

POLITICO

Europe's problem is not populism

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When we talk about politics, it's always tempting to use some "mega-trend" to explain the state of the world. Today, the most fashionable of them all is "the rise of populism."

Unfortunately, this is a term that's as slippery as it is popular. It has been applied to the Oxford-educated Brexiteers Boris Johnson and Michael Gove, to the Italian comedian Beppe Grillo, to the Spanish neo-Marxist Pablo Iglesias, to the French far-right leader Marine Le Pen, just to name a few.

The only thing this motley assortment has in common is that their country's political establishment, distrustful of their political message, has decided to label them as "populist."

It's not hard to see why. To the political establishments, "the rise of populism" offers a somewhat comforting narrative. It suggests that there may be powerful historical forces at work — forces that political incumbents are tone-deaf to and yet powerless to resist.

A large number of intellectuals, including the French economist Thomas Piketty, maintain that the rise of populism can be blamed on a widening gap in wealth distribution. Commentators and observers struggling to make sense of the electoral successes of "deplorable" political leaders, diagnose their political upsets as evidence of class warfare.

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By so doing, they turn the political establishment's crisis of legitimacy into an argument for doing more of what they like to do best: redistributing money. In this framing, the rise of populism is transformed into a signal that the state is not redistributing quite enough.

The best — and most recent — example is Italy's constitutional referendum on December 4, which handed then Prime Minister Matteo Renzi a staggering defeat. If Renzi — recently an insurgent himself — couldn't stop the populists, they are indeed movements whose time has come. But was it really "the rise of populism" that handed Renzi his hat?

The populist 5Star Movement has been gaining traction for several years, reaching a staggering 30 percent of votes in the polls and winning mayoral elections, including in Rome. Despite

basically being a hard-left movement, the party has been able to attract votes from the Right too. And like Podemos in Spain, it has increased its momentum as the political establishment has become increasingly perceived as corrupt and parasitical.

In his battle to win the referendum, Renzi borrowed some of their catchwords and tried to claim that he too was fighting the establishment and austerity — but to no avail.

Renzi knew voters would not get excited about the nitty-gritty aspects of constitutional law, and so he cast the vote as a surrogate of a general election: Vote Yes if you want my government to go on. That a majority of Italians answered in the negative is hardly a surprise; since 1996, Italians have voted against political incumbents whenever they could.

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Electoral arithmetic played a role in Renzi losing the referendum (he ran alone against all the other parties), but the big problem he ran into is that his political initiatives, lax public spending included, had not been enough to spur growth.

Upon entering office in 2014, Renzi promised bold reforms but soon realized they would yield results too far down the line to be electorally valuable. And so he tried the old-style strategy of building consensus through spending. He started with an €80 monthly tax bonus for people earning under €26,000 a year, added new hiring slots for teachers in public schools, and gave special bonuses to pensioners and €500 “culture vouchers” to Italians turning 18. Just two days before the referendum, he promised to raise the salary of government employees after a seven-year freeze. All in all, Renzi may have increased public spending by something like 1 percent of GDP.

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Italy has had negative growth since 2007 and has been stuck in economic limbo since the 1990s. Renzi’s policies weren’t quite enough to get the economy moving again.

What happened in Italy is not a cautionary tale about the historical inevitability of populism. Nor does it illustrate the need to pursue bolder redistributive policies. It is simply a story of the failure of a political leader who strived to gain consensus by a cornucopia of small measures, and eventually alienated voters because he offered no vision for reviving growth.

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It is hardly news that low growth rates can be a boon to opposition forces in politics. Instead of talking about the unstoppable rise of populism, what Europe needs is a more productive conversation about why growth rates have continued to stagnate in many Western countries. This may not be completely unrelated to the fact that never in history have governments been so profligate and taxes so high.

There's only one problem with this type of conversation: It would deprive many on the Continent of a useful tale for what has gone wrong under their watch, as well as a justification for the increased interventionism they advocate.

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