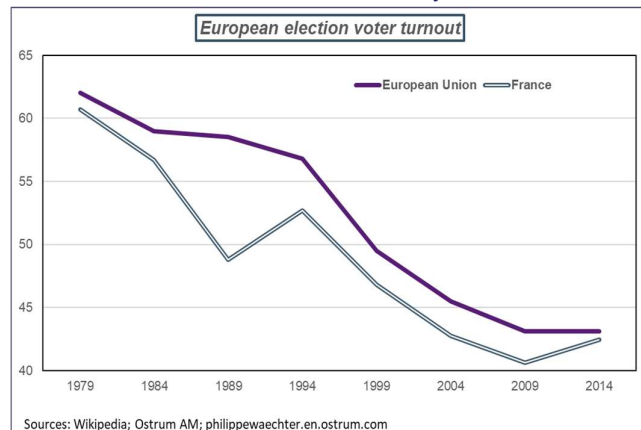


What is at stake in the European elections? My weekly column

European elections are generally deemed to have little impact on national affairs and so are always seen as secondary, and a far cry from presidential elections.

Voter turnout is usually low, and this is the case across the board, not just in France. The chart below shows voter turnout rates in France and the European Union since the first European elections in 1979, and we can see that the two trends display the same profile: France is no different. Voters were relatively enthusiastic when they first went to the polls in 1979 with turnout of more than 60%, but the past three elections have seen similar figures of just above 40%.

In France, there is generally little similarity between presidential and European elections, as the winning parties in the French presidential elections are rarely the victors of the European elections. The French president's party has won the European elections only twice since 1979: in 1979, the UDF party (Union for French Democracy) won when Valérie Giscard d'Estaing was in power, while in 2009, the UMP (Union for a Popular Movement) won when Nicolas Sarkozy was at the helm.



When François Mitterrand, Jacques Chirac and François Hollande were in power, their parties did not win the European elections. During Mitterrand's presidency, the Socialist Party came in second each time, while during Chirac's time as president, the UMP came in second in 2004 but at the 1999 elections, RPR (Rally for the Republic) dissident Charles Pasqua came in second. Later in 2014, the Socialist Party was third behind the National Front and the UMP. In other words, the results of the European elections do not necessarily mirror the domestic political landscape, and the results seen since 1979 have not had any effect on domestic politics.

But what are the specific features of the European elections this time around?

1 – The first point is that this is the first time that an EU member state will vote for MEPs while at the same time being in the process of leaving the bloc.

2 – The second aspect is that this election is taking place in an unusual economic and political context. Growth is weaker than in the past across almost all EU countries, while inequality is worsening, and populist tendencies are on the rise.

Growth is more sluggish, which means that there is less scope to redistribute income than before, with the economy generating a smaller surplus for distribution among citizens.

This trend is further heightened by changes on the labor market, with greater polarization and the ensuing hit for intermediate jobs for staff with few or unsuited qualifications. This situation is the result of innovation that has changed the production process on the one hand, as well as the swift development of unskilled work in the services sector on the other. These jobs have become very individualized and in a break from the past, they no longer create a feeling of belonging to a specific class.

3 – The issue of income does not provide sufficient explanation, and added to this problem of income and wage inequality we are also seeing inequality in access to public services, inequality in access to healthcare, education and training, as well as geographical inequalities i.e. real estate prices are lower the further you go from city centers, and this leads to greater isolation and much higher transportation costs. This is why an increase in purchasing power is probably one key condition for swiftly restoring social order, but still an insufficient answer.

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We cannot rule out the possibility that this instability experienced primarily by the middle classes – where income is close to or below the median – leads to changes in behavior, and this may have fueled the rise of populism in western Europe.

The political risk of these elections is that we could see more untraditional votes than in the past, although not necessarily in France, where the National Front already attracted almost 25% of votes in 2014, but in Europe as a whole. So it is possible that populist and extreme parties may increase their ties to fight against both incumbents and the elites who have not managed to reduce inequality in the long term.

4 – There is something of a shortage of ideas on Europe. The EU fulfils its primary purpose that it was set up to achieve, by keeping peace in the region. Yet it lacks momentum and fails to offer any real answers to address a seemingly paralyzed context. In other words, Europe is no longer at the heart of change in today's world. Europe is never mentioned in the conflict between China and the US, yet the battle of wills between these two countries will shape the world of tomorrow: Europe is absent from this equation and does not seem able to do anything about it.

Europe is vital in this world context as it fosters a degree of political stability and also affords some power to all its member countries. Each country individually would have no real presence and no power to influence the future course of events, so this ability to have an influence makes Europe a necessity. Each member state is very aware of this, yet they do not have the clout to change the course of the future.

5 – Bar any major surprise, the European elections will have little effect on the financial markets, but it will be important to analyze the political balance that emerges between pro-Europeans and euro-sceptics like Orban in Hungary. This could shape the future majority in the European Parliament and the ensuing shape of the European Commission. The result will reveal Europe's ability to comply with and further develop the rules it has set.

All eyes will be on Italy, as the coalition currently in power could be further weakened by the European election results. The Five Star movement saw its influence wane recently and the government it forms with the League could quickly be undermined. The League is doing very well in opinion polls, and the Democratic Party (former Socialist party) is doing better than the Five Star Movement. The result in Italy will be the most closely monitored as it is probably the only one that will have a real impact on the domestic balance in the short term.

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