



POLICY BRIEF

Secular divergence: Explaining nationalism in Europe

Carlo Bastasin

Nationalism is on the rise in Europe, but it isn't the result of simple economic inequality.

EXECUTIVE SUMMARY

The doctrine of nationalism will continue eroding Europe's integration until its hidden cause is recognized and addressed. In order to do so, Europe's policymakers must acknowledge a new, powerful, and pervasive factor of social and political change: divergence within countries, sectors, jobs, or local communities.

The popularity of the nationalist rhetoric should not be underestimated. Nationalist parties—like the Italian “Lega,” the French “Rassemblement National,” or the German “Alternative für Deutschland”—present themselves as a response to the damages inflicted by globalization in terms of impoverishment and inequality. Their rhetoric claiming that borders must be closed is simple and attractive. In fact, empirical evidence does not confirm a direct relation between open borders and impoverishment in Europe; there is also no univocal relation between economic inequality or stagnation

and the rise of consensus for nationalist or anti-European parties. Finally, inequality seems to have increased more within countries than between them. Therefore, none of the reasons underpinning the claims for closing borders is watertight.

This paper offers a different explanation of the increasing unease in European societies leading to the popularity of nationalism: the development of two persistent social dynamics, the first trend driving individuals to fear their irreversible decline, and the second dynamic leading more prosperous parts of society to protect their increasing economic advantages and well-being. These dynamics lead to what I call “secular divergence,” a trend that does not coincide with the obvious inequalities, and not even only with regional inequalities. It is rather a protracted sense of marginality felt by those who fear the unstoppable decline of their profession, community, or family, and a sense of detachment among those who instead protect their growing well-being in an unstable world.

The major changes have occurred between 2013 and 2014, before the major migration crisis. In fact, we have not been able to understand what was happening because it is actually something new that affects the credibility of democracy, public discourse, and its rationality.

The credibility of democracy suffers from a temporal contradiction. If a government wants to, it can correct inequality in just a few months by changing tax levels and enacting redistributive policies. However, it takes many years, and sometimes decades are not enough, to correct the divergence, de-industrialization, or obsolete knowledge and technologies. If this unprecedented temporal contradiction between the popular vote and the solution to problems is not made explicit, then democracy, its cycles, and even its language will become worthless in the eyes of citizens.

In fact, divergence changes the language of society: As long as the problem was the defeat of poverty, political competition was between leaders—either Christian or communist, liberal or socialist—who could use, in alternative ways, the same rhetoric of good feelings and even of a universal community. But if the problem is divergence between states, regions, ethnic groups, jobs, or individuals, then public rhetoric will aim to discriminate. Therefore, it must be aggressive, deprecating, dehumanizing. The change in the public discourse is one of the clearest features of the new populist leaders. At the political level, the same language trickles down to individuals through the interaction of new and old media. If discrimination is consistent with hitting back against divergence, then injustice caused to others becomes a necessary means to achieve another type of justice. The objective observation of political costs and benefits becomes secondary and truthfulness may be only an obstacle. Pulsion prevails over reason. In a few years the whole society changes.

INTRODUCTION

The doctrine of nationalism, which hinges on a primacy of the cultural, civic, or ethnic unit of one nation vis-à-vis other nations or peoples, will continue eroding Europe's integration until its hidden cause is recognized and addressed. In order to do so, Europe's policymakers must acknowledge a new, powerful, and pervasive factor of social and political change: divergence within countries, sectors, jobs, or local communities.

The popularity of the nationalist rhetoric should not be underestimated. Nationalist parties—like the Italian “Lega,” the French “Rassemblement National,” or the German “Alternative für Deutschland”—present themselves as a response to the damages inflicted by globalization in terms of impoverishment and inequality. Their rhetoric claiming that borders must be closed is simple and attractive. In fact, empirical evidence does not confirm a direct relation between open borders and impoverishment in Europe; there is also no univocal relation between economic inequality or stagnation and the rise of consensus for nationalist or anti-European parties. Finally, inequality seems to have increased more within countries than between them. Therefore, none of the reasons underpinning the claims for closing borders is watertight.

In this paper, I will offer a different explanation of the increasing unease in European societies leading to the popularity of nationalism: the development of two persistent social dynamics, the first trend driving individuals to fear their irreversible decline, and the second dynamic leading more prosperous parts of society to protect their increasing economic advantages and well-being. These dynamics lead to what I call “secular divergence,” a trend that does not coincide with the obvious inequalities, or only with inequalities defined geographically.¹ It is rather a protracted sense of marginality felt by those who fear the unstoppable decline of their profession, community, or family, and a sense of detachment among those who instead protect their growing well-being.

THE CHANGE IN THE ECONOMY

Western democracies have long been used to considering poverty and inequality the moral cornerstones of their social, political, and religious culture. Parliaments and governments knew, if they wanted, that they were able to counter them. This possibility was one of the main reasons why we praised democratic values and social coexistence. Capitalism and the opening of borders to trade and the movement of people were also part of an optimistic vision that would have led to minimizing disparities, gradually aligning the living conditions of different regions and people. After opening borders, jobs, wages, and social and individual preferences in the poorer regions would get closer to the level of the most advanced regions.

