FINANCIAL TIMES

Last updated: June 17, 2012 10:28 pm

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Hollande secures parliamentary majority

By Hugh Carnegy and Scheherazade Daneshkhu in Paris

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President François Hollande's Socialist government secured a clear majority in the final round of France's parliamentary elections on Sunday, winning backing for his growth-led policies to tackle the eurozone crisis.

But the election provided a breakthrough for the far right, with the National Front (FN), led by Marine Le Pen, winning two seats, returning to parliament for the first time since the 1980s and joining a wave of far-right parties gaining strength in Europe.

The Socialists and their closest allies were assured of an outright majority, with more than 300 seats in the 577-strong National Assembly, with most seats declared.

The parliamentary result follows Mr Hollande's own triumph over the former president Nicolas Sarkozy last month, and – with the Socialists' existing control of the senate – will reinforce Mr Hollande's push for his European partners to prioritise measures to stimulate growth and to adopt a financial stability package to help stem the eurozone crisis.

Jean-Marc Ayrault, the prime minister, said the result showed the country's support for Mr Hollande's policies. "We will re-orient Europe towards growth and protect the eurozone from speculation. The task ahead of us is immense, nothing will be easy but we have the assets [to prevail]."

Pierre Moscovici, the finance minister, said: "We needed a majority and now President Hollande and the prime minister have the support to lead their project of important change."

Ms Le Pen hailed the "enormous success" of the FN after her 22-year-old niece Marion Maréchal-Le Pen, grand-daughter of Jean Marie Le Pen, the party founder, won a seat in southern France, along with another candidate backed by the party.

The party leader, who herself lost by a handful of votes in the northern constituency she contested, said the results heralded a "reconstruction of the political system in France".

In another key contest, Ségolène Royal, Mr Hollande's former partner who was the Socialist presidential candidate beaten by Mr Sarkozy in 2007, suffered a humiliating defeat in the city of La Rochelle, conceding early to a dissident party rival in a painful blow to the party leadership. The embarrassment was deepened for Mr Hollande as Valérie Trierweiler, his current partner, tweeted her support for Ms Royale's opponent last week.

The overall result means that Mr Hollande will neither have to make compromises with Mr Sarkozy's centre-right UMP party, which has criticised his growth and spending plans, nor with the Communist-backed Left Front, which has bitterly opposed austerity measures to combat the eurozone's sovereign debt problems.

He will not even require the support of the Greens, who are already part of the government.

Although stressing the need for all countries to meet their fiscal commitments, Mr Hollande's stance on the eurozone crisis has created tensions with Chancellor Angela Merkel of Germany, whose emphasis has been on budgetary austerity, structural reforms and long-term moves towards political and fiscal union in the eurozone.

Mr Hollande, who held talks with Ms Merkel by telephone on Saturday, is pushing for the EU to agree measures at its summit on June 28 that would raise about €120bn for investment across the continent.

He wants €55bn from the EU's structural funds, plus €60bn raised through leveraging €10bn in new capital for the European Investment Bank, and €5bn in "project bonds" to be deployed in areas such as new technologies, renewable energy, transport and other infrastructure, with an emphasis on targeting youth employment.

Mr Hollande is also pushing for a financial transaction tax to be adopted at least by the 17 eurozone members – the UK has flatly refused to support such an an EU-wide tax – to raise funds that could also be used to boost European budgets.

But Mr Hollande's credibility on the European stage will be dependent on his ability to manage France's own tough economic and fiscal challenges.

He is insistent he will control France's debt, which is approaching 90 per cent of gross domestic product, by reducing the budget deficit to 3 per cent of GDP next year.

Mr Moscovici has indicated that a supplementary budget, needed to close a €10bn gap in this year's deficit target of 4.5 per cent, will rely on tax increases, which could include higher wealth taxes, surcharges on banks and energy companies and the suppression of tax breaks.

Potential deep cuts in France's huge public spending bill – which accounts for 56 per cent of GDP – will have to be made in the 2013 budget. But the new government has avoided any detail on this highly sensitive issue until it has safely negotiated the elections.

It has indicated it will resist calls from the European Commission and others for structural reforms and deregulation, preferring instead to toughen employment protection legislation and to seek agreements with trade unions and employers on labour issues.

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