

France: political fragmentation and polarisation could frustrate pursuit of economic reforms



France's political configuration following this year's presidential and legislative elections will be critical to determining the capacity of the next administration to tackle structural credit challenges. Whether or not the next president secures a strong majority in the National Assembly to deliver decisive policy action could have a material impact on France's credit rating (AA/Stable). How have political dynamics evolved in recent decades and what does this mean for the country's ability to reform following this year's elections?

A scenario in which the incoming president has to contend with lower parliamentary support for his/her agenda has become more likely than before as: i) political fragmentation in the National Assembly has reached a high point; ii) polarisation has increased, reflected in the rise of extreme political forces, iii) mainstream parties on the right and left were diminished by the launch of Emmanuel Macron's party at the time of the 2017 elections; iv) the initial dynamic behind President Macron and his party has weakened over the course of his mandate. These factors have increased the risk of the next president having to form alliances, or a coalition in response to a weaker standing in the National Assembly or ending up with an antagonistic National Assembly and governing through cohabitation.

We analyse the potential implications for France's reform momentum depending on the most likely political configurations. However, this analysis will only include the presidential candidates that are currently polling at around 10% or above of voting intentions. The report does not consider individual presidential programmes, either, as the degree to which candidates have put forth reforms and policies remains unequal and incomplete.

Figure 1. Potential political configuration and expected impact on reform momentum

Incoming president		National Assembly settings			
		'Cohabitation'	Minority government w or w/o alliances	Absolute majority with alliances	Absolute stand-alone majority
Moderate	Emmanuel Macron	Red	Orange	Green	Yellow
	Valérie Pécresse	Red	Orange	Green	Yellow
Extreme	Marine Le Pen	Green	Yellow	Orange	Red
	Eric Zemmour	Green	Yellow	Orange	Red
	Jean-Luc Mélenchon	Green	Yellow	Orange	Red
Ability to reform		Weaker		Stronger	
Configuration likelihood		Lower		Higher	

Source: Scope Ratings GmbH

The main conclusions of our analysis are:

- Political fragmentation and polarisation in France have increased materially in recent decades, raising the risk of the next president facing weaker support in the National Assembly to deliver structural reforms and address credit challenges.
- More moderate candidates are the most likely to either secure a standalone majority in the National Assembly or maintain a minimal level of reform momentum thanks to their presumed ability to build alliances with other political forces.
- The victory of a far-right or far-left candidate is likely to be met with strong opposition from other parties in the National Assembly, limiting alliance possibilities and hampering reform momentum.
- Our baseline, incorporating latest surveys, is that growing political fragmentation makes the chances of president Emmanuel Macron to secure a second term more likely, but equally requires alliances to obtain an absolute majority in the National Assembly.

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Rising risk of governing without a strong majority in the National Assembly

Increasing political fragmentation and polarisation is an important risk to France’s capacity to reform

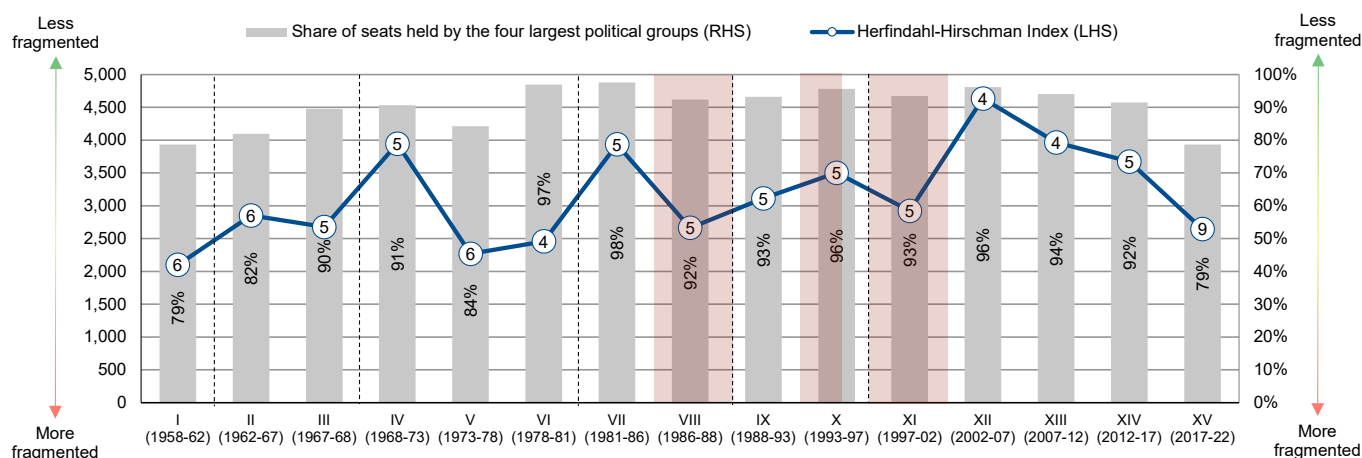
Assuming that one of the five candidates listed above will be elected president in April 2022, growing political fragmentation could hamper the reform momentum initiated in 2017 by President Macron. This momentum, however, was interrupted by the pandemic and mounting social opposition. With nine different political groups (versus five on average over 1958-2017), the National Assembly, France’s lower house of Parliament, has reached some of the highest levels of political fragmentation in the history of the Fifth Republic, which was established in 1958. This is illustrated by low levels of concentration, as measured by the Herfindahl-Hirschman Index, or the concentration ratio of the four largest political groups (**Figure 2**)¹.

