



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

**Marco Buti**  
**DG Economic and Financial Affairs**  
**European Commission**

**Università degli Studi di Firenze**  
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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)





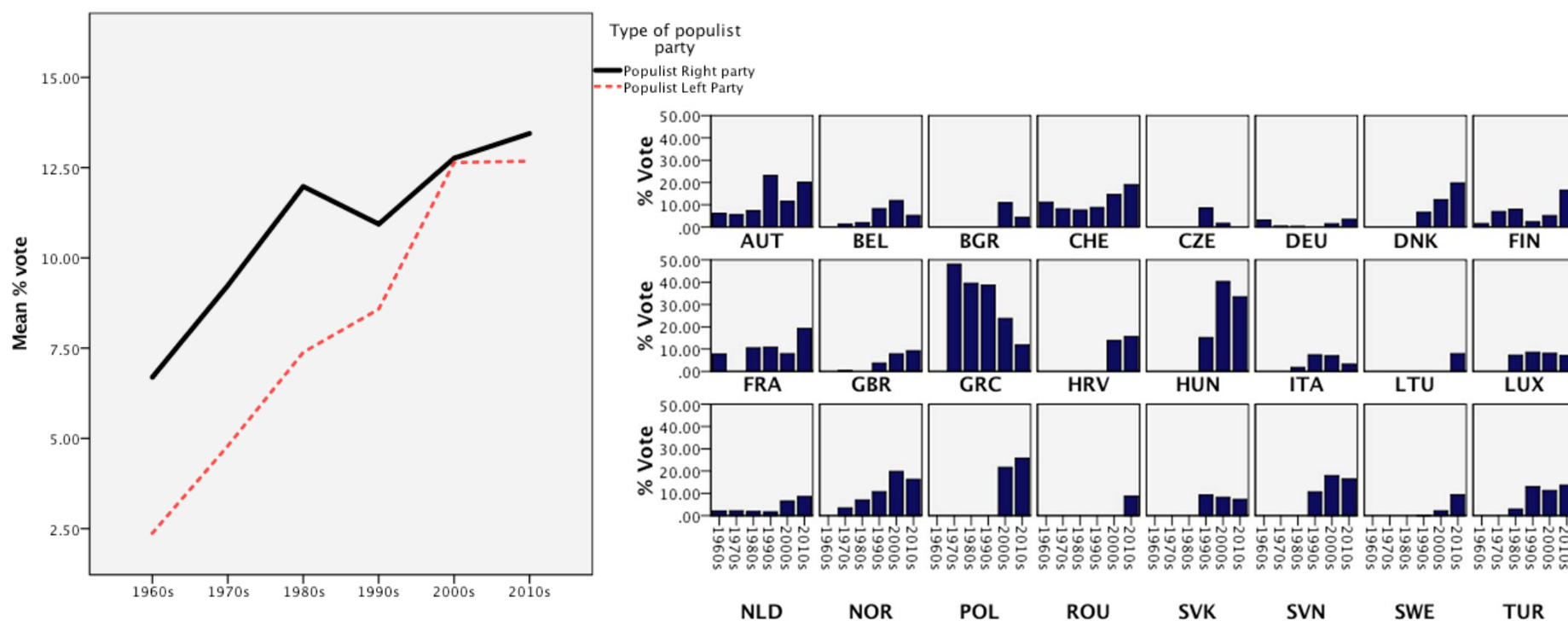
## A working definition

- 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

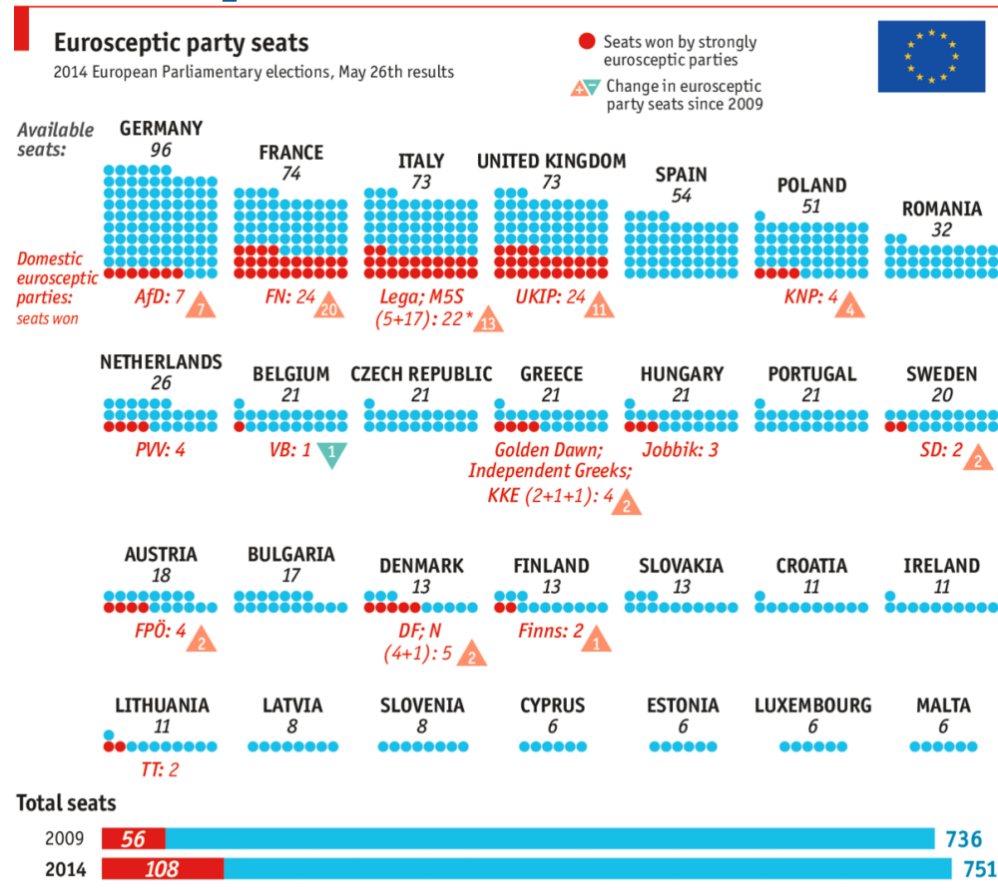


Copied from: Inglehart, Ronald, and Pippa Norris. "Trump, Brexit, and the rise of Populism: Economic have-nots and cultural backlash." (2016), p.37





