## Opinion

### Trump flattery brings scant reward for EU leaders

#### Jeremy Shapiro

hen the EU's Franco-German engine descended on Washing-ton in the form of French president Emmanuel Macron and German chan-cellor Angela Merkel, the leaders brought their quite distinct forms of charm offensive – aimed at the mercu-ral figure of Donald Trump. The cover-age on both sides of the Atlantic focused on the differences in how the two leadon the differences in how the two lead-ers relate to the US president and whether each could forge an effective

whether each color long.

It made for good television — there is an apparently endless appetite for pictures of the two men enjoying moments of physical intimacy. But the bromance narrative obscures a more fundamental

question: why do the two most powerful leaders in Europe feel the need to charm a president they so fervently disagree with and whom their populations leathe?

with and whom their populations loathe?
Part of the reason is that both leaders treat the relationship as a national asset. Asked if MT Trump was dangerous, MT Macron observed: "The American people have chosen their president." He went on: "Our relationship with the United States is absolutely critical, in fact, Fundamental. We needit." The French president has worked hard to become MT Trump's buddy. He flatters him in person and bestows all the pomp and circumstance he can handle. He also manages to stick to his principles; this week he publicly criticised some of the president's positions in stark terms, including in an address to the US Congress. He has trolled MT rump's stance on climate change by using "Make our Planet Great Again" grants to lure American climate scientists to France. But he still gets a state visit and some warm hugs.

Ms Merkel has also stuck to her principles. But she has had more difficulty charming Mr Trump; it is an uphill battle making nice with a man not famous for cultivating good relationships with powerful women. Mr Trump also believes that German's trade surplus with the US and its relative lack of defence spending means that its cheating the US. The physical interaction at their much dowdler "working lunch" was decidedly less photogenic. But good luck cashing in on flattering the president. Just ask Jeff Sessions, his attorney-general, who pioneered the art of Trump-tickling early in the 2016 election campaign. For his trouble, he now suffers periodic humiliations on Twitter from a president who all but dares him to resign. Or ask Chris Christie, the former New Jersey governor who did everything but fetch the candidate's lunch during the 2016 election. He was fired from the transition team two days after the victory.

For Mr Macron and Ms Merkel, the

after the victory.

For Mr Macron and Ms Merkel, the goal is policy concessions. They came to

Washington with a tightly co-ordinated agenda, hoping their combined weight could move Mr Trump. Principally, twanted to convince him to stick with the Iran nuclear deal, to make permanent the European exemption from steel and aluminium tariffs, and to nudge him to re-engage with the Paris climate change accord. But as Mr Macron admitted

Macron and Merkel came to Washington as supplicants who need the US president's goodwill

after he finally escaped the president's embraces, Mr Trump had not budged on these issues and was never likely to. The essence of their problem is that all this fawning clearly conveys weakness. Both European leaders arrived in Washington as supplicants who needed Mr Trump. Their mission is to secure favours and defend themselves against

his accusations of cheating on trade and not spending enough on defence. But because they view a good relationship with the US president as a goal in itself— and this one does not return the favour— they start from a very weak negotiat-

and this one does not return the lavor, they start from a very weak negotiating position.

This is how European leaders have usually treated American presidents and reflects a Europe that still feels dependent on the US for its security, Mr Trump's disparaging of Nato, his America First philosophy, and his frightening unpredictability originally inspired some in the EU to believe that they had take a more independent approach. Ms Merkel signalled as much last May, noting that "the times when we could completely rely on others are, to an extent, over." She and Mr Macron responded to the Trump victory, and to Brexit, by seeking to strengthen European defence, reform the eurozone, and create an EU that could say no.

But these projects have already run into difficulties. Ms Merkel survived the German elections in September, but

took nearly six months to form a government. She emerged as a much weak-ened leader. Mr Macron is leaking popularity and faces strikes at home. The European defence initiative that took shape after months of negotiations seems another damp squib. Eurozone reform has stalled.

The blandishments give Mr Macron and Ms Merkel enough space to offer rehetorical challenges to Mr Trump. But overall, they rely on the idea that his advisers, Congress, and the US government bureaucracy — the so-called grown-ups in the room? — will constrain the president's worst instincts. This theory looks increasingly fragile. The grown-ups keep getting fired and replaced by more Trump-compliant advisers. So, forget the photos of male bonding or dowdy working lunches: The image that lingers at the end is one of European powerlessness.

The French billionaire and former chairman of Vivendi finds himself in the legal spotlight, writes Harriet Agnew

incent Bolloré is a litigious man. After taking control of communications group Havas in 2005 and deposing its leadership in a boardroom coup, the French billionaire industrialist launched 15 separate legal actions against its executives.

