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WORLD | EUROPE

# Marine Le Pen Centers Presidential Run on Getting France Out of Eurozone

National Front candidate takes a more cautious approach to dropping euro than in 2012 campaign



Marine Le Pen, the leader and presidential candidate of France's National Front, making a phone call on Tuesday at the European Parliament in Strasbourg, France. PHOTO: PATRICK SEEGER/EUROPEAN PRESSPHOTO AGENCY

By **WILLIAM HOROBIN**

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PARIS—National Front leader Marine Le Pen is seeking to turn May's presidential election into a referendum on the European Union by detailing a strategy to pull France from the bloc and its single currency if she wins.

She last ran in 2012 with an initial promise of a sharp and sudden break from the euro, but this time Ms. Le Pen has sought broader support from a splintered

French electorate. She says she would organize an orderly exit rather than crashing out with unpredictable consequences. If elected, she and top National Front officials say, her administration will spend its first six months negotiating the creation, along with other disappointed euro nations, of a basket of shadow European currencies. A newly reinstated franc, she says, would eventually be pegged to that basket, replacing the euro.

Ms. Le Pen says other countries struggling to meet European rules would be willing to enter into talks on pulling the EU apart. The threat of having to leave the euro, she says, has been used to blackmail Greece and other Southern European countries into implementing austerity programs their people reject.

“The euro has not been used as a currency, but as a weapon—a knife stuck in the ribs of a country to force it to go where the people don’t want to go,” Ms. Le Pen told reporters earlier this month. “Do you think we accept living under this threat, this tutelage? It’s absolutely out of the question.”

British Prime Minister Theresa May on Tuesday laid out more details of her own plans to take the U.K., France’s neighbor, out of the European Union and its single market. Brexit has spooked many French voters, particularly since no clear plan to implement it existed when the British people voted to leave in June. Mrs. May said Tuesday the U.K. doesn’t want a “half-in, half-out” relationship with the EU, but would try to negotiate friendly trade ties. She has yet to trigger the formal two-year exit process.

An attempt by France, the eurozone’s second-largest economy, to pull out would be far more challenging than Brexit, which doesn’t touch on currency questions. A “Frexit” would likely unleash chaos across the currency union and undermine the broader EU in a way Britain’s departure wouldn’t. No country has attempted to leave the euro, and French polls show that while people want to claw back control from Brussels, no majority would vote leave the currency.

The complications of an exit weren’t as clear to Ms. Le Pen in 2012, when she garnered only 17.9% of the presidential vote with her push for a clean break with the euro.

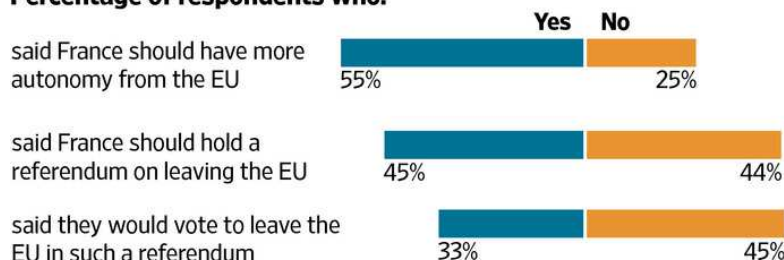
“We set off on the idea in 2012 of an immediate exit, slamming the door,” said Jean-Richard Sulzer, a senior economic adviser to Ms. Le Pen. “Things were said too quickly, but this time Marine is much more prudent.”

The dynamics of the French presidential election are shaping up differently this time, with polls showing Ms. Le Pen would easily qualify for the second round and to go to head-to-head with a pro-European candidate. The same polls suggest she would likely face—and lose to—François Fillon, a center-right

## Mixed Feelings

Many French people said after the U.K.'s referendum that they wanted more freedom from the EU but a smaller share wanted to leave the bloc, with which France has deep economic ties

### Percentage of respondents who:



### Percentage of 2015 trade in goods tied to EU



Note: Survey of 1000 people from June 24 to June 27, 2016

Source: Kantar TNS (survey); Eurostat (share of imports and exports by country)

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politician who has focused his candidacy on austerity measures called for by the EU but rejected by Ms. Le Pen.

A recent surge in the popularity of Emmanuel Macron—the former investment banker and economy minister in the Socialist government—could change that duel. But Mr. Macron is running on a pro-European platform of strengthening the EU,

which also puts him on a collision course with Ms. Le Pen.

Ms. Le Pen is under pressure to reassure French voters the country's economy wouldn't go off a cliff by leaving a currency France helped design. Under her plan, a National Front government would work with other countries wanting to drop the euro to agree on relative values of shadow national currencies, which would become constituents of a currency basket like the European Currency Unit, or ECU, which predated the euro's adoption.

Mr. Sulzer said such a system would provide the stability of a pegged exchange-rate system between the franc and the ECU, while preserving the right of France or any other state using the system to devalue its currency if its national economy needed to become more competitive.

Ms. Le Pen says she would spend her first six months in power negotiating with the EU to claw back control over currency, economic policy and border security. At the end of the talks, she would hold an in-out referendum on the EU and only recommend a vote to stay if she had achieved her goals.

Ms. Le Pen would likely stumble in negotiations for such monetary sovereignty, critics say, arguing a system for devaluing or defending pegged exchange rates would require difficult negotiations with other governments. The six-month time-frame for talks set out by Ms. Le Pen would be too short for her to reach her broader goals of taking back power from Europe as she would face other

European nations hostile to the plans, said Jean-Yves Camus of the Jean Jaurès Foundation, a left-wing think tank.

“It’s totally unrealistic. The U.K. is led by a classic government that is not in open conflict with the EU, and even they are struggling,” Mr. Camus said.

For now, markets have remained sanguine in the face of Ms. Le Pen’s anti-euro rhetoric, with prices being propped up by the European Central Bank’s asset-purchase program and its promise to safeguard the euro. But as the election nears, the prospect of Ms. Le Pen trying to wrest monetary control from the ECB could push investors to move out of French assets, said Wolfgang Kuhn, head of euro fixed income at Aberdeen Asset Management.

“The market isn’t worried about it now because [the market] is incredibly shortsighted,” said Mr. Kuhn.

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