# ...and European Parliament elections

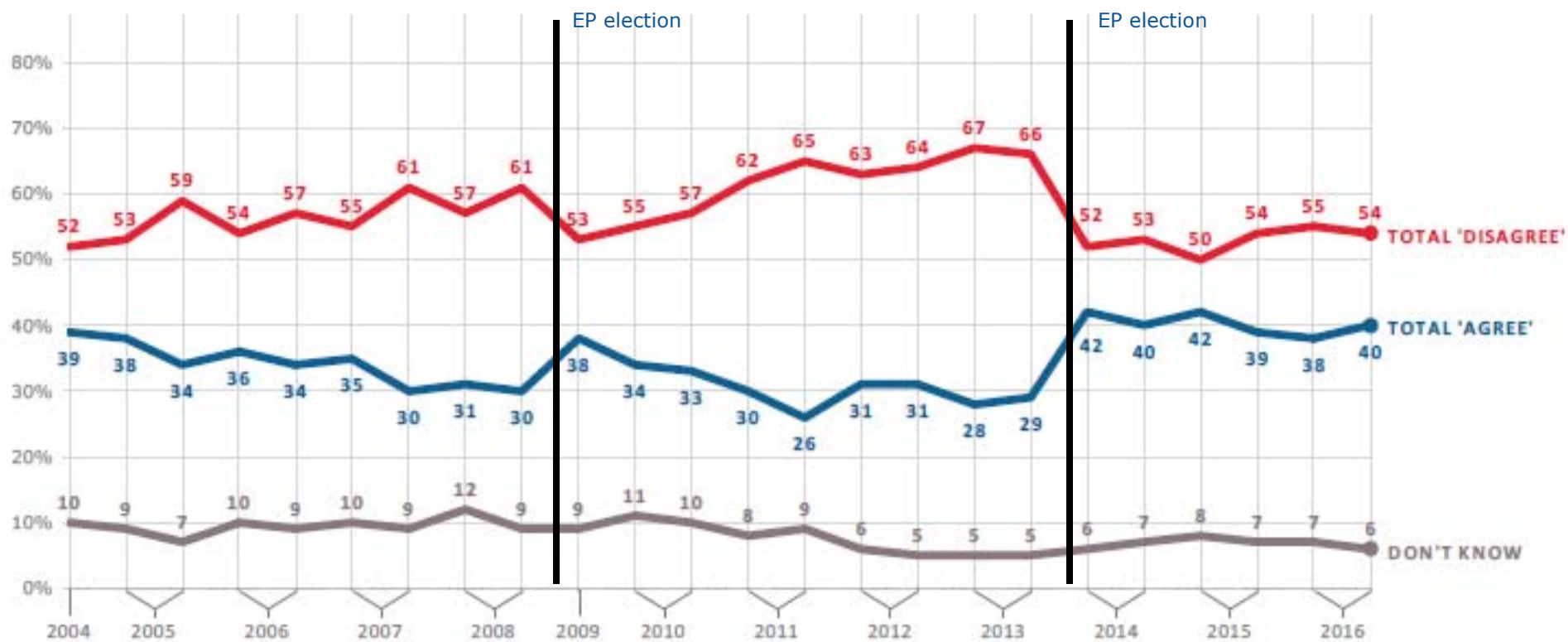


Source: Electionista  
Economist.com/graphicdetail

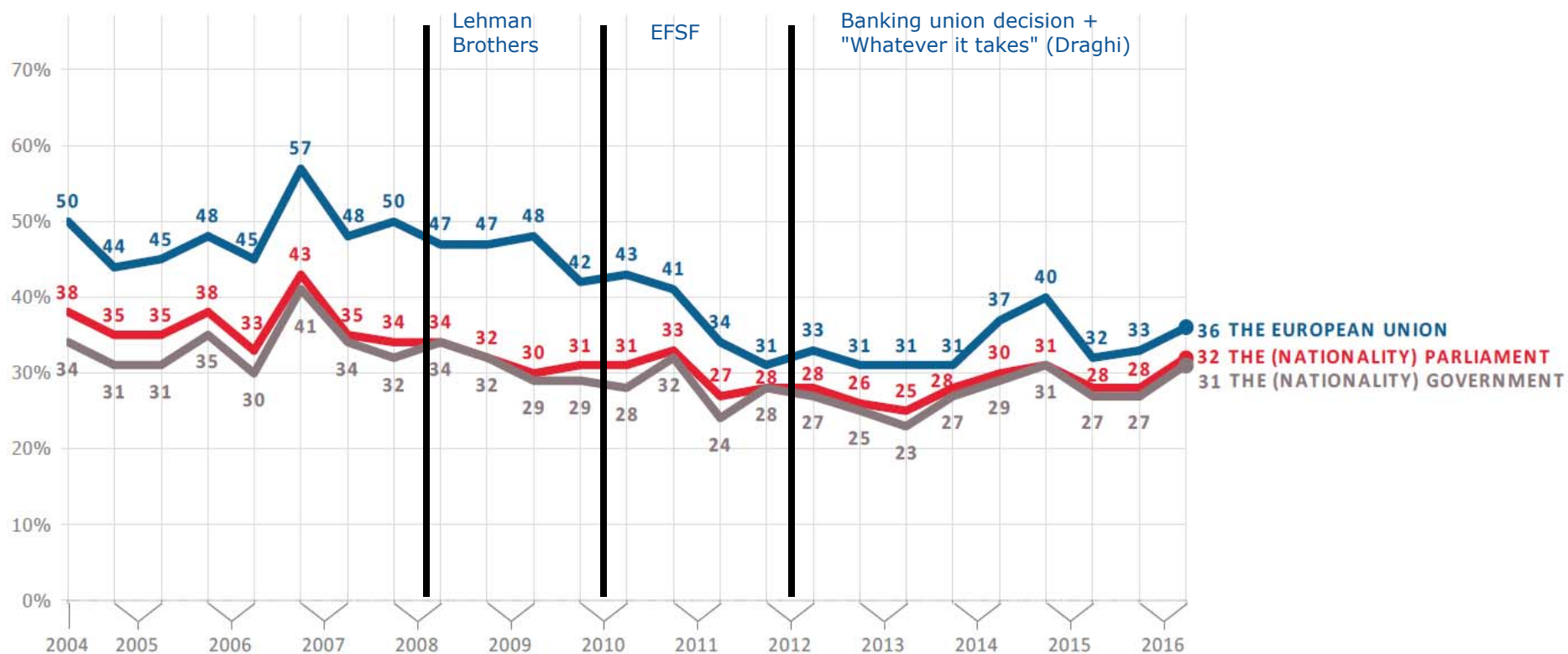
\*Based on provisional results



# Does my voice count in the EU?



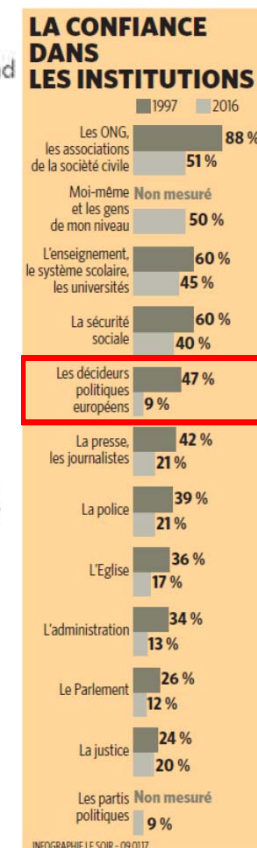
# Trust in Europe vs. national institutions



