnessed in both the UK's referendum to leave the EU and the US elections. Well-educated, urban internationalists are directly opposite lesser educated, rural workers in their political support.

Have French pollsters been herding?

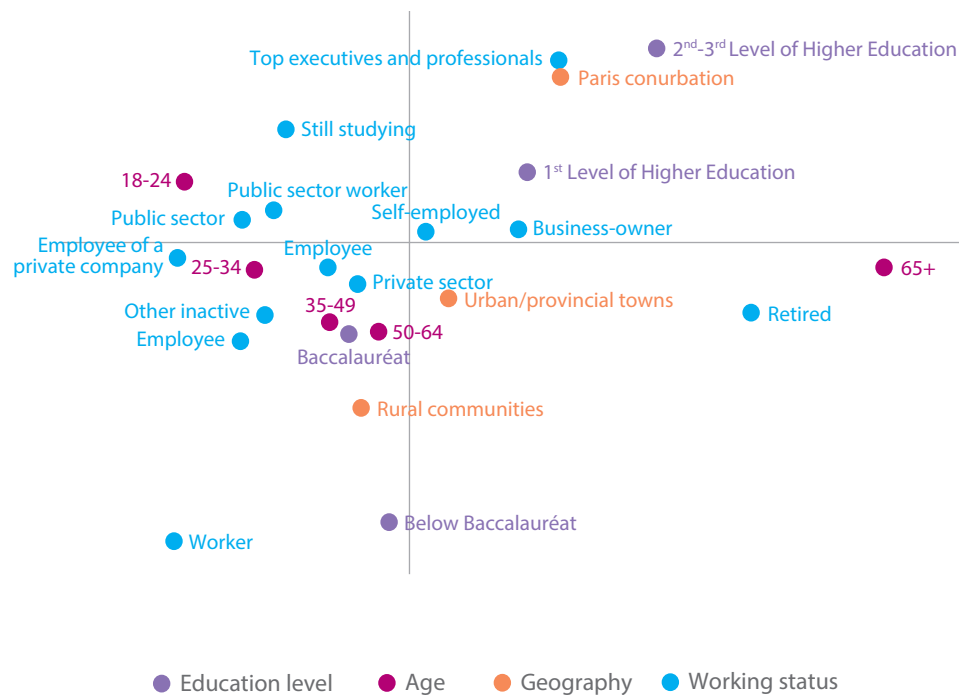
French polls have historically been excellent, coming close to the final result for elections involving a large number of candidates. This, however, is no guarantee of future success. One of the striking features of the first round polling for this election is how tightly clustered and similar the numbers have been from different French pollsters over the course of the campaign. We will never know how much of this convergence, if any, is down to a reluctance to call "through the gate" any two candidates into the final round. This possibility means that despite the surfeit of polling data, observers should be prepared for (but not expect) a result that may differ from the narrative constructed from the polls.

Top: Figure 4k:
Correspondence
analysis (Aggregated
IFOP polls in
March 2017)



Bottom: Figure 4l:
Correspondence
analysis (Aggregated
IFOP polls in
March 2017)




Note: Correspondence
plots of tabulations for
age, levels of education,
working status,
geographic area
on aggregated IFOP
polls for March



4.5 POPULIST SCORECARD

One of the many aspects of this French presidential cycle that has been commented on is the level of similarity of Le Pen's populist movement to both the leave side in the EU referendum and Donald Trump's victorious presidential bid. The reality is more complicated than simple equivalence or dissimilarity. Below we analyse the similarities and differences in a "scorecard".

DEMOGRAPHIC CHARACTERISTICS	 Vote Leave		 <i>MARINE</i> Présidente	SIMILARITY LEVEL
EDUCATION LEVELS	Brexit vote sharply correlated to those without a graduate degree	Trump swing (Republican joiners since 2012) sharply correlated to those without a graduate degree. Overall Republican vote share much less so	Le Pen vote sharply correlated to those without a graduate degree	HIGH
ETHNICITY	Brexit vote sharply correlated to whites, with the exception of the Hindu/Sikh vote in London	Trump vote sharply correlated to whites	Le Pen vote sharply correlated to whites	HIGH
GEOGRAPHY	Brexit vote sharply correlated to post-industrial areas, and poorer rural areas. Less popular in metropolitan areas	Trump vote sharply correlated to post-industrial areas, and poorer rural areas. Less popular in metropolitan areas	Le Pen vote sharply correlated to post-industrial areas, and poorer rural areas. Less popular in metropolitan areas	MEDIUM
INCOME	Brexit vote negatively correlated to average income	Trump swing (Republican joiners since 2012) sharply correlated to those on lower incomes. Overall Republican vote share is poorly correlated to average income	Le Pen vote share negatively correlated to average income	MEDIUM
WORKING STATUS	Brexit vote positively correlated to manual workers and retirees. Negatively correlated to professionals, and jobs in which a graduate degree are a barrier to entry	Trump swing (Republican joiners since 2012) sharply correlated to those in areas with high number of manual jobs. Overall Republican vote does not have such a different "working age" profile vs Democrats when compared to Vote Leave and Le Pen support	Le Pen vote positively correlated to manual workers and retirees. Negatively correlated to professionals. On current polling she still does not win amongst retirees, however (related to her relative underperformance amongst 65+ vs Trump and Vote Leave)	MEDIUM

