

## The European elections on May 22<sup>nd</sup> to 25<sup>th</sup> 2014

These elections were the first held since the entry into force of the Lisbon Treaty which considerably broadened the powers of the Parliament and provided that the outcome of the EP elections shall be taken into account when proposing a candidate for the Commission's Presidency. While the final and official parliament composition will only be known by its constitutive session on 1-3 July 2014, we can already draw a few conclusions of these elections:

- **General Overview: Voters' participation (43,09%)** remained pretty stable in spite of a small increase compared to 2009, but the gap in between Western and Eastern countries is still pretty wide, with the latter being far below in terms of participation. Turning on to the general results, **the EPP (European People's Party – Centre-right), with 213 seats, consolidates its position as the largest party in the European Parliament**, but with a reduced size. **S&D (Progressive Alliance of the Socialists and Democrats – Centre-left) is the second party with 191 seats**, and **ALDE (Alliance of Liberals and Democrats for Europe – Centre) remains the third biggest party** but lost a few seats. Finally, as expected, far left and populist/Eurosceptic parties grew in importance.
- **Limited progression of Eurosceptic and protest parties of both left and right:** The result of the far right party, *Front National*, in France has been labelled as an “earthquake” but should be considered as a sort of exception in the EU. **Overall the extreme right progression in Europe was contained**, Germany and Mediterranean countries (Italy, Greece, Spain) resisted pretty well to the predictions of a “Eurosceptic wave”. As a result, while **the new parliament will not overly differ from the previous one, with a majority composed of EPP & S&D parties**, both parties will need to work together to maintain the stability of this majority, and the ALDE group, although with less seats than before, sees its role in “coalition building” increase in importance. **Moreover, if Eurosceptic parties globally gain ground, their diversity and national particularities will make it nearly impossible for them to form a coherent block, thereby limiting their influence.** Common positions between them could indeed be found regarding immigration and enlargement policies, but their views on economic issues differ considerably.
- **The creation of a new group:** For the same reasons, it will be difficult for the far-right parties to form a new group (meaning more funding and visibility), given that **it requires at least 25 deputies from 7 different countries**. They might however try to bridge their ideological differences in view of the potential gain, or even opt for a “marriage of convenience”. Even if it was the case, it is hard to predict what the actual contribution of this group to the EU legislative process would be, given the **low contribution of non-attached MEPs (i.e. MEPs not members of a group) during the last legislature**, in addition to the fact that any type of active involvement in the EU process would appear in contradiction with their anti-EU rhetoric.
- **Uncertainties about European Commission's next President:** As the candidate of the EPP, which came in first, **Jean-Claude Juncker rapidly claimed his “full entitlement” to become the next President of the Commission**, however the situation is far from being settled at this stage. As a matter of fact, in addition to gain a majority vote in the Parliament, the candidate also needs to be endorsed by the Council, which has to power to propose a name to the EP. **The**

**decision process is therefore very likely to be one of compromises and behind-closed-doors discussions between the Heads of State and with the Parliament**, and as we can already see the first disagreements emerging between the main countries involved, it is likely to drag on until July.

- **A broad consultation on the next 5 years' priorities:** The shock of the elections have prompted an immediate reaction by the heads of State who have announced that they would launch a broad consultation with the MEPs on the priorities for the next 5 years. Although it is hard to anticipate major changes in the EU institutions at this stage, **it is the first time that the Parliament will be this closely associated, ex ante, to the definition of the EU priorities.**

### The European elections results in France

While last Sunday's results were largely expected and forecasted by pollsters, they still constitute a major political upheaval and illustrate a deep transformation of the French political scene.

#### Historical victory for the far-right National Front (FN)

- For the first time in its history, the FN, considered a far-right party and long marginalized, ends up in first position in national-scale elections, with **24.95%** of the votes, followed by the center-right UMP (20.79%) and the Socialist Party (13.98%). The FN scores the highest among workers (43%), employees (38%) but also young people (30%).
- **This impressive result occurs in the context of a succession of good results for the FN since the election of Marine Le Pen at the party's Presidency:** from an historical result at the 2012 presidential election (17.9%), to the cantonal and legislative by-elections in 2013, and finally the March 2014 local elections, where the far-right party managed to win in 12 cities, despite a traditional absence of local presence. These results have contributed to progressively shatter the taboo around the FN and to give the party, long considered as outside of the French "Republican Pact", a sort of institutional legitimacy, thereby initiating a strong political dynamic for the FN.
- **Even if these results have to be tempered by the very low participation rate**, characteristic of the EU elections (**43%**, i.e. a little bit more than 2/5 of French people went to vote, among which 25% voted for the FN, whereas at the 2012 presidential election the participation in the first round was close to 80% and the FN reached 18% of the votes), this result means that the FN does not only the "protest elections" anymore (i.e. the European and regional elections, where the elections are based on a list system and where the candidates do not need to be locally implanted and where the direct impact on the population is low), but also major local and national elections where the notoriety is important, thereby establishing itself firmly in the French political landscape. **This unprecedented situation considerably unsettles the French political and institutional logic in play for more than 70 years.** If this trend was to consolidate, it might not only put an end to the two-party system in effect between the center-right and center-left since the end of the 50's, but could also lead to the presence, not to mention the victory, of an extreme-right party to the second round of the 2017 presidential election, and/or its participation to a government.

### A deep weakening of the traditional governing parties

- Contrary to last March's local elections, where it had benefited from its strong local presence as well as François Hollande's unpopularity, the **UMP** did not manage to mobilize its electorate, and ends up 5 points behind the FN, with close to **21%** of the votes.
- This disappointing result, added with the current Bygmalion company's fraud scandal and the lack of clear political line, has led to a major crisis inside the main opposition party and to the **resignation of its President Jean-François Copé on Tuesday, 27 May**. He will be replaced by a *triumvirate* composed of three former **UMP Prime Ministers: Alain Juppé, Jean-Pierre Raffarin, and François Fillon, before the election of a new President**, due to take place in October. This situation opens a phase of crisis and uncertainty, but also does not seem to allow UMP to represent a credible short or mid-term alternative to the current government, should the instability persist.
- Although the Socialist's defeat was expected both by pollsters and by the Government, its scope remains unprecedented, as **the Socialist Party (PS) is largely outrun and ends up with its lowest result in a national-scale election (13.98%)**, mainly linked to the lack of visible results in terms of unemployment and growth. If the catastrophic results (14.49%) encountered in the 1994 European elections by the PS, led by former Prime Minister Michel Rocard, had not prevented the party from reaching the second round of the 1995 presidential elections, the current situation appears different: already extremely unpopular, **François Hollande is further weakened by this new electoral defeat, only two months after catastrophic local elections and a governmental reshuffle, which leaves him with a very reduced margin of maneuver in terms of government's or political line's change.**

### A destabilized political French scene:

- These elections therefore open a major political crisis in both traditional governing parties. However, **the 5<sup>th</sup> Republic's institutional framework allows the President and the current parliamentary majority to remain in power until the 2017 elections, unless François Hollande decides to dissolve the National Assembly**, which remains unlikely, in view of the crisis encountered by the classic right wing (UMP).
- In this period of political instability, the Government has already announced that he would stick to his deficit reduction and business support policy, which should lead to concrete regulatory and legislative initiatives in the coming weeks. **The real question is now whether the Government will be able to convince its majority to vote these reforms, and what the reaction of the business community to these reforms will be.** The next steps will therefore be essential and will take place at the occasion of the **vote of the Amending Budget Law and of the Amending Social Security Law scheduled before July.**