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# Macron's world view

**Riccardo Perissich**

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### Riccardo Perissich

Emmanuel Macron is a highly intelligent man and a profound, articulate thinker. He is also the President of France. Outside observers sometimes find it difficult to distinguish between the two, particularly if they come from a country less cerebral than France. A few weeks ago, Macron gave a long interview to the French magazine, *Le grand continent*. In his long talk, Macron had a lot to say, most of which was stimulating, about many subjects: population growth, relations with Africa, the Covid-19 pandemic, populism and nationalism. He also delivered a robust and, at least for me, convincing defence of his position on Islamist terror and extremism. One of the main issues is his longstanding support for European integration, the major cornerstone of his vision. Although he stops short of defining the form that this political Europe should take, the concept of European sovereignty and “strategic autonomy” is at the centre of his vision. Other issues are also given prominence and are especially interesting for the outside observer.

### Re-forging capitalism?

At the centre of Macron's economic analysis, there is the call to “re-forge” capitalism. In itself, it is not new. Ever since the financial crisis of 2008 a debate about the future of our societies has been taking place all over the world. There is widespread consensus that the impact of the increasing inequalities in many countries, of the rise of populism and authoritarian tendencies, of the mixed results of globalisation, of the difficulty to control the tumultuous digital revolution, as well as the critical challenge of climate change and now of the pandemic, require changes in the way the economy, the market and capitalism in general work. One can find traces of this consensus in places that would have been unlikely only a few years ago, such as the Davos Forum, the Business Round Table, the Economist and the Financial Times. Macron dwells on all this at great length, in a way that is generally consistent with the conversation taking place today, but with a twist that is politically significant. If what you have in mind is a clear break from the past, you also have to define the past in a way that makes the break desirable and convincing. The past Macron wants to depart from is the “Washington consensus” (others would define it as “neoliberalism”), which he describes as a world in which the pursuit of many social goals such as the fight against inequalities or climate change is subordinate to the search for profit, open markets and the benefits of globalisation. He also suggests that this is the main cause for the surge of populism in many countries. The future Macron would like to promote is one where the priorities of the “Washington consensus” are reversed and goals such as the fight against inequalities and climate change take precedence over everything else.

This way of framing the issue begs a number of questions. Neoliberalism is a doctrine that has influenced the course of events in some countries such as the US, but much less Europe. Our continent is a highly regulated

space, with the biggest welfare in the world, one that absorbs between 25 and 30% of GDP. In most European countries the tax burden ranges from more than 40% to more than 50% of GDP. Neoliberal influence has all but been absent in places such as France and Italy, where state intervention is still very common. The rise of populism in some northern countries is not principally related to the controversy concerning climate change, nor to increasing inequalities (which, in any case, are much more modest than in the US, especially if you consider France), but to the difficulty in handling the large number of immigrants. The structural reasons for the fractures dividing European societies are also the cause of the rise of populist movements; they are complex and important but they have little in common with the Washington consensus.

Very few people, at least in Europe, would challenge the idea that the functioning of the market, capitalism and globalisation must be regulated in order to take in greater account the broader social goals. What defines the debate is not whether the market should or should not have priority over these goals. The question is rather of, since their pursuit will require massive investment that can only be financed by sustained growth, how social and economic imperatives can be reconciled. What is puzzling is that Macron was elected in 2017 - when all these issues were already at the centre of the debate - on a political platform that was deliberately focused on the need to reduce the rigidities of French society, to liberalise the economy and to increase productivity. In the meantime, he has achieved some fiscal reforms, such as the abolition of the wealth tax and a reform of the labour market with the aim of making it more flexible. One therefore wonders if this new emphasis on the reform of capitalism signifies a radical change of approach; although none of his concrete political decisions suggests that it is the case. On the other hand, in other parts of the interview he advocates pragmatism and gradualism, particularly when it comes to climate change. For instance, he issues belated but candid self-criticism for the ill-advised increases in petrol prices that triggered the "yellow vests" movement in 2018.

What should we make of this apparent ambiguity? The key is probably Macron's insistence on European sovereignty and strategic autonomy. For him, the real culprit is not capitalism, but globalisation and particularly free trade. In this respect the French position, which historically has never been very favourable to them, has hardened considerably in recent times. Public opinion is more than ever critical of both. CETA, the free trade agreement between the EU and Canada that took eight years to negotiate, has been ratified by the French Parliament only after an agonising debate and with a small majority. At the moment it is very unlikely that France could ratify the agreement with Mercosur. Here again, Macron is not totally against the European tide. Globalisation is much less popular than it was a few years ago, and this applies not only to Europe. The appetite for new ambitious trade agreements is fading. Lately, the European Commission has been careful to negotiate new agreements such as the one with Japan in a framework that avoids the necessity of national ratifications. However, even the European Parliament could become less forthcoming. Confronted with the gap created in various aspects of the digital revolution, not only France but many European countries that were traditional uncompromising champions of free trade and non-intervention, are advocating some form of "industrial policy", including the opportunity to vet foreign investments particularly from China. The pandemic has given more prominence to the danger of relying on production chains that make us too dependent on only one, possibly not entirely reliable, supplier; it is the case for some pharmaceutical products, but also for other critical technologies and raw materials. Words like sovereignty and strategic autonomy are now widely used in the European debate. We all remember Angela Merkel's remark that "Europeans must do more to take their destiny into their own hands".