This was also the basis of the European idea, the single market around which it was built, and the convergence that in fact emerged between such different European countries and regions. But the market economy, the vehicle of free choice for multitudes of people, has changed in the last 20 years, a period in which globalization, technology, and finance have produced the concentration of capital and skilled labor in individual metropolitan areas or single activities, toward which they draw the best resources from the peripheral regions. For

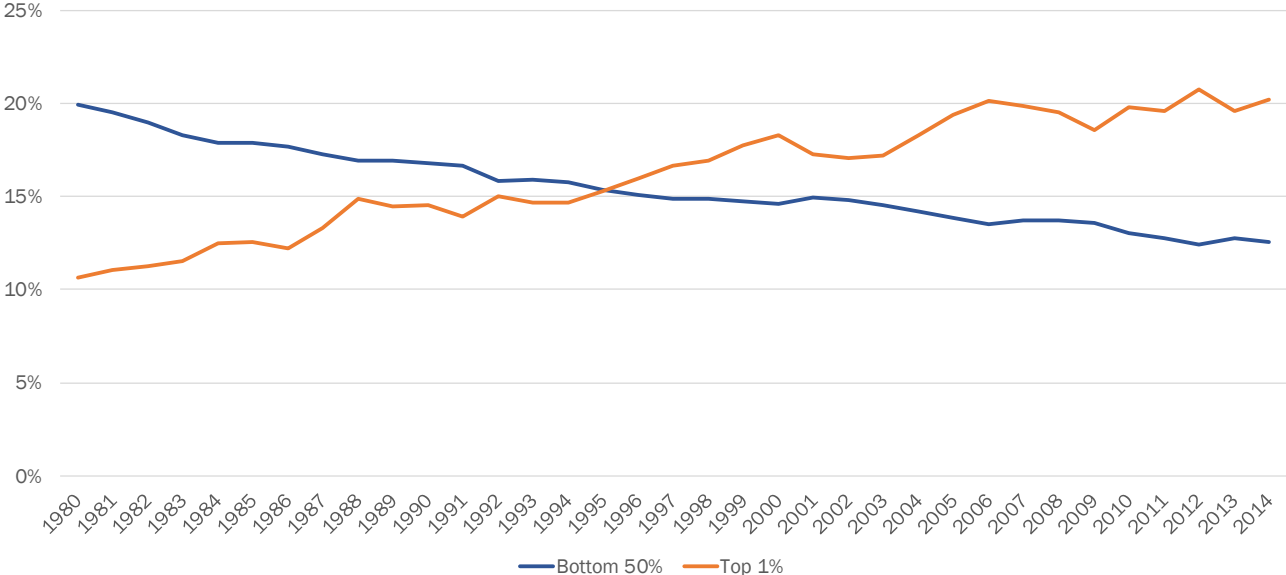
the last two decades, this has produced divergence rather than convergence.

From this perspective, the widespread unease in our societies should not be interpreted only as a problem of unequal conditions, but rather as one made of two tendencies perceived as irreversible—one toward secular decline, the other toward persistent superiority. Data do not show growing inequality in Europe, as represented in the graphs below. Nonetheless, geographical areas, tasks, and sectors diverge. Some parts of society become richer, more educated, and more central, while others become poorer, ignorant, and ignored. Sometimes the wrong school or neighborhood is enough to mark destiny, other times it is a praiseworthy desire for altruism or diversity. Human beings are taken off balance by the consequences of divergent destinies that escape individual and even collective self-determination. We identify these predicaments only after the electoral results, and we ascribe them to conventional schemes, like inequality and national antagonism.

Inequality in Europe is less pronounced than in the United States. As demonstrated in Figure 1 and Figure 2, the share of total income of the wealthiest 1 percent versus the poorest 50 percent in the United States is not mirrored in the EU.

