THE BROOKINGS INSTITUTION

BROOKINGS CAFETERIA PODCAST

THE RISE OF POPULISM IN U.S. AND EUROPEAN POLITICS

Washington, D.C.

Friday, February 14, 2020

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P R O C E E D I N G S

DEWS: Welcome to the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews.

On today's episode, two scholars from Europe, who recently were in New Hampshire and Iowa to observe American politics up close, offer fascinating insights on what they saw and share some comparisons between American and European politics in terms of populism, nationalism, and the use of social media.

Also, you'll hear a new edition of What's Happening in Congress, with a focus on what's going on after the impeachment trial of the President.

Finally, I have a new Policy 2020 Ask An Expert Q&A on the wealth tax proposal.

You can follow the Brookings Podcast Network on Twitter @PolicyPodcasts to get information about and links to all of our shows, including Dollar & Sense, the Brookings' trade podcast, The Current, and our events podcast.

And now, on with the interview. I'm joined here in the Brookings Podcast Network studio by Giovanna De Maio and Célia Belin. Both are Visiting Fellows on the Center on the United States and Europe, part of Foreign Policy at Brookings.

Giovanna's expertise includes Russia and international security, Italy's relations with Russia, the EU, and the United States, and the rise of populism.

Célia's expertise includes transatlantic relations, U.S. foreign policy toward Europe, and French politics and foreign policy.

Célia, Giovanna, welcome to the Brookings Cafeteria.

BELIN: Thank you for having us.

DE MAIO: Thank you, Fred.

DEWS: So I understand that you both were recently in New Hampshire—the New Hampshire primary at the time of—this taping was just yesterday—and, Célia, I understand that you were in Iowa around the time of the Iowa Caucuses last week, and you were both there to witness the on-the-ground politics firsthand.

Let me ask each of you, what did you see in either or both states that you didn't expect? Giovanna, do you want to talk about that?

DE MAIO: Sure. It was really interesting for me to witness the New Hampshire—to spend the weekend in New Hampshire ahead of the primaries. It was really impressive to see the level of engagement from people from different age groups. It's something that it's difficult to compare in Europe because European countries have very different systems, but I will compare it to local elections in terms of accessibility of the candidates, the availability of both candidates and people to participate to town halls. And it was really interesting to see how true is the statement of primaries in New Hampshire are like the state sport. And we could really see that in the S&H (phonetic) dinner last Friday where supporters of different candidates were seated in different sections of the arena and they were cheering their candidate, just as we would cheer a soccer team. So it was really interesting for me to witness that and also talking to people from neighboring states who wanted to come and listen to the candidates, meeting them in person in order to make the best choice, not just in terms of who they like most, but also who is the most likely candidate to beat Donald Trump.

DEWS: I've heard a lot about the diners, the diner experience in New Hampshire. Did you have a chance to experience of the famous diner food?

DE MAIO: Yeah, we did. We went to Red Arrow Diner and we found other political tourists that were there; but also, like it was super interesting. I think we almost got the bell

ringing for us because that's what they do for newcomers, they ring a bell and they welcome you in the diners.

DEWS: That's cool. Célia, what did you see in New Hampshire and Iowa?

BELIN: Well, we did see a lot of political tourists all around, so we were participating in this big circus and wave of tourists, political tourists coming to both Iowa and New Hampshire. And I think it's a unique situation. It's the first time you have that many candidates with a campaign primary that is so undecided. I can only compare it to 2016 when Donald Trump was running in the Republican primaries, and I imagine that you would have seen this level of excitement. But for Democrats, Iowa is even more important than for Republicans because over the course of the last 20 years it has had a very high probability of pointing out who's the winner and who is going to be in the end winning the nomination.

So there were a lot of people like us. And what was a little bit surprising to me is that both in Iowa and New Hampshire we see major crowds, but then when you talk to people, people were from out of state, they were paid by campaigns to be here or they were just neighboring states coming to rally. For example, we met a lot of people from Massachusetts coming to Elizabeth Warren rallies, which did not necessarily translate in actual votes. And maybe that's what we have seen with the results.

And so the interest is very high, we see so many journalists, we see cameras ever single event, we see now with the selfie lines, you know, people are excited to just touch the candidate. But it does not necessarily mean there is mobilization behind it. And I think that was the most striking or uneasy party for me.