DEMOGRAPHIC CHARACTERISTICS	 Vote Leave	 TRUMP MAKE AMERICA GREAT AGAIN!	 MARINE <i>Présidente</i>	SIMILARITY LEVEL
ENTHUSIASM GAP	Large enthusiasm gap was present between groups most likely to support Brexit (older voters, those without degrees, large numbers of non-voters in post-industrial areas) and those more likely vote Remain (younger voters and those with graduate degrees)	Large enthusiasm gap was present between groups most likely to support Trump (whites, older voters, those without degrees) and Clinton (black voters, graduates and metropolitan voters). Enthusiasm gap most clearly present in marginal Midwestern states	Large enthusiasm gap present between groups most likely to support Le Pen (those without degrees, manual workers) and other candidates. In particular Macron supporters	MEDIUM
AGE	Brexit vote increased sharply by age	Trump vote increased sharply by age	Le Pen vote share does not increase in a linear fashion by age. On 2nd round voting Le Pen vote does increase by age 18-64. However, Le Pen is less popular on current polls amongst 65+ cohort (38%) than 50-64 cohort (46%). N.B this could be a potential source of a polling error in favour of Marine Le Pen	LOW

5. ECONOMIC AND SOCIAL FACTORS SUPPORTING INSURGENT POLITICS

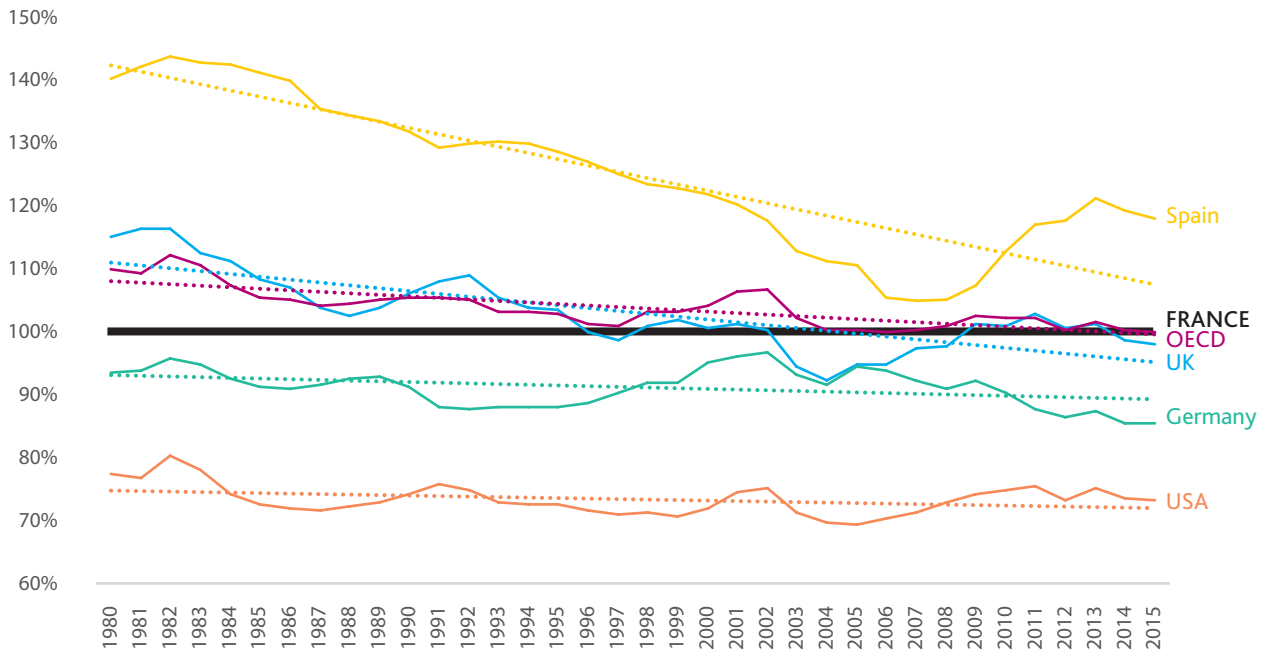
Below:
Demonstration in
Strasbourg as part
of a nationwide
day of protest
against proposed
labour reforms
by the Socialist
Government.
March 2016.

© Hadrian / Shutterstock.com

Support for Brexit in the UK and the election of Donald Trump in the US was underpinned by similar economic and social factors. This was discussed by James Kanagasooriam and Claudia Chwalisz in the previous section of this report.

But how has the French economy performed in recent years? What has been holding it back? And what are its strengths? People's lack of confidence in their own economic prospects and their poor perception of government and politicians were two indicators which strongly correlated with support for both Brexit and Trump. What does the data tell us about the mood of the electorate in France?