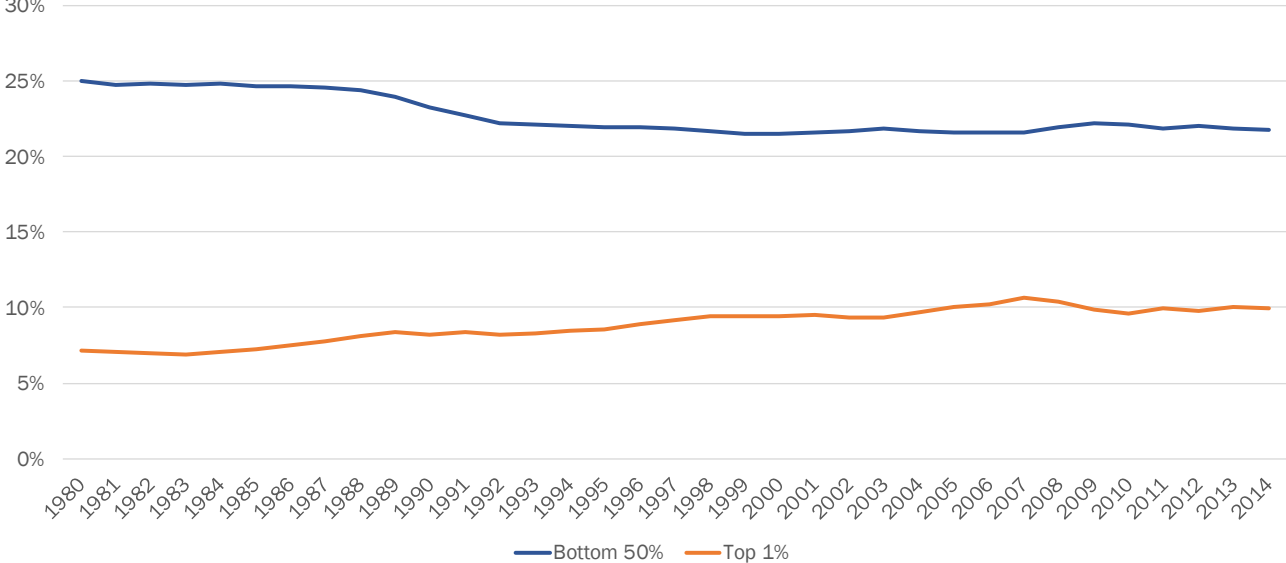
DEMOCRACY & DISORDER
SECULAR DIVERGENCE: EXPLAINING NATIONALISM IN EUROPE

FIGURE 1: INCOME SHARES OF THE BOTTOM 50% AND TOP 1% IN THE UNITED STATES, 1980-2014



Source: World Bank

FIGURE 2: INCOME SHARES OF THE BOTTOM 50% AND TOP 1% IN THE EU, 1980-2014



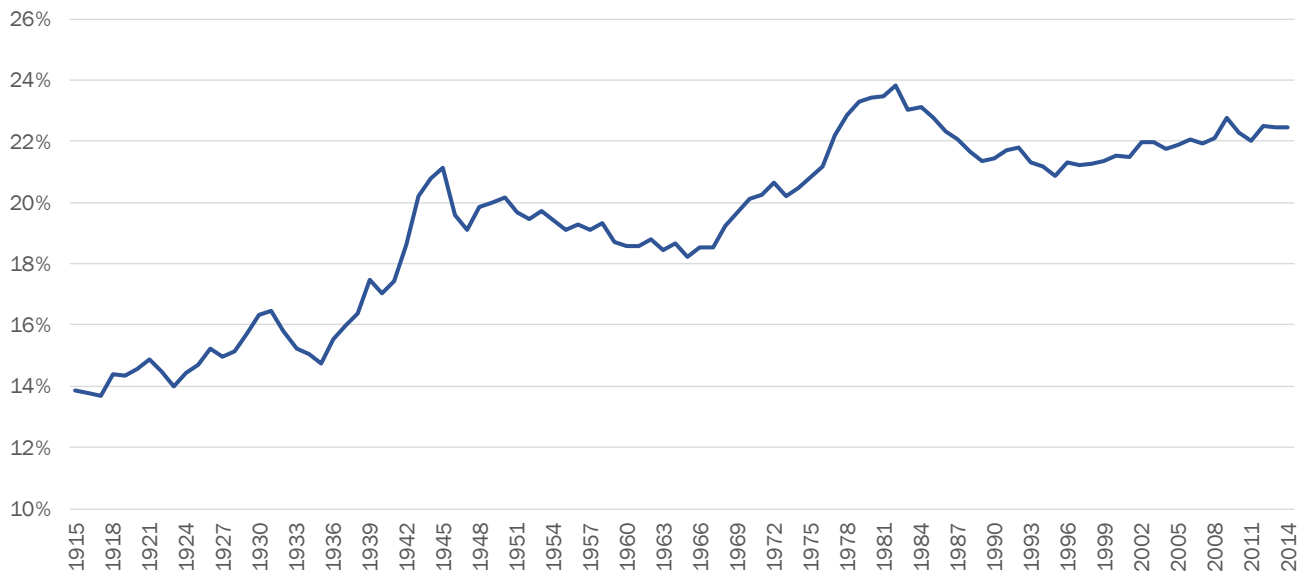
Source: World Bank

DEMOCRACY & DISORDER
SECULAR DIVERGENCE: EXPLAINING NATIONALISM IN EUROPE

Figure 3 shows that the poorer 50 percent of the French population accounts for a growing share of the country's overall income. As shown in Figure 4, this is significant in comparison to the income share of the wealthiest 1 percent in France, relative

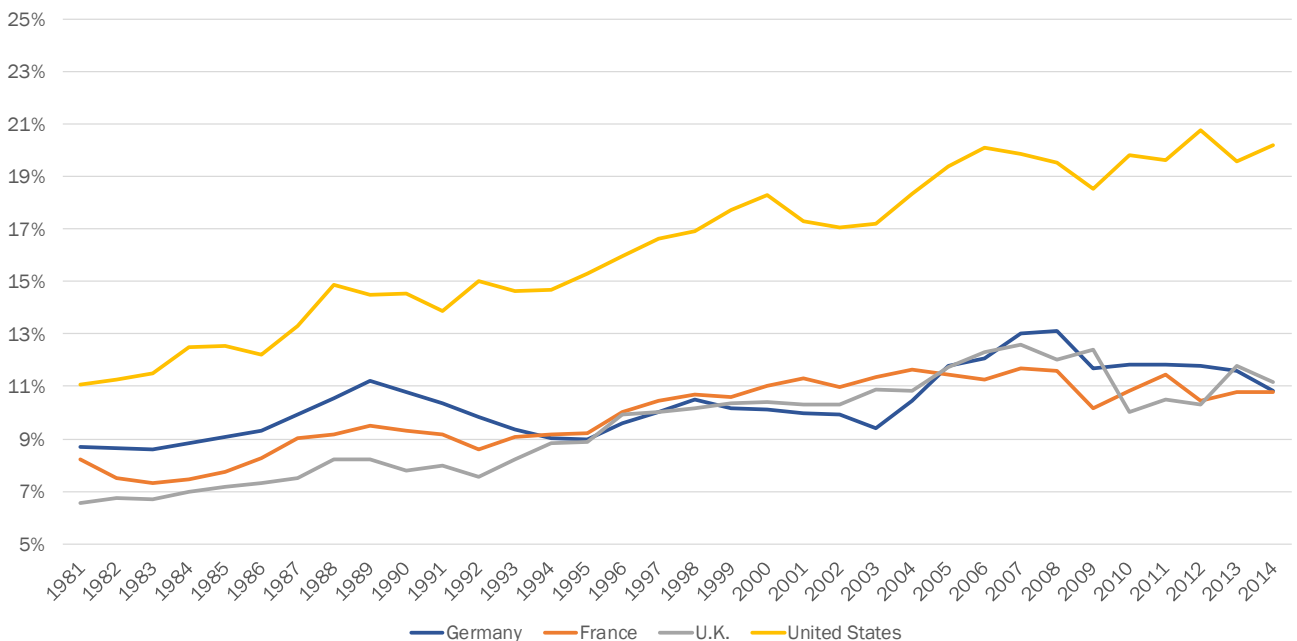
to the top 1 percent in the U.K., the United States, and particularly Germany. In the German case, growing inequality has not generated consensus for anti-European parties, while the opposite has been true in France despite lower levels.

