

Does the Euro area still need or want stable national governments?

After several months Germany has put together a precarious coalition between the CDU, CSU and SPD. Like many Eurozone countries the old system of two main parties offering a centre left or a centre right alternative has broken down. Voters now vote for a wide array of different parties, and the politicians stumble to put together a government after the election. The one thing they can guarantee is no voter will get the government they voted for.

The progressive decline of the Christian Democrat/Social Democrat choice that was the continental version of Conservative against Labour is now well advanced everywhere in Euroland. In Greece Syriza has blown away the traditional socialist party altogether. New Democracy, the centre right party, has spent a lot of time in the 20s for support, but has recently recovered a bit to the mid thirties.

In Germany herself Merkel's CDU hit a new low of 26% in the last General Election, whilst her main socialist opponent polled just 20%. In the Netherlands the centre right retains the Prime Ministership with a shaky multi party coalition and just 27% of the vote.

In Italy PD, the centre left, is currently on 23%. The Christian Democrats have disappeared, and Forza has 16% in their place. In Denmark the social democrats have held on to 30% of the vote, but the centre right Peoples party is down to just 4%. In Spain the PP have 26% of the vote and the Prime Ministership with a minority coalition, whilst their socialist opponents are currently on 23%.

It probably suits the EU that the two party system is broken so comprehensively and no country now is capable of providing a single party majority government, with the breath taking exception of France who elected a totally new party to both the Presidency and a majority of the Parliament. These things have become so bad for the two traditional parties that neither had a candidate for the Presidency in the last two! A US Presidential election without either the Republicans or the Democrats is unimaginable.

The fact that some Euro area countries go long periods with no government at all, and then have periods of weak coalition government, helps shift more power to the EU. It raises the issue of accountability, and the possibility of more direct elections at the EU level. The German government is now likely to add its voice to that of France in seeking a bigger EU budget, an EU bail out fund for banks and more centralised decision taking. The exit of the UK makes achieving this much easier as they will no longer have a large non Euro country wanting to stop this process.