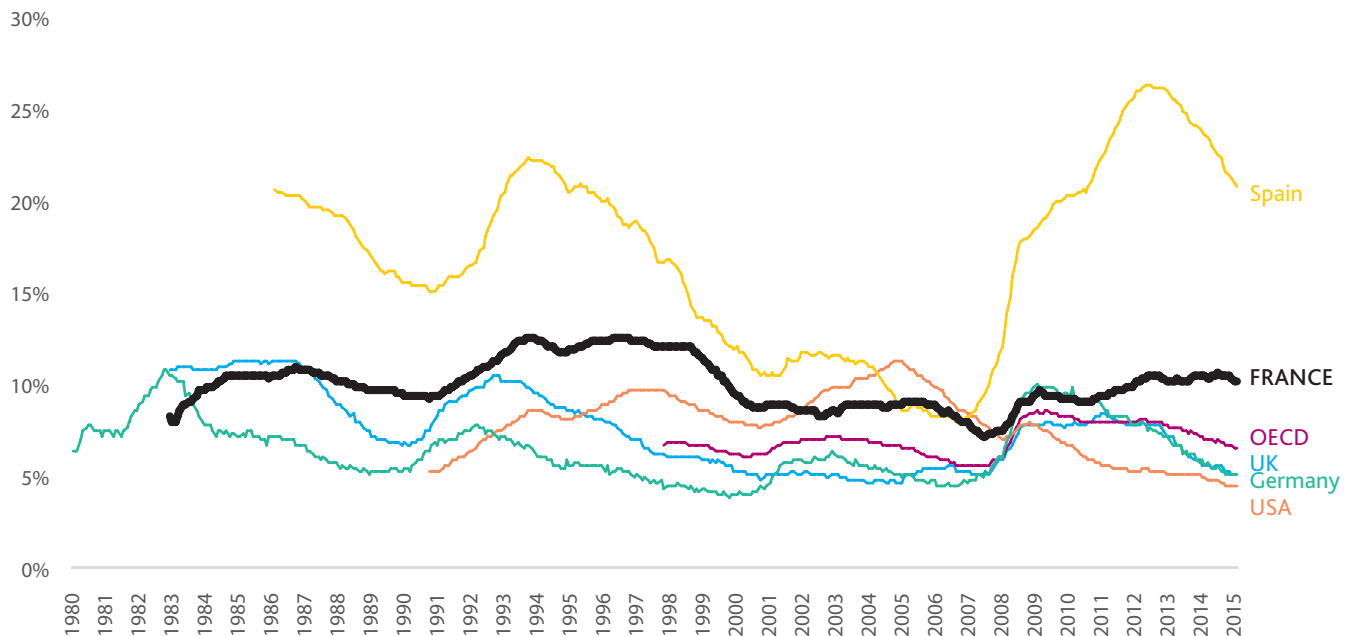


Above: Figure 5a: GDP per capita in France relative to selected advanced economies²¹

5.1 RECENT ECONOMIC PERFORMANCE

France is a rich country with a large economy, home to many globally competitive firms. But it has under-performed in recent decades, gradually becoming less rich relative to other advanced economies. In 1980, France's economic output was 10 per cent higher per person than the OECD average (see Figure 5a). By 2015, the most recent year available, it had slipped to parity. This relative decline is found across a range of comparable European economies and, with the exception of 1997-2003 when French output strengthened by a cumulative 6 percentage points relative to OECD average, its decline has been otherwise largely consistent over the whole 1980-2015 period. Germany's output per person grew from being 7 per cent greater than France's in 1980 to 17 per cent in 2015. The same US figure grew from 29 to 37 per cent. French output per person was 40 per cent greater than Spain's in 1980 but only 18 per cent in 2015. In 1980, French per capita output was 15 per cent greater than Britain's. By 2015, Britain's output had eclipsed France's by 2 per cent.

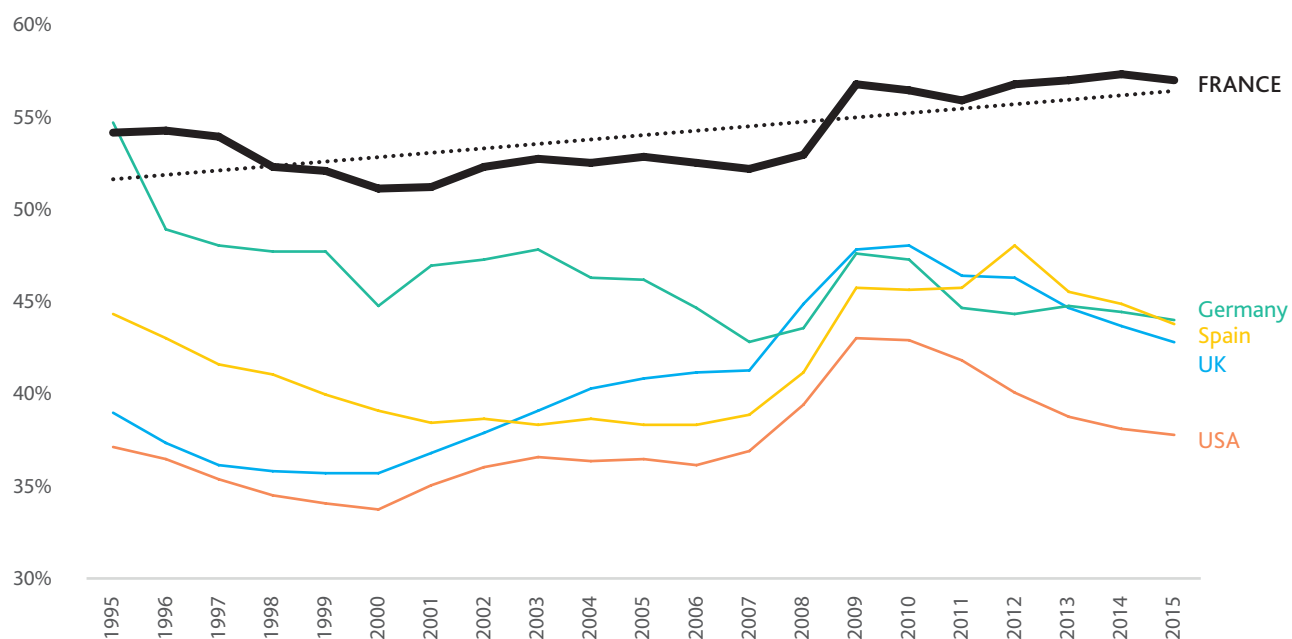
The fact that France has declined against such a range of countries and economies—poorer southern European Spain, richer European Germany, (previously) poorer Anglo-Saxon Britain, and richer Anglo-Saxon America—underlines the nature of the problem.