FIGURE 3: INCOME SHARE OF THE BOTTOM 50% IN FRANCE, 1915-2014



Source: World Bank

FIGURE 4: INCOME SHARE OF THE TOP 1%, 1981-2014



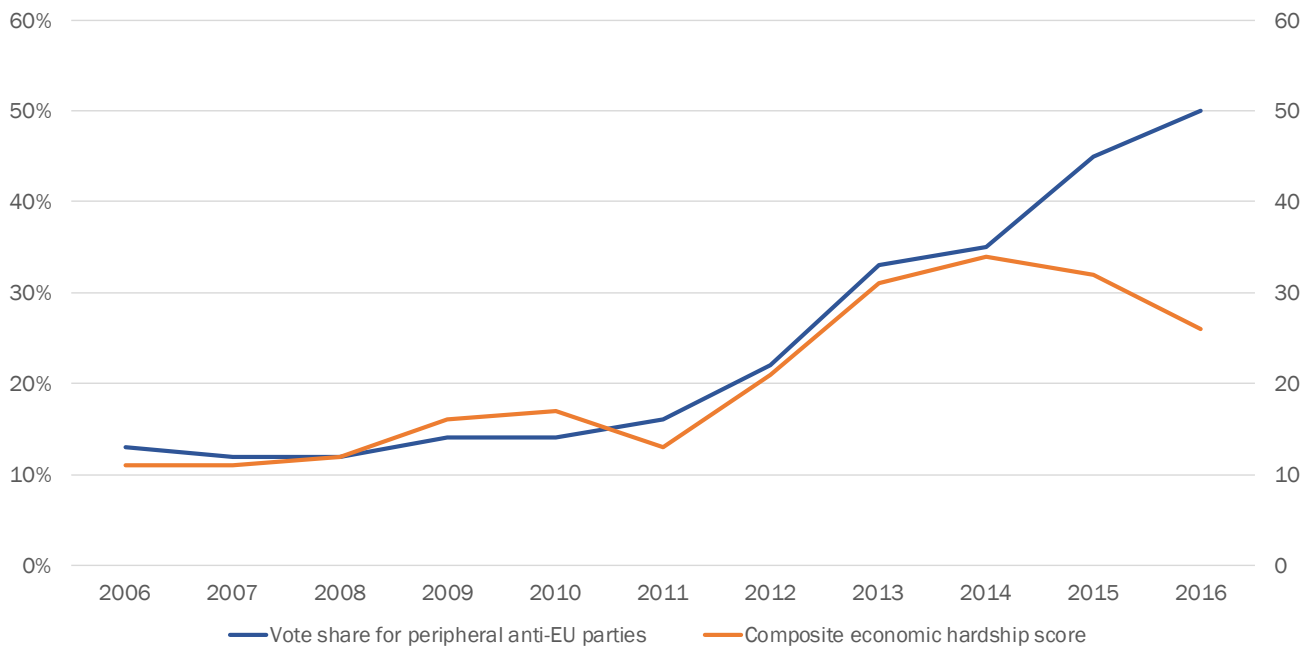
Source: World Bank

DIFFERENT FACTORS ARE AT WORK

The recent surge of nationalism in Europe is often compared to past periods of economic stagnation. For instance, Italy's GDP stagnation between 1999-2019 shows similarity with Germany's between 1913-33, although with much less instability. However, over the last two decades, nationalist pulsion has emerged in the rest of the EU as well, although in most countries GDP per capita growth has been remarkably strong.

The surge of anti-European (sovereignist) parties in the EU periphery has gone hand in hand with economic hardships (a composite index of unemployment, taxation, and consumer confidence) triggered by the Lehman Brothers crisis and its European consequences. However, although after 2013 the Southern European economies recovered significantly or at least stopped worsening, this did not generate a decline in the consensus favoring anti-European parties that have grown much stronger in the following years. The peak in migration, and the political reaction to it, came much later, after Germany opened its borders to Syrian refugees in September 2015.

FIGURE 5: VOTE SHARE OF ANTI-EU PARTIES COMPARED TO ECONOMIC HARDSHIP, 2006-2016



Source: Italian Center for Electoral Studies (CISE) and Statista.de.

DEMOCRACY & DISORDER

SECULAR DIVERGENCE: EXPLAINING NATIONALISM IN EUROPE

The data show that economic stagnation or hardships are not the sole factors generating nationalism. It is evidently not true that nationalism has been emerging in the ailing economies only. There must be a recognition that while some countries (and not only Germany) are flourishing, Italy and others have been declining for decades. In fact, Italy itself is coming apart. The North of the country remains wealthier than Scandinavia, while the South is now poorer than Portugal. Even Northern Italy fragmented. While Milan appears to have grown into an attractive global metropolis, Turin is sinking. Looking closely, Milan is coming apart too. The Caritas centers see poverty growing faster at the city margins, while the rich display an unprecedented human distance from the poor in a city that has always claimed to be “with its heart in its hand.”² The resurgence of nationalism may not be rooted in European integration or the rediscovery of the nation, but the new social factors dismembering society.

DIVERGENCE DIFFERS FROM INEQUALITY

Divergence is different from inequality because it refers to one’s projection of her/his own future. It is not an assessment of my a person’s present situation only, but the awareness of the personal (or collective) perspective as different from those of the rest of society. A simple example can give the depth of the difference between the inequality problem and the divergence one: If I am not happy with the current income distribution (inequality), I am likely to change my vote and to vote for a new government; but if I do not see a future for my life, I may want to make a revolutionary change and I will probably vote for anti-establishment parties.

The sentiments of divergence may not be apparent in traditional political analysis because they do not refer to the conventional inequality indicators, but they are daunting for individual citizens: Fertility rates in low-growth peripheral regions are 20 percent lower than the European average, while in the past they were historically higher. Half a million young Greeks moved abroad in the last decade, not

strictly for poverty reasons, but seeking an adequate professional prospects. One in eight Eastern Germans has moved west since reunification in 1990. One million Italians expatriated in the last eight years from the richer regions as much as from the poorer ones. Internal migration is less noticed than after World War II, mainly due to the homogeneity of the young people moving away from home, but it is not much different in size.

The political consequences are huge and puzzling at the same time. In Italy, where there is the greatest internal divergence in terms of work and personal security out of all developed European countries, a self-defined populist government has adopted a nationalist language and a confrontational strategy towards Europe. The same confusion between local divergence and nationalist temptation occurs elsewhere. Often different levels of education coincide with geographic isolation and political solitude. It can happen in the French and British countryside, in the Eastern Länder of Germany, in Andalusia, in the American Midwest and Southeast, from the Rust Belt to beyond Appalachia, from Michigan to West Virginia, and in the rural provinces of Poland, Romania, or Hungary: global suburbs, just when their inhabitants first felt connected with the entire planet—Ptolemaic victims of a denied right to economic opportunities. Thus the frustration and revolt.