Although Havas eventually lost every single one of those cases, the process dragged on for nearly a decade. Then, in a separate incident two years ago, Mr Bolloré's family holding company announced it was suing France 2 for C50m, claiming that by rebroadcasting an investigation into Bolloré Group's activities in Africa, the French television channel had damaged its commercial interests.

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sion channel had damaged its commercial interests.

This week Mr Bolloré again found himself at the centre of fegal wrangles, once more related to Havas and Africabut this time he is on the receiving end.

On Wednesday Mr Bolloré was placed under formal investigation related to suspected bribery of foreign officials in Africa, one step short of an indictment. French prosecutors are probing whether Havas, part of his family holding company until last year, undercharged for its consulting services to help African presidents in Guinea and Togo get elected almost a decade ago.

Togo get elected almost a decade ago. The allegation is that this was done to secure port concessions for Mr Bollore's sprawling transport and logistics network in Africa. Shares in Bollore' Group fell more than 5.5 per cent this week. Mr Bollore's, 66, denies any wrongdoing, Judges can still decide to drop the case. Nonetheless, the investigation is shining a light on one of France's most audacious dealmakers at a high-pressure moment. He is in the process of handing over his empire to his four children and is also locked in a battle in Italy over the former state monopoly Telecom Italia.

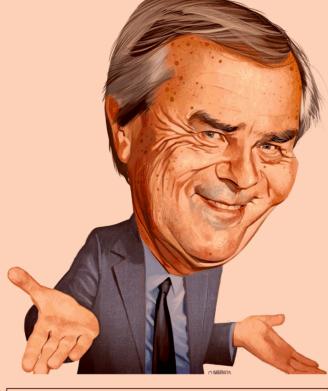
com Italia. The Bolloré dynasty runs deep. After training as an investment banker at Edmond de Rothschild, Mr Bolloré, not

Edmond de Rothschild, Mr Bolloré, not yet 50 years old, stepped in during the early 1980s to save the alling family business in Brittany, manufacturing paper for cigaretes and bibles. From these roots, Mr Bolloré has built a portfollo of global investments across transportation and logistics, communi-cation and electricity storage solutions. Urbane and charismatic, "he makes you feel like you're the most important per-son in the room", says one rival chief executive.

son in the room; says one rivar cine-executive.

His investments typically follow a similar path: buy in as a "friendly" minority shareholder, gain seats on the board, acquire control, restructure the company and then try to sell out for a profit. Mr Bolloré often leaves those around him guessing as to his inten-tions. "Bolloré has no strategic princi-ples or untouchable guidelines," says a former board member at one of his companies.

ompanies. While it is Bolloré Group's African operations that have come under scru-tiny, in France Mr Bolloré is synony-mous with Vivendi, a global media group whose portfolio includes Univer-sal Music Group, Canal Plus pay-TV and



Person in the news | Vincent Bolloré

# Master dealmaker under pressure

video games publisher Gameloft. He started with a small position in Vivendi and is now its largest and most dominant shareholder.

Last year Bolloré Group recorded 61.12bn in operating income, with Vivendi accounting for two-thirds of this (largely driven by Universal). However, once Vivendi's performance is stripped out of Bolloré Group's numbers, its revenues fell 6.5 per cent last year and net income dropped 5.8 per cent, according to Bloomberg.

Since Mr Bolloré was named chairman of Vivendi in 2014, he has sought to reshape the group with the ambition of building a "Neftlix of Europe". But his hands- on style has caused tension and led to the departures of executives at

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At Vivendi's annual general meeting

last week Mr Bolloré stunned share holders by stepping down as chairman and anointing his son Yannick, 38, to replace him. In the past Mr Bolloré had pledged to retire in February 2022. "Bolloré would never have stepped back from Vivendi if he was not aware of the charges that were coming," says the trival. "When I saw he had been arrested, finally I understood his move at the AGM last week"

That was not the first occasion that Mr Bolloré's timing has proved uncanny.

His hands-on style has caused tension and has led to the departures of some executives

In May last year Bolloré Group announced it was selling its 60 per cent stake in Havas to Vivendi, in a deal that analysts described as "expensive". Given that Mr Bolloré controls Vivendi through Bolloré Group's minority stake, he effectively acted as both buyer and seller in the deal. It allowed him to pay down debt on the Bolloré Group balance

sheet and position Yannick to succeed him at Vivendi. The advertising industry that Havas is part of was already showing signs of a slowdown when the deal was struck. Three months later, Havas's profits were down 34 per cent for the first half of 2017.

