

France's parliament fires the prime minister

The country now has no budget and no government

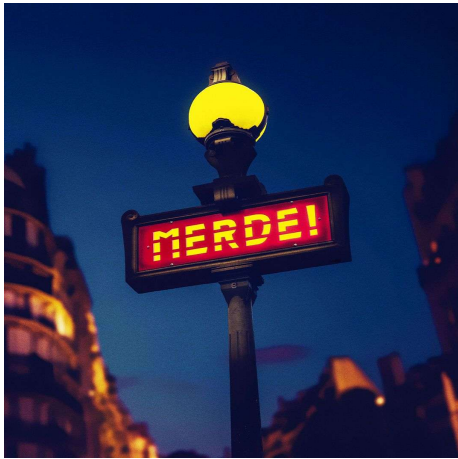


image: Lisa Sheehan/Alamy

Dec 4th 2024

ON DECEMBER 7th, 50 heads of state and government will take their places to celebrate the reopening of Notre Dame, Paris's 12th-century Gothic cathedral, gutted by fire five years ago but now restored with astonishing speed and loving skill. Donald Trump will be there (Joe Biden, only the second Catholic president of America, sadly will not) to witness France at its best. It has pulled off, on time and to budget, a feat of craftsmanship and renewal that surely no other country could have managed.

Yet that same magnificent France is also mired in a deep political crisis. The government was sacked by parliament on December 4th. Its prime minister, Michel Barnier, had tried to [force through](#) his budget for 2025 two days earlier, but met the brutal reality of life without a majority and became the shortest-serving prime minister of the Fifth Republic. In a grubby political compact Marine Le Pen, boss of the hard-right National Rally (RN) party, joined forces with a left-wing alliance dominated by a former Trotskyite, Jean-Luc Mélenchon, to squeeze the life out of France's centrists.

France's plight holds lessons. The country's traditional parties of centre-left and centre-right have fragmented. In its recent presidential elections, half of voters have opted for extremists in the first round. President after president has failed to get the budget under control. An ageing population and growing threats to national security mean that the fiscal burden will grow. The country's crass and obstructive political discourse only accelerates the drift to the extremes—and thereby makes solutions harder. In one way or another, much of Europe is caught in the same wretched trap.

The result, in France at least, is gridlock. With no party or alliance close to a majority in the National Assembly, the country now faces the prospect of a series of short-lived minority governments that will struggle to accomplish anything. Because the president, Emmanuel Macron, called his ill-judged snap election only six months ago, France cannot call a fresh election until July next year—and even then, there is no guarantee that any party or coalition will win a majority. Although a government shutdown should at least be avoided, because this year's budget can probably be rolled over into next year, the situation precludes any reform.

The underlying problem is that most French voters are unwilling to face economic reality. Like other ageing European countries facing competition from America and Asia, France is spending unsustainably. This year its budget deficit is forecast to exceed 6% of GDP. Mr Barnier, at Mr Macron's behest, was trying to fix that. His package of €40bn (\$42bn) in spending cuts and €20bn in tax rises would have brought the shortfall down,

though only by a percentage point or so. Even that was too much for the irresponsible right and left, which would rather chase power by fanning popular discontent.

It is hard to see how this can be resolved. Until voters rediscover the merits of frugality, they will go on voting for the fantasies peddled by the extremes. Sensible, ie painful, budgets will not be passed. Economic growth would make all that easier, but France is growing by barely 1% a year—not too bad for the euro zone, but not nearly enough to make a dent in the budgetary problem. France’s debt stock is an alarming 110% of GDP. Northern Europeans used to mock the PIGS—Portugal, Italy, Greece and Spain—for their profligate ways. France has now turned porcine, while the PIGS have largely reformed.

So far, the financial markets have remained calm. French sovereign debt yields have ticked up a little, but the government can still borrow for less than a percentage point more than Germany’s can. Contrast that with the spreads of over ten percentage points that Greece faced during the euro-zone crisis. The declaration by Mario Draghi in 2012 that the European Central Bank stood ready to do “whatever it takes” to defend the euro remains in force today.

Yet Mr Draghi’s promise is merely a reprieve from the chronic problems of France and Europe, not a solution. Europe’s economies are not growing fast enough to finance the demands upon them. The euro zone is projected to grow by just 0.8% in 2024. Mr Trump is threatening tariffs on all imports into America of 10% or perhaps 20%, with a lot more for countries he particularly dislikes, such as China, which might lead to a spate of dumping into Europe.

Across the continent the demands on government spending are increasing. Defence is a good example. France, like Germany, only just meets the target set in 2014 of 2% of GDP to be spent on defence, and that is plainly not enough in a world where Vladimir Putin menaces his neighbours. At the same time, Mr Trump rightly complains that European members of nato are free riders on American defence spending. Either because Mr Trump demands it or because he starts to withdraw from NATO, European countries will need to find a lot more money to spend on security.

Unfortunately, Europe’s governing politicians are unable to generate a consensus on how to pay for existing and future spending. Across Europe, political fragmentation is leading to unstable governments, either because it creates scrappy coalitions, as in Germany or the Netherlands, or minority governments like France’s or Spain’s. Their weakness infects the eu as a whole, because without leadership from France and Germany nothing ambitious can happen in Brussels.

The threat ahead

In the past, voters’ discontent would have led to a healthy change of government. However, France is also a stark warning of where the politics of disappointment leads today. When voters have tired of centrist coalitions or weak minority governments, the only other choice before them is the political extremes. There is a real possibility of an RN-led government in France next year, or even a Le Pen presidency in 2027 when the next election must be called. If Mr Macron stuns France by deciding that his presidency has become so unbearable that he resigns, it might come even sooner. ■