And yet the language used by Macron could well be too much for a number of member states; not only for those traditionally more free-trade minded in northern Europe, but also for Germany. For instance, when he discusses how to revive multilateralism, the perspective seems more like a new Westphalian balance of power than the institution-based multilateral system established under US leadership after WWII; a system to which the majority of Europeans are very attached. The protection of European industry and agriculture against carbon leakage, if, as expected, the EU's ambition on climate change is not matched by third countries, is a shared concern, but it is doubtful that many other EU members will want to push it as far as France.

Most Europeans are conscious that in the present world nobody is really “sovereign”, not even the United States. Our world is irremediably interdependent. This is what makes it difficult for us to devise a response to the Chinese challenge, but it is true in general. Nothing really happens in one country only, not even on one continent. The “Pfizer” vaccine against Covid is in fact the result of joint work with BioNTech, a smaller German company. It is right to pursue sovereignty and strategic autonomy; however, it is not an absolute goal but rather a matter of degree. The trade-off between achievement of “more” sovereignty and the acceptance of more interdependence is not always clear cut. For instance, despite all its shortcomings, the EU is acknowledged as a regulatory power whose rules spread widely around the world (the so called “Brussels effect”). To turn inward and decouple from the outside world would risk compromising this important asset. It is therefore not surprising that in its official statements, the Commission has chosen to qualify the concept of strategic autonomy with the word “open”. In the next few months, the Commission will produce proposals on most of the issues raised in Macron's analysis. On that basis a concrete discussion will be launched that will test the Europeans' capacity to converge in a meaningful way.

## **What about the US?**

No other relationship is as important for Europe as the one with the US. Again, much of what Macron says on this subject is not controversial. We of course welcome Biden's election, but nobody believes that things will go back “to the good old times”. Not only because a golden age of transatlantic relations has never really existed, but more importantly because America, Europe and the world have changed since the end of the Cold War. Trump's years in office have taught us that we can no longer rely unconditionally on American support. The necessity to rebuild the relationship on a new basis is acknowledged by everyone; nobody thinks that it will be easy, even with Biden. This concerns the economy, technology, but also security. The need for Europe to do more for its own security and that of its neighbourhood is recognised by many Europeans. More or less at the same time as Macron's interview, Jean-Yves Le Drian and Eiko Maas, the French and German foreign ministers, published an article in the *Washington Post* in which they hail Biden's victory as the right opportunity for a new start and express their hope that the fractures that have emerged in recent years will be repaired: from Iran to trade and to the commitment to multilateral institutions. They also define the need for Europe to do more for its own security and for strengthening NATO as “two sides of the same coin”.

One would have expected Macron's comments to reflect the same emerging Euro-Atlantic consensus. Instead, he pushes the concept of autonomy much further, both in the economic and in the strategic dimensions. It is the least convincing part of the interview. As with the economy and capitalism, he must define the option that he rejects, the unacceptable alternative to what he wants to propose. After his criticism of the Washington

consensus, it is now the turn of a European foreign policy that, according to him, risks being “dependent” on that of the United States. Also in this case who would dare to disagree? The problem is that Macron pushes the concept of autonomy from the US very far indeed; he even suggests that in some sectors of new technology we could or should decouple from the US. For instance, it is right to say that we should have more control on cloud computing and the way the data of our citizens are processed and stored; it is also true that Gaia X is a promising project. It is certain that with US companies currently dominating the market, we have legitimate issues concerning privacy, tax and competition. However, to think that we could completely decouple from these US companies is unrealistic and probably counterproductive.

