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Billionaires Come Under Siege in France's Election Campaign

France's billionaire Saade family spent more than four decades discreetly building a global shipping empire from their base in the southern city of Marseille. The late founder mostly shirked elite Parisian social circles and the publicity that comes with politics.

But following a few years of unprecedented growth and record profits, the second generation heirs led by the more high-profile scion Rodolphe Saade and the company they control, CMA CGM SA, now find themselves in the national spotlight.

Jordan Bardella, who is set to become prime minister if Marine Le Pen's far-right National Rally gains a majority in the upcoming legislative elections, has singled out shipping companies for higher corporate taxes.

And he doesn't intend to stop there. Despite fundamental differences, both the National Rally and its leftist opponents, the New Popular Front alliance, agree on at least one issue: Tax the rich. The two sides leading in the polls are promising to reinstate a broader wealth tax to replenish state coffers and help finance their costly spending plans.

If either party comes out on top, wealth managers and fiscal experts say well-off residents could leave the euro-zone's second-largest economy. Jobs and investment, as well asother tax revenues, would go with them.

"The impact will be very real," said Frederick Crot, president of the Association Francaise du Family Office, a grouping of asset managers centered around family-owned businesses. "Family offices are long-term investors that need fiscal stability."

Neither CMA CGM nor the Saades had any comment, and there is no suggestion that the family plans to leave France.

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Move

The measures would be a big reversal for the country's 13 billionaires, who are among the top 500 in the world, with a combined net worth of $522 billion, according to the Bloomberg Billionaires Index. Apart from the Saades, they include Bernard Arnault, founder of luxury juggernaut LVMH, Francoise Bettencourt Meyers, heir to the L'Oreal SA fortune who was the first woman to ever reach $100 billion, as well as the Dassault
defense and aerospace clan.

President Emmanuel Macron has spent the past seven years courting such well-heeled residents to keep them investing and creating jobs in the country. In 2018, a year after first coming to office, he narrowed an existing wealth tax so that it applied only to property, created a flat tax of 30% on savings income and has maintained the controversial so-called Dutreil pact that can dramatically reduce inheritance taxes on family-owned businesses.

The moves, which tied in with Macron's other pro-business reforms, helped to boost investment, according to the government, and improve France's standing as an attractive place for companies. His abrupt decision to dissolve the parliament
shocked the country and spooked financial markets. The two-round elections on June 30 and July 7 could very well result in a hung parliament, ushering in three years of uncertainty until the next presidential ballot.

For top earners in the country, the political climate harks back to 1981. Days before becoming the first Socialist president of post-war France, Francois Mitterrand promised to go after "the very large fortunes investing in property speculation, luxury objects and diamonds," reflecting a cultural discomfort among many French with ostentatious displays of wealth. Once in the Élysée, he went on a nationalization spree that included the Paris-based Rothschild bank. He also introduced the wealth tax —or Impôts sur les Grandes Fortunes — an annual levy that at the time applied to those with assets of more than 3 million francs (€1.2 million in 2023).

Mitterrand's policies led some French people to open bank accounts abroad, and triggered what a Senate report later called "a wave of tax exiles'' — people who picked up and moved.

Another exodus followed in 2013-14 under Socialist President Francois Hollande whose measures included a short-lived supertax of 75% on earnings over €1 million.

In the 40 years since the French wealth tax was first introduced, it has been axed, reinstated and modified by successive administrations. And it has often been the focus of heated debate, especially during election campaigns. This time, the clamor for higher taxes on the wealthy from opposition politicians has come fast and furiously, with both extremes calling for "fiscal justice.''

The leftist alliance that includes the Socialist, France Unbowed, Greens and Communist parties, have been the most forthcoming with their plans. To offset higher social spending costs, they propose to pass a new finance law as soon as Aug. 4 that will "abolish the privileges of billionaires." In addition to reinstating the wealth tax, they plan to replace the flat tax with an exit levy on people who move out of the country, raise taxes on high earners, and overhaul succession rules to include a cap on inheritance, according to their manifesto. "It's about sharing the wealth," said Ian Brossat, a senator from the Communist Party. "Emmanuel Macron has been the president of the rich."

For the National Rally, apart from promising to close what he called a gaping tax loophole on the shipping industry, Bardella has pledged to transform Macron's property wealth tax into a wealth tax on finance that wouldn't apply to a person's main residence — one of Le Pen's promises during the 2022 presidential election she lost to Macron. Bardella hasn't provided details, but she would have included, for instance, artworks during the first decade of ownership. "Emmanuel Macron, and this is what has shocked millions of people, gave considerable tax gifts not only to the rich, but the very rich, the ultra rich in our society at a time when millions of French have to tighten their belts," Bardella said June 18 on CNews. "My priority and the budget choices that I
make will always be in favor of the working class and the middle class."

But as Macron courted the wealthy, he also lobbied for jobs, philanthropy and investment.

LVMH's Bernard Arnault came through with a substantial contribution for the rebuilding of Notre-Dame de Paris cathedral after it was destroyed in a fire. Tech tycoon Xavier Niel has backed Macron's push to make France a tech hub. CMA CGM's Saade invested in Marseille, a city Macron has singled out for urban renewal, and granted freight rate rebates to French businesses to combat inflation. The CEO has accompanied Macron on numerous foreign trips, while his expansion into French media has also raised his public profile.

In Paris, Olivier Janoray, partner and head of private wealth taxation at legal firm Arsene, says he's been fielding many more calls from anxious clients since Macron's announcement
on June 9. "Wealthy individuals are a lot more mobile in 2024 than they were in 1981 and many already have bases in more than one country," he said.

A hung parliament could mean a reprieve on major tax increases, at least until the 2027 presidential elections, which would give people a few years to prepare, Janoray said, "and make their decisions about what they want to do."