Unemployment

France's unemployment record, too, has been poor, only recently having fallen below 10 per cent, with youth unemployment having long been stuck at around 25 per cent. Since 1984, unemployment in France has been persistently high, never less than 7.2 per cent, compared to 3.8, 4.4 and 4.6 per cent in the US, Germany and Britain up until 2015 (see Figure 5b). Germany's rate has since fallen further to 3.9 per cent, its lowest ever. In the US, average unemployment was 6.2 per cent. France's lowest monthly rate of 7.2 per cent wasn't much lower than Germany and Britain's average rates of 7.6 and 7.4 per cent, either.

Above: Figure 5b:
Harmonised
unemployment rate
in selected advanced
economies,
1980-2015

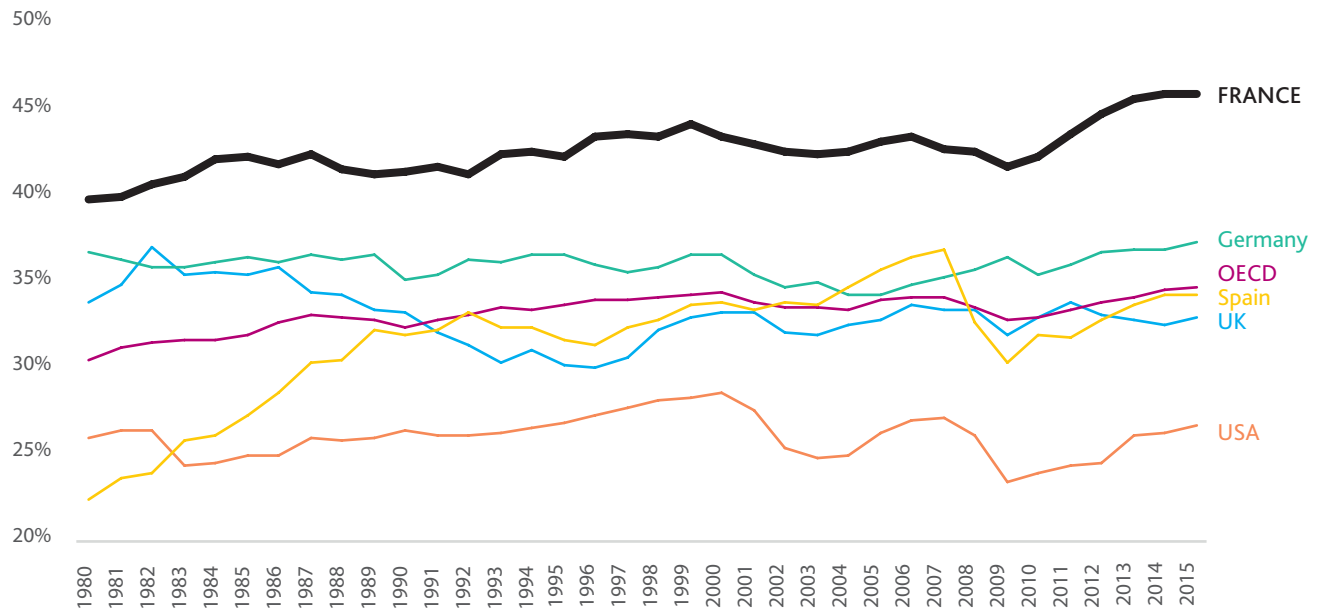


Above: Figure 5c:
General government
spending as a share
of GDP in France and
selected advanced
economies,
1995-2015²²

