L'economia politica del populismo: un punto di vista europeo

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Outline

1. What is populism?
2. Evidence for growing populism
3. The roots of populism
4. Populism and Europe: a conceptual framework
5. Way forward: five avenues
6. Conclusions
1. WHAT IS POPULISM?
"La crisi consiste appunto nel fatto che il vecchio muore e il nuovo non può nascere: in questo interregno si verificano i fenomeni morbosi più svariati".

Antonio Gramsci (Quaderno 3, § 34)
A working definition

- Political programme or movement championing the "little man", usually by favourable contrast with a "corrupted" elite (*anti-establishment*)
- Populists are anti-pluralist by claiming to have the exclusive legitimacy to popular representation (*anti-pluralism*)
- Belief that political and social goals are best achieved by the direct actions of the masses (*anti-representativeness*).
2. EVIDENCE FOR GROWING POPULISM
Populist parties in European societies on the rise in national elections

...and European Parliament elections
Does my voice count in the EU?
Trust in Europe vs. national institutions

Lehman
Brothers
EFSF
Banking union decision + "Whatever it takes" (Draghi)

Standard Eurobarometer December 2016
A representative microcosm: Trust in the EU in Belgium

Q: I would like to ask you a question about how much trust you have in certain media and institutions. For each of the following media and institutions, please tell me if you tend to trust it or tend not to trust it.

Tend to trust (% - BE)

Standard Eurobarometer December 2016
Q: I would like to ask you a question about how much trust you have in certain media and institutions. For each of the following media and institutions, please tell me if you tend to trust it or tend not to trust it.

Tend to trust (% - IT)

Trust in the EU in Italy

Standard Eurobarometer December 2016
3. THE ROOTS OF POPULISM
Two perspectives

Economic insecurity perspective

- Rising income and wealth inequality as well as economic insecurity among left-behinds fuels popular resentment of the political elites

Cultural-identitarian backlash

- Reaction against progressive cultural change resulting from intergenerational shift toward post-materialist values, such as cosmopolitanism and multiculturalism

youngsters having lost hope, low-waged unskilled workers, long-term unemployed, households dependent on shrinking social benefits turn against neoliberal elites

less educated, older generations and right-wing authoritarians react to erosion of their privileges and societal status
3.1 POPULISM AND INEQUALITY
The Elephant Chart:
Global income growth from 1988 to 2008
Globalist vs. national perspective on inequality

**FIGURE 4.5** Global Inequality, 1988–2013

- Within-country inequality
- Between-country inequality
- Gini index (right axis)

Sources: Lakner and Milanović 2018a; Milanović 2016; calculations based on PovcalNet (online analysis tool), World Bank, Washington, DC. http://iresearch.worldbank.org/PovcalNet/.
Median income has stagnated also in Europe since the Great Recession

Graph 1.9: Median net income in selected income groups, euro area, 2005-2014
Working class and low-skilled experience globalisation as a threat

**FIGURE 3** The working class fear globalisation more than the middle class

<table>
<thead>
<tr>
<th>Class</th>
<th>Globalisation as a Threat</th>
<th>/ as an Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Working Class</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Economic Anxiety</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>Traditionalism</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td><strong>Middle Class</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Economic Anxiety</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>Traditionalism</td>
<td>48%</td>
<td>52%</td>
</tr>
</tbody>
</table>

**FIGURE 4** People with low level of education fear globalisation more than people with high level of education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Globalisation as a Threat</th>
<th>/ as an Opportunity</th>
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</thead>
<tbody>
<tr>
<td><strong>Low Level of Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>47%</td>
<td>53%</td>
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<tr>
<td>Economic Anxiety</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Traditionalism</td>
<td>51%</td>
<td>49%</td>
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<tr>
<td><strong>High Level of Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Economic Anxiety</td>
<td>28%</td>
<td>72%</td>
</tr>
<tr>
<td>Traditionalism</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>
Youth experiences higher economic uncertainty since the Great Recession

NEET rate, age group 15-24

Prior to crisis
Today (2015)
3.2 VALUES ROOTS: POPULISM AND IDENTITY
US and UK: Does immigration drive populism?

Brexit and immigration: It's the delta.
Summing up the empirical evidence

- Populism has been on the rise over the last decades in European democracies but has become particularly important since the Great Recession.
- The empirical evidence points towards two main roots of populism: rising economic insecurity and a cultural-identitarian backlash.
- The relative importance of the two factors varies across countries.
- Young European having lost hope, low-waged unskilled workers, long-term unemployed, households dependent on shrinking social benefits turn against neoliberal elites.
- Elderly, less educated and right-wing authoritarians react to erosion of their societal status due to the spread of cosmopolitanism and multiculturalism.
- Migration relates to both economic and cultural-identitarian concerns.
4. POPULISM AND EUROPE: A CONCEPTUAL FRAMEWORK
The Dahrendorf quandary
Economic populism: Why against the EU?

