In the spotlight for alleged liaisons with an actress, the president of France makes a political split.

Francois Hollande puts on a new political face

BY ELIZABETH PINEAU, JULIEN PONTHUS AND MARK JOHN
François Hollande’s advisers needed a drink.

Their boss, the president of France, had been dogged for days by allegations he was cheating on his long-time girlfriend with a movie actress. At the same time, he was making another big split — an ideological shift that could have major consequences for Europe’s second-largest economy.

The pressures — his troubles at home, his attempt to redefine his political agenda — all came to a head on Jan. 14, as he stonewalled questions from journalists about his private life at a 154-minute news conference he had called to outline his economic policies.

Gathered afterwards in a room next to Hollande’s office in the Elysee Palace, his aides sipped mojitos and gin-and-tonics with a few journalists and watched how his performance was playing on the evening news.

The door opened and in walked Hollande. The man whose popularity ratings were at record lows for any modern French president was in high spirits. He leapt into an armchair and for the next 30 minutes enthused on his belief that at last, France was on the right track.

“We have got to restore faith. People need to be able to say ‘we know where we are going,’” he declared. “Right now we are in the process of creating a spirit of compromise — a French version of social democracy.”

It was a striking scene in many ways. His life was at a crisis point, but his backstage performance was assured, even breezy. And he had crossed a political line.

Those two words “social democracy” mean little in Britain or the United States, but in France, Hollande had always shunned the phrase for fear of blowing his Socialist Party apart. “I am a Socialist,” he told reporters last May. “Don’t forget for years I was the leader of the Socialist Party — and I didn’t try and rename it the Social Democratic Party.”

We are in the process of creating ... a French version of social democracy.

Francois Hollande

During his election campaign, he had declared the world of finance to be his “main adversary”, and pledged extra taxes for millionaires.

Now he was telling the media he would reform France through a pact with business, cut taxes and make 50 billion euros in extra spending cuts. He used the term “social democrat” at least three times and jokily invited anyone who wasn’t convinced he was one to ask a further question.

For much of the French left, social democracy represents a betrayal of cherished beliefs in favour of the centrist doctrine of Tony Blair, Gerhard Schroeder or Bill Clinton; the abandonment of pure socialism and a tacit admission that capital has the upper hand over labour.

As Hollande heads without a First Lady to the United States on Monday, he is projecting a more business-friendly persona than the “regular guy” left-winger France chose in May 2012 to replace conservative ex-President Nicolas Sarkozy.

Several people who know Hollande say that, deep down, he has always been more of a centrist, who had calculated that he should present himself as a man of the left to win election.

“This is not so much a U-turn as a self-revelation. He has finally outed himself,” said Serge Raffy, author of the 2011 Hollande biography “Itinéraire secret” (Secret Route).

Hollande aides argue the president has chosen an “acceleration” of his policies rather than a U-turn. They stress his ultimate goal remains to cut unemployment — an objective they say is still eminently left-wing.

SHEDDING AMBIGUITY

Hollande has always been hard to read. Shortly after his victory over Sarkozy, he received a group of French and German business leaders. To one participant who had attended similar meetings with Hollande’s
Hollande brought low
How French presidents’ popularity fared in their first two years in office

For months, the president ruled by slowly building consensus between different factions, for instance by making people pay longer into pension schemes, but not raising the retirement age – a move resisted by trade unions and the left.

But the 59-year-old was also showing he could work with business. Just two months into power, he commissioned Louis Gallois, the former chief of Airbus-maker EADS, to produce a report on how to help French companies reverse a fall in their share of the world’s export markets. What emerged was a 20-billion-euro ($27 billion) package of tax credits designed to offset high French labour costs.

Critics dismissed the step as insufficient. At the time, international attention was more focused on the way France was resisting “austerity” moves by Germany and pushing through a 75-percent tax on millionaires.

But the millionaires’ tax was a temporary levy, subsequently watered down and now due to be phased out next year. And the credits were to be the first of several moves Hollande made to persuade business to help restore the economy.

“There comes a time when you have to do things – and often those things are neither on the left nor on the right,” Hollande told a small group of reporters in April 2013. Such comments echoed Britain’s
Blair, who during a 1998 visit to Paris to promote “Third Way” centrism told the French parliament that “there is no left or right in economic management today.”

By mid-2013, Hollande’s more economically liberal ministers were hailing a departure from the idea that governments could spend their way out of recession, a view held by French Socialists since World War Two. Finance Minister Pierre Moscovici even spoke of a “Copernican revolution” in their thinking, referring to the 16th-century discovery that Earth rotates around a stationary sun.

Still, Hollande insisted that he was firmly Socialist. But his actions hinted at change. He was pushing ahead with sensitive plans to ease France’s laws on hiring-and-firing and extend contributions to pensions. Both reforms had the potential, if mishandled, to bring thousands of French workers on to the street in protest.

A week after the president had reminded reporters of his Socialist credentials, he went to Germany and gave a speech enthusing about the reforms carried out by former Social Democrat chancellor Schroeder, who cut income taxes, overhauled unemployment insurance and liberalised temporary work.

“PAPA HOLLANDE”

Critics such as left-winger Arnaud Montebourg had accused Hollande of being an incorrigible ditherer and nicknamed him “Flanby” after a French creme caramel dessert. His confidence, though, was mounting.