# 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)

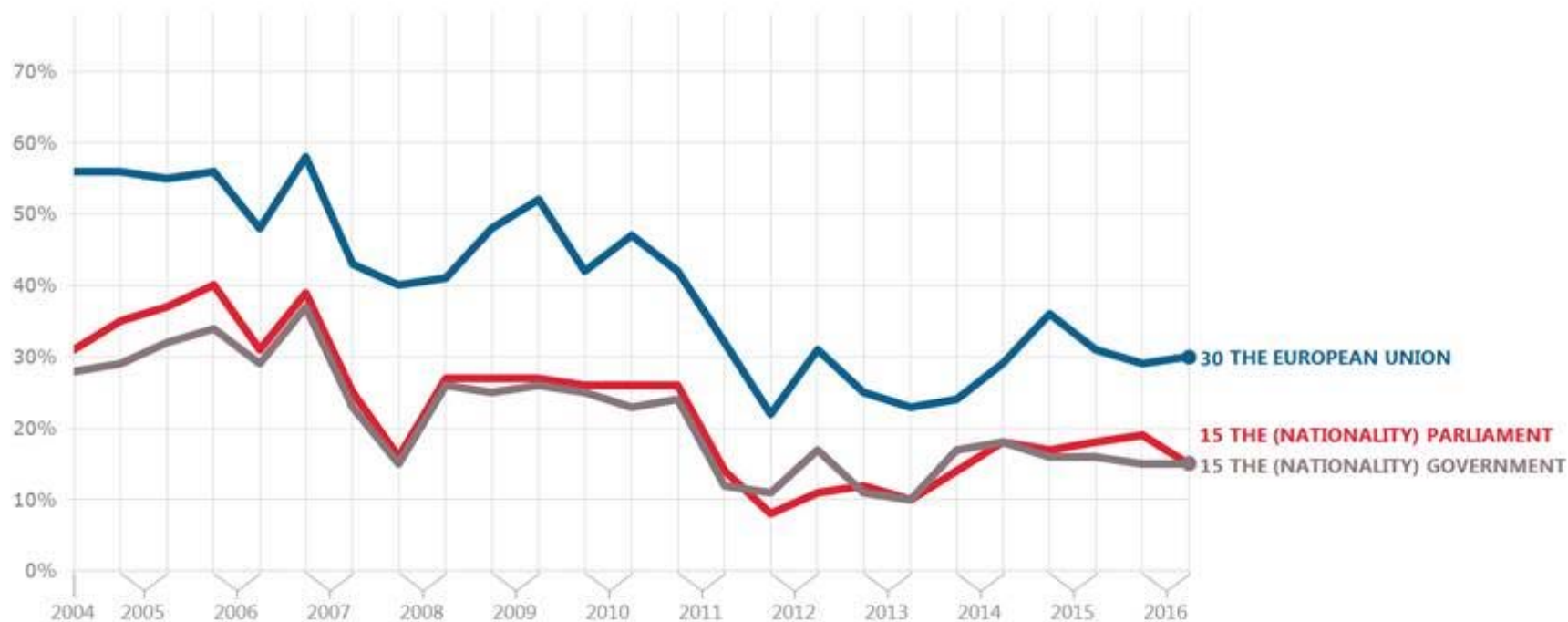


Standard Eurobarometer December 2016

# Trust in the EU in Italy

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)**



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

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

### Cultural-identitarian backlash

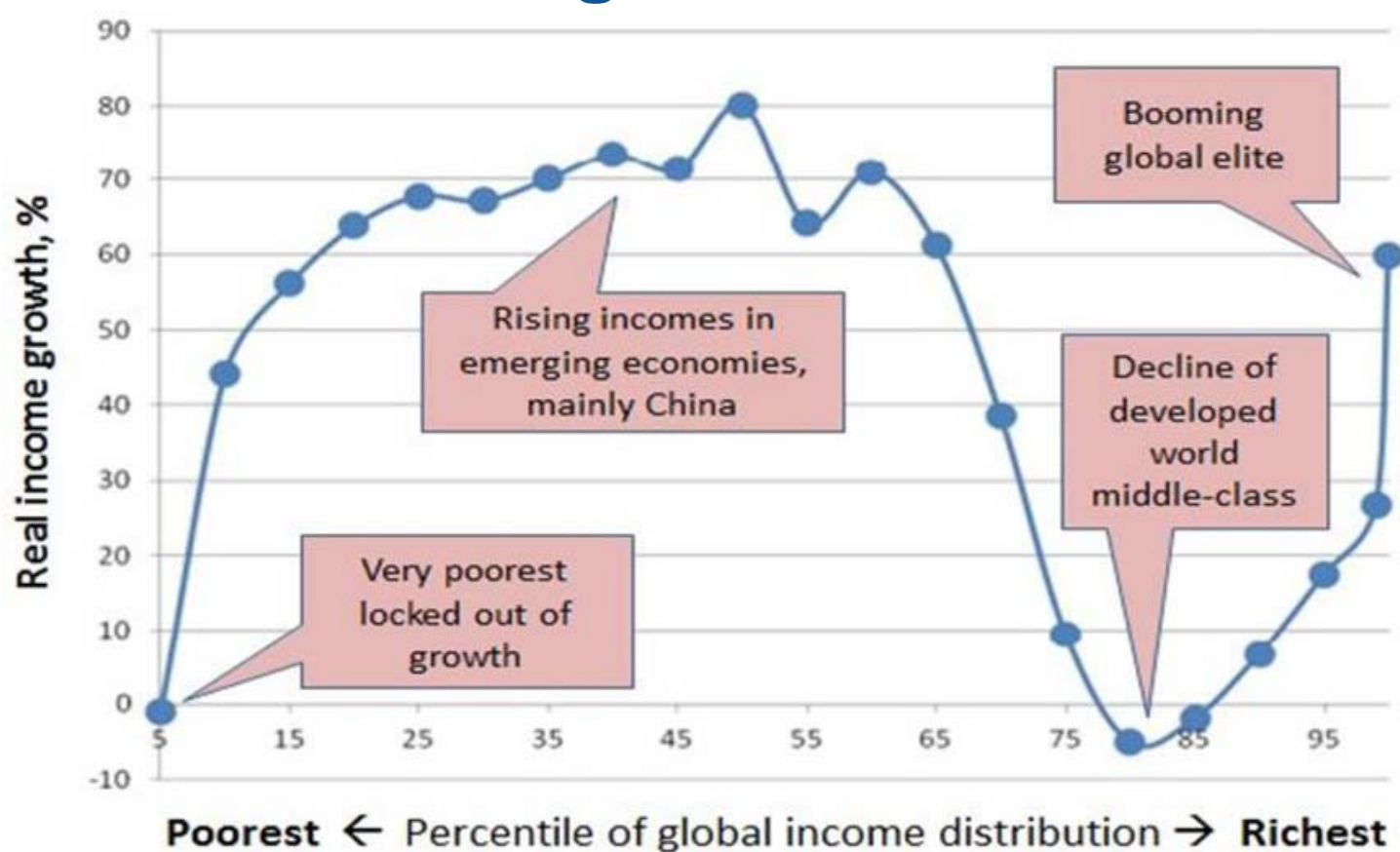
- Reaction against **progressive cultural change** resulting from intergenerational shift toward post-materialist values, such as **cosmopolitanism and multiculturalism**

**less educated, older generations and right-wing authoritarians** react to erosion of their privileges and societal status