The only periods with similar levels of fragmentation were either followed or preceded by a dissolution of the National Assembly or a period of cohabitation – i.e. coexistence of a politically antagonistic president and majority in the National Assembly (see [Appendix I for an overview of these events](#)).

In that respect, legislative elections in June 2022 will prove critical, perhaps more than usual, in determining the ability of the next president to reform decisively and address France’s lingering structural challenges (see [France: credit outlook hinges on decisive post-election action on structural challenges](#), 7 February). Since 2017, President Macron’s party (*La République En Marche*) has had a dominant position in the National Assembly (267 out of 577 seats).

However, its popular support has weakened over the course of its mandate, as illustrated in the 2021 local and regional elections, making further fragmentation in the National Assembly more likely. This would be in line with each French legislative election since the early 1980s (with the exception of 2007), which replaced the established majority by a new one². In that perspective, the next president may have to rely on alliances with multiple political groups to push forward his/her legislative agenda or may even face cohabitation, which could hamper the implementation of structural reforms.

Figure 2. Political fragmentation in France’s National Assembly per legislature (denoted in roman numerals) % of total (RHS); Herfindahl-Hirschman Index (LHS)



Note: The numbers presented in the line chart reflect the number of political groups present in the National Assembly. The red areas relate to periods of ‘cohabitation’, and the dotted lines represent instances when the National Assembly was dissolved. Source: Scope Ratings GmbH

¹ The Herfindahl-Hirschman Index is equal to the sum of the shares (expressed as a whole number, not a decimal) of seats held by each political group, while the concentration ratio is equal to the sum of the share of seats held for the four largest political groups.

² M. Bernard (2017), *La banalisation de l’alternance dans la vie politique française au début du XXIème siècle : expression d’une maturité démocratique ou rejet de l’offre politique ?*

Growing political polarisation, a deep-rooted trend

Parallel to the fragmentation of the National Assembly across political groups, the French electorate has become increasingly polarised, as reflected by the rise of far right and far left/radical left candidates in presidential election results (**Figure 3**). Far-right and left candidates accounted for a total of 43% of votes in the 2017 election, up from 19% in 2007, with the far right seeing the greatest gains.

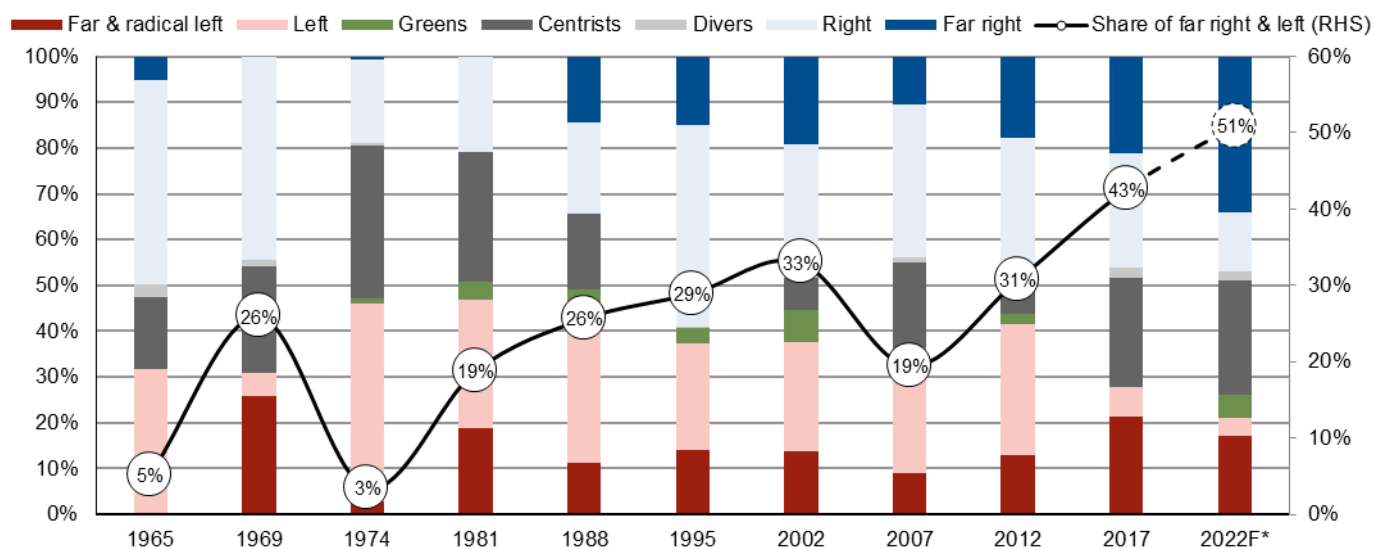
Latest polling³ shows close to half of voters supporting far-right or far-left candidates, with Marine Le Pen and Eric Zemmour accounting for around one third of voting intentions. At the opposite political spectrum, left political forces are also increasingly fragmented and polarised. The mainstream Socialist party remains low in the polls (around 5%), while far left/radical left candidates Jean Luc Mélenchon and Fabien Roussel account for around 15% of voting intentions.