One reason for this was his snap decision in January 2013 to send French troops into the West African ex-colony of Mali to halt an Islamist insurgency advancing on the capital Bamako. When he visited Bamako and the ancient trading town of Timbuktu, ecstatic Malians rushed to greet him as “Papa Hollande” and “Saviour.”

“Austerity that dares not speak its name”

Delphine Batho
Leftist, on Hollande’s programme

“This may well have been the best day of my political life,” Hollande, a foreign policy novice who had just seen close-up the power he wielded as France’s supreme military commander, said on his plane home.

Back in Paris, he ditched the regular-guy image and assumed the trappings of president. He started living full-time in the Elysee Palace, moving out of the apartment in Paris’s middle-class 15th arrondissement that he had shared with journalist Valerie Trierweiler. They had lived there since 2007 after he separated from Segolene Royal, herself once a Socialist presidential candidate and the mother of his four children.

The open-top hybrid Citroen he had selected to tour the Champs-Elysees on the day of his swearing-in as president – a choice intended to show his simple tastes – was swapped for an austere, bullet-proof black Citroen C6 limo, the same model Sarkozy had used.

In July, he made his first cabinet sacking. He dismissed Ecology Minister Delphine Batho, a leftist former Royal protegee, after she told the radio she disagreed with a plan
No satisfaction
Since 1958, with a few brief exceptions, the French have been less and less happy with their presidents

<table>
<thead>
<tr>
<th>Charles de Gaulle</th>
<th>Georges Pompidou</th>
<th>Valéry Giscard d'Estaing</th>
<th>François Mitterrand</th>
<th>Jacques Chirac</th>
<th>Nicolas Sarkozy</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERCENT SATISFIED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Institut français d'opinion publique (Ifop)

At 22%, Hollande has the lowest approval rate in French history

They were not the only ones who were unhappy with Hollande’s tax rises. A November poll by YouGov France showed 81 percent of French people thought the tax system was unfair. Nearly two-thirds said they had personally been hit by tax rises – the government had promised just 10 percent would be worse off. Worse still, unemployment was rooted stubbornly at around 11 percent: Hollande was failing on his number one policy priority of bringing down joblessness.

It was at this point that the recently appointed head of Medef, France’s main employers’ federation, made Hollande an offer he would not refuse.

Pierre Gattaz said business was ready to create up to one million new jobs in return for less red tape on business and further cuts in labour costs. He called it a “confidence pact.” “The French have understood that we have to cut public expenditure. We have to have the political courage to say that we are living above our means,” Gattaz told Reuters in November.

This was the broad deal that the president – who termed it a “responsibility pact” – would unveil in the New Year.

DEATH OF FLANBY
The stage was meticulously set for a grand relaunch: First, Hollande would make a brief announcement in his New Year’s Eve address on TV; then he would spell out the details of the pact at his start-the-year news conference.

It is not clear when Hollande learned the event would be hijacked by magazine
pictures of night-time comings and goings outside actress Julie Gayet’s Parisian pied-a-terre. Already on the eve of the pictures’ Jan. 10 publication, the magazine Closer had released a teaser on its website. Reporters bombarded the Elysee with questions.

Aides told Reuters they had known about the pictures in the week before they were published. Gayet, now 41, had become a staunch supporter of Hollande on his election campaign. A 2011 photo shows her wearing a T-shirt with the slogan “I only date super-heroes,” as she and the president share a joke. In an April 2012 video clip, she was recorded saying she had met him at an informal lunch in Paris. “I discovered a man who was humble, just really fantastic,” she said.

In March 2013 she had launched legal action over social media chatter that she was Hollande’s mistress. That intensified in July as she went with him to his home constituency in the south-west city of Tulle, while Trierweiler was photographed alone on a beach in Greece.

France has strict privacy laws which would have allowed Hollande to file a complaint for breach of privacy, seek damages and even theoretically pull the magazine from the shelves. He chose not to use them. On the morning the pictures were published, his office issued a statement complaining of a breach of privacy, citing the possibility of legal action, but containing no denial.

If Hollande had thought Trierweiler would agree to a quick statement jointly announcing their separation before his big news conference, he was wrong: A source close to Trierweiler said she refused.

That forced Hollande to announce the separation alone, in an 18-word statement on Jan. 25. References to and photographs of Trierweiler have since been removed from his website.

Early polls show many French were shocked by the apparent coldness of the goodbye. The Elysee Palace declined to comment on the background to the separation statement. There is no evidence to suggest that political calculations played any role in the couple’s split.

Still, some who know Hollande say the rupture did have a political consequence, because it fits the “no-nonsense” image Hollande wants to project from now.

“The text was written to fit the new reality: a man who takes charge of things, in his personal life too, even a bit harshly,” said biographer Raffy. “He has killed Flanby for good.”

Editor: Sara Ledwith and Simon Robinson

FOR MORE INFORMATION
Elizabeth Pineau, Journalist elizabeth.pineau@thomsonreuters.com
Julien Ponthus, Correspondent julien.ponthus@thomsonreuters.com
Mark John, Bureau Chief, France mark.john@thomsonreuters.com
Michael Williams, Global Enterprise Editor michael.j.williams@thomsonreuters.com