## 3.1 POPULISM AND INEQUALITY



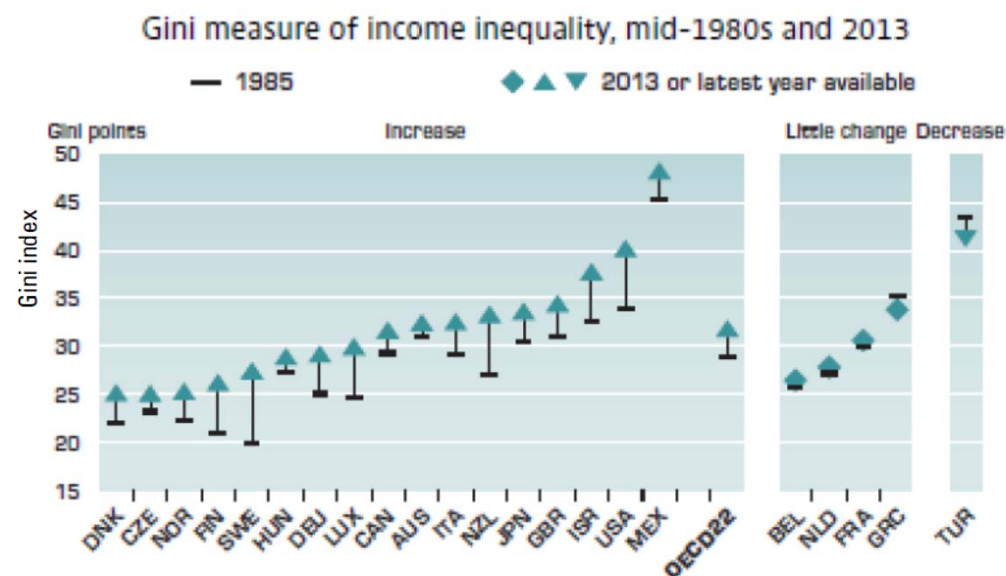
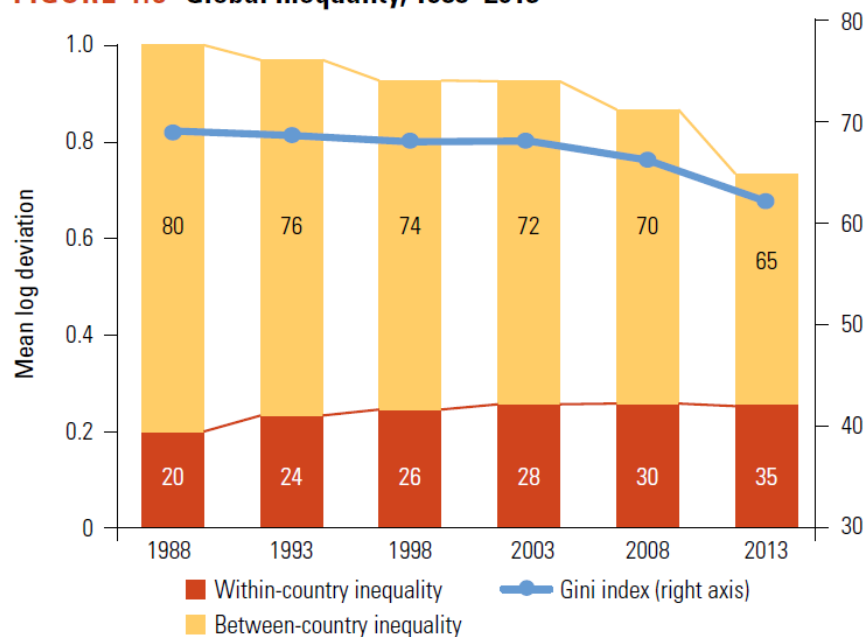
# The Elephant Chart: Global income growth from 1988 to 2008





# Globalist vs. national perspective on inequality

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

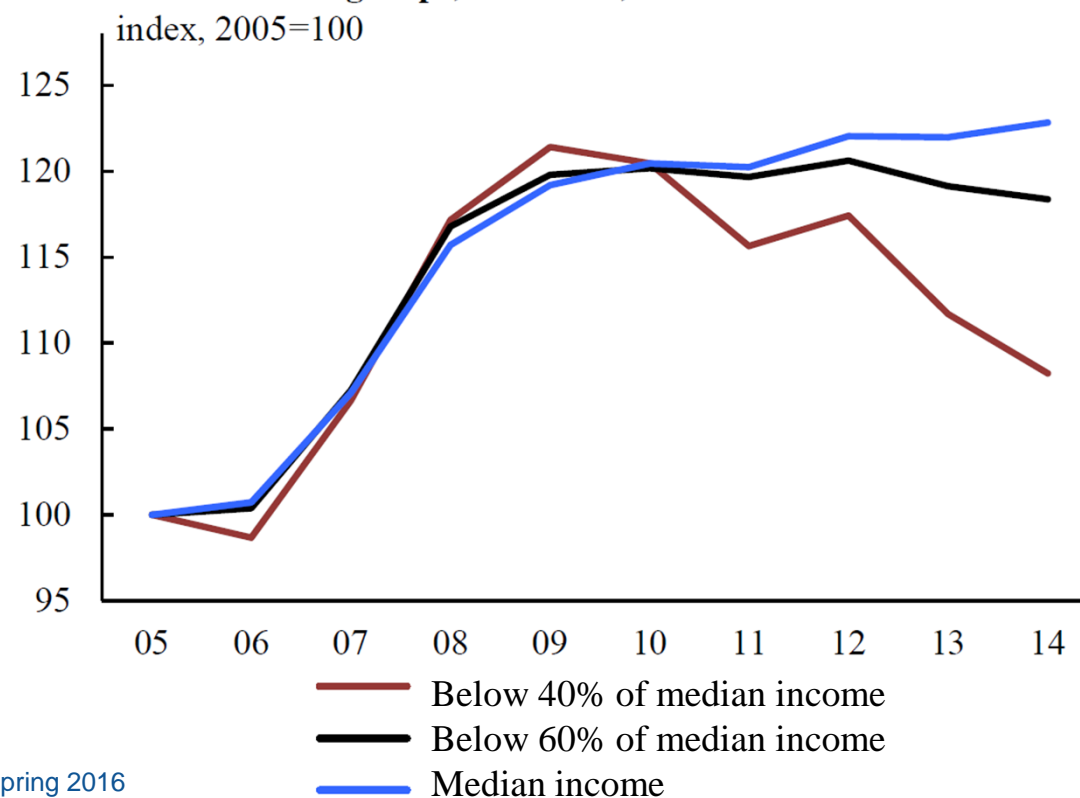


Source: OECD (2015), *In It Together: Why Less Inequality Benefits All*, <http://dx.doi.org/10.1787/888933207711>.

