

## **AEJ Meeting with Brunello Rosa, May 30<sup>th</sup>, 2019**

### **The New Political Landscape in Europe after the European Parliament Elections**

**By Charles Jenkins**

The growth of populism is a worldwide phenomenon in democracies in recent years including Duterte in the Philippines, Bolsonaro in Brazil and Kirchner again in Argentina. In the European Parliament elections a far-right populist party emerged in Spain for the first time since the return of democracy there, in the shape of VOX, Le Pen's Rassemblement Nationale (RN, formerly Front Nationale) became the largest party in France, Salvini's Lega won 34% of votes in Italy, the governing Law and Justice (PiS) remained the largest party in Poland, while the True Finns and Alternative für Deutschland (AfD) also did well. There has also worldwide been a rise of the "strong man" for example in China, Russia, India and Turkey. The rise of populists and nationalists has tended to be accompanied by attacks on elites and experts.

Brunello Rosa strongly disagreed with the view of Martin Selmayr, secretary general of the European Commission that "populists have been contained". Populists make up 175 seats in the 750 seat European Parliament in three different groups: Europe of Nations and Freedom (ENF, including Lega, RN, the far Dutch party PVV and Vlaams Belang the far right Flemish party), Europe of Freedom and Direct Democracy (EFDD, including previously UKIP, now probably the Brexit Party and Italy's 5 Star Movement and European Conservatives and Reformists (ECR, including the governing Polish nationalist party, Law and Justice (PiS), Fratelli d'Italia). Populists form the governments of Italy, Poland and Hungary and can so choose commissioners and domestically influence the judiciary and media, elsewhere they are in coalitions and even where not in government, can strongly influence the policies of governing parties. In the European Parliament elections, a populist party was the leading single party in four out of the six major countries, France, Italy, UK and Poland. Even though AfD is less strong in Germany, that country could be heading towards an unstable period as Chancellor Merkel's dominance comes towards an end and neither her successor as leader of the Christian Democrats, Annegret Kramp-Karrenbauer, nor anyone else, has so far seemed able to take over.

The future evolution of the EU is likely to take the shape of one of three scenarios:

- 1) Continue to muddle through though this probably cannot last;
- 2) The development of three concentric circles: a stronger euro zone, the rest of the EU and countries like Turkey, Ukraine, and maybe UK, associated with the EU but outside;
- 3) Disintegration though with a cluster, possibly including France and Spain, forming around Germany. Italy would be outside the cluster but may try to form relations with big countries outside the EU. In a publicized photo after the European elections, Salvini is seen with Trump and Putin in the background. China's Huawei is already closely integrated into Italy's infrastructure and Italy has signed the Belt and Road Initiative.

The left-right division in the European Parliament is becoming less pronounced

The euro zone is fragile and needs a stronger transfer union. Real GDP per capita in Italy is lower than at the beginning of the euro zone 20 years ago, an outcome even worse than that of Greece. Italy sees itself as having submitted to continued austerity and to have put through difficult and labour market and other reforms under Monti, Letta, Renzi and Gentiloni, as urged by Germany and the European Commission, but have received no resulting benefits. Macron's proposed reforms of the euro zone on which he invested political capital have received a completely negative response from Germany.

In response to questions:

Brunello Rosa agreed that support for populists tends to be skewed to the elderly but he was concerned that the young do not speak up enough;

He also agreed that populists will eventually fail but that this may take 10-15 years and leave irreparable damage;

He pointed out that social media are not just the tools of populists. They were used very effectively by Obama. However they are well suited to the kind of simple messages favoured by populists;

He said that the next economic crisis will occur in the next few years;

He regarded the success of the Greens in the European Parliament elections as a ray of hope but considered that they must stay out of the ruling coalition in the European Parliament so as to be able to play an opposition role rather than being co-opted and becoming part of the establishment. They will face difficulties when environment protection requires that factories to be closed down.

He backed up his argument for more fiscal transfers by pointing out that emigration from southern Europe to northern Europe involved fiscal transfers from the south, which pays for the cost of education, to the north, which receives the taxes from employment. Moreover migrants frequently return to their homeland after retirement, requiring health and social services.