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# **POPULISM: ROOT CAUSES, POWER GRABBING AND COUNTER STRATEGIES**

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Populism ranges from the communication skills of successful politicians to a dangerous agenda creating internal and external conflicts, negating climate change and rejecting human rights. We carve out four root causes. The dominating cause in a period or area determines the socio-economic structure of voters. Populism can have a left- or right-wing agenda, it accelerates with regional problems, inequality, spatial disequilibria and migration. Populist parties become part of democratically elected governments often in a coalition with a mainstream party, in which they are then the more active part of it and make even more inroads till they dominate. If they finally get the lead, they clinch to it, by changing the rules, dismantling the division of power between government, parliament and courts and invent a foreign enemy or fear of dangerous force as to cement their power. We venture to delineate a counter strategy which needs four steps.

## **DEFINITIONS AND VARIANTS**

The broadest definition is that populism is an oversimplified interpretation of the problems of a society. This has been done by many successful politicians, let us think about Roosevelt, Churchill or Kreisky in Europe, Peron in South America, Nehru in India. Today populist communication may be to some degree delegated to media agencies or spin doctors, but it still needs an eloquent transmitter to the electorate. The common unifying feature of a more dangerous variant of populists is that they develop a polarizing message: they divide people into two groups and do this even binarily: the "us" and the "them". The first are the ordinary, virtuous citizens and the second a corrupt, self-serving elite. One corollary to be added is, the first is that populist knew the "true wants" and have the sole ability to serve them. The other corollary of populism is that there exists a natural, positive homogeneity of "our" people in contrast to sinister foreign forces and cultures which wants to intrude our country, nation, religion. Literature calls radicalism or nativism, when hard ideology is added, be it a radical left wing like Maoism or a right wing like Fascism. This now is a dangerous left- and right-wing populism, as represented by Castro, Chavez on the one extreme and Pinochet, Orban,

Kacziensky on the other. Both needs conflicts, policy, dismantling division of power, free media and democracy at home and a military build-up and closing the borders externally.

Predecessors of today's populism had been the agrarian movement which mobilized small farmers against nobility, large banks and monopolies. Left wing reform oriented populist, sometimes including Christian liberation theologian, which encouraged protests or revolution against dictators and military rulers which cooperating with or were financed by the US. This strand was less polarizing and more emancipatory as they encouraged people without power or even voting rights to change their life and earn fair money for intensive efforts. The "student's movement as of 1968" encouraged individuals to think "more dimensionally" about their life and fight against explicit and implicit repressions. The majority rejected force as political instrument. There existed however elitist ideas of better understanding the true wants of society due to academic knowledge, thus disconnecting from the problem of blue-collar labour and trade unions. Progressive left populists with Bernie Sanders and Jeremy Corbyn at the political front, and Occupy Wallstreet, Extinction rebellion and Fridays for Future are on the edge to green populism, the Arabic spring connected the internet generation with broader parts of the population against traditional rulers hiding money abroad and suppressing people at home.

## **FOUR ROUTE CAUSES**

For today's populism we carve out four root causes. Economic problems, cultural reasons, the speed of change generated by globalization and digitalization and last not least the policy failure to manage the transition to higher welfare globally and locally.

*Economic causes* can be low growth, rising unemployment and inequality. These problems are to some extent fall out of the Financial Crisis of 2009. They happened despite of the fact that the political leaders had learned a lot since the Great Depression of the thirties of the last century<sup>1</sup>. The big economic powers and their central banks did this time not resort to protectionism and to "my country first" strategies. These would have led to a depression of the world economy for all countries. But this time fiscal policy was coordinated and expansionary, it stimulated demand, rescued failing banks and refrained from protectionism. Central banks supported fiscal policy by flooding markets with quite unusual and innovative instruments including buying government bonds and even stocks of private firms. Nevertheless, it took five years in Europe to reach its pre-crisis output again. And unemployment climbed to two digits level, youth unemployment sky rocked to 40% or 50 % in some countries. The US which had caused the crisis to a larger extent, did earlier and quicker come out of recession, since they pressed payments from large European banks by threatening to end the permission to extend operation in the US.