THE CONSEQUENCES FOR DEMOCRACY

These new dynamics can be difficult to understand, but they affect the credibility of democracy, as well as public discourse and its rationality.

The credibility of democracy suffers from a temporal contradiction. If a government wants to, it can correct inequality in just a few months by changing tax levels and enacting redistributive policies. However, it takes many years, and sometimes decades are not enough, to correct divergence, de-industrialization, or obsolete knowledge and technologies. If this unprecedented temporal

DEMOCRACY & DISORDER

SECULAR DIVERGENCE: EXPLAINING NATIONALISM IN EUROPE

contradiction between the popular vote and the solution to problems is not made explicit, then democracy, its cycles, and even its language will become worthless in the eyes of citizens.

In fact, divergence changes the language of society: As long as the problem was the defeat of poverty, political competition was between leaders—either Christian or communist, liberal or socialist—who could use, in alternative ways, the same rhetoric of good feelings and even of a universal community. But if the problem is divergence between states, regions, ethnic groups, jobs, or individuals, then public rhetoric will aim to discriminate. Therefore, it must be aggressive, deprecating, dehumanizing. The change in the public discourse is one of the clearest features of the new populist leaders. At the political level, the same language trickles down to individuals through the interaction of new and old media. If discrimination is consistent with hitting back against divergence, then injustice caused to others becomes a necessary means to achieve another type of justice. The objective observation of political costs and benefits becomes secondary and truthfulness may be only an obstacle. Pulsion prevails over reason. In a few years the whole society changes.

THE DIVERGENT SUBJECT

We are witnessing a process of such psychological intensity that not only is it completely different from inequality, it has the power to change human personalities. It is much easier to heal inequality: If we want, we know how to do it by transferring income from the rich to help the poor. But we do not know how to resolve a divergence that instead requires a substantial change of the divergent subject, area, or state. While inequality sees the poor in the symbolic and central role of the figure that society is to compensate, divergence sees the loser as inadequate and marginal, one who must change if he wants to be admitted back into the heart of society. From a psychological point of view,

the divergent subject feels that he is not given much value by the rest of the society. With his values, his identity is also called into question. The frustration is enormous, greater than that of those who are poor and morally embody a living denunciation of the whole society. In a certain sense, the poor are the conscience and the heart of the community. In contrast, for the man who is slipping toward the margins, especially if for reasons of insufficient education or autonomy, self-esteem is badly injured and it is often rebuilt by denigrating those who are even more marginal than him, starting with immigrants or other ethnic groups. Or he may cling to an abstract identity, primarily a national ideology, given that what is real and local (the genuine constituents of traditional identity) condemns him. Or he may blame the winners, disregarding their merits, skills, or other functional qualities. Finally, and even more decisively, the structural and apparently ineluctable character of the divergence between winners and losers makes the so-called winners aggressive because they are better off, or more often, they have only painstakingly found shelter and do not want to share it with poor people who will become increasingly poor. Inevitably, following these fears, a hierarchy of merit is created and what follows is discrimination based on the perceived value of individuals.

EUROPE'S HIDDEN DIVERGENCE

Europe's integration is based on the lowering of barriers along national borders. The rationale was that a single European market would allow for better resource allocation, higher productivity, and stronger growth. Trade and mobility of labor and capital would also generate convergence, aligning labor and living conditions of poorer areas with those of the more advanced states. Once economic convergence was in place, individual and social preferences would also align, making political cooperation easier between different states and peoples. The expectation of convergence induced by open borders was grounded in a neo-classical

DEMOCRACY & DISORDER

SECULAR DIVERGENCE: EXPLAINING NATIONALISM IN EUROPE

vision of the economy, observing the decreasing returns of accumulative labor and capital.³ More recently, economists have taken into consideration the role of education and technical knowledge as new productive factors connoted by increasing marginal returns and consequently favoring the accumulation of those factors.⁴ A recent line of research maintains that lower transportation costs and increasing returns favor single cities or metropolises as production centers, although spillovers favor more marginal areas too.⁵

At first glance, the European experience supports the idea that opening borders contributes to convergence among states. Upon closer examination, however, things can appear much different as national convergence over the past two decades is contrasted with local, subregional, divergence. Along the last two decades, nations have indeed converged while subregional areas have diverged. In fact, the dynamics of European convergence and divergence tell us a lot about shortcomings in political analysis focused on the national level.

Figure 6 uses Eurostat data to plot the rate of national convergence and local divergence. For the citizen, local divergence is obviously much more relevant, but harder to voice. In fact, until nations converge, local divergence remains irrelevant in public debates that are national by their media-driven and political nature. During the years of local divergence, mistrust was growing among the people, but rarely found a new political expression.