Taxation and spending

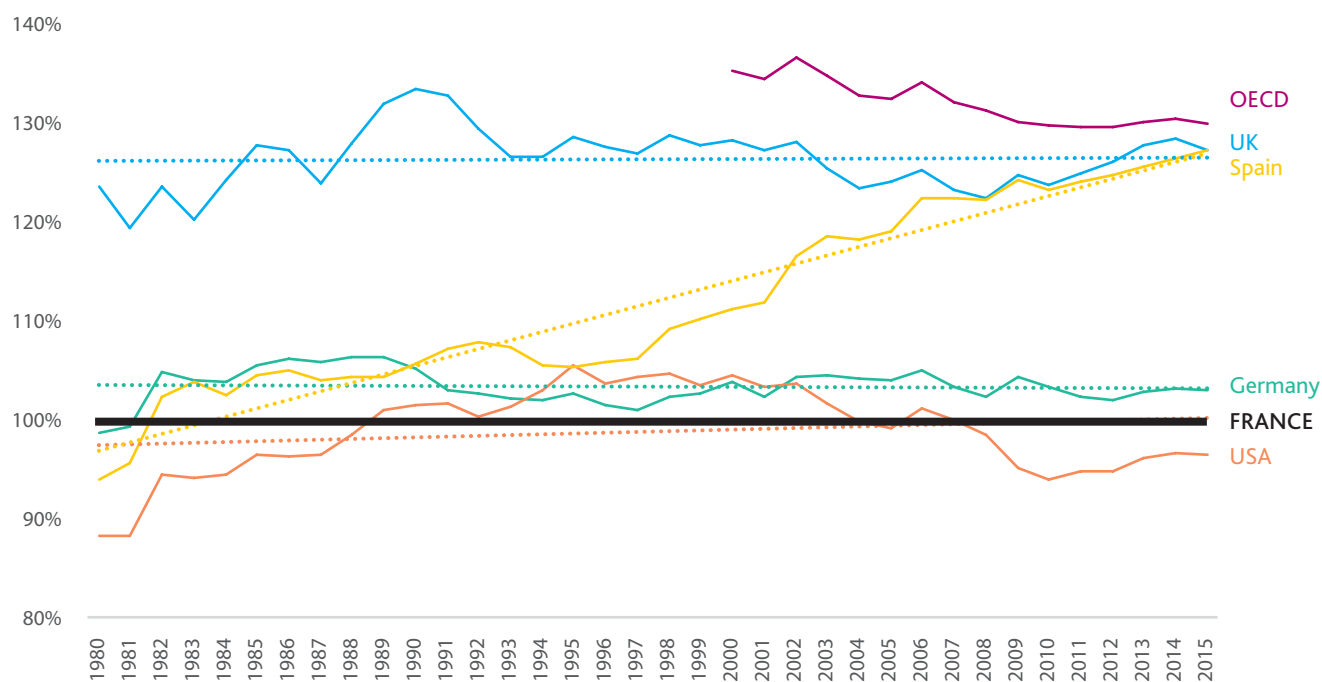
Between 1995 and 2015, general government spending in France drifted up from its already high level of 54 to 57 per cent of GDP (see Figure 5c), now joint highest with Finland among OECD economies. Spanish and American spending remained at similar levels (44 and 38 per cent, respectively) while British and German spending converged to a similar level to Spain. Germany's was at a level similar to the French in 1995 (55 per cent) but fell to 44 per cent by 2015, while British spending was similar to the US in 1995 (39 per cent) but rose to 43 per cent by 2015.

On tax, too, the gap between France and the rest has widened. In 1980, the French tax burden was 9.3 percentage points of GDP higher than the OECD average. By 2015 this had grown to 11.2 percentage points (see Figure 5d). Comparing France's tax burden to individual economies produces similar results. The French tax burden in 1980 was 3.0, 6.0 and 13.9 percentage points higher than in Germany, Britain and the US but these numbers had grown to 8.6, 13.0 and 17.9 percentage points by 2015. Of our four comparison countries, only in Spain did the gap fall, due to a shift in power from the Spanish centrists to towards the left as the Spanish Socialist Workers' Party won support and then power in 1982, following the transition from military junta to democracy.



There is little doubt that France's high levels of tax and public expenditure and restrictive labour markets have made a significant contribution to France's genteel relative decline. A significant body of economic evidence exists which demonstrates a link between larger public sectors and both slower economic growth and higher levels of unemployment. That is why the OECD has advised France that to achieve "durable reductions in unemployment, taxes have to be cut." What is perhaps more interesting, however, is why the French record has not been worse, given how uncompetitive its taxes and labour markets are.

Above: Figure 5d:
Tax revenue as a
share of GDP in
selected advanced
economies,
1980-2015²³