Thus the successful demand stabilization and advantages of international coordination prevented a larger crisis. This vindicated the dominant proposals today by populists, that national strategies are always better, and the coordinated European policy always contrast to the interests of ordinary people. But independent from the rather successful policy which prevented a much deeper and longer crisis, the lower dynamic disappointed voters, as inequality could not be reduced in this environment. In the US dynamic was stronger but inequality increased, and the stagnation of the wages of blue-collar workers was extended into it fourth decades. Firms remained innovative but hurried to exploit innovation abroad since

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<sup>1</sup> Aiginger 20xx Two twin crises which gut different foster parents sieh meine homepage

these furthermore ballooned profits. The huge deficit in the US balance of payment is thus caused by the greed of firms to sustain high dividends and serve the top 1 %, not by Chinese distortion of rule, manipulating the currency and stealing of patents policy. This was well understood by economists and international organisations, but the voters accepted the message that innocent American firms were thrown out of the market by cheap Chinese goods even if the declining prices for consumer goods for low income earners did more to increase welfare than rising wages. The electorate including the well-known deficits of the US democracy like campaign financing by lobbies and big money, different rates of voter registration with income and race and the support from Russia in social networks led to the victory of a populist, who demands "my country first" and to make US great again. Ironically the rust belt voted Donald Trump hoping that he would bring industry back home, more precisely old, basic goods firms in steel, chemicals, empowered by fossil energy, which is the wrong specialization of a country leading in technology and per capita income.

Rising inequality of incomes between persons, but increasingly also between regions is a driving force of today's populism. Income and population are increasing in centres and in modern industrial districts, in peripheral regions there is low growth and low investment by international firms, since they need skilled work force and supplier networks. Europe had always complained a low regional mobility of workers, in the last ten years it increased. This is partly the effect of the European enlargement where regions near the centre gained by acquiring dynamic clusters of investment e.g. in the automobile industries. But low skilled people from peripheral regions migrated to the western countries, population in the regions they come from consequently decreased strongly. One fifth of the male workers between age 20 and 30 has left, the prediction is that population in this group will half within two more decades. These regions feel forgotten by national policy and threatened by free labour movement set as a goal by the European Union. The large and increasing regional and structural funds were not seen as a compensation. Maybe since a large part of them was diverted by dominant firms or the political elite. Another reason is that declining regions could not define projects and cope with red tape needed for successful applications

*Cultural causes* for populist voting are the changes in the value system. Literature refers to it as gradual changes in the western societies from conservative values to liberal values. The latter include equality of genders, or acceptance of different partnerships and lifestyles, and extending to ideas about healthy nourishment, mandatory seat belts in cars and limited speed allowed. Opposition to political correctness and gendering increased gradually, but now has and political outlet. The resurgences of male dominance are fostered if the potential second income earner does no longer apply for jobs due lacking well paid jobs or to stagnant or declining wages (or inherited wealth). This is the case in forgotten regions as well as in the United States (see also Tea Party Movement). That life expectancy declined due to drinking and unhealthy eating habits, obesity and opioids does not matter in this discussion, also not that it decreased stronger in low income and low-class groups, and among people not born in the US. Preventing their immigration was perceived as more important than integrating them and upgrading life styles. The US has lost its advantage that everybody can change his life by upward mobility.

The third root cause is that the *speed of change* increased. In the work life lifetime jobs become the exception, seldom young people take the same occupation as elder ones. What one has done at the start of the career cannot be a job for decades, and if the job is formally the same its content, and activities and task to be performed changes. Kids do not work in the same firm and job as their parents and are mobile as to change the location of work. This widens choices, increases fit between abilities and demand, lead to less working accidents, but

it involves uncertainty and change, it can give intermittent periods of joblessness and retraining.