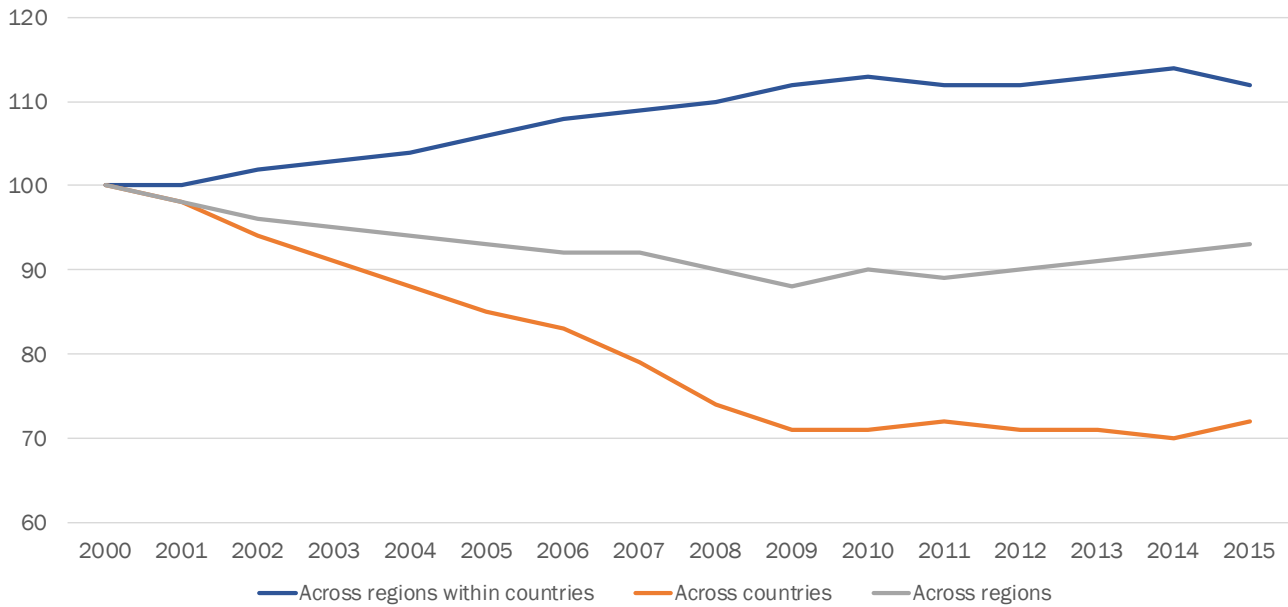
It was only when national divergence became visible, as a consequence of the mismanaged eurozone crisis between 2013 and 2014, that the pent up local frustration turned into a misleadingly sudden and brutal burst of nationalism. This same period emerged as a critical juncture when the economy recovered, but social unease increased. As a consequence of the mismanaged eurozone crisis, Europe is rhetorically divided between North and South, creditors and debtors, defenders of fiscal austerity or of fiscal largesse. Moral terms like “sinners,” demanding or preventing solidarism, dictate policy choices.

The peak in migration, after Angela Merkel’s decision to open borders in September 2015, was still far in the future. Instead, there was growing awareness of a national hierarchy within Europe, between stronger and weaker nations, absorbing the voiceless local divergence mirrored in the available data but not in the national public discourse. Since 2013, local divergence, substantiating the quintessential populist claim of the people overlooked and abused by the elites, eventually found a more structured and familiar political manifestation rooted in the media-political national theater and in the history of European nationalism.

Figure 7 uses Eurostat data on the coefficient of variation of GDP per capita to show the expected rapid convergence between EU member states. A much less pronounced convergence is visible at the regional level. But once we consider the subregional level, the convergence disappears and a clear divergence emerges.

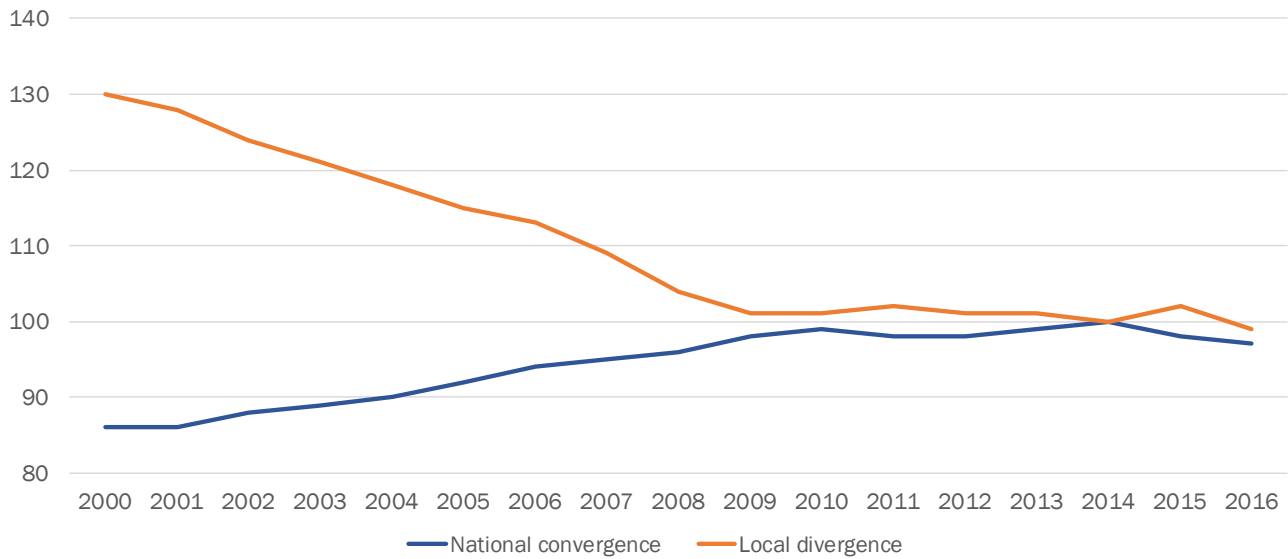
DEMOCRACY & DISORDER
SECULAR DIVERGENCE: EXPLAINING NATIONALISM IN EUROPE

FIGURE 6: COEFFICIENT OF VARIATION IN GDP PER CAPITA (PPS)



Source: Eurostat

FIGURE 7: COEFFICIENT OF VARIATION IN GDP PER CAPITA (PPS) FOR EU MEMBER STATES (INDEX 2014=100)



Source: Eurostat

DEMOCRACY & DISORDER

SECULAR DIVERGENCE: EXPLAINING NATIONALISM IN EUROPE

Once national convergence was confronted with subregional divergence, the two processes reached their respective omegas and alphas in the critical years of 2013 and 2014. At that juncture, pent-up frustration with local divergence was vented by national divergence. Local unease had been thwarted in the public discourse by the rhetoric on national convergence and the greatness of European integration. In a relatively short time, people revolted against the elite project by pro-Europeans and found expression in the newly discovered victimization caused by national divergence. In other words, populism (local versus elite) became nationalism (nation versus Europe).

