

Brussels, French Politics and the “Macron Law”

By Robin Gaddled (EUI)

Intense debate and media attention surrounded the adoption of the French law on Growth, Economic Activity and Economic Equal Opportunities¹, more famously known under the name of its promotor: France’s new Minister to the Economy Emmanuel Macron.

“Atomic” 49-3

Wide-ranging to the point that it was sometimes called “catch-all” (“*loi fourre-tout*”) in the press², the Macron law was subject to over 3000 amendment proposals³. This number only reflects the size of the debates and political opposition that surrounded the draft law, both within and outside Parliament. Political tensions became eventually so strong that Prime Minister Manuel Valls resorted to a now rarely⁴ used prerogative of the French Executive to see the law adopted by the National Assembly without a vote: “the 49-3” procedure.

Under French law, a legislative proposal is only successful if it is adopted by both Chambers of Parliament, the National Assembly and the Senate. In the case of the Macron law, the government had already triggered an “accelerated procedure” allowing for only one reading of the proposal in each Chamber⁵. Article 49, paragraph 3 of the Constitution allows the prime minister to engage the responsibility of the government before the National Assembly on a law proposal⁶. The law proposal is considered adopted unless a motion of no confidence (“*motion de défiance*”) is voted by the National Assembly within constraining time limits. As parliamentary opposition failed to adopt such a motion⁷, the legislative text was considered adopted by the National Assembly on 19 February 2015. As a consequence, it was transferred to the Senate, where it is now pending. While article 49-3 is not applicable to the Senate, the National Assembly should have the last institutional word. There is little doubt that the Macron law will pass in the coming months.

¹ http://www.assemblee-nationale.fr/14/dossiers/croissance_activite.asp#ETAPE336321 (all websites referred to in this comment were last accessed on 24 March 2015)

² <http://www.lefigaro.fr/flash-eco/2014/12/02/97002-20141202FILWWW00324-la-loi-macron-une-loi-fourre-tout.php>.

³ See in particular http://www2.assemblee-nationale.fr/recherche/amendements#listeResultats=true&idDossierLegislatif=33632&idExamen=4525&numAmend=&idAuteur=&idArticle=&idAlinea=&sort=&dateDebut=&dateFin=&periodeParlementaire=&texteRecherche=&zoneRecherche=tout&nbres=10&format=html®leTri=ordre_texte&ordreTri=croissant&start=1. Over 300 of these amendments appear to be directly linked to the intense lobbying of regulated professions (essentially French notaries) concerned by the law: http://www.francetvinfo.fr/economie/loi-macron/info-france-2-quand-les-notaires-ecrivent-les-amendements-de-la-loi-macron_808689.html.

⁴ <http://www.publicsenat.fr/lcp/politique/493-utilise-45-fois-1988-819082>.

⁵ For more details about French Budgetary procedures, see: <http://eurocrisislaw.eui.eu/country/france/topic/budgetary-process-changes/>.

⁶ The procedure is available to the government maximum once per parliamentary session, but can be used for all Budget and Social Security Financing laws.

⁷ http://www.lemonde.fr/economie/article/2015/02/18/loi-macron-des-deputes-tentent-de-lancer-une-motion-de-censure-de-gauche_4579025_3234.html.

A divided majority

The main narrative to this escalation, from discussion to the use of “atomic”⁸ 49-3, is arguably that of the clash between two formations of the left within – as well as outside – the ruling Socialist Party (PS)⁹.

The law, put forward by former banker¹⁰ and new minister to the Economy Emmanuel Macron, is probably one of the clearest manifestations so far of President François Hollande’s “social liberalism”¹¹. The law provides for a variety of measures, whose topics range from road transport to housing. Some of its main features include the introduction of additional competition in the system of regulated legal professions (such as notaries), extension of Sunday work and the reform of labour courts. Important parts of the Macron law drew inspiration from an independent expert report ordered by France’s former right-wing President Nicolas Sarkozy, and led by Jacques Attali¹². Of interest is the fact that the rapporteur to the Attali Report was Emmanuel Macron.

Voices on the left denounced the law proposal as a liberal push under the guise of socialism¹³. Amongst them, a group of dissenting socialists within the majority, better known as “*les frondeurs*”, expressed concerns¹⁴. They joined in the process representatives of the leftist opposition to the government: ecologists¹⁵ (who quit the government last year over disagreement on the line set by new Prime Minister Manuel Valls) and the far left¹⁶. Eventually, most of the amendments adopted for the draft law came from within the ranks of the government’s majority in Parliament¹⁷.