Finally, *economic policy did not deliver*, what it was expected and should have done. Even mainstream globalization theory told that there are losers, and that this will be low skilled workers in the industrialized countries. Theory tells that they should be compensated for losses incurred on them. Modern theory stresses that this cannot be done completely, and opinion surveys inform us that people do not want to depend on welfare payments over a longer time but want to change in new jobs or occupation<sup>2</sup>. Thus, globalization and the speed of change it leads to- on average in the positive direction, but need game changing differences in the education system. Learning by heart becomes less important compared to problem solving, from a once for life phase of education in the youth to lifetime learning, retraining, looking for new opportunities and improvements. Empowerment substitutes social compensation as best policy reaction. The worst is not dealing with the loser's problem and leads to calling back the never existing glory of past times.

An accelerator or pushing force for populism is the migration issue. If people have less chances and stagnant income, they oppose new competitors. Migrants are willing to work at lower wages or for longer hours, even if the entrants are not close substitutes for the old jobs and even if inward migration and extending the work force lead to higher output and indirectly better quality of jobs and increasing employment. If uncertainty is larger it is not seen as a chance but as a threat of losing position, of declining from middle class to lower class. And if a region loses jobs, which create in the centres where migrants are flocking to. In general, former rust belts and forgotten regions in which population decline turn toward populist parties even if mainstream parties or European policy support investment and give aid and former citizens finance an ever-larger part of the community of family budget by sending money home (remittances). Adding remittances and structural aid makes up nearly 6 % of regional GDP und much more of some communities, but since these payments cannot be seen as result of own efforts they do not prevent the search for "strong men" telling that the past was better, foreigners are the problem and protectionism would be the solution. Very few regions venture strategies to bring former ex patriots back or invite migrants to make use of their entrepreneurship and broad skills necessary for small businesses in their country of origin. Social media and echo chamber tend to focus on problems and grievance, instead of solutions and the tend not to report success.

## **THE ROAD TO POWER AND REACTION TO FAILURE**

The political inroads of populist parties start locally or regionally. People disappointed by the economic dynamics then often calls for independence maybe from the mainstream government, from the European commission, from big firms or immigrants, sometimes even call for secession of a province, at least if the "government does not change its course". Then often there is a stalemate between two mainstream parties and instead of one supporting a prime minister of the other the smaller one invites the populist party to become member of the government. In such a coalition between a mainstream party on its losing track and an uprising populism, the later determines the agenda and become dominant. If new election show increasing support for a populist party, it changes the rules of voting, so that a minority party can get the majority of seats. Then it changes the Rule of Law, abolished division of

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<sup>2</sup> „Citizens need a sense of purpose by contributing to society through productive jobs, Collier 2018

power, forbids opposition and foreign papers, try to dominate social media and get internet control.

The economic agenda bring jobs and improve dynamics sometimes work in the short run, if past fiscal prudence left some space for higher government expenditures for low incomes can boost demand, closing some loopholes and funds may help to, privatisation of large land owned by foreigners. But in the long run protection and redistribution without active component, innovation and new firms do not work. To distract from the negative economic consequence a foreign enemy has to be built up, this can be the EU, the international migration impacts, the big international media or some expatriates as George Soros in Hungary. Now everybody from abroad is against "us" and we have to stick together more closes, increase political control, police force and try to shelter our boundaries from foreign goods and people from other cultures.

## **A STRATEGY FOR OVERCOMING IN FOUR STEPS**

To stop the support for populists and even more to end their power grasp is not an easy task. The root problems have not vanished, the promises by populists are repeated, the incapability of former mainstream parties to solve problems are not forgotten. Support for populists eventually fades out, if the economic situation worsens, as electoral results in main cities in Turkey and Hungary show. But if there is no candidate presenting an alternative or opposition is divided, transition is difficult, given the majority rules installed and the media suppressed. A four-stage procedure is needed.