Finally, the dynamics of “people versus Europe” were much different from the dynamics of “people versus America.” While people’s revolt in the United States turned into a request to “make America great again,” in Europe it was funneled by the nation-state and turned into “make Europe weak again.” In both cases, nationalism restores hierarchies, but in the second case, nationalism’s destructive mandate is much clearer.

DIVERGENCE FAVORS NATIONALISM

The divergence I describe does not coincide with the obvious inequalities, or only with inequalities defined geographically. As described, it is rather a protracted sense of marginality felt by those who fear their unstoppable decline and a sense of detachment from the others who instead struggle to protect their growing well-being in an unstable world. The projections of those trends in the future play a central role, resulting in two completely different psychological horizons. We expect low-income countries to grow faster than high-income ones, but now we are discovering that low-income regions can have lower growth than high-income ones. A protracted condition of low income and low growth changes a society. Students in Southern Italy grow not only poorer, but worse educated than in the North. According to a study published by the World Bank, only 2 of the 45 lagging European

regions have fertility rates above the EU average.⁶ Migration is draining human capital in the lagging regions, hampering any catch-up process. Technology may deepen the divide, especially if the 5G wireless architecture, for technical reasons, will be concentrated in metropolises rather than less densely populated areas. In 2030, for every 10 European citizens, five Northern Europeans will have received higher education, against only two Southern Europeans, the opposite image of European civilization before the 18th century. The accumulated income gaps seem destined to widen and morph into cultural and human distance that can generate severe political consequences.

It is a drift that not only cross geographical borders, but also human ones, within cities, groups, and communities. In the margins or periphery, a sense of irreversible retreat increases. In those who instead feel themselves in a position of strength, a feeling of existential detachment from others is affirmed. The reactions coincide: We build walls; we discriminate, we watch unmoved as thousands drown in the sea; we separate children from their mothers; we choose political leaders who profess malice; the defeat of poverty is worth a party on a balcony;⁷ we believe every lie if it suits us and if it is detrimental for someone else; we consider every suspicion to be wise and every generosity to be abusive. With the return of nationalism, divergence is becoming the political phenomenon of the 21st century.

“Fly-over zones” are everywhere, even in the same buildings. But if we actually fly over Europe, we cannot remain indifferent watching the darkness surrounding the shining capitals that we all know. It is not necessary to challenge obscurity with prejudice: Loneliness and loss are completely justified. The more we are isolated, the more our gaze is full of frustration. A world so divergent, imperfect, unbalanced, and devoid of coordinates seems to deserve only our cynicism. We feel the threat of a centuries-old decline coming toward us, we fear we are losing control of our future and

that we must defend ourselves. We are captured by a spell that persuades us that reality in the end is not indecipherable, because there must be an enemy responsible for all our evil, and that we are not alone because what hurts us is also what tramples the dignity of an entire nation. The nation that understands us is right around us. At that point, loneliness and emptiness are filled, but the rights of human beings become less important than those of the sovereign nation. Finally, when nationalism has stifled all doubt, captured every loss and made every emotion its own, individual freedom also becomes superfluous.

THE THREE-PRONGED RISE OF NATIONALISM

The tragic legacy of European nationalism is often hidden behind the term “sovereignism,” a catchword for “taking back control,” “regaining sovereignty,” and other plausible expressions of unease about the consequences of globalization and open borders. Sovereignism sounds less threatening than nationalism because it is not associated with a hierarchical vision of nations. Nationalism, on the contrary, explicitly endorses a primacy of one nation over the others. In fact, in the present interdependent world, more than anywhere else in Europe, taking back control or not sharing sovereignty has relevant consequences for other countries: closing borders to migrants, disrespecting environmental laws, free-riding on fiscal rules—all of these policies, aimed at taking back control, spill over well beyond the national borders in Europe. Since sovereignists ignore their policies’ consequences on other countries, they indeed imply a hierarchy between nations, just like nationalists.

The nationalist drift implies sacrificing the universality of rights, democracy, and solidarity, but this does not happen with violence, as in the 20th century. Nationalism is rooted in the social terrain in three ways: the first is a capitalism that no longer creates convergence, but divergence, between countries and within them, sometimes

accompanied by processes of social disintegration and the disembowelment of democracy. The second is the authoritarian political position of new leaders, which is communicated through new media, and revamps the idea of human hierarchies. The third is the subjective processing mechanisms that lead many of us to cling to authoritarian temptations when we feel we are slipping to the edge. This final element is the most complex and elusive phenomenon.

The individual mechanisms of response to threats are profound and not generalizable, but there are common features: The last 30 years have disoriented Western public opinion, while the last 10 years, marked by economic crises and political regressions, have often upset it. It will not be enough to look back with nostalgia. We are facing the fact that for many Europeans and Americans, work, the future, and life itself have become grounds for insecurity, while society, the family, and an active life are sources of solitude. But why did the malaise coincide with the decline in democratic values and the debasement of the people around us? Why has a demand for greater social justice, balance, and commonality not increased?

The fears of individuals not to see their significance recognized, to become poor, or to have to share a prosperity that seems precarious at best call into question the political categories of past centuries: Where is liberalism’s promise of well-being? Where is the declaimed solidarity of socialism? Why is the rule of law not enough to make my voice heard? Abandoned to themselves, individual aspirations seem to be wrecked. To neglect the subjective character of these fears means to reduce them to parody and crush them within populism, a real but indefinite phenomenon, ready to morph into nationalism. This happens prevalently when inequality and divergence conflict: seeing policies for equality that did not favor them, some white Americans who felt they were declining voted for Donald Trump irritated by Obamacare, the medical assistance that favored the poorest ethnic groups.

When Citizenship Income was introduced in Italy to reduce poverty, immigrants were discriminated against. In Berlin, it is believed that Hungarian leader Viktor Orbán follows policies similar to those of the German social market economy, despite being based on ethnic discrimination. Justice and injustice mingle. Rightfully, we compensate the losers of globalization, but we do so mainly to mitigate the fears of “indigenous males”—even in wealthy countries without high unemployment such as Britain, Scandinavia, or Germany—being surpassed in status, education, and well-being by immigrants, women, or ethnic groups unconsciously considered “backward.”

