

## **Populism, partisan convergence, and redistribution in western Europe**

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### **Introduction**

In western Europe today, left- and right-wing populist parties are mobilizing discontent against the consequences of late-20<sup>th</sup>/early 21<sup>st</sup>-century global capitalism. Mainstream center-left and center-right parties, have, since the early 1990s, converged on a policy agenda that supports the relatively free movement of goods, capital, and people, particularly within the European region. This policy agenda may have economic and political benefits in the aggregate, but it has also resulted in both rising economic inequality and rising numbers of immigrants in almost every country of western Europe. Pro-market reforms of the 1990s and shorter-term belt-tightening after the global financial and Eurozone crises have been supported by governments and parties of both the center-left and center-right. The convergence of mainstream parties on a neoliberal policy agenda has created a political opening for alternative forms of political mobilization. Populism is one such alternative.

Left and right variants of populism in contemporary Europe claim that they represent the interests of a homogeneous, pure and virtuous people as against the evil, corrupt elite (Mudde 2007, 3); appeal to unifying sources of identity (nationalism, ethnicity) as against both pluralism (Mudde 2007, 151) and the potentially cross-cutting class cleavage in post-war European party systems; hold a mixed attitude toward markets (general support for markets at the national level, suspicion of global and European markets, and support for welfare protections for “the people”) (Zaslave 2009, 314); and propose policy solutions that offer short-term protection from economic and/or cultural dislocation, but do not attend to the underlying structures (economic change, institutional and policy failures, corruption) that produce this dislocation (Guiso et al. 2017). If democratic populism is to thrive in western Europe over the longer term, it will need to create the conditions for longer-term protection of the demos.

### **Economic drivers of popular discontent**

Electoral successes for populist parties and macro-level economic disruption have coincided after 2008. There is reason to suspect that the two may be causally related, but also room for skepticism. In a much-discussed post on the Washington Post’s Monkey Cage blog earlier this year, American political scientist Larry Bartels stated that objective economic factors have “no apparent impact” on the prevalence of right-wing populist beliefs in western Europe. In fact, he argues, “The Wall Street meltdown of 2008 and its global fallout provided a massive natural experiment for scholars of mass politics in tough times. The results could not be clearer: The worst economic crisis since the 1930s did remarkably little to fuel right-wing populist sentiment.” Bartels’ claims echoes other recent findings that voting for a populist party is more strongly predicted by cultural values than by most indicators of economic insecurity (Inglehart and Norris 2016).

At the same time, other studies have found that objective indicators of economic distress are in fact highly correlated with support for populist parties. For example, worsening economic conditions after the Great Recession were associated with declining trust in traditional political

parties and institutions, and increased support for populist parties (Algan et al. 2017, Dustman et al. 2017), while the individual-level link between mistrust and populism is enhanced in debtor countries (Foster and Frieden 2017). Objective and subjective indicators of economic insecurity affect both the propensity to vote at all (in the face of rising abstention rates in Europe), and the choice to vote for a populist party (Guiso et al. 2017). Moreover, trust in traditional parties and attitudes towards immigrants are both more common among people who experience an increase in economic insecurity (Guiso et al. 2017).

There are many methodological reasons for the divergence between Bartels' claim that economics doesn't matter (or Inglehart and Norris's claim that it matters less than other factors), and the findings of other scholars who report robust associations between economic distress and support for populists. At a minimum, though, models of voting behavior ought to include information about abstention, which Guiso et al.'s (2017) study does. Modeling voting behavior as a two-stage selection process (decision to vote, and then decision of which party to vote for) should yield better estimates of the true magnitude of the association between economic conditions and populist voting. Guiso et al.'s use of both subjective and objective measures of economic exposure in a pseudo-panel also helps convince me that there is likely to be a causal effect. Yet, *pace* Bartels, the global financial crisis was in no sense a natural experiment, and we should hesitate to interpret the "effects" of the crisis as results of a "treatment" assigned as-if-at-random to units (people? countries?). This is no mere methodological cavil. It matters because the way that the crisis affected people in western European countries was very much related to previous policy decisions, which were in turn endogenous to political configurations in these countries. The effects (or non-effects) of the crisis on public support for populist parties are thus impossible to disentangle from the effects of longer term political and economic trends.

Space permits only the most general outline of the political economic trends that may have created a sense that established parties were not equipped to protect "the people," and in turn contributed to the recent success of populism in western Europe. These trends began in most countries in the early 1990s. In contrast to the variety of Keynesian economic policies pursued in most west European countries in the 1960s and 1970s, by the 1990s countries at the core of the European union had for the most part converged on stricter monetary policies and market deregulation. In some countries compensatory social policies, coordinated wage setting, and/or tripartite social pacts buffered the effects of these macro-level changes. This resulted in cross-national (and even within-country) differences in the degree to which working- and middle-class voters were exposed to the economic changes induced by globalization of production and finance, the shift to a service-based economy, and the construction of a single European market. Nevertheless, the overall trend beginning in the 1990s in western Europe has been toward less protection from markets than was enjoyed by most citizens of west European countries in the 1960s and 1970s.

