

Europe's politics of dystopia

The recent victory of the conservative Law and Justice (PiS) party in Poland [1] confirms a recent trend in Europe: the rise of illiberal state capitalism, led by populist rightwing authoritarians. Call it *Putinomics* in Russia, *Órbanomics* in Hungary, *Erdoğanomics* in Turkey, or a decade of *Berlusconomics* from which Italy is still recovering. Soon we will no doubt be seeing *Kaczyńskiomics* in Poland.

All are variations on the same discordant theme: a nationalist leader comes to power when economic malaise gives way to chronic and secular stagnation. This elected authoritarian then starts to reduce political freedoms through tight-fisted control of the media, especially television. Then, he (so far, it has always been a man, though France's Marine Le Pen would fit the pattern should she ever come to power) pursues an agenda opposing the European Union [2] (when the country is a member) or other institutions of supra-national governance.

He will also oppose free trade, globalisation, immigration, and foreign direct investment, while favouring domestic workers and firms, particularly state-owned enterprises and private business and financial groups with ties to those in power. In some cases, outright nativist, racist parties support such government or provide an even deeper authoritarian and anti-democratic streak [3].

To be sure, such forces are not yet in power in most of Europe [4]. But they are becoming more popular nearly everywhere: Le Pen's National Front in France, Matteo Salvini's Lega Nord (Northern League) in Italy, and Nigel Farage's United Kingdom Independence party (Ukip) all view Russia's illiberal state capitalism as a model and its president, Vladimir Putin, as a leader deserving of admiration and emulation. In Germany, the Netherlands, Finland, Denmark, Austria, and Sweden, too, the popularity of populist, anti-EU, anti-migrant rightwing parties is on the rise.

Most of these parties tend to be socially conservative. But their economic policies – anti-market and fearful that liberal capitalism and globalisation will erode national identity and sovereignty – have many elements in common with populist parties of the left, such as Syriza in Greece (before its capitulation to its creditors), Podemos in Spain, and Italy's Five Star Movement. Indeed, just as many supporters of radical

leftist parties in the 1930s made a U-turn and ended up supporting authoritarian parties of the right, the economic ideologies of today's populist parties seem to converge in many ways.

In the 1930s, economic stagnation and depression led to the rise of Hitler in Germany, Mussolini in Italy, and Franco in Spain (among other authoritarians). Today's brand of illiberal leaders may not yet be as politically virulent as their 1930s predecessors. But their economic corporatism and autocratic style are similar.

The re-emergence of nationalist, nativist populism is not surprising: economic stagnation, high unemployment, rising inequality and poverty, lack of opportunity, and fears about migrants and minorities "stealing" jobs and incomes have given such forces a big boost. The backlash against globalisation – and the freer movement of goods, services, capital, labour, and technology that comes with it – that has now emerged in many countries is also a boon to illiberal demagogues.

If economic malaise becomes chronic, and employment and wages do not rise soon, populist parties may come closer to power in more European countries. Worse, the eurozone may again be at risk, with a Greek exit eventually causing a domino effect that eventually leads to the eurozone's breakup. Or a British exit from the EU may trigger European dis-integration, with the additional risks posed by the fact that some countries (the UK, Spain, and Belgium) are at risk of breaking up themselves.

In the 1930s, the Great Depression brought to power authoritarian regimes in Europe and even Asia, eventually leading to World War II. Today's resurgence of illiberal state capitalist regimes and leaders is nowhere close to inciting a war, because centre-right and centre-left governments still committed to liberal democracy, enlightened economic policies, and solid welfare systems still rule most of Europe. But the toxic brew of populism now gaining strength may yet open a Pandora's box, unleashing unpredictable consequences.

This rising tide of illiberalism makes avoiding a breakup of the eurozone or the EU ever more vital. But, to ensure this, macro and structural economic policies that boost aggregate demand, job creation and growth, reduce income and wealth inequality, provide economic opportunity to the young, and integrate rather than reject refugees and economic migrants will be needed. Only bold policies can halt Europe's slide toward secular stagnation and nationalist populism. Timidity of the type witnessed in the past five years will only increase the risks.

Failure to act decisively now will lead to the eventual failure of the peaceful, integrated, globalised, supra-national state that is the EU, and the rise of dystopian

nationalist regimes. The contours of such places have been reflected in literary works such as George Orwell's *1984*, Aldous Huxley's *Brave New World*, and Michel Houellebecq's latest novel *Submission*. Let us hope that they remain confined to the printed page.

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Links

1. <http://www.theguardian.com/world/2015/oct/27/poland-law-justice-party-wins-235-seats-can-govern-alone>
2. <http://www.theguardian.com/world/eu>
3. <http://www.theguardian.com/world/2015/oct/23/poland-election-law-and-justice-party>
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