THE NEXT CRISES

The pressure is more serious every time the world faces a new crisis. The global financial crisis and its long-lasting effects have been the proof, if not the cause.⁸ Other crises—arising from technological, environmental, demographic, financial, and political reasons—will aggravate the differences between countries and individuals in the future. Automation may not determine the end of work, nor open the way for a new Arcadia. However, its true traumatic effect will be a further increase in divergence: In broad terms, a quarter of the jobs will be swept away by robots and a quarter of the workers may benefit from it.⁹ The most affected regions will be the same ones that today suffer most from globalization: the American heartland and the European South.

Italy is exposed to all the risks: the demographic drift of one of the oldest populations in the world; African immigration that will be exacerbated by climate change; financial shocks that will weigh on the country’s historical indebtedness; the automation of the many low-skilled jobs; and finally, a democratic instability that is already dangerous today.

Europe devotes one third of its budget to regional cohesion (350 billion euros in the current seven-year budget). Its interventions are aimed at promoting faster growth of less developed regions. However, in

the last decade, regional divergence has worsened because of the self-sustaining decline of low-growth regions. As said, it is much easier to transfer money and help poorer regions than to change structural problems in low-growth areas affected by deep technological, geopolitical, or demographic transformations. As Eastern European regions show, money is far from enough to prevent nationalism. Brexit, rural French revolt, and Scandinavian and Eastern German xenophobia show that divergence affects also solid democracies and wealthier economies.

PREVENTING AN AUTHORITARIAN FUTURE

In order to avoid an authoritarian outcome, there are important institutional, political, economic, and cultural lessons to be learned.

First of all, from an institutional perspective, a radical form of federalism may be indispensable in Europe, bringing political awareness and accountability to the subregional, national, and supranational levels to prevent local divergence from morphing into aggressive nationalism, as happened many times in the past centuries. The subregional level, closer to the people and mostly neglected by national and European policies, must become a more pressing concern. Popular participation at that level, for instance through referenda, could take different forms from the electoral and representative system that should instead remain the feature of the national and European level.

Second, given that Western societies may have to face profound social and technological transformations, political commitments that last longer than the current average electoral cycle may be required. Longer-lasting legislatures might be necessary to tackle secular social adjustments, challenging democracy as we know it. In such a case, constitutional defenses around the liberal rights of the individual must be built higher, given that insecurity arising from the adjustments may last for decades.

DEMOCRACY & DISORDER
SECULAR DIVERGENCE: EXPLAINING NATIONALISM IN EUROPE

Third, if local divergence is the preeminent problem, then cohesion funds need to be oriented not to the poorer regions only, but to the more divergent ones too. Measures of relative impoverishment might be used. Infrastructure may not be enough to solve a structural divergence that depends on more than local proximity. Digital skills, capital access, and growth poles should enter the toolbox of American and European economic policy.

Fourth, if agglomeration persists, a form of income transfer must be accepted. A universal basic income could require a redefinition of individual “social market value” (a vision of the individual role in a social-market economy) based on solidarity and on works beneficial to the community, given that the “market value” of many workers will be wiped out by robots.

Fifth, once non-market targets are acknowledged as important for society as a whole, a cultural commitment to democracy and liberal rights based on the above-mentioned constitutional principles must be adopted to prevent social values from being captured by nationalists, as happened in the 20th century.

If all this is beyond our ability, then probably the most important thing to do is bring the problem of divergence to light and debate it transparently, before everything will be so divergent as to make Europe crumble.

REFERENCES

- 1 A whole range of recent studies on geo-economics focuses on the localization of the left-behind. Though very helpful, those new studies do not entirely capture the complexity of social transformation underway, affecting differently individuals living in the same space or professions in the same area.
- 2 “La povertà nella diocesi Ambrosiana” Caritas Ambrosiana, 2017, www.caritasambrosiana.it.
- 3 Harrod-Domar, Solow, and Baumol among others helped substantiate the relative analytical framework.
- 4 Lucas, Romer, and others are usually referred to as inspiring “New Growth Theory” and showing the externalities deriving from the non-convexity of factor distribution.
- 5 Agglomeration theory is often connected to Paul Krugman’s work.
- 6 Thomas Farole, Soraya Goga, and Marcel Ionescu-Heroiu, “Rethinking Lagging Regions: Using Cohesion Policy to Deliver on the Potential of Europe’s Regions,” (Washington, DC: World Bank, 2018), <http://pubdocs.worldbank.org/en/204131524477660470/Lagging-Regions-final-report.pdf>.
- 7 As happened when Italy’s strongest party celebrated the approval of a law “abolishing poverty” in September 2018.
- 8 Consensus for anti-establishment parties reacts to protracted periods of economic predicaments. In general, 18 months of higher unemployment or markedly lower growth are a standard reaction time that democratic governments should take into consideration in the design of their political economy.
- 9 Mark Muro, Robert Maxim, and Jacob Whiton, “Automation and artificial intelligence: How machines are affecting people and places,” (Washington, DC: Brookings Institution, January 2019), <https://www.brookings.edu/research/automation-and-artificial-intelligence-how-machines-affect-people-and-places/>.

ABOUT THE AUTHOR

Carlo Bastasin is a nonresident senior fellow in the Foreign Policy program at the Brookings Institution. He is also a senior fellow and professor of European political economy at the School of European Political Economy at LUISS University in Rome. He is an editorialist for *Il Sole-24 Ore*. He is the author of *Saving Europe: Anatomy of a dream* (Brookings Institution Press, 2015).

The Brookings Institution is a nonprofit organization devoted to independent research and policy solutions. Its mission is to conduct high-quality, independent research and, based on that research, to provide innovative, practical recommendations for policymakers and the public. The conclusions and recommendations of any Brookings publication are solely those of its author(s), and do not reflect the views of the Institution, its management, or its other scholars.