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# The Rise of Populist Movements in Europe: A Response to European Ordoliberalism?

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# The Rise of Populist Movements in Europe: A Response To European Ordoliberalism?

ASSA ANNUAL MEETING

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ATLANTA 2019

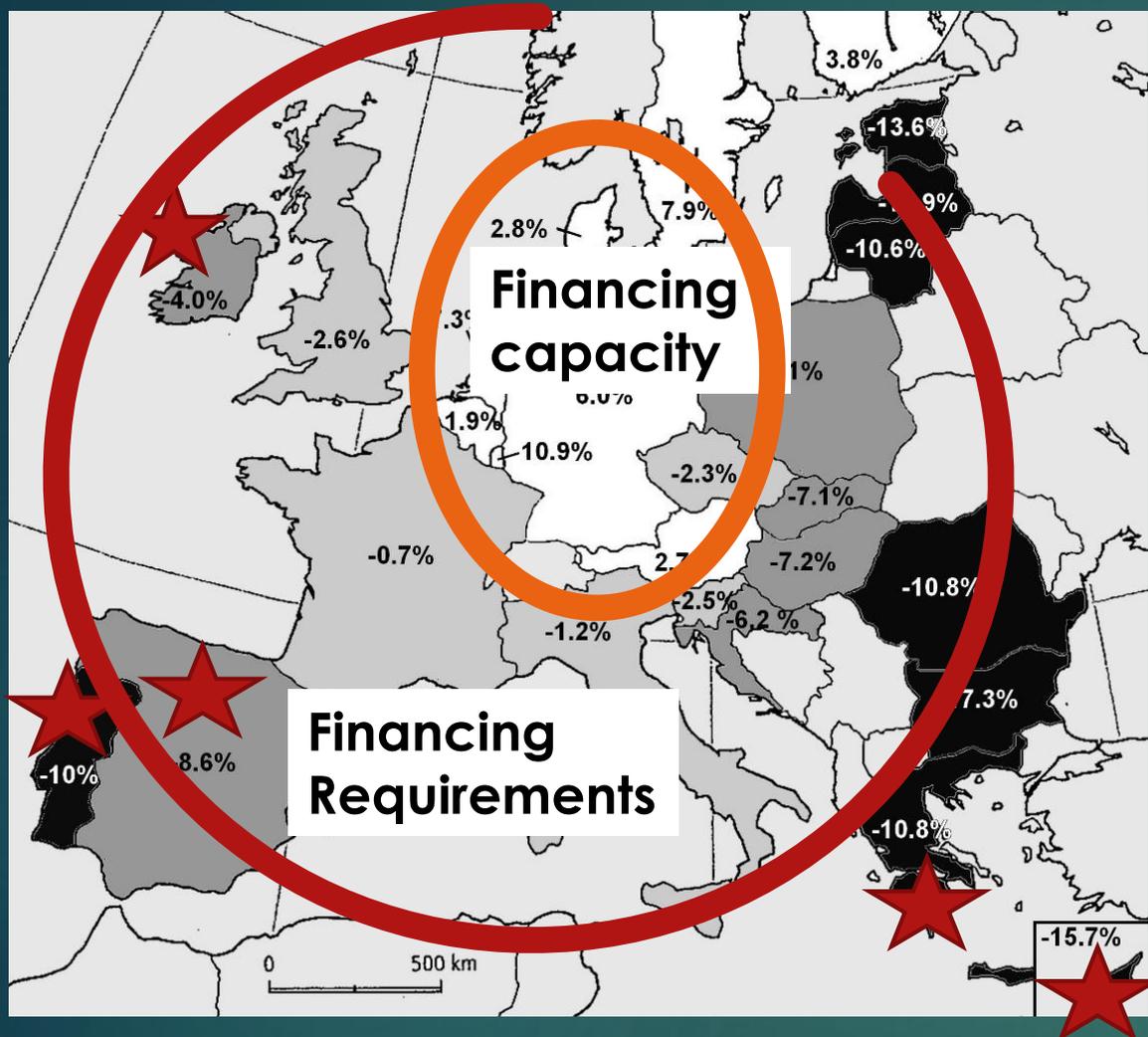
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# The Return of Populism

