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Unausterity programme

The French have grown so used to their new president, Nicolas Sarkozy, breaking with tradition that when he lapses into bad old ways it comes almost as a shock. So it was with the French government's 2008 budget, unveiled on September 26th. It foresees a deficit of €41.7 billion ($58.8 billion), little smaller than in 2007, and worth 2.3% of GDP, scarcely down from 2.4% this year. Worse, this is based on what could well turn out to be overly optimistic forecasts of economic growth.

At one time, it had looked as if the government was preparing the ground for serious budgetary tightening. The French state, François Fillon, the prime minister, declared bluntly on September 21st, “was bankrupt”. And some days before that, Christine Lagarde, the finance minister, had hinted at an “austerity programme” for the public services.

Yet the reality is a budget that neither cuts public spending, nor reduces government borrowing—and that leaves the total public debt untouched, at some 64% of GDP. Several previously promised cuts have even been scaled back. Mr Sarkozy's campaign pledge not to replace one in two retiring civil servants, for instance, has been trimmed to one in three: some 23,000 jobs will go in 2008, half of them in education. And the government has had to pay for some €9 billion of tax cuts it pushed through parliament in the summer, devised before the recent financial turmoil.

The budget assumes GDP growth of between 2% and 2.5% in 2008. Yet official forecasts generally look optimistic. Whereas the French government reckons that growth in 2007 will also be in the 2-2.5% range, both the OECD, a rich-country think-tank, and the European Commission have revised down their forecasts, to 1.8% and 1.9% respectively.

The budget will dismay France's euro-area friends. Even before it was disclosed, Jean-Claude Trichet, president of the European Central Bank, noted sternly on French radio that the French state was the highest-spender as a share of GDP, “not only in the euro zone but within the European Union of 27”. Ms Lagarde faced harsh criticism at a recent meeting in Portugal, from other EU finance ministers who were not impressed by France's announcement that it planned to balance its budget not by 2010, but by 2012.

The budget increasingly seems to be a source of conflict within the government as well as outside it. When Ms Lagarde started to talk boldly of her austerity programme, she was put in her place by Mr Sarkozy's chief of staff, Claude Guéant. Mr Fillon received similar treatment when he declared that reforms of the country's generous special pension regimes were ready and waiting for a green light from the president. No such reform, retorted the Elysée, was anything like ready.

One explanation for these discordant voices could be that neither the prime minister nor the finance minister have as well-honed political instincts as Mr Sarkozy does for how to prepare public opinion for reform. The president tends to argue that change must not be perceived entirely in terms of sacrifice, so an expansionary budget is needed to smooth tough reforms. Another explanation could be that the government is waiting until after next March's municipal elections to tighten the belt. But the third is simply that the Elysée cannot stomach the political impact of a tighter budget squeeze.