

THE BROOKINGS INSTITUTION
Dollar & Sense podcast
What's driving populism's rise on both sides of the Atlantic?
January 21, 2020

PARTICIPANTS:

DAVID DOLLAR

Senior Fellow, Foreign Policy and Global Economy and Development Programs
John L. Thornton China Center
The Brookings Institution

CÉLIA BELIN

Visiting Fellow, Foreign Policy and the Center on the United States and Europe
The Brookings Institution

* * * * *

DOLLAR: Hi, I'm David Dollar, host of the Brookings Trade Podcast [Dollar & Sense](#). Today my guest is Célia Belin, visiting fellow in our Center on the United States and Europe at Brookings. She's writing a book in French on the Democratic Party in the United States, so she's a modern day de Tocqueville travelling around following the Democratic campaign.

The theme of our talk is going to be populism and we're going to start with European populism and the demonstrations in France, but eventually we'll get to populism in America as well.

So welcome to the show, Célia.

BELIN: Thank you, happy to be here, David.

DOLLAR: So let's start with the demonstrations in France. We've had these big strikes. This seems to be the biggest popular action in many decades. A little bit reminiscent of 1968, though not quite on the same scale. So what's going on with these demonstrations? What are the objectives?

BELIN: So the demonstrations come from a protest against the reform of the pension system. Currently in France you have a pension system that is differentiated. You have 42 different pension systems, in particular for the public sector. And what this government was trying to do is to universalize the pension system to make a point-based pension system that would try to harmonize the situation for everybody, in particular at a time when people have their career that are not as linear as before when you stopped working for their kids or you have gigs in different time periods and you go from public sector to private sector.

And so in order to harmonize all of this the government has put forward a reform, but it's a reform that appears to be completely unacceptable to most of France's trade unions. So you've had now 40 days -- more than 40 days of intense striking plus demonstrations every week, you've had more than a million people in the street in December, but also the beginning of the strike was particularly prominent in the railroad system, in the transportation system. So, back in December you had a day with more than 500 miles of traffic jam in the Paris area. So it's been very disruptive, including during

the holiday break. And we are now beginning of January at the moment of a stalemate where it's hard to see where it's going.

DOLLAR: So I'm always happy to see people demonstrating peacefully, expressing their opinions. But in this case it does seem like there has to be some reform of this pension system. The actual average retirement age, the real retirement age on average is about 60 years old in France, and you've got the highest life expectancy in the world now practically -- 83 years. So as people's lives go longer, you need to have some kind of reform of these parameters.

So why can't they work out a compromise? And how does this end?

BELIN: So you know in many ways they say that the pension system reform is the mother of all reform. It's extremely hard to do. All the major demonstrations in the past 30 years, 40 years all dealt with this reform that every government backed away from. Part of the reason is that you have in France a very strong public sector and this public sector is based on workers that have been promised the linear career to which they end up with a good pension and sometimes an early enough pension that they can retire, some of the earliest at 52 if they're in very difficult jobs, but most of it quite early. And that is this system that is put into question. What you have to realize is that at the same time as this is put into question wages have not grown up. You have major wage stagnation all across the board, in particular in the public sector -- in education, teachers are completely underpaid, hospital sector or railroad sector. So it's the confluence of these two phenomenon that people consider that they don't have the same maybe opportunities all along their working life that they should end up with a pretty advantageous pension system.

But you have a larger question behind it and a part of it is the relationship of this government and President Macron to the French public. And we've seen several now major demonstrations because of the tension, the social malaise that is going on in France and that is putting head to head this government and the public.

DOLLAR: Right. So not long ago we also had these yellow vest demonstrations in France. Is that basically the same constituency, the same movement, or is that something fundamentally different?

BELIN: So the yellow vest that started in November 2018 and lasted for almost a year, even though the high of the movement was during maybe the first 3 months, was a slightly different movement. The sociology of the protestors was different, the organization of the protestors was different. These protestors were mostly from rural France, sometimes from suburban France, from a part of France that is not as linked to the rest of the most dynamic economic center. It was also people coming from the private sector, but in lower working classes that were in difficult precarious situations. And it's an endogenous movement that group up out of the internet, mostly Facebook, and sort of organized itself without ever having any leader. This is entirely different because this movement against the pension system reform is lead by trades unions, is mostly public sector, is very urban, organized around big urban center.