Although France's politics have become more polarised, tail risks related to major policy shifts have to some extent been reduced since the gradual normalisation of the far-right and far-left positions regarding a potential 'Frexit' scenario, which none of the major candidates support today, despite Eurosceptic inclinations.

The polarisation of political forces has made the qualification of a far-right candidate for the second round of the presidential election a real possibility. However, the growing fragmentation of the far-right political agenda increases the chances of a moderate candidate being elected as the next president, making his or her capacity to secure an absolute stand-alone majority in the National Assembly less likely.

Figure 3. First round presidential electoral results and 2022 polling

% of votes; % of voting intentions (for 2022 only)



* Figures for 2022 are based on Politico's Poll of Polls as of 25 February 2022. Source: Politico, Scope Ratings GmbH

³ In this report, latest polling figures are taken from the Politico Poll of Polls for France.

Mainstream candidates could still secure a majority in the National Assembly to deliver structural reforms

Victory will prove difficult for far-right candidates, but still possible

Even still, a far-right majority in the National Assembly looks unlikely at this stage

Outcome of presidential and legislative elections will have important implications for the reform momentum

In a scenario where Emmanuel Macron or Valérie Pécresse is elected president, we see their chances of securing their own majority in the National Assembly (either with or without alliances) higher than far-right candidates, despite growing political fragmentation (see **Figure 1**, first page). Although their agendas diverge in some areas, there are broad similarities between the centre right (Emmanuel Macron) and mainstream right (Valérie Pécresse), such as deep attachment to pro-European policies, ambitious reform to support a business-friendly environment, and modernised but relatively large social policies.

The moderate tone of their proposals in comparison to other extreme candidates could render the impact on reform momentum somewhat similar and increase their ability to secure political alliances. We deem it unlikely that either candidate's party could secure a stand-alone majority in the National Assembly. But they could form alliances with other moderate parties to secure the required presidential majority in order to push forward their reform programmes.

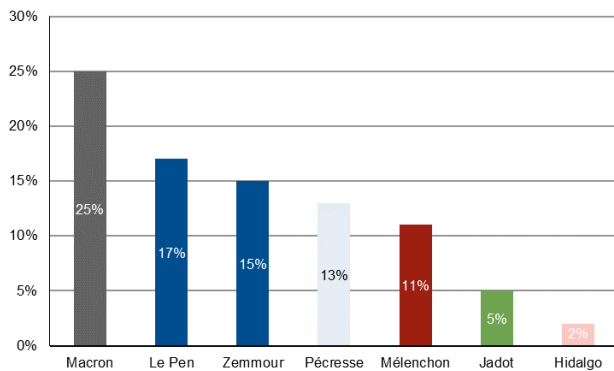
If Marine Le Pen or Eric Zemmour reach the second round, political forces ranging from the left to the right could join forces and back the mainstream candidate (the so called *front républicain*). This united front enabled President Chirac and President Macron to secure relatively large victories against the far-right Le Pen family in 2002 and 2017. In such a scenario, the main question will be whether the *front républicain* will be strong enough to block far-right parties from seizing power. In the past, the resilience of the united front has eroded progressively as far-right candidates have gained increasing popular support. This has enabled the far right to increase its chances of victory at the presidential election, which remains lower than the one of moderate candidates.

