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Like Scrooge In Love, France's Hollande Wakes Promising Tax & Spending Cuts

Longtime French Socialist President [François Hollande](#) promised a millionaire's tax before he was elected, and he delivered. Then, when facing roadblocks and exits from quintessentially French actor [Gerard Depardieu](#) and others, he still [Got Court Approval for his 75% Millionaire Tax](#). The dedicated Socialist has never wavered.



Ebenezer Scrooge on Christmas Morning
(Photo credit: Jim, the Photographer)

Yet a reported dalliance with actress Julie Gayet landed Mr. Hollande in strange territory. Despite France's notorious understanding of all things amour, reports of the affair and photos have produced a kerfuffle that appears not to be dimmed by Mr. Hollande's abrupt reversal of policies. Tax cuts, spending cuts, and belt tightening beyond the normally svelte French now seem to be the order of the day.

Meanwhile, France's First Lady, Valérie Trierweiler, was hospitalized for exhaustion. She is not married to Mr. Hollande, but her First Lady status seems clear nonetheless. Mr. Hollande's four children are from a prior relationship with Ségolène Royal to whom he also was not married. Yet this is France, after all.

Across the channel, one evening spent with three ghosts changed Ebenezer Scrooge from penny pincher to benefactor. Perhaps an evening of love can change Mr. Hollande's nature. And with all credit due to love, it's certainly possible that change he did. Radically. After all, President Hollande [announced](#) his plan to cut both taxes and spending. See [French politics Le Hollande nouveau](#).

Recall that Scrooge admitted that his about-face would cause some to laugh. But "he let them laugh, and little heeded them; for he was wise enough to know that nothing ever happened on this globe, for good, at which some people did not have their fill of laughter in the outset; and knowing that such as these would be blind anyway, he thought it quite as well that they should wrinkle up their eyes in grins, as have the malady in less attractive forms. His own heart laughed: and that was quite enough for him."

It is too early to predict whether Mr. Hollande's Christmas morning revelation of tax increases and spending cuts will materialize. Even if he emulates Scrooge in earnest, it is a sea change of combined fiscal reforms. One alluring idea was to end employer compulsory contributions for family benefits by 2017.

Still, French public spending is 57% of GDP, the highest in the euro zone. Savings in health care and local government? His reference to lowering the payroll taxes that businesses pay on all their workers could be one of the biggest moves for business.

So far, even many of Mr. Hollande's party are suggesting that they agree. Some have denounced the ideas and it's clear this will be hard to implement all at once, much less at all. Generous social benefits, high government spending, and high taxes on the wealthy could change. Although cuts to social benefits may prove especially elusive, it is hard as an outsider not to applaud these developments, whatever may have triggered them.

President Hollande has issues to resolve quite apart from fundamental fiscal ones. For example, he will need to clarify the identity of the First Lady of France, which apparently will be before a scheduled trip to the United States February 11th. Whether it is Ms. Trierweiler or Ms. Gayet, one assumes there will be no cuts of social benefits before then.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.