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## **MACRONOMY: WHAT ARE EMMANUEL MACRON'S ECONOMIC PLANS?**

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With Emmanuel Macron's French election win, the prospect of France leaving the European Union - as proposed by his run-off opponent Marine Le Pen - has been all but eliminated.

But many analysts are already saying that if Mr Macron fails to deliver on economic promises over the next five years, then the challenge from the National Front could be even stiffer come the 2022 election.

As a former economy minister to outgoing president Francois Hollande, his economic credentials formed a big part of his campaign.

So what are some of his key economic policies?

Reforming the eurozone

The election result briefly sent the euro to a six-month high against the dollar, as markets reacted to the victory by the pro-EU candidate. Ms Le Pen had campaigned for France to leave the euro and proposed a referendum in which French voters would have an opportunity to vote to leave the EU.

Mr Macron wants France to stay in the eurozone, but reform it. In his manifesto, he wanted a common eurozone budget and a eurozone finance minister too.

He also will ask Berlin to invest and spend more to help Germany's domestic economy, which it is hoped will help French exporters and manufacturers in other European countries.

But all of this can only happen with Germany's backing. There'll be no decisions until after Germany's elections later this year, so for now he can only focus on domestic policy.

Help business

While Francois Hollande initially tried to please the socialist elements of his party by being tough on companies, Mr Macron as economy minister oversaw a change in direction over the past three years, heralding a more pro-business approach.

That included about 40bn euros (\$44bn; £33.9bn) in tax breaks to try to invigorate the economy, a benefit Mr Macron plans to make permanent.

He also says corporation tax will gradually reduce from 33% to 25%.

And a new wealth tax, aimed at the rich, will not apply to financial investments.

### Tackle unemployment

The unemployment rate in France is 10.1%. About three million people who want to work and are looking for a job don't have one.

While not the worst figures in Europe, it is above average for the region and far worse than, for example, the Netherlands, where it is just above 5%, and Germany, where it is below 4%. The figure for the UK is below 5%.

Youth unemployment is particularly bad, with about one in four under-25s out of work.

Mr Macron has said he hopes to get unemployment down by thinning some of the labour laws, with an aim of making it less onerous on employers to take on new staff.

The International Monetary Fund estimates that it will be hard to get French unemployment down much below 8.5% without major reform.

But one thing in the President-elect's favour is that the strongest union in the private sector is now the moderate CFDT, which now has more clout than the more militant CGT.

Mr Macron has no plans to scrap France's controversial 35-hour working week - a rule which doesn't ban long hours, but is a threshold which triggers overtime payment. Instead he has said he'll allow firms to negotiate deals with their staff on hours and pay.

And perhaps another sign of hope. The economy has been creating jobs at the fastest pace in more than a decade.

### Budget targets

The European Union requires members to make sure their budget deficit (essentially the difference between what it brings in through revenues e.g. tax and what it spends) is no more than 3% of gross domestic product.

France has missed this target - at times dramatically - in recent years as the Hollande government resisted pressure to bring in swingeing austerity measures.

Mr Macron says that as economy minister he was working towards hitting that target, and estimates it'll happen this year.

### Slim down the state

France has one of the largest public sectors in the world. Public spending last year was 56.5% of GDP.

And with plans to reduce corporation tax, cutting that spending bill becomes more urgent.

Mr Macron believes he can save 60bn euros over five years. This is not hugely radical, for example election rival Francois Fillon had proposed 100bn euros of spending cuts.

One concrete measure we know about is plans to cut about 120,000 government jobs by not replacing civil servants when they retire.

However, he also wants to make unemployment benefits available to groups currently not eligible, including the self-employed, entrepreneurs and farmers.

And while other European countries look to force people to work longer before being entitled to state pensions, France's official retirement age of 62 will be unchanged. The president-elect does, however, have plans to overhaul the system to make pension payouts more closely tied to what individuals pay in.

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