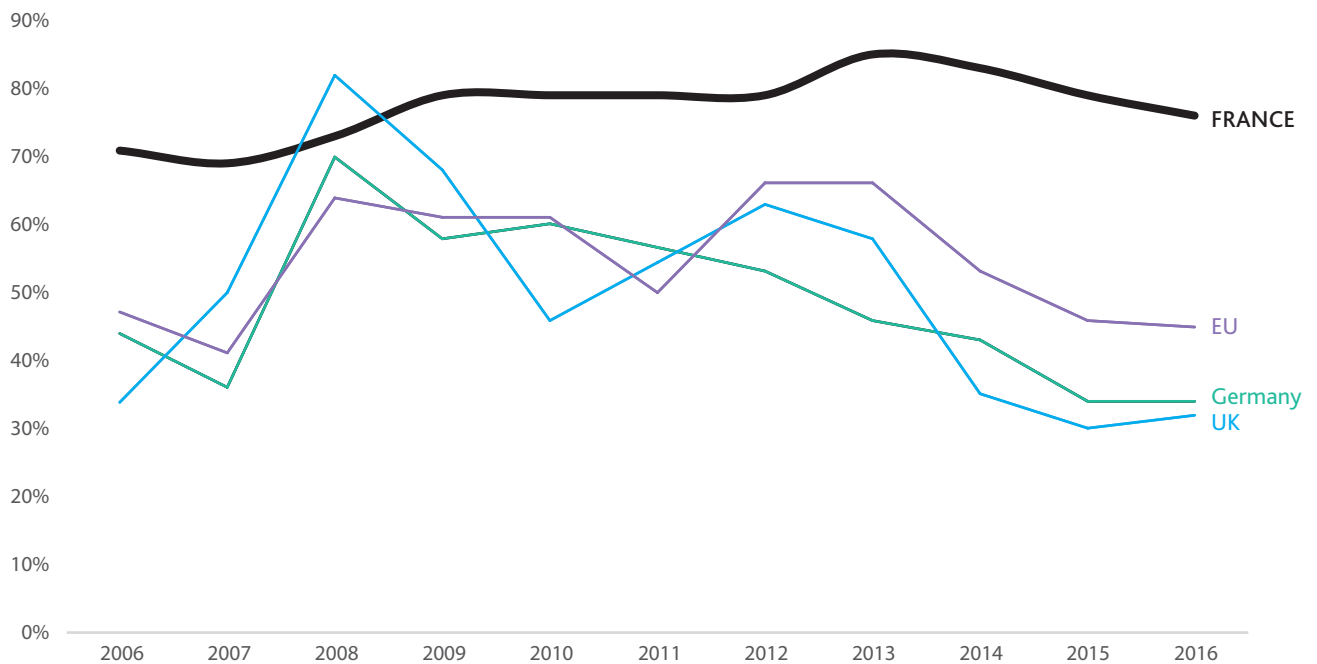


Above: Figure 5e:
French GDP per hour
worked relative to
selected advanced
economies,
1980-2015²⁴

Productivity

Dividing French output by hours worked instead of population is a measure of labour productivity and it reveals a markedly better picture (see Figure 5e). On this measure, France has remained roughly stable against the US, the UK and Germany. Against Spain it has actually improved, despite Spain's overall improvement.

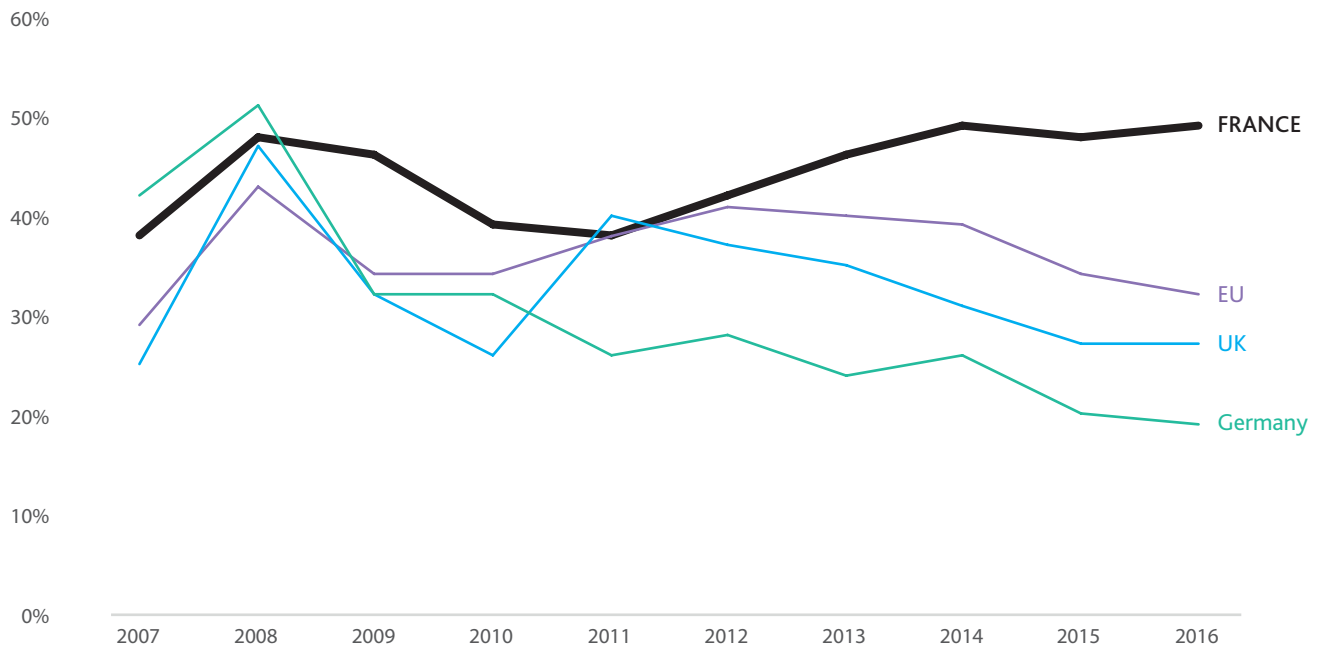
But this measure flatters France, except in comparison to Spain. Unemployment hits the most vulnerable individuals with the least to offer to the labour market. By removing the least productive people from the labour market, average productivity per hour worked is therefore enhanced. France's large public sector also flatters its GDP statistics. This is because, by necessity, the public sector is measured by its cost rather than its market value, which is lower because intervention is required because it prompts market actors into doing what they would not otherwise do.



