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Populism in the United States and Europe: same causes, different solutions

In the afternoon of the second day of the 2018 Economics Festival in the Autonomous Province of Trento, Barry Eichengreen Professor of Economics and Political Science at the University of California, Berkeley presented his thoughts on the connection between economic grievances and the rise of populism and how it differs between The United States and Europe. He was presenting his new book, which will be released tomorrow, “The Populist Temptation: Economic Grievance and Political Reaction in the Advanced Economies”.

Eichengreen first began his lecture by defining populism. He acknowledged that there is no one standard definition for the word, but he defined it as a political movement or party often with a mix of three components: anti-elite, authoritarian, and nativist. Each populist movement creates its own unique recipe with some leaning more towards anti-elite stances like the Podemos party in Spain whereas others focus more on the anti-migrant rhetoric such as Alternative für Deutschland in Germany. The common theme behind populism is that it succeeds in moving citizens away from the center and towards the extremism (whether to the right or left) especially in moments of economic insecurity and especially by citizens who feel excluded and left behind.

Although populism on both sides of the Atlantic share similarities of causes, the solutions that can be offered are very different. According to Eichengreen, the US has a higher predisposition for populism than Europe because of its historical background, sense of individualism, and focus on market fundamentalism. The US is caught in a Catch 22 where the government is blamed for rising inequality, but also is not trusted to fix these problems because of the negative perception of market intervention associated with government interference. Europe on the other hand has a positive perception of governments intervening to mitigate societal problems and is better equipped to handle populism. Through social democracies, Europe can react more efficiently to the grievances of those that feel left behind than the US can.

Even though European countries may be better equipped to handle populism, it is important to remember that Le Pen in France and the recent Italian elections show that Europe is in no way spared from the rise of populism. But it seems that today given the historical, societal, and economic makeup of societies, that the United States is the most optimal breeding ground for populism as seen through the 2016 elections.

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