

# French group has platform but no candidate

By Katrin Bennhold

**PARIS:** The main French business federation announced an economic program Tuesday that it said could double growth and cut the unemployment rate by almost half over the course of one presidential term. The only thing missing: a candidate ready to run with it.

As the presidential campaign enters its final stretch, business leaders express exasperation at what they describe as a dearth of economic skill and ambition among all the contenders for the Élysée Palace at a time when French growth is among the slowest in the euro area.

According to Laurence Parisot, president of Medef, as the business federation is known, the potential growth rate of

---

**'France  
is no longer  
competitive.'**

---

France is as high as 4 percent, twice the pace of 2006. But there is little hope of achieving what she called "an ambitious but realistic goal" with what is being proposed in the current campaign, she said.

The Medef program calls for looser labor rules, lower taxes and incentives to bolster investment and innovation.

But Parisot said Nicolas Sarkozy, Ségolène Royal and François Bayrou, the three leading presidential candidates, are doing what French governments of all political colors have done for decades: focusing their efforts on bolstering demand, rather than supply.

"If you look at the three principal programs, none of them is proposing what we believe is right," she said at a news conference. "We need to abandon an economic approach that has funda-

mentally been the same for decades — an approach that makes demand the lever — the only lever — of economic policy."

Royal, the Socialist candidate, has vowed to increase the minimum wage, increase low-income pensions, raise unemployment benefits and create 10,000 state-subsidized jobs, among other things. While Sarkozy, the conservative candidate, has promised to loosen some labor rules and cut payroll taxes, he too has promised billions of euros in public spending. Bayrou, the centrist candidate, has proposed a less costly program than the other two, but has also pledged that as president he would protect people's "purchasing power."

But demand is not the problem, executives at Tuesday's news conference said. Consumption accounts for two-thirds of gross domestic product in France and has been growing at a healthy clip.

The problem, they said, is that French exports are losing market share and that France lags behind in innovation.

As Pierre Nanterme, president of Accenture France and head of Medef's economic commission, put it: "France is no longer competitive."

Last year, the French economy was outpaced by its German counterpart for the first time in 12 years and also fell short of the 2.6 percent average in the euro area.

Across the region, only Spain and Greece have higher jobless rates than France's 8.5 percent.

Meanwhile, the French share of European exports has slumped over the past decade, widening France's current account deficit to its highest level in a quarter century.

Eric Chaney, Morgan Stanley's chief European economist, now calls France "the new sick man of Europe."

The Medef program aims to raise the



Lucas Schifres/Bloomberg News

**Laurence Parisot, president of the French business federation Medef. The group seeks looser labor rules, lower taxes and incentives to bolster investment and innovation.**

growth rate to 4 percent through such measures as increasing investment, adding to research and development spending in companies, bolstering exports and working longer hours.

To pay for their proposals, the executives outlined measures that would cost the taxpayer no more than €10 billion, or \$13.3 billion — less than the politicians' programs proposed, Nanterme said.

Several measures focus on the labor market and taxation, among them proposals to scrap all restrictions on overtime in companies with fewer than 250 employees and calls to abolish not just the 35-hour workweek but a statutory workweek in general, with the aim of setting work hours in negotiations between employers and labor unions.

Other ideas include a suggestion to deny unemployment benefits to job seekers who have refused two straight job offers; a call for a simplified procedure to terminate a work contract if both employees and employers wish to do so; and tax cuts and tax credits for small companies.

Parisot said that the solutions to France's economic decline had been tried and tested in other European countries and it was only a matter of political will to implement them in France.

"For decades we have been in a vicious cycle," she said.

Like in Germany, she added, "it would take one or two years, but very quickly growth would pick up and we would enter into a virtuous cycle."