However, in both cases you have the feeling that these are protests against change, protests against the impression that this government is reforming France without signaling very clearly where it wants to go and forgetting who sits on the sidelines. It reveals also that France have lost the sense of trust in their institution, trust in government. They fear for the future, on and on. You have several barometers of public opinion that show that people are worried. You've had a moment after President Macron's election where you were more hopeful, Macron appeared as a reformer, and then we are back in this sentiment that was very much the case under President Sarközy or President Hollande.

Just to give you an example, there was a poll done by Norcom (phonetic) around the word reform and the word itself, reform, has lost more than 25 points in public opinion and now is perceived negatively by the French people because reform brings together change that brings together what they perceive as social injustices, fiscal injustices, and that's why many are in the streets right now.

DOLLAR: So what you say about President Macron is very interesting, because when he was

elected that really seemed like a bright moment for Europe. He was pro Europe and pro globalization and expertise and all of that. So it's really surprising how far he's fallen. Can he recover?

BELIN: So you have to remember that Macron was elected with this new movement that he created that was called En Marche. En Marche means something like marching forward. So he was really trying to push France forward. But he also came into power out of the ashes of a previous system. He came to power because the center left completely fell, the center left party. President Hollande was unable to seek reelection because the party was in such a crisis. The same for the center right, that lost more than 10 points and there was a major scandal right before the election that prevented Francois Fillon to really outperform.

And so Macron was a sort of a default position candidate. He was pragmatist enough, he was reformist enough, he was acceptable enough to all sides that in the end they rallied around him, mainly in a position to Marine Le Pen, the far right candidate. And so Macron came in useful, marching forward, bringing this reformist agenda. But 2.5 years into power what we see is that there is a strong difference between a discourse, on reformist discourse that he has done all along his presidency. Some reformist action, we see that he did some reforms on education, on labor laws, some reform on the railroad system, et cetera. But a very important lack of reformist results at this point. Some of the reforms that he's put forward have yet to really show their strength, even though there's a very good economic moment for France. We have a growth that is superior to German, France receives high foreign direct investment, and may be the first or second in Europe.

So it's a good moment, but what Macron has found difficult to find is to -- after the first six months of honeymoon with the French -- to find a legitimacy for further reformist agenda, but also to move on with one or two or three priorities. And instead of that, there is reformist discourse with many, many initiatives and very much difficulty from the French public to really read where this is going. Who exactly is Macron, what does he want to do with France.

And in the past year, mostly because he cancelled in part the wealth tax, and even when faced with the yellow vest protest, he decided not to go back on this decision, he has appeared more and more as what people call him the president of the rich, someone who favors the France that is successful and that has completely forgotten the France that is struggling, the France that is disenfranchised, that is disconnected.

DOLLAR: So when I see these demonstrations and the larger political development you're describing, it seems to me a lot of that reflects anxiety about change, about globalization, technology. Not long ago traditional social democratic parties were in the lead in most of these European countries, certainly much of France's modern history, United Kingdom, Northern Europe, and a number of countries. I would have thought people's natural instinct would be to turn more toward the social democratic parties to look for some cushioning of the sharp edges of capitalism and globalization, but it seems to be the opposite. It seems the traditional social democratic parties have collapsed. And most recent, the results of the British labor party that's the worst in many, many decades, already out of the way in the French most recent elections.

So what has happened with the social democratic parties?

BELIN: So the social democratic parties were very prominent in the '90s all across Europe. It was the vast majority of governments were led by a coalition or a leader that would come from the social democratic camp. And they also brought with them a reformist agenda, but that was closer to what we call the third way, center left reformist agenda but that was adapted to market based economies and also taking on, embracing globalization as a major opportunity.

Twenty years after that, we've seen the limits of globalization, mostly financial globalization that has transformed the economy in such a way that it has hollowed out the middle class and has left behind a lower middle class and working class where you see social situations, socioeconomic situations that are quite difficult with wages stagnating and yet costs increasing. That's why more and more in

particular in France the conversation is on purchasing power, the capacity of transforming your own life. What are you left with at the end of the month? Even if your healthcare is covered, even if your education is covered, at the end of the month you earn so little you have less and less options. You have a question of mobility, you have a question of disenfranchisement.