The first step is to correct the wrong analysis which had boosted populism. Life is not easy and not as good as expected or hoped, and the economy is not as dynamic as in some golden area. But in general, living conditions were not disastrous in most countries and regions (before the populist took over). Incomes were higher than those of the parents, abilities to choose education, training, location, vacations are longer than in the past 30 years and even more than in the "golden age" of each society or country. The best proof is the rising life expectancy, it increases by three years for each decade we are born later, and it is to a large degree healthy life expectancy with the ability to work, travel, look for partner up to an age unforeseeable earlier. But not everything is positive for everyone, and the potential for improvement is large. Inequality can be decreased, employment made fairer with less burnout, leisure choices increase. It has to be made clear that all these improvements will never happen with protectionism, past jobs and family structures will not return. Heterogeneity is not negative, animosity towards outsiders and foreigners does not solve problems. Redrawing (reframing) the picture without whitewashing, must be the starting point of a new policy and ending pessimism.

The second step is to develop a vision where the country or region want to be in the medium term future, let us say 2030: Which jobs could be created, which specialisation by industries is feasible and advantageous, which abilities and education level for the young can be attained. The vision should tell which public services should be provided, how living conditions can be improved. Performance should be judged by Sustainable Development goals, deficits and ambitions be made explicit. The vision should be ambitious but realistic to reach given it is shared by citizens, developed jointly with experts and political parties.

The third step is to define game changing instruments and to find partners in the change process. Changing tax systems is all important, making environmental exploitation costly, supporting circular economy and innovation. Education should be changed from learning by

heart to empowering for change and to retraining. The strategy should be discussed and fine-tuned through involvement and dialogue with citizens, NGOs, reform minded trade unions and representatives of new firms should be taken on board, skills of migrant should be used, their children integrated. The increase of spatial divergence has to be stopped. Flocking to metropolises should be stopped by teleworking, teleconferencing. Buying ever bigger cars fuelled by gasoline or diesel should be discouraged by public traffic, electric cars, car sharing instead of buying, renting unused houses instead of urban sprawl.

And finally, a new strategy needs a narrative which emotionalises and unites Europe. Europe's old peace narrative no longer motivates, though we experience each and every day that peace is not guaranteed neither near in neighbouring countries in the East and the South, nor on the West Balkan, and terrorist may strike everywhere even be trained in some camps in Europe. Since Europe as such is small by geographical region and Europe's share in world population it must be a story based on quality, innovation and partnership. A probable new narrative could be that Europe tries to make globalisation responsible, to take the lead in fighting climate change and to offer a larger variety of products, services and life chances than any other region in the world. We could add the lowest inequality for its citizens and should discuss the extension of this European way of life to its neighbourhood and then to the world at large including US and China.

## **CHANGE IS AROUND THE CORNER**

Fighting populism is necessary and feasible. Populism reduces life chances, promises the return to a past glory which never existed. It limits choices and learning either alone or together with neighbours. It leads to lower income and higher expenditures for people unable to find jobs and a self-determined life. It raises the probability of conflicts with neighbours and deeper cyclical crises. The government sector needs more expenditures for policy, border control, environmental degradation and health problems, and this needs higher taxes or debt. It has multiple roots which must be addressed, but there exist more and better solution for the problems if they are discussed with citizens.

The maximum support to populism seems to fade, but an active policy is needed. Fortunately, the new president of the European Commission and her team addresses these problems, and they are supported by new leaders in IMF, UN, European Central Bank. Economists seem partly to leave their ivory tower and include societal problems in their agenda, GDP has been substituted by Sustainable development goals and venture interdisciplinary discussion. New interdisciplinary think tanks are spreading, and they are connected to international networks and stimulation discussion. The young people are more than ever interested in the future of the planet and infect their parents and teachers. New political parties are created different from the old socialist versus conservative divide, governments become greener, more liberal and more attentive to future chances,

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