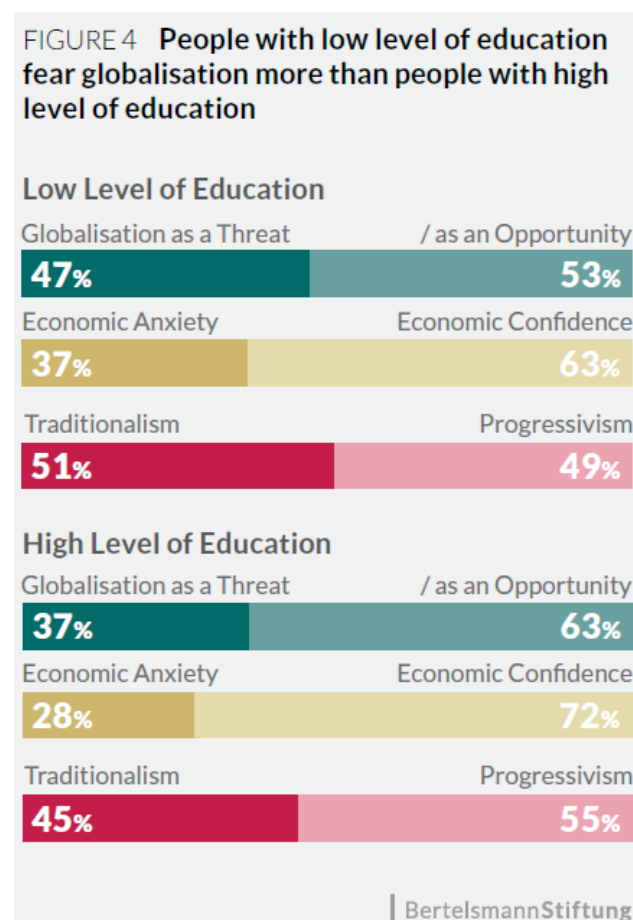
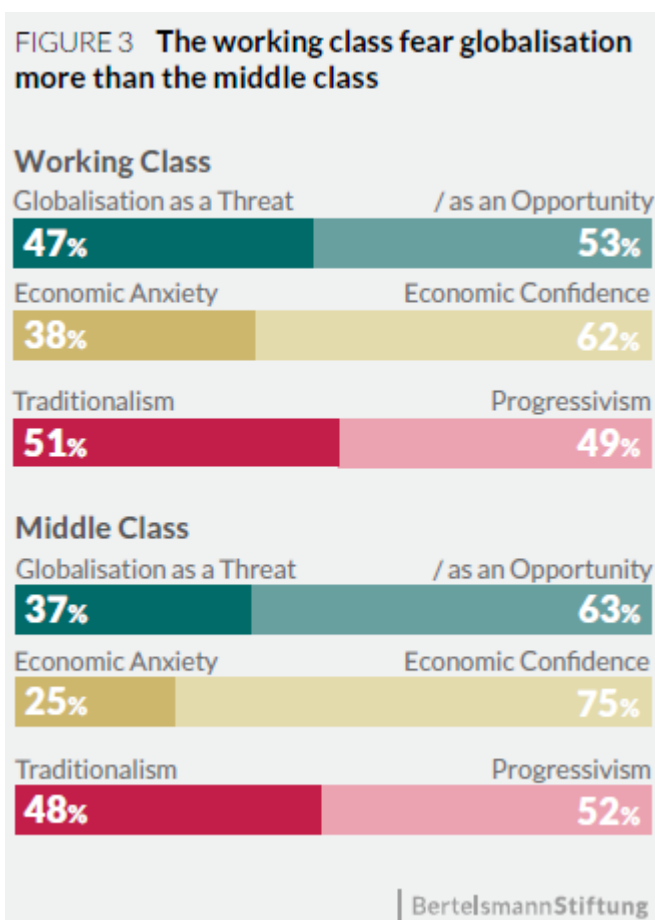
Sources: Lakner and Milanović 2016a; Milanović 2016; calculations based on PovcalNet (online analysis tool), World Bank, Washington, DC, <http://iresearch.worldbank.org/PovcalNet/>.

# Median income has stagnated also in Europe since the Great Recession

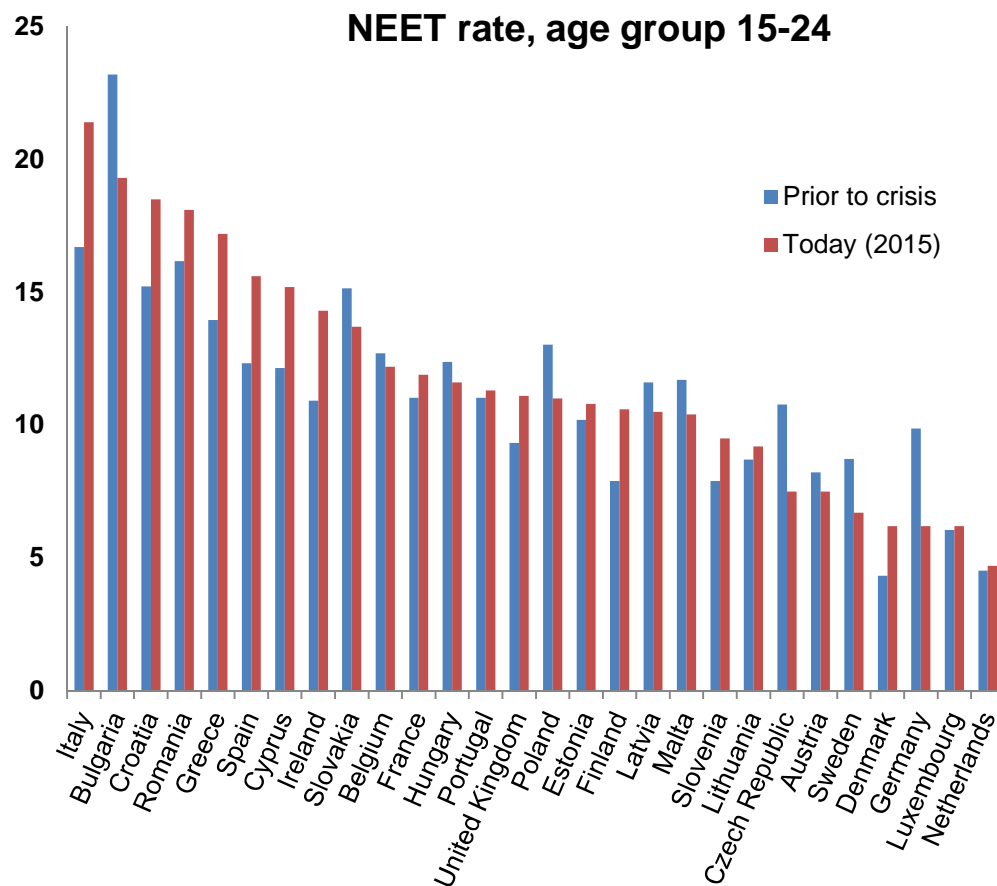
Graph I.9: Median net income in selected income groups, euro area, 2005-2014



# Working class and low-skilled experience globalisation as a threat



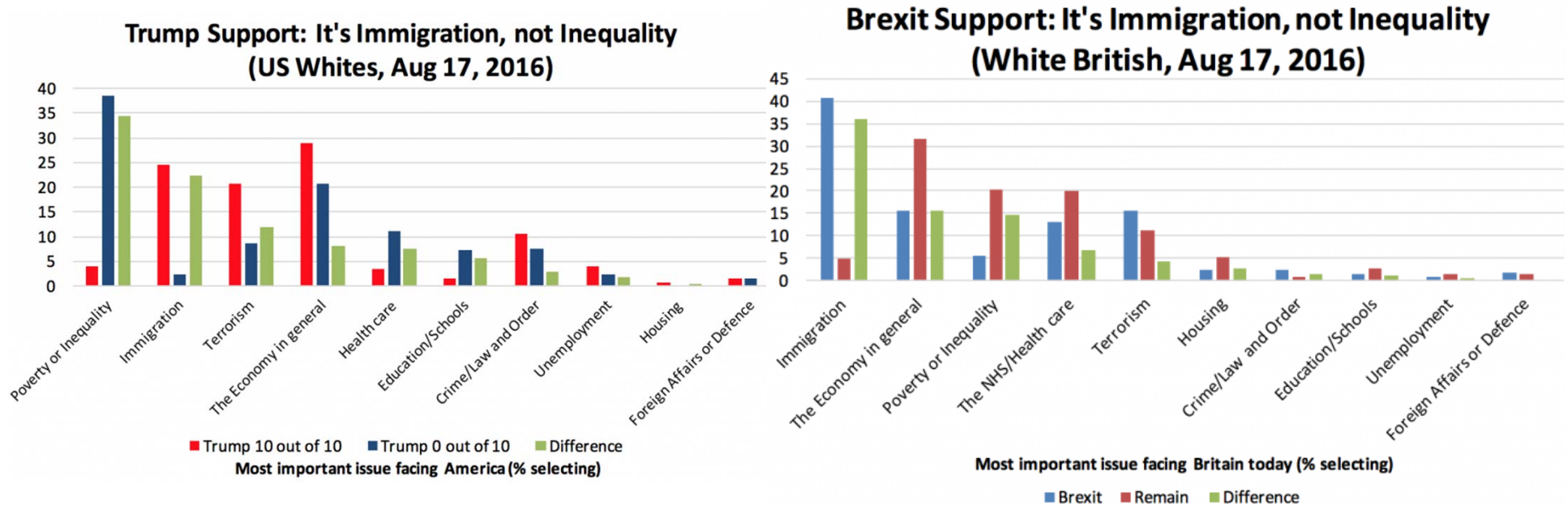
# Youth experiences higher economic uncertainty since the Great Recession