For all of these reasons, social democratic parties have been considered more and more as accomplices to the system, as people who have fallen back on easy positions of playing identity politics or offering here and there a little bit of environmental reform, but not taking on the system itself and allowing inequalities to grow. In France it's particularly striking that President Hollande's government in power was talking about the responsibility to govern and therefore was taking on difficult reforms on the labor laws, et cetera. In the meantime, trades union and public sector workers and working class people were considering that this government was betraying them. So they ended up being even more tough on their parties, parties that were supposed to represent them.

And at the same time of that phenomenon, you have the second phenomenon that is that those parties were unable to answer the other main question of globalization, the loss of identity. Who are we in this world, who are all these immigrants that are coming that I have to adapt to. But also how can I stay mobile, how can I go and work in this world where, you know, the most successful young people live and go in the United States, go travel in the UK, whatever, when you are rooted in your rural France with very limited opportunity to travel, et cetera.

And I think the failure of also social democratic parties has been to try to answer this big question of globalization versus localization. How do you find a sense of identity?

For all of these reasons the far right has been successful because their answers are much more simply. You know, it's protectionism and then you protect your workers against the rest of the world, it's anti immigration and you protect your people against the rest of the world. But at this juncture, social democratic parties are looking for the way forward, a new era of progressive politics, which ways

will they propose to their people. And at the moment, at least in Europe, they're not at a high point. I think it's a Schumpeterian moment, maybe of creative destruction that they have to really think who they want to be now. And that's where we're left with -- somehow the only options in France at the moment seem to be the far right or the Macronist reformist agenda. And there is a sense of a link missing there, the social democratic link that maybe needs to reinvest itself for another proposition.

DOLLAR: Right. So you touched a little bit on right wing populism, and the best example of that in recent times is Brexit. The United Kingdom will be leaving the European Union on January 31. They're going to continue the same trade relations during 2020, so somewhere down the road when they've negotiated a new arrangement I'll do an episode to go into that. Right now there's not really any news there.

But just in the past week Angela Merkel has been warning that this negotiation is really going to be an enormous challenge for the European Union, how to keep the United Kingdom in to some extent, but not encourage other countries to leave.

BELIN: True. The Brexit vote back in June 2016 was a shock not only to British people who did not vote for Brexit, but also to Europeans and the rest of the world. Why would a country decide to leave the European Union? There was a sort of a crisis of conscience of where do we go from there, is there a major flaw with the system itself. Even though we have to realize that the UK always had a foot out of the game, always negotiated special provisions, was never fully intended to be as integrated as Germany or France, for example, desired to be.

But at this juncture, now that this decision had been made, and after years of negotiation and internal strife in the UK to decide whether or not to go on with this, and now that that is going on, I think the EU has only one objective, and it's for Brexit to be successful, successful in the sense of having the UK make a successful exit, being healthy economically in its trade relations with the EU, and keeping this closeness. We need the UK not only in economic areas but also in the security realm, in foreign

policy, in cultural exchanges. It's extremely important that UK stays as close as possible.

At the same time there is a wariness and a question mark on what will be the status of the UK. And in particular we need to avoid that the UK becomes this neighbor ground where you can have social dumping or fiscal dumping right on the other side of the English Channel. There is the risk of competition between London and the rest of the European capitals as very high, and this American administration, for example, has several times expressed its desire to see London, the city in particular, financial markets taking on steps to deregulate so that you can have a strong American financial influence. And Europeans will have to make a tough bargain with the UK to try and avoid having that sort of scenario, of a rival and major competitor right there next to them.

DOLLAR: So last question for you, Celia, concerns the American 2020 election. So your book will come out next month, you've been studying the presidential contest, traveling around meeting some of the candidates. We've been discussing mostly left wing populism, but some of the right wing populism in Europe, do you see some of the same trends playing out in U.S. politics?

BELIN: Absolutely. I think 2016, the election of Donald Trump, was a major event not only for the world, but also in the way that the Democrats think about themselves. How could they lose, how could Hillary Clinton, who seemed to be the most competent, sophisticated politician, lose to someone, an outsider with no experience, that seemed to have hijacked his party with radical ideas, et cetera? And that moment in time, that moment of questioning, led to an opening of possibilities, a diversification of the political proposition out there, political proposals from all sorts of different actors. And I think there is a different way to think about it.