EU → Pre-market (endowments) → Market (liberalisation/integration) → Post-market (welfare systems)

Populist forces → Nation state
Integration beneficial for the economy, but very likely not Pareto-optimal

- EU integration policies tend to be "distributionally bad news", in particular for the lower/middle/immobile/poor strata of populations in "rich" countries.
- Compensatory policies are difficult to implement and are basically in the national domain.
- Cohesion funds and social funds help but do not address interpersonal redistribution.
Identitarian Populism: Why against the EU?

**European Union**
- Convergence aim
- Protection of minorities
- EU based on rules and institutions

**Populism**
- Homogeneity threat, perceived as erasing national identities
- Rule of the "no longer silent majority"
- Direct democracy, referenda, twitter policy-making, allergic to "filters"
5. WAY FORWARD: FIVE AVENUES
(a) Focus on delivering the common public goods in need of well-defined EU value-added

- **Securing the external borders of the EU**
  - Establishment of a European Defence Fund as a permanent structured cooperation
  - Cooperation reduces pressure on public budgets

- **Common policy on migration**
  - Commission provides affected member states with financial support and technical assistance
(b) Re-establish the core values of the European social model as a joint response to globalisation

- European pillar of social rights, to agree on key components of the European social model
  - i) equal opportunities and access to the labour market,
  - ii) fair working conditions
  - iii) adequate and sustainable social protection.

- Tackle tax evasion and the erosion of tax bases
  - Progress on fairer taxation systems (BEPS).
(c) Mainstream distributional considerations into EU policy designs

- **Co-ordinated action against inequality**
  - could help generating synergies and avoiding negative spillovers.

- **Policy efforts need to be geared towards affecting the pre-market and the post-market distribution**
  - Composition and effectiveness of social protection expenditure crucial: redesign of social welfare systems towards activating and capacitating systems
  - Challenge of a further digital/robotic/AI divide will probably require new forms of flexicurity (2.0) to empower and protect workers
(d) Ensure vertical consistency between European and national actions and budgets

- Reform of the EU budget to focus on new public goods
- Look in an integrated way to EU and national budgets to respond to pre-market and post-market distributional issues
- EA fiscal capacity: based on investment and/or unemployment insurance
(e) Ensure transparency and accountability over the course of decision-making

- **5 Presidents Report**: "Greater responsibility and integration at EU and euro area level should go hand in hand with greater democratic accountability, legitimacy and institutional strengthening.

- **Simplify fiscal rules**: mistrust led to attempt to write the "complete contract"

- **EU ownership** of governments and national parliaments
6. CONCLUSIONS
In sum

• **The tide has turned**: Brexit, Trump, and…
• Need to **revisit the current assignment of allocation** (for the EU), and stabilisation and redistribution (for the member states)
• No replacement of **leadership**: national leader have to protect the EU
• **Five avenues towards Rome Summit** and beyond
First inconsistent trinity: political integration

Deep political integration

- More European federalism and a more accountable EU
- Inter-governmental decision-making and concern over democratic deficits

Traditional democratic processes

Nation State institutions

Domestic checks and balances, national vetoes
(EU before the Single European Act)
Second inconsistent trinity: institutional relations

Decision-making based on subsidiarity

Positive domestic narrative on devolution of competences to EU

Erosion of support for devolving competences

National political stability

EU as scapegoat in national debates

Contradiction between blaming Brussels and participating to its decision eventually fuels populist parties
BACKUP
Further steps towards a more political union?

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<thead>
<tr>
<th></th>
<th>FR (%)</th>
<th>DE (%)</th>
<th>IT (%)</th>
<th>ES (%)</th>
<th>BE (%)</th>
<th>PL (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of a European army</td>
<td>66</td>
<td>47</td>
<td>59</td>
<td>47</td>
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<td>Creation of a European Finance Minister</td>
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<td>65</td>
<td>64</td>
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<td>60</td>
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<tr>
<td>Election of the EU President by direct universal suffrage</td>
<td>63</td>
<td>71</td>
<td>67</td>
<td>65</td>
<td>68</td>
<td>71</td>
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*IFOP, July 2016 (fieldwork: late June/ early July)*