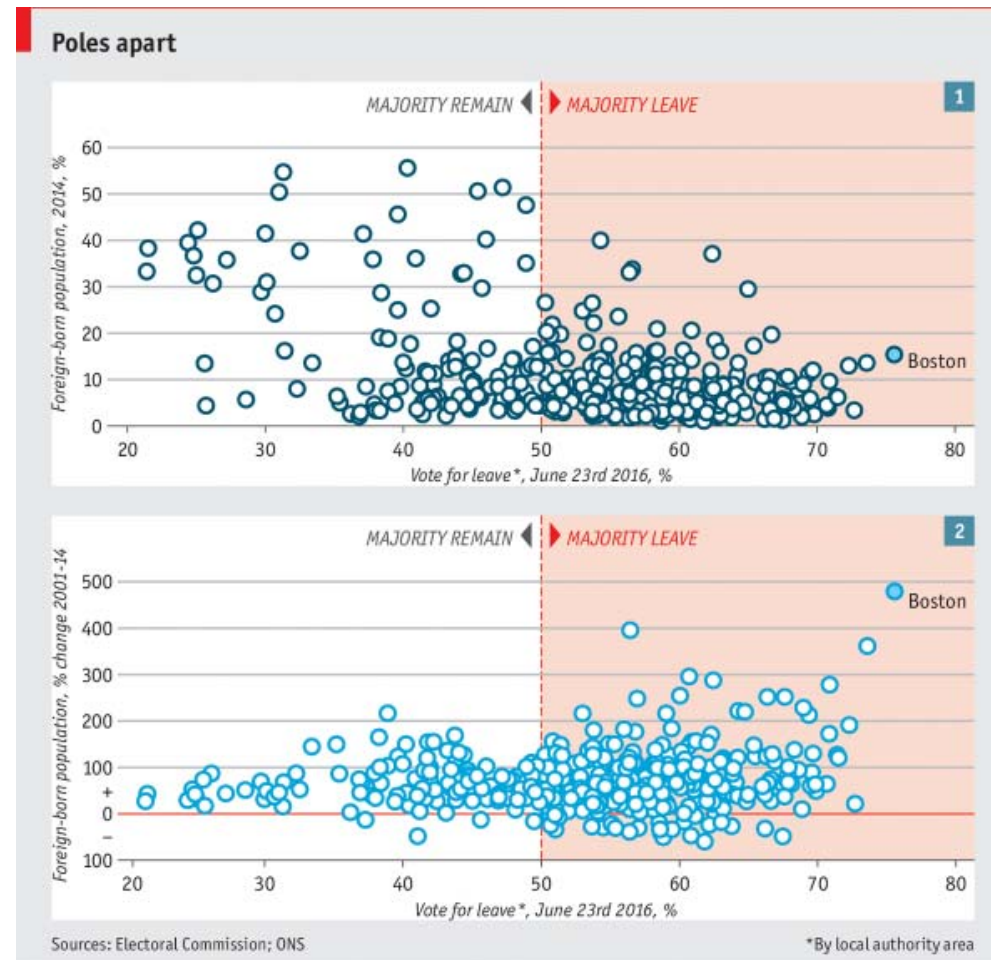
## **3.2 VALUES ROOTS: POPULISM AND IDENTITY**

# US and UK: Does immigration drive populism?



<http://blogs.lse.ac.uk/politicsandpolicy/trump-and-brexit-why-its-again-not-the-economy-stupid/>

# Brexit and immigration: It's the delta.



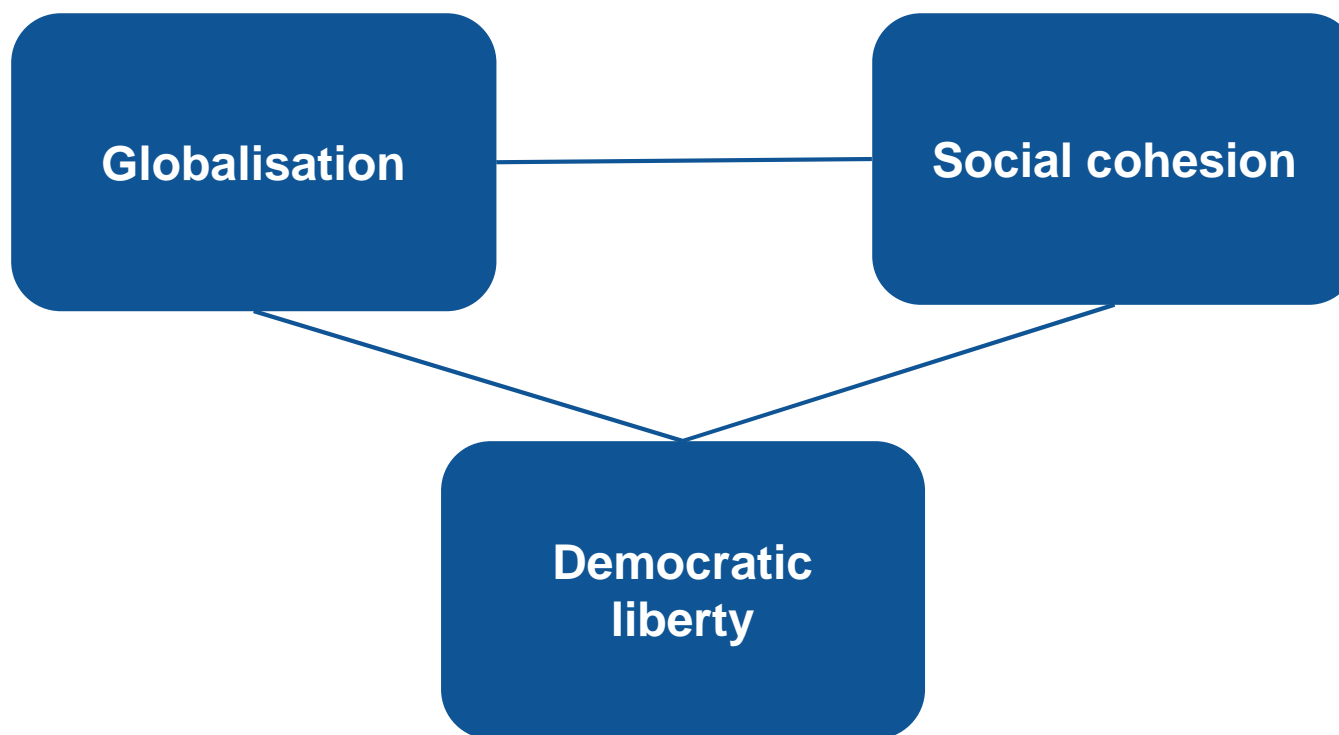
## Summing up the empirical evidence

- 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.

