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France's Radical Election Result Could Transform the EU

Why 'Macrel' is the new flavor of the month

- Richard Palmer
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French President Emmanuel Macron actually did it. After founding a party just over one year ago, he took the presidency in May, and now has stormed the legislature.

His 15-month-old [La République en Marche](#) (Republic Onward, in English) has come from nowhere to win 360 out of the 577 seats in the legislature—one of the largest majorities in France's history—after a two-stage election held on June 11 and June 18.

That a brand new party could come from nowhere to do so well shows the radical dissatisfaction with France's traditional parties and the entire political system.

However, it's not as simple as saying that an entire political class just got booted out on a wave of hope and optimism. As Melanie Phillips wrote in the run-up to the presidential election, Macron's "claim to represent a challenge to the existing order, like his purported centrism, is phony." Macron has served at high levels of the civil service, banking and government. "He is the ultimate *insider*," she wrote. This outsider image helped him win, but it will wear thin as he treads the same familiar paths.

His victory is tainted by another remarkable statistic. For the first time in France's history, turnout at a legislative election fell below 50 percent in both the rounds of voting.

Nevertheless, Macron is president and with the legislature behind him, he has the power to make sweeping changes. And this could be big for Europe.

Macron has a two-step plan. "He wants a eurozone finance minister and budget, with joint debt, and a banking union with shared deposit insurance, all legitimized by a new parliament for the currency bloc," wrote [the Telegraph's Ambrose Evans-Pritchard](#). "It implies a unitary eurozone superstate."

However, for this to happen it needs German support, as this would mean German taxes being used to subsidize, in some form, other members of the eurozone—or at least allowing eurozone countries some access to the German credit card.

France's economy has some major problems. Every time France has pushed for a shake-up of the eurozone, Germany has said it won't do anything until France gets its own house in order. Germany doesn't want to be stuck forever bailing out a dysfunctional French economy.

Hence Macron's first step. He aims to use his majority to push through the changes Germany has been demanding for years, swiftly confronting France's restrictive labor laws, which make it hard to fire anyone and thus discourages firms from hiring. "As the saying goes, it takes three days to fire somebody in London, three months in Switzerland, and three years in Paris," said the head of ubs in France, Jean-Frédéric de Leusse. "It may be an exaggeration, but it is probably quite close to reality." Macron also plans on tackling France's pension system, cutting corporation take, and spending €50 billion (us\$55.8

billion) on transport, energy and on-the-job training.

France's trade unions will probably scream blue murder, but with his majority in parliament, Macron can probably make these changes. And then he'll turn to Germany.

The concessions Macron wants will not be easy for Germany to give. But Germany will still be under pressure to make some concessions. On the one hand, lending Germany's credit card to another country is extremely unpopular. On the other hand, Germany saw how well the far-right, euroskeptic Marine Le Pen did in France's presidential election in May. If Germany does nothing, it could see a Le Pen victory in five years' time smash the eurozone and destroy its export-driven economy.

Macron's victory, therefore, could allow the eurozone to take the next few steps to becoming a superstate.

Germany could soon find itself uniquely willing to work with Macron. France's attention won't turn to Germany until after the German election. If the current polls are to be believed, he'll be dealing with a newly reelected Chancellor Angela Merkel, in what is very probably her final term in office—her eyes focused on cementing her legacy.

"German Chancellor Angela Merkel does not hide her enthusiasm for her new French partner, who has been equally keen to show how closely they are working together," [wrote Sylvie Kauffmann in the *New York Times*](#). "These days, Paris-Berlin and Berlin-Paris flights have become crowded with civil servants heading to meetings." She continued:

A new sense of urgency is crossing the Rhine. Mr. Macron's government is openly German-friendly; five of its members, including Prime Minister Edouard Philippe, speak the language fluently. The defense ministers of Germany and France, Ursula von der Leyen and Sylvie Goulard, speak the other's language and have hit it off, with ambitious plans for European defense. On July 13, the day before Bastille Day, both governments will hold a joint cabinet meeting in Paris to discuss proposals to strengthen and further integrate the eurozone. The Franco-German rapprochement seems to extend beyond the leadership: The latest ard-DeutschlandTrend poll, published on June 8, showed that 94 percent of Germans saw France as a trustworthy partner, while only 21 percent thought the same of Russia ... and of the United States.

Hence the rosy talk of a new Franco-German partnership—"Macrel" a portmanteau of the last names of the two leaders.

This partnership probably won't take Europe all the way to a superstate. If the changes Macron wants were easy, they would have been made already. The same *irresistible force meets immovable object* that has stalled Europe's integration process remains. Europe won't give other countries access to its credit card without having some say in how these other countries spend their money—otherwise German taxpayers could end up paying the bill left by other irresponsible borrowers. At the same time, other countries need German money but won't put up with German control.

It seems unlikely that Macron will make it through that impasse completely. That will probably take a high-pressure event—another Greek crisis or Lehman Brothers collapse.

But we could still be in for some significant steps in that direction soon.

For more on where this is ultimately leading, read our article ["Why the Euro Is Heading for an Earthshaking Crisis"](#) ▪

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