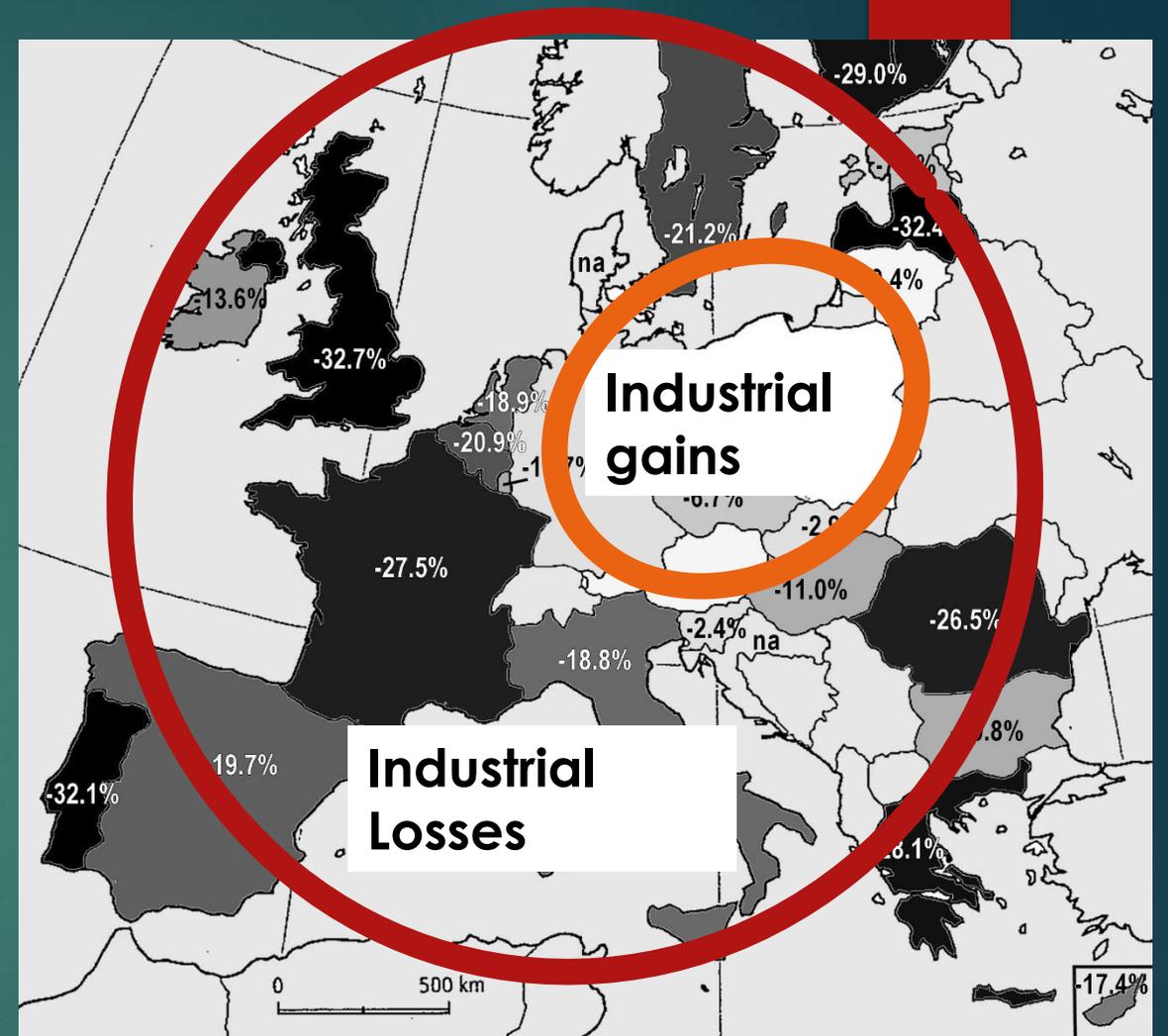
- ▶ Between 2014 and 2018, 33 countries has been ruled by populist forces in the world (Badie 2018). 15 of these countries were European and 11 (out of 28) were from the European Union.
- ▶ The emergence of populism can be understood as a response to the globalization process that damage “the institutions in which his social existence is embodied” (Polanyi 1944, p. 164).
- ▶ However, populism is an ambiguous movement. It may either chose capitalism over democracy of democracy over capitalism (Polanyi 1933).