This is even more true concerning security. The one passage that has been talked about most in Macron’s interview is when he takes issue with Annegret Kramp-Karrenbauer (AKK), the German Defence Minister. A few days before his interview, she had written an article in which she bluntly states that “illusions of European autonomy must come to an end”. Macron strongly rejects the statement and claims that Merkel does not agree with the minister. Apart from the diplomatic wisdom of interfering in the relationship between a foreign leader and one of her cabinet’s ministers, Macron misses an important point that has not been lost to many other observers. In AKK’s article, this statement, possibly too blunt, comes immediately after a consideration about the continuing importance for Europe of American nuclear deterrence. Whatever the value of a bigger European effort to contribute more to its own defence, the need for which incidentally AKK strongly emphasises also for Germany, deterrence is a special case. In many fields of politics, we can do “more” or we can do it gradually. Instead, deterrence is like pregnancy: you either have it or you don’t. Nobody in his right mind can think that Europe could do without US deterrence for any foreseeable future, let alone think that French nuclear deterrence could do the job. Despite recent efforts to promote European cooperative programs, at the moment and for the foreseeable future the same is unfortunately true about other aspects of defence: sophisticated conventional capacity, space and cyberwar, as well as the application of artificial intelligence to the battlefield. London-based IISS has recently concluded that even in the great majority of the projects that have been earmarked for enhanced cooperation, Europe is not autonomous and depends on at least some American logistical support. This is not a reason to diminish the effort, but it invites some caution. As the article by Le Drian and Maas rightly states, a bigger European autonomous effort in both the economy and security is complementary to the strengthening of the Alliance. Indeed, a more self-confident EU would make the Alliance more effective.

Another point of concern in Macron’s interview is his approach to what Europe should do in the confrontation between China and the US. The reader cannot help thinking that Macron’s suggestion is for Europe to adopt some sort of autonomous role, almost that of a mediator. This is dangerous. The structural asymmetry in the transatlantic relations is not the only reason why the Atlantic Alliance is still of paramount importance. The emergence of a plurilateral confrontation of powers after the Cold War and the end of the illusion of unchallenged American hegemony makes the unity of western democracies even more important, albeit for different reasons. This is particularly true in the case of China. The main issue for international relations in the coming decades will be who writes the rules of the game in the fields of security, trade, the economy and technology, something that until now has been done in unison by Europe and the US. What are at stake are not only interests, but also values. Unless western unity is maintained, both Europe and the US will incur significant damage.

Unfortunately, in discussing the specificity of European foreign policy goals in relation to the US, Macron does not limit his analysis to stating that the EU and the US have different geographies (which is not necessarily the same analysis of some of the other issues) and that this sometimes results in the EU and the US having different interests and priorities. He goes further and says that “our values are not quite the same”. This is a step too far for many Europeans because it undermines the very foundations of the Alliance. True, we are more “social democratic”, as he says, but is this a sufficient reason for such a blunt statement? Is it wise to suggest this when the US is in the process of electing a President whose program is not only to revive the Alliance after the dark years of Trump, but also to make America a bit more “European” in its domestic policies? There is the legitimate suspicion that Macron fears that the change of track in Washington could have the perverse effect of weakening the European resolve. If that was the case, it would mean that whatever consensus has been forged about the need for more European “autonomy”, it is very fragile indeed and it would be wrong for the French President to assume such a strong posture on it.

## Why all this matters

All this matters because Macron is the President of France, the second biggest economic power in the EU and an indispensable actor when it comes to a discussion of a badly needed European foreign and security policy. Sometimes words are not neutral and their perceived meaning also depends on who utters them. When an Italian calls for financial solidarity, no matter how persuasive his arguments may be in a particular context, he will immediately be suspected of asking for a free lunch. When a Frenchman speaks in strong terms about sovereignty and autonomy particularly vis a vis the US, he will immediately be suspected of neo-Gaullism. It is a suspicion that Macron would certainly reject. He is a true European and his vision of Europe is very different from that of General De Gaulle. Of course one question still stands: while calling for more European sovereignty in foreign and security policies, is he also ready to share some French sovereignty within Europe? He can also claim that some of his apparently provocative statements should not be taken in isolation, but are qualified by more pragmatic arguments in other parts of the interview. This is true, and outside observers should be aware that a certain distance from a grandstanding verbal rhetoric of French politicians and the more pragmatic reality of what they actually do is typical of the French political debate. However, too many intellectual niceties not only can be treacherous for a political leader but they also risk blurring the message.

One can also suppose that the bluntness of certain statements reflects a willingness to get things to move faster and an impatience for the excessive caution of some of France’s partners, mainly Germany. This is understandable and it probably plays well with his domestic audience, but with this stance Macron risks damaging his chances of European leadership. A leader must do two things: indicate objectives and create consensus around them. One problem is that ambitious long-term objectives, however desirable, are only as credible as the credibility of each intermediate step that is necessary to achieve the final goal. The other problem is that, a leader should not be following his troops; he should be ahead of them, a few yards ahead, not many miles. Macron risks failing on both accounts. In indicating the steps that are not considered credible by a majority, he fails to promote consensus; certainly in large parts of northern Europe, but also in Italy. What he has to say could still be an important stimulus for debate, but it would not grant him leadership. This would not be good for Europe because we need French leadership in a number of areas. Otherwise, the whole burden will fall on the shoulders of Germany, a country that is already engaged in the daunting task of keeping

together East and West and North and South in the management of the economy. To also take the lead on some of the important issues raised by Emmanuel Macron is probably too much to expect from a nation that is facing elections and an uncertain political transition.