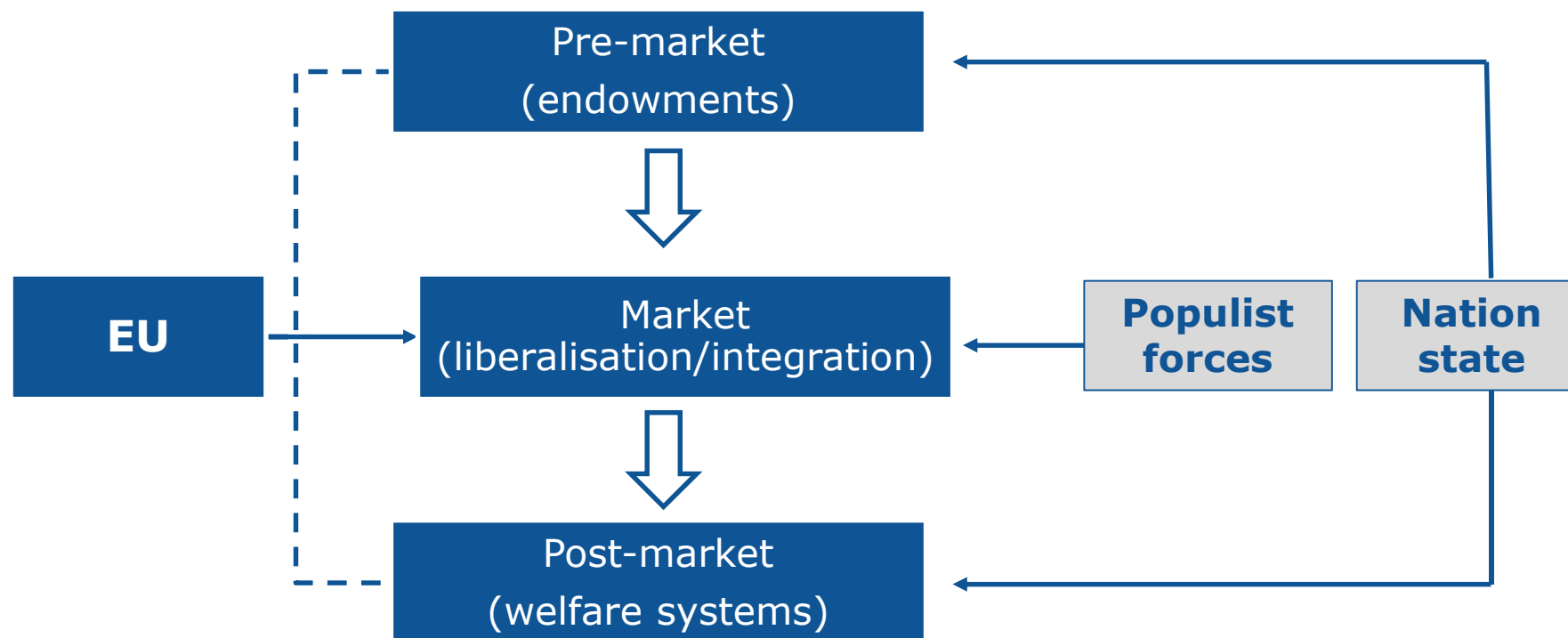


# 4. POPULISM AND EUROPE: A CONCEPTUAL FRAMEWORK

# The Dahrendorf quandary



## Economic populism: Why against the EU?





## **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

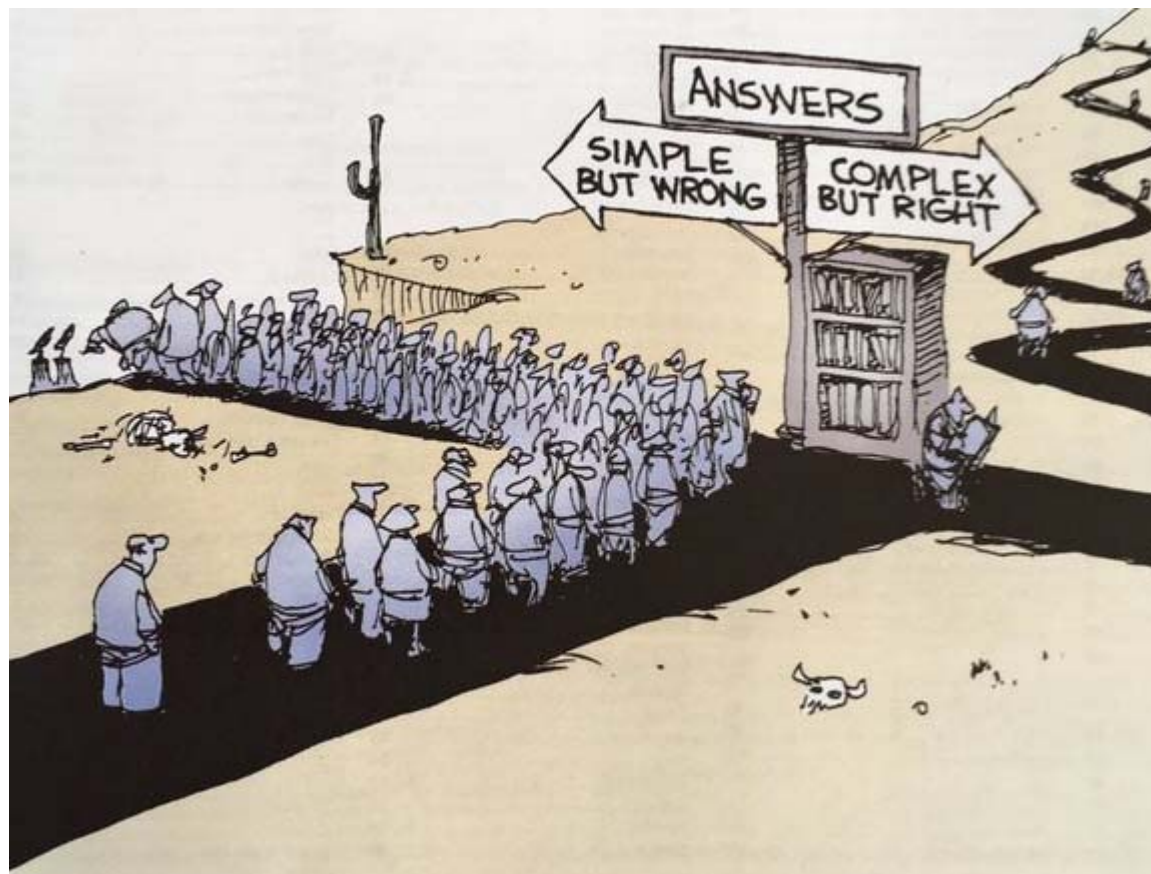
- **5 Presidents Report:** "Greater responsibility and integration at EU and euro area level should go hand in hand with greater democratic accountability, legitimacy and institutional strengthening."
- **Simplify fiscal rules:** mistrust led to attempt to write the "complete contract"
- **EU ownership** of governments and national parliaments