Population, power, prestige products and property: French economic strengths

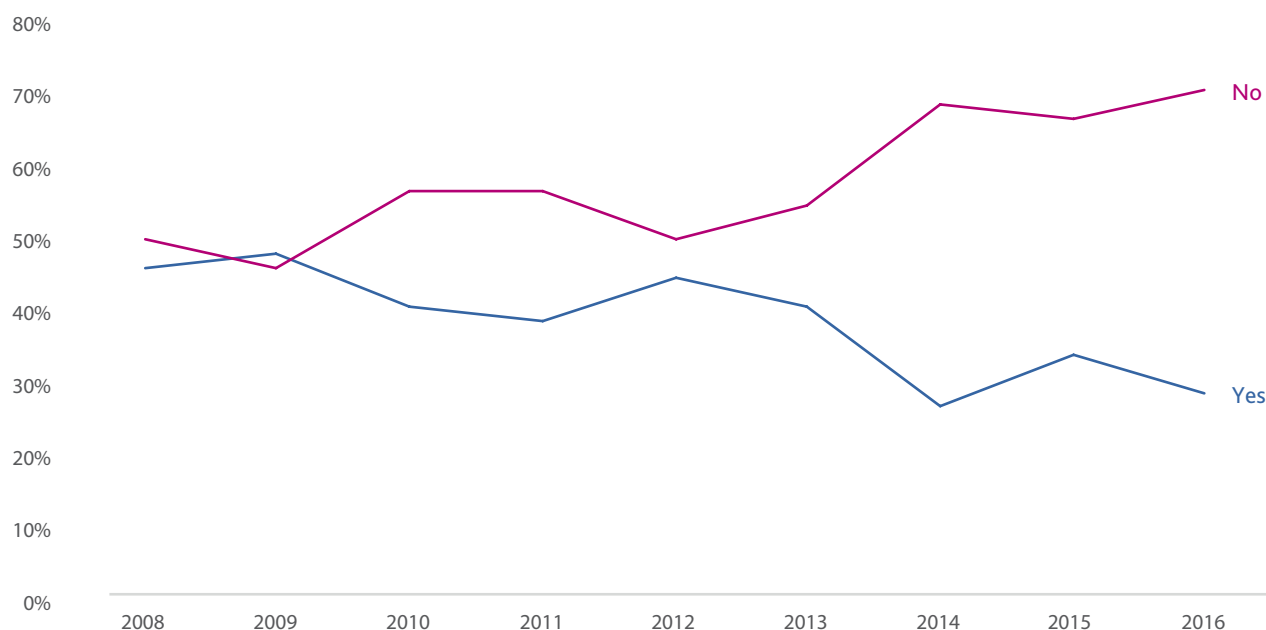
France has a relatively young population that is growing, thanks to a high fertility rate of almost 2.0 children per woman (compared to 1.8 in the UK, 1.5 in Germany and 1.3 in Spain). By contrast, Germany has a stagnant and rapidly ageing population. France also has relatively secure property rights and a trusted legal system. Its energy costs are relatively low, too, due to a large, efficient nuclear sector. Industrial energy prices excluding tax were 65 per cent cheaper than the UK's and 35 per cent cheaper than Spain's in 2015, but prices were 10 per cent higher than Germany's and 23 per cent more than in the US. Long-standing prestige exports also help, such as premium agricultural products including wines and cheese, high fashion and tourism. An annual 85 million tourists visit France per year compared to 31 million visiting the UK.

Above: Figure 5f:
Proportion agreeing
their national
economy "is getting
worse", 2006-16



Above: Figure 5g:
Proportion agreeing
that living standards
are getting worse,
2007-16

One of Britain's biggest economic problems is its high property costs and constrained and distorted pattern of new supply. This mismatch not only reduces living standards in Britain by increasing housing costs, but it also affects business in two ways. First, it makes business property more expensive, because the factors constraining the market in high demand areas affect both residential and commercial property. Secondly, it inhibits labour mobility, preventing workers from moving to take advantage of job opportunities (and restricting growth firms' ability to find the employees best suited to their needs.) France builds three times as many homes per year as the UK,²⁵ which means this largely British problem (although many US cities such as New York and San Francisco also suffer) does not affect France.



5.2. POPULAR DISSATISFACTION

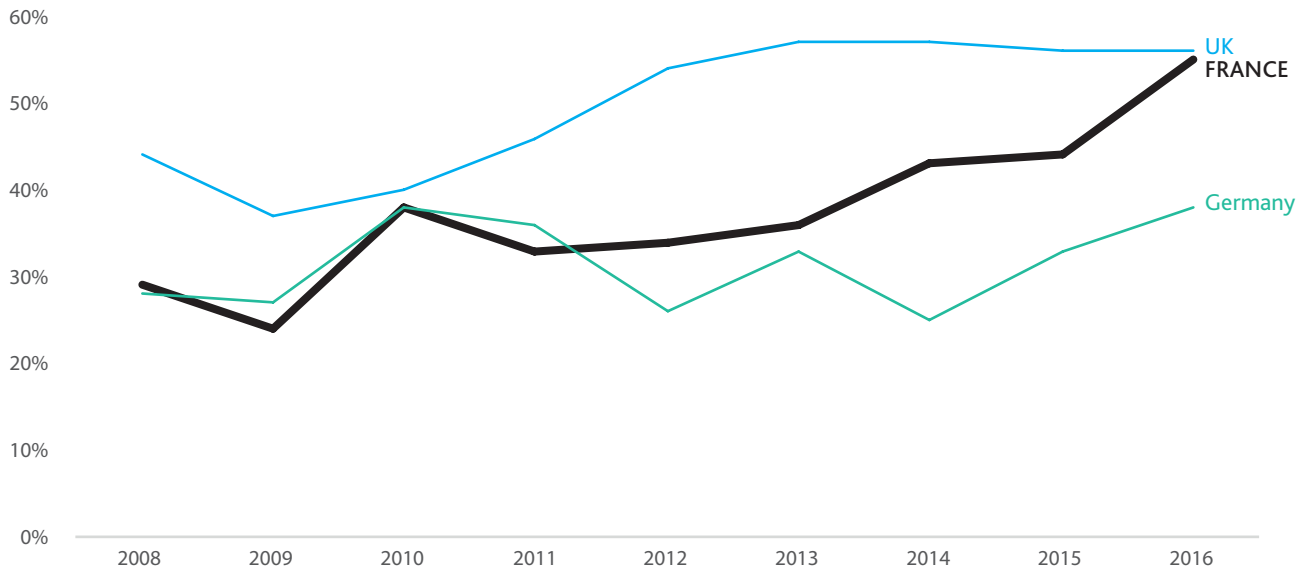
Weak French economic performance is reflected in Gallup World Poll survey data showing high levels of dissatisfaction. Between 2006 and 2016, the proportion of French survey respondents who think the national economy is getting worse rose from 71 to 76 per cent (see Figure 5f). Levels in the UK and Germany were already much lower and fell over the same period, from 34 to 32 per cent in the UK and from 44 to 34 per cent in Germany.²⁶