Still, following intense, article-by-article discussions, compromises were made between the different strands of the majority¹⁸. Individual members of center and right wing parliamentary groups also declared they thought the law was headed in the right direction¹⁹. However, compromises could be found only up to a point: in an unprecedented move, the *frondeurs* threatened to vote against the law proposal – against their own group in Parliament – after they failed to agree with the government on the regulation of Sunday work²⁰. For the Prime Minister, the threat justified triggering article 49, paragraph 3, of the Constitution.

⁸ http://www.lemonde.fr/politique/article/2015/02/19/sarkozy-fustige-l-emploi-de-l-arme-nucleaire-du-49-3_4579183_823448.html.

⁹ <http://www.ft.com.ezproxy.eui.eu/intl/cms/s/0/032ff4cc-b74b-11e4-981d-00144feab7de.html>.

¹⁰ <http://www.wsj.com/articles/frances-hollande-casts-fate-with-ex-banker-macron-1425851639>.

¹¹ http://www.liberation.fr/economie/2013/05/16/hollande-un-social-liberal-presque-assume_903459.

¹² See the intervention of Jacques Attali before the Senate on 3 February 2015: http://www.senat.fr/compte-rendu-commissions/20150202/gt_macron.html#toc2.

See also: <http://www.mediapart.fr/journal/france/130115/aux-origines-de-la-loi-macron-un-projet-neoliberal-concocte-pour-sarkozy?onglet=full>.

¹³ <http://www.mediapart.fr/journal/france/070714/hollande-et-valls-l-alternance-sans-le-dire>.

¹⁴ The differences between the two views are better expressed by comparing the law on Growth, Economic Activity and Economic Equal Opportunities with the proposal put forward by Emmanuel Macron’s predecessor in Bercy and now “*frondeur*”, Arnaud Montebourg, for a Law on Growth and Purchasing Power. See e.g. http://www.lemonde.fr/economie/article/2014/07/10/6-milliards-pour-le-pouvoir-d-achat-appel-au-patriotisme-et-a-l-embauche-les-annonces-de-montebourg_4455070_3234.html.

¹⁵ <http://www.lejdd.fr/Politique/Cecile-Duflot-Mettre-en-echec-la-loi-Macron-est-un-devoir-710284>.

¹⁶ <http://blogs.mediapart.fr/edition/les-invites-de-mediapart/article/260115/loi-macron-loi-des-patrons>.

¹⁷ <http://www.mediapart.fr/journal/france/160215/loi-macron-ce-quil-en-reste-au-terme-dun-mois-de-debats?onglet=full>.

¹⁸ http://www.lemonde.fr/politique/article/2015/02/13/loi-macron-ou-en-est-on_4576078_823448.html.

¹⁹ <http://www.lefigaro.fr/politique/2015/02/16/01002-20150216ARTFIG00379--l-ump-et-l-udi-la-minorite-des-pour-resiste.php>.

²⁰ <http://www.marianne.net/loi-macron-lettre-equilibriste-hamon-aux-deputes-100231408.html>.

A European dimension

While this main narrative is essentially focused on internal French politics, several commentators and politicians have pointed to the European dimension of the Macron law. « The shadow of Brussels looms over the Macron law », reads French newspaper *Mediapart*²¹, suggesting that the wide range of topics covered by the law, as well as the accelerated pace set for its adoption, can be in part explained by a constraining European calendar. Several other newspapers describe how the law aligns with EU recommendations, and point to the praise that the draft law received in European circles²². The extreme right-wing Party “National Front” went as far as to say that Emmanuel Macron was but a “pawn of the European Union” and that his law should be renamed the “Brussels law”²³.

This last opinion omits that France partially shaped and agreed on the rules of the European economic governance, and that the genealogy of the Macron law can be traced back at least to the Attali report – which therefore predates current European pressures to adopt comparable legislation. What is true, though, is that interpretations of the Macron law should be situated in the wider context of EU crisis law.