# 6. CONCLUSIONS





European  
Commission



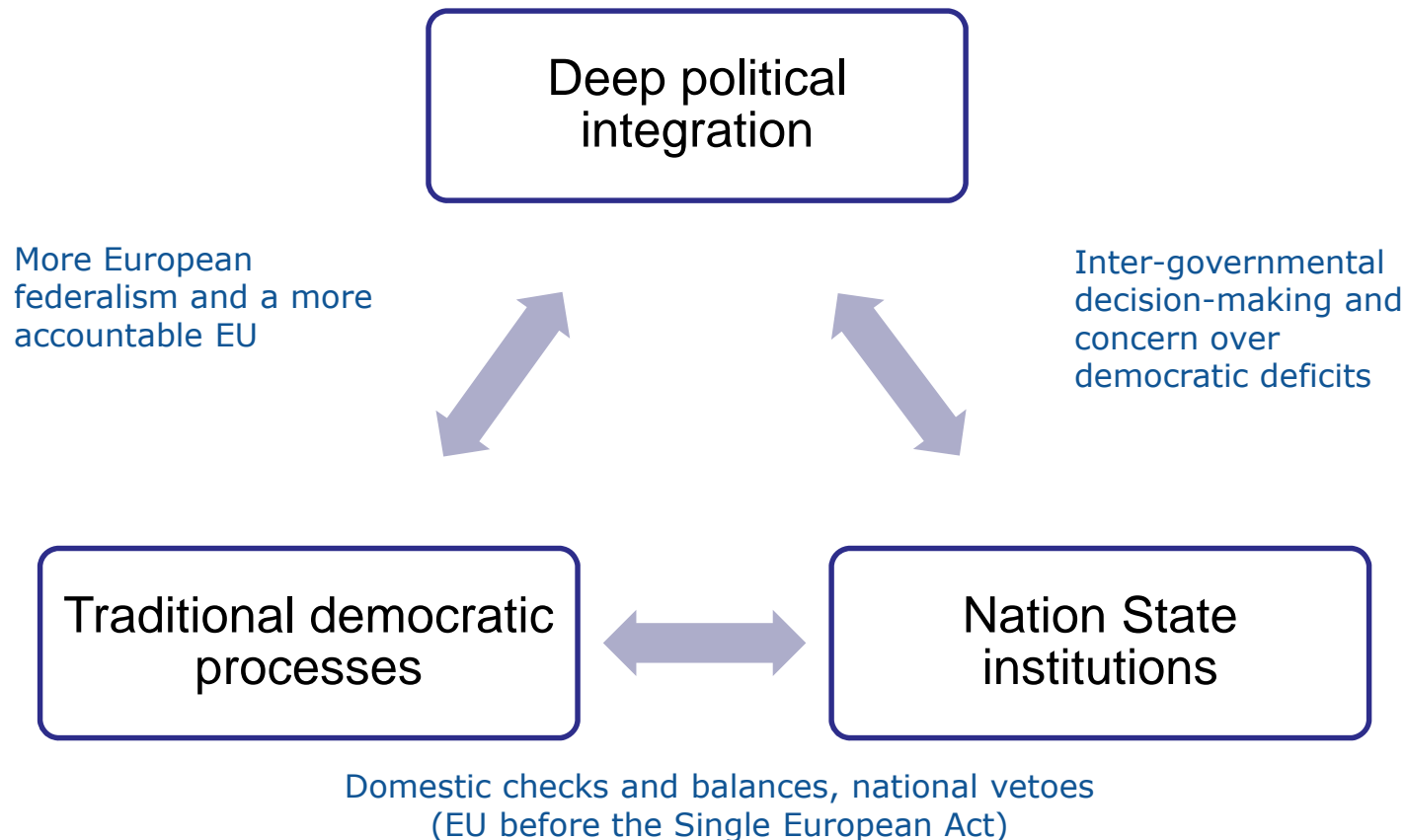


## In sum

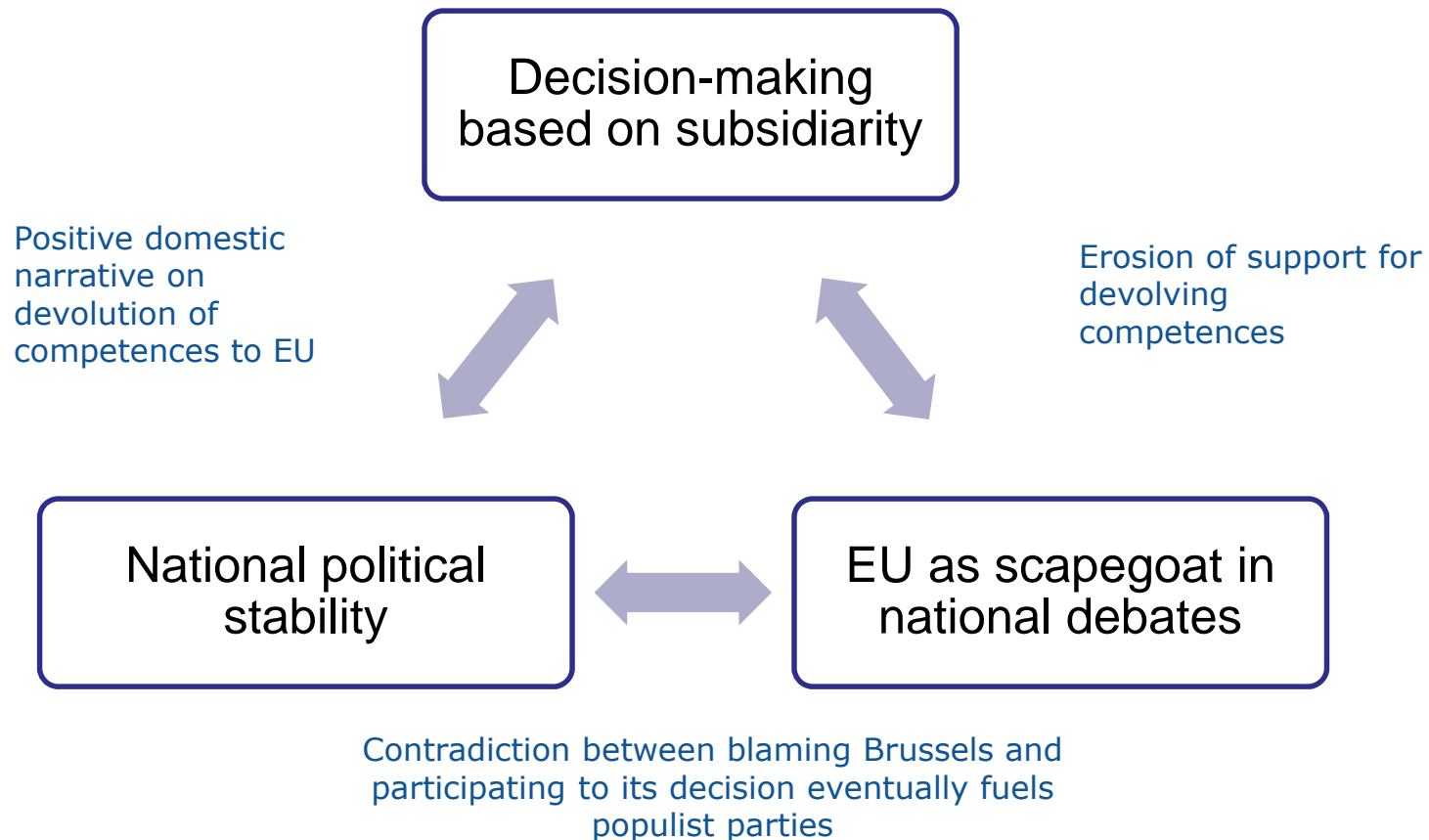
- **The tide has turned:** Brexit, Trump, and...
- Need to **revisit the current assignment of allocation** (for the EU), and stabilisation and redistribution (for the member states)
- No replacement of **leadership**: national leader have to protect the EU
- **Five avenues towards Rome Summit** and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



## First inconsistent trinity: political integration








## Second inconsistent trinity: institutional relations





# BACKUP

## Further steps towards a more political union?

	FR  (%)	DE  (%)	IT  (%)	ES  (%)	BE  (%)	PL  (%)
Creation of a European army	66	47	59	47	65	57
Creation of a European Finance Minister	64	58	65	64	67	60
Election of the EU President by direct universal suffrage	63	71	67	65	68	71