

## Flash Note 03/01/2018

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### **An interesting reflection of the WSJ on European policy**

This afternoon I was reading attentively an interesting article in the WSJ. It was about the political dynamics observed recently in Europe. Of course, the article drew my attention because one must always attend to how foreigners perceive our domestic reality. What follows is a series of excerpts from that article.

“European voters have abandoned mainstream parties and thrown their support to upstart groups, making for a political landscape so fragmented that it becomes difficult to create new governments.

In the Netherlands, it took Prime Minister Mark Rutte seven months to assemble a government, which is now supported by an unprecedented four-party alliance. Ireland, Portugal and the U.K. all have minority governments.”

In words of the former Italian Prime Minister Enrico Letta, “the Italian vote will also go in the direction of the fragmentation we’ve also seen in Spain, Germany and the Netherlands, making the European landscape even more difficult.”

Indeed, Italy’s political landscape has always been highly fragmented resulting in weak, patchwork coalitions that have typically had short lives. A decade ago, a government under Prime Minister Romano Prodi included nine parties. To accommodate all the groups’ demands, the government had more than 100 ministers!!! It lasted less than two years, with a very poor performance.

“Other countries are now looking more like Italy, as upstart parties steal voters away from legacy groups. The result is a wave of minority governments.

The upshot is that this leaves many European countries with an unpalatable choice: assemble minority governments that will struggle to implement bold and much needed policy choices.

I am very much afraid that, if this is true, the question is not whether, but when this reality, and its foreseeable consequences, will be noticed. For the moment, nobody seems to price this new and fragmented political reality, nor its effects.

Best regards