Aggregate per capita social expenditure has declined little since 1990, reflecting the fact that wholesale and immediate retrenchment of the costliest social transfers (old-age pensions) and services (health care, education) has been rare. But throughout much of western Europe, the welfare state has become more conditional and less generous for working-aged people; labor markets have been deregulated, increasing the share of workers on insecure or sub-standard contracts; wage bargaining has been effectively decentralized, resulting in downward pressure on

wages in less profitable sectors; state aid to workers, firms and industries undergoing economic restructuring has been tightened; and public sector employment has declined. All of these trends, which predated the global financial crisis, the Eurozone crisis, and the austerity that followed, have left the bulk of western Europe's working and middle classes more exposed to market forces than they were during the *trentes glorieuses*.

### **The populist supply side**

The popular narrative surrounding recent populist successes in western Europe has a Polanyian cast: Society appears to be reasserting its need for protection against the market. But Polanyi (1944) observes that this urge can take a variety of political forms. When and where economic dislocation has translated into support for populist parties in the 1990s and beyond has depended on the supply of populism, as much as on the potential demand for it. In fact, a central feature of the substantial and rich political science literature on populism in western Europe in the late 20<sup>th</sup>-early 21<sup>st</sup> century has been an emphasis on the conditions that create a supply of populist options. While a grievance is a necessary precondition for political mobilization of any kind, this literature suggests that the behavior of party elites and macro-level features of party systems can explain both the conversion of diffuse attitudes and grievances into support for populism rather than something else, and why populist parties succeed or fail (see e.g. Betz 1994, Kitschelt and McGann 1997, Mudde 2007, Meguid 2008).

Again, a brief summary of the central themes emphasized in this literature will have to suffice. First, the institutional rules of the game – electoral systems, thresholds for representation in legislative bodies, rules governing ballot access – affect the likelihood that new parties will form and/or gain enough votes to win representation or, eventually, participate in government. Second, decisions that populist politicians (party leaders and activists) make – which aspects of populism or other issues to emphasize, whether to position themselves as left- or right-wing populists, how to organize their parties and how to mobilize potential voters – affect whether they will attract supporters, convert support into votes, and form effective coalitions with other parties to achieve their policy goals. Third, the behavior of mainstream parties in the system creates openings that populist parties may or may not be able to exploit; but without these openings, minor parties are unlikely to gain more than marginal levels of support.

The Brexit vote and mainstream U.S. Republicans' reluctance to repudiate many of Trump's more extreme actions has naturally focused attention on the effects for policy and politics of mainstream European center-right parties' behavior vis-à-vis the populist right.<sup>1</sup> If the mainstream right coopts formerly radical issue positions espoused by right populists, they may prevent smaller parties from gaining power; but potentially at the expense of mainstreaming positions that were previously considered beyond the pale. Less attention has been paid recently to the decisions of mainstream center-left parties in the 1990s, which have arguably been more consequential for the rise of populism in western Europe.

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<sup>1</sup> Ziblatt (2017) focuses on the behavior of conservative parties confronted by the radical right in the 19<sup>th</sup> and early 20<sup>th</sup> centuries. It has garnered far more interest in the mass media than is typical for a work of comparative historical political science, due to the obvious parallels with current circumstances.

The revival of populism in western Europe is linked to the declining appeal of traditional parties. From the end of the Second World War until the late 1980s, democratic competition in much of western Europe was a highly institutionalized process involving parties with loyal constituencies, tied to ideological traditions and auxiliary organizations, with relatively clear-cut policy alternatives. On the left, social democratic, socialist or (nominally) communist parties offered an agenda of welfare state growth and expansionary macroeconomic policies that appealed to industrial and public-sector workers. On the right, conservative, Liberal, and some Christian democratic parties appealed to capitalists, professionals, and the self-employed in agriculture and commerce by promising to lower taxes and protect the sanctity of private property, Church and family. Under these circumstances, a vote for the center-left or center-right offered clear policy alternatives, and alternation in government often resulted in significant policy change.

With the convergence in the 1990s of mainstream parties on quite similar neoliberal economic and social policies, alternation of the major parties in government no longer produces distinct strategies of economic management. Center-left and center-right parties have staked out only minor differences on key policy issues ranging from the relative priority to be placed on employment versus inflation to the proper degree of regulation of international financial flows. From the point of view of both major political tendencies, “there is no alternative” to neoliberalism (to borrow Margaret Thatcher’s famous phrase.) To be sure, the space for policy alternatives is also constrained by more or less exogenous forces including increased capital mobility and the delegation of significant macroeconomic and policy responsibilities to the European level. That convergence was a choice made under some constraints does not alter the outcomes of that choice, however. For our purposes, the main outcome of interest is that some of those voters who perceive that their own or their nation’s prosperity is harmed by neoliberal policies have abandoned the mainstream parties that espouse these policies.