Mr Bollor'd doesn't give up without a fight and, even when he gives up, he typically makes a profit. Most recently Vivendi sold a minority stake in video games publisher Uhisoft after two and a half years when it became clear that he would not be able to launch a hostile takeover. He poketed CL.Don. Now the investigation into Havas's African adventures may prove to be the ultimate test for a man who has ducked out of sticky situations in the past.

out of sticky situations in the past. Rivals are not completely counting him out. One senior French banker says: "Bolloré is the kind of person who walks into a revolving door behind you and emerges in front."

The writer is the FT's Paris corresponden

## How to put a price on social media



ow much would I have to pay you to give up Facebook? What about email?
Or access to search engines? I found myself asking these questions of myself during my recent trip to China, where several familiar services are blocked. But the answers to those questions have a lot to teach us, both about how the economy is desired and short how we might result to solve the control of the c

answers to those questions have a lot to teach us, both about how the conomy is doing and about how we might regulate these new digital services.

A new research paper from three economists – Erik Brynjolfson, Felix Eggers and Avinash Gannamaneni – attempts to measure exactly what services such as Facebook are worth to us. They offered various experimental sujects (adult USI residents) the possibility of a cash payment if they quit the social media network for a month, observing which offers were rejected or accepted. Twenty per cent of the site's users were willing to quit for as little as a dollar; raise the monthly price to \$48 (in 2016) or \$38 (in 2017) and half of Facebook's USI users would happily jump ship. No robust data are yet available to show us how the Cambridge Analytica scandal has changed our preferences. Mr Brynjolfsson and his colleagues used a more informal survey to estimate the value for other services. Their

scanda has changed our preferences. Mr Brynjolfsson and his colleagues used a more informal survey to estimate the value for other services. Their rough-and-ready conclusion is that the typical person would have to be paid about \$15,000 ay aera to do without internet search engines, \$8,500 to abandon email and \$5,500 to quit using digital maps. Video streaming through sites such as Netflix and YouTube is worth over \$1,150 a year; ecommerce \$850, and social media just over \$500. These unubers vary quite a bit depending on the survey method, but the overall ordering doesn'ts thange much. My own experience in china echoed these rankings it was annoying to lose Google Maps, and it felt essential to replace Gmail and Google search with alternatives (fortunately such alternatives are readily available). There was no alternative to Twitter and Facebook — not unless I fancied rebuilding my social network from scratch — but neither did I mourn their loss. Quitting lacohol for january. And I didn't miss Facebook for a second.

Twitter for a fortnight felt like quitting alcohol for January. And I didn't miss Facebook for a second.

The first lesson from this research is that some of these new digital goods have a huge and unmeasured benefit to consumers—"consumer surplus", in the lingo. This is not entirely news: the economist William Nordhaus has estimated that during the second half of the 20th century, innovative companies generally managed to capture as profits just 3.7 per cent of the social value they created; the other 96.3 per cent went to others, largely consumers.

For example, penicillin saves lives for pennies. Another example: the indoor lavatory. Messrs Brynjolfsson, Eggers and Gannamaneni found that indoor toilets were valued much more highly than any internet service. Lavatories are not expensive, so they produce a huge consumer surplus. Still, many digital goods are free and if internet search really is worth \$17,500 per person each year, that is equivalent to not-third of US gross domestic product. So perhaps unmeasured consumer surplus is larger than in the past — that, says Mr Gannamaneni, "is still an open question". But there is a second important lesson here. Access to email seems to be worth almost 30 times more than access to social media; a good search engine is worth twice as much again, Yet the key suppliers of email and search — Alphabet, Apple and Microsoft — are not worth 50 times more than Facebook, which dominates social media through its own site and its subsidiaries Instagram, Messenger and WhatsApp, If they were, they would be \$20tn companies. In other words, Facebook is more effective at turning consumer surplus into profit. This is no surprise, since all your friends are on Facebook. The only serious alternative is not to use social media ainto something more like email — a portable profile that can be taken seamlessly from one provider to

effective at turning unmeasured benefit to consumers into profit

numbers with us from network to network, and dial any other number in the world.

world.
Various proposals now exist: web pioneer Tim Berners-Lee is pushing a system called "Solid", which enables web users to control their own data and release it to digital services on a need-to-know basis. The Italian MP and tech entrepreneur Stefano Quintarelli has been trying to introduce enabling legislation in Italy.

One final lesson emerges from One final lesson emerges from another research paper – from the economists Susan Athey, Christian Cat-alini, and Catherine Tucker. Ms Athey and her colleagues asked what value MIT students place on their own private data, and the data of friends. The data, and the data of friends. The answer was nothing terribly coherent: students would make very different choices in response to small nudges, and would gladly hand over private data in exchange for a pizza. The value we place on services such as email and search is clear. The value we place on our own privacy is not. The cur-rent mess is hardly a surprise.

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