These numbers are also mirrored at the individual level. The proportion who report that their standard of living is getting worse was 49 per cent in 2016 (see Figure 5g), compared to 27 per cent in Britain and 19 per cent in Germany.

No confidence in national government

In 2016, only in Greece, Romania, Italy and Slovenia did a higher proportion than France's 70 per cent report no confidence in national government (see Figure 5h). The net no confidence figure, calculated by subtracting the 70 per cent who say they do not have confidence in the national government from the 28 per cent who say they do, was minus 42 per cent. In 2009, the net figure was positive, albeit at only 2 per cent.

Above: Figure 5h:
Confidence in
French national
government,
2008-16.



Above: Figure 5i:
Proportion reporting
dissatisfaction with
the EU, 2008-16

Dissatisfaction with the EU

Finally, while the proportion reporting disapproval with the EU has grown in Germany, France and the UK between 2008 and 2016, French disapproval levels have grown fastest, uncoupling from similar levels to Germany five years ago (28 and 29 per cent, respectively in 2008), to reflect the levels seen in more Eurosceptic Britain (55 and 56 per cent in 2016). See Figure 5i.

Dissatisfaction with the economy and government underpinned the rise of populism in both Britain and America. The data from France on these questions points to why we have seen such an unconventional election. Changing public attitudes have clearly provided fertile electoral ground for insurgent political movements.

6. CONCLUSION

There will be much to look out for in the forthcoming French elections, but five key points are worth bearing in mind from the perspective of populism and the changing political order.

1. Populism is winning across the political spectrum in France.

Jean-Luc Mélenchon's hard-left national platform has usurped the more pro-European, centre-left platform of Benoît Hamon, making Mélenchon the standard-bearer of the left. Similarly, Marine Le Pen's nationalist appeal has long attracted more support than the Republicans, as well as prompting them to back the more nationalist, conservative candidate François Fillon in their party primary. Even the pro-European, federalist former banker Emmanuel Macron represents his own breakaway movement with a radical reform agenda that might be thought of as a kind of centrist populism.

2. Macron is favourite to win, but it's not in the bag.

As James Kanagasooriam and Claudia Chwalisz highlight in their polling analysis, the race between Macron and Fillon for second place in the first round becomes a lot closer if you adjust the headline poll numbers to account for the 'enthusiasm gap'. And should Mélenchon continue to draw away support from Hamon, some of the support Macron enjoys as the candidate most likely to prevent a Le Pen-Fillon second round might also switch to him, propelling the hard-left populist into second place. So in this close four-way race, it is by no means certain that Macron will make it into the second round.

3. If Macron is knocked out, Le Pen has a credible path to victory.

Polls show Le Pen losing a second round election heavily to Macron (see figure 4f), but with a narrower margin to Mélenchon and, especially, Fillon (figure 4i). Although Fillon's support is much more evenly split between Macron and Le Pen than Macron's is between Fillon and Le Pen (figures 4h and 4j), the important factor is that Macron, Hamon and Mélenchon supporters are much more likely to abstain in the event of a Le Pen-Fillon second round than Fillon, Hamon and Mélenchon supporters would be in a Le Pen-Macron second round.

4. This election might be a staging post for a Le Pen victory in 2022.

The favourite, Emmanuel Macron, has promised to raise growth and to cut unemployment to 7 per cent. But if he wins and should his new party not win sufficient support to champion his plans in the National Assembly, he will find it much more difficult to implement his labour market and public services reforms, and could quickly become a lame duck president. This will be all the more difficult if the less economically liberal National Front displaces the Republicans as the majority right-wing party. A cyclical global economic downturn is also likely at some point before 2022. If the EU is tarnished by further economic turbulence in the Eurozone, or another migration crisis, it is possible to imagine a National Front victory in 2022.

5. There will be big implications for Brexit whoever is elected.

Mélenchon and Le Pen are openly hostile to the EU while Fillon is eurosceptic. Only Macron is committed to the European project. So there will be implications for the Brexit process, whoever is elected. While Le Pen has spoken of wanting to rebuild relations with the UK²⁷ and Mélenchon says the Brexit vote “must be respected” by organising an exit “without a spirit of vengeance or punishment”, victory for a strongly eurosceptic candidate in one of the EU’s two core members would be a bigger crisis for the EU than Brexit. A Fillon or Macron victory, however, would represent less of a threat to the status quo in Brussels. While they are both less sympathetic to Britain’s withdrawal from the EU, their election would result in greater political stability, making the Brexit negotiations less complex.

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APRIL 2017