Where alternatives to the mainstream parties have been available and viable, this phenomenon can be explained in terms of classical Downsian reasoning. But the extent of the collapse of the European center-left, in particular, even in the absence of viable alternatives, goes beyond simple spatial logic. Two aspects of the center-left’s approach to economic policy in the twentieth century seem particularly relevant.

The turn to neoliberalism is by definition a turn away from using the power and resources of the state to protect working- and (many) middle-class voters. It is natural for the left to de-emphasize class considerations when they adopt neoliberal policies: Why attempt to mobilize voters on the basis of an identity or set of interests that your policies no longer match? In the UK, for example, the Labour party sharply de-emphasized class in their rhetoric beginning in the 1990s (Evans and Tilley 2012). But when center-left parties cease to try to mobilize voters on class lines, this makes their voters available for recruitment *by other parties* on the basis of other identities and preferences (e.g. nationalism, regional identity, ethnic identity) that are compatible with populism. This recruitment is done by other parties because center-left parties are unable to shift horses midstream, altering the basis of their appeal in order to retain their core voters. In most countries of western Europe, the left (unlike the right) has never had more than a single horse in its stable: internationalism. In the 1920s, nationalist appeals trumped workerist internationalism across much of Europe; only where the left successfully incorporated a sense of

national commonality and purpose among workers were they able to fend off more virulent forms of nationalism (Berman 2006).

The center-left's technocratic style is, I suspect, a second feature that generates populist momentum. Technocracy – government by technical decision-making – involves the delegation of policy-making to persons with highly technical expertise, and the removal of key policy decisions from the public eye. It also involves a shift in language. To the extent that the left has attempted to reconcile social protection with neoliberalism in recent decades, it has often quite explicitly replaced the language of redistribution and class conflict with terminology calculated to resonate with the new market ethos: opportunity, social investment, activation, flexicurity (Lynch 2017). This technocratic language is bloodless, obscuring the real stakes for real people of policy decisions, and is hence demobilizing.

### **On draining the swamp**

Populism complains of corruption on the part of political elites. This corruption can appear as a perversion of the system (granting favors to political allies, *quid pro quo*), as a failure of democratic accountability, or as an immoral ethos (effete cosmopolitanism, lack of concern with the ordinary people). Contemporary variants of west European populism charge domestic and EU elites with all three of these sins, and in some cases with good reason. Whether or not politicians accept illegal compensation for favorable political treatment of their allies, particularistic politics of the type practiced regularly in countries such as Austria, Italy, Belgium, or Greece breeds a sense of corruption. The decline of neo-corporatist institutions for policy making, and their replacement with unaccountable, paid policy professionals (Svallfors 2016), likely feeds similar concerns even in countries where policy-making has traditionally been more transparent. At the EU level, democratic accountability has been a persistent problem, compounded by the fact that electorates often misattribute responsibility for decisions taken at the domestic level to EU-level political elites, and of EU-level decisions to national-level elites (Mair 2000). Finally, at the level of values there has been a gap between the generally libertarian, cosmopolitan, pro-market values of political elites who have led most mainstream center-left and center-right parties in Europe since the 1990s, and the more authoritarian, nationalist, and protectionist beliefs of a subset of voters who have been attracted to populist parties (Kitschelt and McGann 1997, Inglehart and Norris 2016).

Populism's promise to drain the swamp seems unlikely to correct the self-dealing, lack of democratic accountability, or failure to protect the "little people" from the predations of the market. The populist parties that have some track record in government – at the local or regional level, national level, or within the European Parliament – have not generally outperformed their mainstream cousins in terms of kleptocracy, transparency, or democratic accountability. If rule of law is important for economic performance, and democratic accountability for the just distribution of the rewards of economic growth, it is difficult to imagine that populist parties will do better at protecting the demos from being on the short end of the inequality stick – no matter how unsullied their populist ethos might be.

### **Conclusion**

Mainstream center-left parties have prompted the growth of populism through their aversion to policies that would check the growth of economic inequality. Populist politicians have

responded to the demand for a politics that values and protects “the people” economically. However, the promise to lower taxes, upgrade social benefits, or increase employment for native-born people by cutting off access for immigrants (from other EU countries or from outside of the EU) is illusory, and increasingly so as European economies have become more integrated. If populist politicians are to deliver on their promises of economic protection over the medium term, they will need to redistribute – not from the immigrant to the native-born, but from the wealthy to the dispossessed. If democratic populists fail to do so, and if mainstream parties continue to ignore the demand for protection from the market, other, less savory options may well present themselves.

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