A large chunk of the establishment maybe of the Democratic Party considers that 2016 was an accident, that you can go back on it, and that the only thing you need is to find someone electable to just beat Donald Trump and restore what is the true character of America. That would be Vice President Joe Biden that is making this case very strongly.

But there is a whole lot of people that consider that 2016 was no accident, that 2016 was a tragedy that was inevitable because the Democratic Party had forgotten its roots in the working classes, in the lower middle class, and that was privileging Wall Street policies and Silicon Valley over the plight of the working class. And they consider that the people who put Donald Trump in power have legitimate grievance that you need to address. Therefore these people are proposing their own brand of equalitarian collective mobilization in favor of major reforms, that would be the lane of Bernie Sanders, that would be the lane of Elizabeth Warren. And at the moment it's where the energy is in terms of mobilization, it's very much the energy of the young people.

That's why even though maybe the large plurality or majority of the Democratic Party would be inclined to just go with somebody more steady, more simple than like Joe Biden, and more in line with what they've known, you have this progressive energy.

There is other proposals out there. There is a conversation on whether or not what's broken is not the capitalistic system in the U.S., but maybe democracy and democratic institutions. And there is a whole part of the Democratic Party that considers that what is at heart of the problem is the polarization in American politics, the fact that parties are so opposed to each other that nothing can go through. And there is a desire to re-center politics, to reform institutions, and to innovate. And we see that very much in the candidacy of Pete Buttigieg, the mayor of South Bend, who talks about reclaiming religion, he talks about his experience as a veteran, he tries to reclaim everything that composed what it means to be American. And it's not exactly the moderate lane. He has this new innovative way of thinking about politics. And it reminds me very much of Emmanuel Macron, not only for the sort of generational claim that he makes to power, but also for the sort of pragmatist, middle of the road element. Pete Buttigieg has said several times that he does not believe that the left-right divide is as relevant as before. So he's sort of making the same type of argument as Emmanuel Macron.

DOLLAR: So just very briefly, out there on the campaign trail, does there seem to be more

energy around particular candidates?

BELIN: Absolutely. There is very good energy. I was on the trail for a while following candidates in Iowa, in New Hampshire, and I was able to see people truly mobilize, but also truly united. They're all saying that whoever is the candidate -- whoever -- they're going to support him. And that is something - - him or her I must say -- that is something that was extremely impressive to hear. There is a sense of unity, a sense of duty from these people.

And there's a whole part of this Democratic Party that I did not talk about because they don't have a very clear candidate -- it's the justice progressives. The justice progressives at this point have rallied mostly Bernie Sanders, Elizabeth Warren, but they come out of black and brown communities around the country that have women that have mobilized very, very strongly in an effort to sort of reclaim power after the election of Donald Trump. The election of Donald Trump was a wakeup call that this diverse America, if it wants to be a majority, if it wants to find its way to power, needs to unite, needs to mobilize, needs to run for office, and needs to be united behind whoever is the candidate.

People have complained that this field ended up with no minority candidate, and yet at the organizational level you see this massive wave of new progressive voices, minority voices, that really will be the ones I think putting whoever in power, back in the Oval Office if the Americans choose to do so.

DOLLAR: So I'm David Dollar and I've been talking to Célia Belin about populism on both sides of the Atlantic. Her book will be out in February. What's the name in French?

BELIN: The *Demócrat en Amérique*.

DOLLAR: And that translates roughly as Democrats in America.

I've really enjoyed our conversation. A lot of progressives in the United States see European social democracy as kind of a natural direction for which the United States could go in that direction. But you've given us a lot of food for thought about some of the challenges of making that work and some of the pitfalls along the way.

So thank you very much, Célia.

BELIN: Thank you, David.

DOLLAR: Thank you all for listening. We'll be releasing new episodes of Dollar & Sense every other week, so if you haven't already, make sure to subscribe on Apple Podcasts, or wherever else you get your podcasts, and stay tuned.

Dollar & Sense is a part of the Brookings Podcast Network. It wouldn't be possible without the support of Sean Dahr, Anna Newby, Fred Dews, Chris McKenna, Gaston Reboledo, Brennan Hoban, Camila Ramirez, Emily Horne, and many more.

If you like the show, please make sure to rate it and leave us a review. Send any questions or episode suggestions to BCP@Brookings.edu.

And until next time, I'm David Dollar and this has been Dollar & Sense.