Is More Europe or Less Europe the Response to Populism?

Marco Buti
Council on Foreign Relations

April 25, 2017
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
1. WHAT IS POPULISM?
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

Trust in Europe vs. national institutions

- Lehman Brothers
- Greek crisis + ESM
- Banking union decision + "Whatever it takes" (Draghi)
- Grexit debate

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
Globalist vs. national perspective on inequality
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*
Respective redistributive effects of direct taxes and cash transfers
Working class and low-skilled experience globalisation as a threat

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

- **Working Class**
  - Globalisation as a Threat: 47%
  - Economic Anxiety: 38%
  - Traditionalism: 51%
  - Economic Confidence: 53%
  - Progressivism: 49%

- **Middle Class**
  - Globalisation as a Threat: 37%
  - Economic Anxiety: 25%
  - Traditionalism: 48%
  - Economic Confidence: 75%
  - Progressivism: 52%

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

- **Low Level of Education**
  - Globalisation as a Threat: 47%
  - Economic Anxiety: 37%
  - Traditionalism: 51%
  - Economic Confidence: 62%
  - Progressivism: 49%

- **High Level of Education**
  - Globalisation as a Threat: 37%
  - Economic Anxiety: 28%
  - Traditionalism: 45%
  - Economic Confidence: 72%
  - Progressivism: 55%
3.2 VALUES ROOTS: POPULISM AND IDENTITY
Brexit support: It's immigration, not inequality

Brexit and immigration: It's the delta.
3.3. … AND FRANCE?
Social hardship counts


Source: France, Ministry of the Interior, 23 April 2017
An educated center vs. periphery?

**Education levels**

- Bac+ 3 et plus
- Bac+ 2
- Baccalauréat
- Inférieur au bac

**Small vs. big cities**

- Paris and around
- > 100,000 hab
- 20,000 to 100,000 hab
- < 20,000 hab
- Rural

Source: Ipsos Sopra Steria 23 avril 2017
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
Economic populism: Why against the EU?

Pre-market (endowments)

Market (liberalisation/integration)

Post-market (welfare systems)

EU

Populist forces

Nation state
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 for a European response

a) Focusing on delivering the common public goods with well-defined EU value-added

b) Re-establish the core values of the European social model as a joint response to globalisation

c) Mainstream distributional considerations into EU policies

d) Ensure vertical consistency between European and national actions and budgets

e) Ensure transparency and accountability over the course of decision-making
In sum

- No replacement of leadership: national leaders have to protect the EU.
- Need to revisit the current assignment of allocation (for the EU), and stabilisation and redistribution (for the member states).
- It’s the "what", but also the "how".
- But, the tide of populism may be turning …