# The Specificities of the European Economic Crisis

- ▶ A partial recovery: In 2018, EU GDP was 13.0% higher than it was in 2007, compared to +20.8% for the United States.
- ▶ This is partly due to the differences in economic policies. America was fully Keynesian in 2009-2011, with the Fed QE and a public deficit above 10% of GDP, whereas the UE economic policy was timid and aimed to reduce the deficit as soon as 2010.
- ▶ Another major difference is the 2010-2013 Eurozone Crisis
- ▶ European authorities stressed on the responsibility of individual countries but failed to acknowledge the responsibility of the Eurozone rules in this crisis.



Current accounts balance (2005-2007 average) in the European Union



Change in Industrial Workforce (2000-2017) in the European Union

# The Democratic Trap of the European Institutions

- ▶ Hayek 1939, “The Economic Conditions of Interstate Federalism”.
- ▶ For W. Streeck (2014), the European Single Market system is a perfect Hayekian construction where public intervention becomes impossible.
  - ▶ Competition between individual states works as a strong incentive for pro-market policies
  - ▶ The federation will not have the political power for public intervention and will praise for free competition
- ▶ In the European Single Market, the “free competition” creates a perpetual bid between countries to attract investments from transnational firms.

# The Democratic Trap of the European Institutions

- ▶ This competitive process is ruled by the law of “Market Justice” instead of “Social Justice” (Streeck 2014). It tends to weaken social institutions as expected by Polanyi and therefore explain the rise of populism in the European Union.

# What Aim European Populisms?

▶ Three different forms of populism:

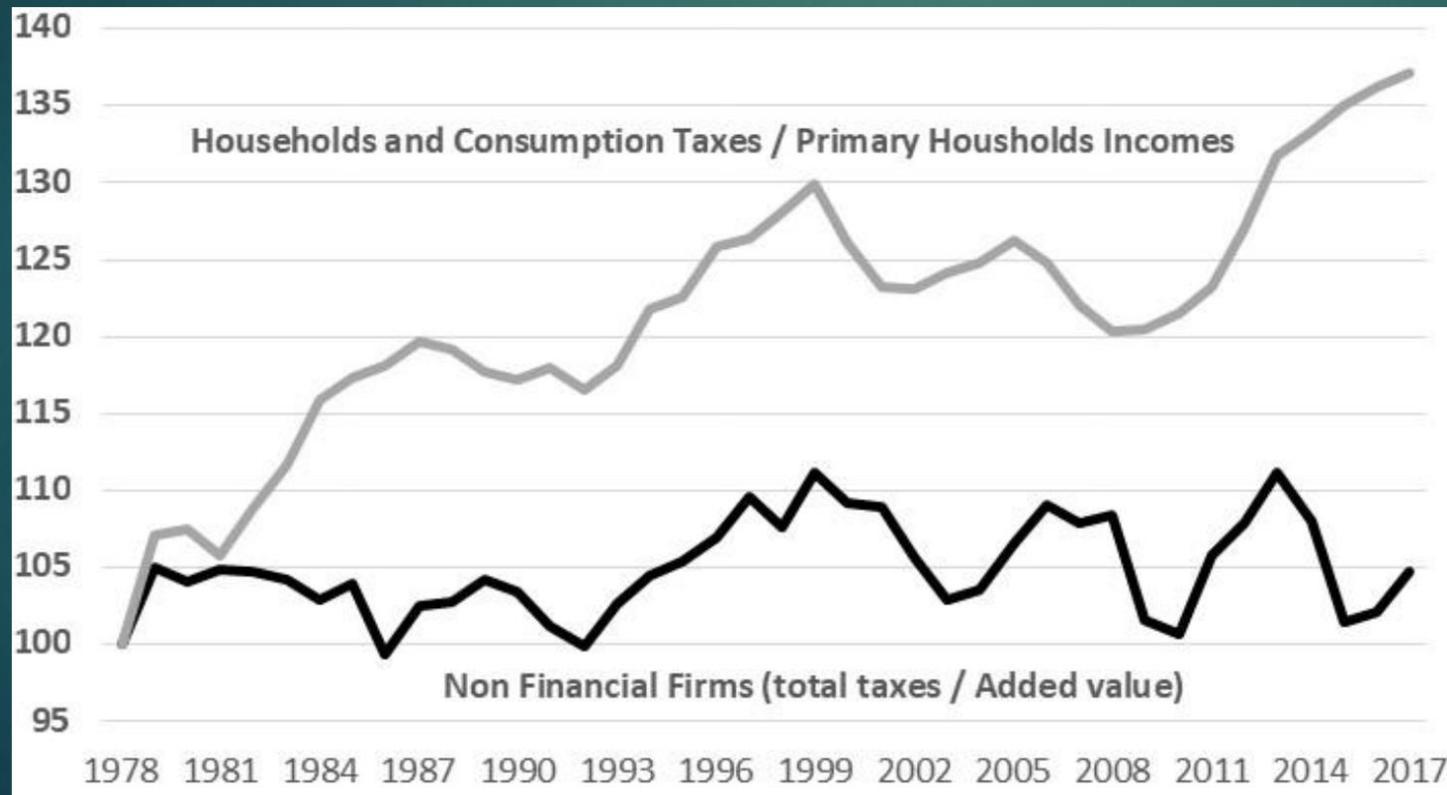
- 1. Southern Europe populism:** a direct response to the policies implemented under the rule of the Troika and a quest for equality with Northern Europe and Germany
- 2. Central and Eastern Europe populism:** an anti elite response to the migration flows toward Western Europe of the most educated ones (Krastev 2017).

Eastern countries migration losses (2000-2017)		Western peripheral countries migration losses (2010-2017)		Core European countries migration gains (2010-2017)	
Bulgaria	-421 000	Greece	-234 654	Germany	+3 963 353
Romania	-2 071 357	Spain	-104 561	Netherlands	+346 165
Poland	-207 172	Portugal	-137 958	Austria	+451 984
Baltic states	-819 114	Ireland	-24 405	Belgium	+383 358

Table 1: net migrations gain and losses in some European countries<sup>4</sup>

# What Aim European Populisms?

- 3. French Yellow Jacket populism:** A response to the French fiscal policy that tends to tax immobile resources in order to attract mobile resources.



Comparative evolution of firms and household taxation in France (1978-2017)

# Conclusion

- ▶ The European populism seeks equality between countries, people and between labor and capital taxation. Overall, they tend to emphasize Social Justice over the “Market Justice”.
- ▶ As it is organized, the European Single Market institutions can be seen as a specific attempt to solve the Polanyi contradiction between democracy and capitalism by instituting a sort of **fake democracy** (cf. Hayek 1939).
- ▶ European populisms affect this attempt by insuring a move towards a demand for equality and a “true” democracy. **An ideal that seems to be clearly preferred to capitalism and free competitive markets.**

Thank you for your attention!