France is currently subjected to two interrelated procedures in the framework of the European economic governance, which constrains the budgetary and macroeconomic policies of Member States. A procedure for excessive deficit was launched against France in 2009, while a procedure for macroeconomic imbalances started in 2013. Each of these procedures can end up in sanctions if France doesn't live by its European commitments. Ultimately, fines can be imposed, up to GDP 0,5% for excessive deficit and up to GDP 0,1% for macroeconomic imbalances.

On 28 November 2014, for the annual presentation of its opinion on the draft budgetary plans of euro area Member States, the Commission provided a critical assessment of the French plans for 2015. The Commission did not exactly request a revised budgetary plan. Instead, it identified a risk of non-compliance with the provisions of the Stability and Growth Pact and – in an attempt to put pressure on France to implement the necessary measures – announced that it would “examine in early March 2015 its position vis-à-vis France's obligations under the Stability and Growth Pact in the light of the finalisation of the budget law and of the expected specification of the structural reform programme announced by the authorities”²⁴. Such reforms were mentioned by the French Prime Minister in a letter addressed to the Commission, on 21 November 2014. Among them, the Macron law featured prominently²⁵. Thus, there were high European stakes for the French government to see the Macron law pass Parliament as swiftly as possible.

The Macron law is of particular relevance to macroeconomic imbalances, as it aims at removing hindrances to France's economy and liberate growth. Most of the positive developments noted by the Commission in its latest In Depth Review of France's macroeconomic outlook actually relate to

²¹ <http://www.mediapart.fr/journal/france/091214/loi-macron-le-grand-fourre-tout-cense-amadou-bruxelles?onglet=full>.

²² <http://www.euractiv.fr/sections/euro-finances/la-loi-macron-veut-remettre-le-marche-du-travail-dans-les-clous-pour>.

²³ <https://fr.news.yahoo.com/video/florian-philippot-la-loi-macron-232721145.html>.

²⁴ http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/dbp/2014/fr_2014-11-28_co_en.pdf

²⁵ Alongside the Macron law, the Prime Minister stresses on previous reforms, such as the “responsibility and solidarity pact”, and the upcoming reform of Local administrations.

http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/dbp/2014/fr_2014-11-21_government_letter_fr.pdf

the Macron law²⁶. Even though the Commission remains cautious²⁷ on the merits of the law until it sees how it is implemented – and while it requires additional reforms – it is clear that the Macron law will weigh more than any other measure on the positive side of the Commission’s assessment of France’s macroeconomic reforms.

The Macron law also played a role in the procedure dealing with France’s excessive deficit. When the Commission finally recommended, on 27 February 2015, that France be granted a two-year reprieve to correct its deficit, it mentioned the Macron law²⁸. Newspapers suggest more explicitly that the hard fought French reform had an impact on the decision by the Commission not to sanction France yet on its excessive deficit²⁹.

One can only guess whether show of its internal struggles to see the Macron law adopted helped France tilt the balance in favor of such a reprieve, against the wishes of several other EU member States³⁰ and EU Commissioners³¹. While some argue that the reprieve is another gift made by the Commission to a large Member State, it is not clear whether the two-year deadline can be entirely considered good news for President François Hollande himself. France may very well be in the midst of its 2017 Presidential election when a sanction mechanism is set in motion – a potentially disastrous political timing³².

²⁶ http://ec.europa.eu/economy_finance/economic_governance/macroeconomic_imbalance_procedure/mip_reports/index_en.htm.

²⁷ http://ec.europa.eu/france/news/semestre_europeen_discours_moscovici_fr.htm.

²⁸ http://ec.europa.eu/economy_finance/economic_governance/sgp/deficit/countries/france_en.htm.

²⁹ <http://www.euractiv.fr/sections/politique/le-gouvernement-tente-le-passage-en-force-sur-la-loi-macron-312217> ; http://www.lepoint.fr/economie/loi-macron-derniere-carte-du-gouvernement-a-bruxelles-09-12-2014-1888255_28.php.

³⁰ <http://www.ft.com.ezproxy.eui.eu/intl/cms/s/0/394d2aaa-c72e-11e4-9e34-00144feab7de.html?siteedition=uk>.

³¹ <http://www.ft.com.ezproxy.eui.eu/intl/cms/s/0/02eb3086-c596-11e4-ab8f-00144feab7de.html?siteedition=uk>.

³² <http://bruxelles.blogs.liberation.fr/2015/03/03/bruxelles-offre-un-repit-piege-bruxelles-pour-rentre-dans-les-clous-du-pacte/>.