Should far-right political forces win the presidential election, securing a majority in the National Assembly will be a big challenge since they have historically been under-represented, securing only a few seats (10 seats out of 577 currently) which is well below their performance in presidential elections. This challenge will become even more acute should Marine Le Pen or Eric Zemmour reach the second round or be elected president. A situation in which France has a far-right president is most likely to be one where the political opposition secures a majority, resulting in cohabitation.

Concluding remarks

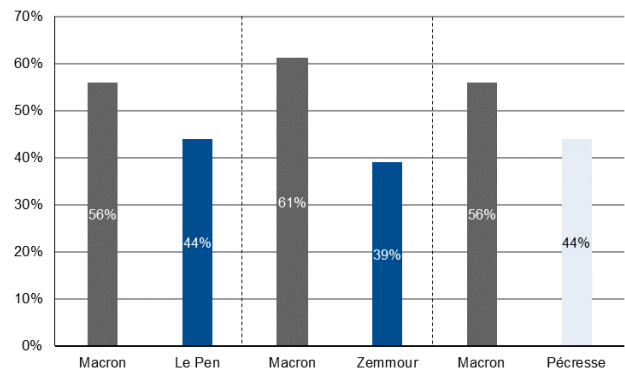
President Macron's re-election prospects in the 2022 ballot remain strong according to latest surveys, which place him in a comfortable lead for a first-round victory as of 25 February (**Figure 4**). Voting intentions suggest that the incumbent president is likely to secure a second mandate regardless of which candidate is in the second round (**Figure 5**). The re-election of president Macron is also made more likely as Russia's invasion of Ukraine takes the centre stage to the detriment of other candidates. In addition, far right and far left candidates have historically expressed some sympathy towards Russia, which could cost them politically in the current context. Even then, structurally higher political fragmentation and polarisation in French politics are likely to result in him having to navigate a more complex set-up in the National Assembly than he has to deal with over the past five years. In such a scenario, this could significantly affect the reform momentum compared to the years leading up to the Covid-crisis.

Figure 4. Presidential elections - First round polling
% of voting intentions



Source: Politico Poll of Polls, Scope Ratings GmbH

Figure 5. Presidential elections - Second round polling
% of voting intentions



Source: Politico Poll of Polls, Scope Ratings GmbH

Appendix I. Overview of National Assembly dissolution and cohabitation under the Fifth Republic

Dates	Event	President	Summary
1962	1st Dissolution	Charles de Gaulle	Charles de Gaulle launched the revision of the Constitution to elect the President of the Republic by universal suffrage through referendum. This reform was contested, even in the very ranks of his majority. A motion of censure was adopted by an absolute majority of the <i>députés</i> and overthrew the Pompidou government. General de Gaulle immediately responded by dissolving the Assembly. The legislative elections that followed were a success for him: the Gaullists won 44% of votes in the second round.
1968	2nd Dissolution	Charles de Gaulle	Following the civil unrest related to the protests of May 1968, a failed attempt to push through a referendum and faced with declining popular and political support in parliament, Charles de Gaulle dissolved the Assembly. He secured a majority with almost 50% of votes in the second round.
1981	3rd Dissolution	François Mitterrand	François Mitterrand dissolved the Assembly following the presidential election which resulted in him facing an antagonistic Assembly. He secured a majority in Parliament resulting from the legislative elections that followed (57% of votes in the second round).
1986-88	1st Cohabitation	François Mitterrand	Following the 1986 elections, a right-wing coalition secured 43.9% of votes which, on top of additional support, resulted in the opposition holding the parliamentary majority. The cohabitation lasted two years.
1988	4th Dissolution	François Mitterrand	François Mitterrand dissolved the Assembly following the presidential election which resulted in him facing an antagonistic Assembly. He secured a majority in Parliament resulting from the legislative elections that followed (49% of votes in the second round).
1993-95	2nd Cohabitation	François Mitterrand	In the legislative elections of 21 and 28 March 1993, the Socialist Party of President Mitterrand suffered an unprecedented defeat, with only 17.6% of the votes cast in the first round. It lost half of its electorate compared to the previous legislative election and 4/5ths of its members.
1997	5th Dissolution	Jacques Chirac	Two years after taking office, President Jacques Chirac considered that the forthcoming European deadlines (in particular, the introduction of the single currency) required 'a renewed majority with the time necessary for action'. While the parliamentary majority supporting the government was overwhelming, he dissolved the National Assembly and called for new legislative elections.
1997-02	3rd Cohabitation	Jacques Chirac	Left-wing political forces were victorious in the legislative elections that were spurred by the dissolution of the Assembly and secured a majority in parliament. Following this third cohabitation, the government revised the Constitution to make the presidential term of office coincide with that of members of parliament to avoid future cohabitation.



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