The other thing that I noticed was that in the Iowa caucuses I went to witness a caucus in Waterloo, Iowa—which is one of the few African American communities in Iowa—so it was

interesting to be both in this very conservative white state but within a community that was slightly different, which caucused mostly for Joe Biden. But what was striking was the absence of young people. There was barely any young African American people caucusing either for Joe Biden or for Elizabeth Warren, who was quite popular in that particular caucus. And it's also a community that is fairly poor. And so it strikes me as still this challenge for Democrats to mobilize young people and in particular young people of disenfranchised communities that would not necessarily go out and pick someone among this wide field of candidates that they haven't heard enough about or they're not excited about.

DEWS: Also people in a caucus have to go at the appointed time and then stay in that gymnasium or town hall or firehouse for two or three hours. And maybe certain kinds of people don't have that time to spare.

BELIN: Sure, but all in all the time of the caucus was maybe an hour and a half and it's your local high school. It's not that much of an effort in terms of I think time and resources, but it is an effort in terms of involvement, in terms of knowing who you are going to vote to. So Joe Biden in that caucus had the most people, but they were all older people. And when I talked to them they were saying, you know, we are standing with Joe Biden because he is the most experienced, he is the one that can beat Donald Trump. And we saw over Iowa and New Hampshire that this particular argument of electability for Joe Biden is just getting more difficult.

And when were with Giovanna at the rally of Joe Biden, I think it was in Hudson, New Hampshire on Sunday, two days before the vote, it was clear this campaign was going in the wrong direction. There was not that many people, the crowd was scattered, Joe Biden spoke for two hours in almost plain silence, and people started leaving the room before the end of the

event. So in major contrast with other events of Peter Buttigieg or Amy Klobuchar that I witnessed.

DEWS: We know Joe Biden left the estate before the end of the primaries themselves.

Let me ask you both, you're both Visiting Scholars here at Brookings, you both specialize in transatlantic relations, what got you interested in U.S. politics? I mean why take these trips to Iowa and New Hampshire for the U.S. primary season?

Giovanna, do you want to start?

DE MAIO: Sure. So I arrived in the U.S. four years ago and I started working as a special guest. I was a special guest at the Brookings Institution for a few months and I was working on my thesis. So I witnessed—while I was doing some research on a totally different topic, was Ukraine and Russia—I witnessed the heating up of the debate and the race between Hillary and Trump. So, for me, all of it became so interesting after the impact that he had on Europe, specifically in the context of Brexit, in the rise of populism and euroscepticism in Europe. And so to see how the polarization of political debate in the U.S. was also mirrored in Europe.

So in the meantime, as far as Italy is concerned, Italy witnessed the creation of a sovereigntist populist government in 2018 and it had its own version of President Trump in the person of Matteo Salvini, the leader of the League. The League is a party that is on the far right spectrum. And, similarly, Salvini drew a lot of inspiration from Donald Trump in terms of narrative. He is very focused on migration, on anti-migration stances, and addressing migration through tough approach. While Trump has focused on the wall on the border with Mexico, Salvini has taken some very significant actions in order to prevent NGO ships from harboring in Italian ports, and he was very contested and very criticized for that and he is now facing trial for abuse of power in those cases.

But also Salvini borrowed the slogan, "America First", and he brought it to Italy with *Prima Gli Italiani*, Italians First, and a lot of inspiration on economic reform. So borrowing some concept of Trump tax reform, but Salvini was not able to implement it in Italy because the government collapsed and actually he triggered the government crisis last August. So that triggered the creation of a new government instead of new elections, but this new government, the problem is that even though there is a new government made of still the populist Five Star Movement and much more pro EU, pro transatlantic force, which is the Democratic Party.

At the same time, politics has gone through some polarization and I would call it "Salvinization" of politics. Basically, politicians in Italy cannot get rid of Salvini's approach because Salvini's approach on anti-immigration stances and some sort of confrontation approach with EU, it's hard to fight on the electorate level. He is still maintaining that he is defending national interest while preventing NGO ships from entering Italian ports, and he is still very followed.

You mentioned the elections in Emilia-Romagna. The Emilia-Romagna elections actually saw the victory of the pro EU left in Italy. At the same time, what went a little bit under the news titles was that for the first time the League scored an important result, which remember that Emilia-Romagna is one of the strongholds of the left.

DEWS: And that's a province of Italy?

DE MAIO: It's a region of Italy.

DEWS: Region of Italy.

DE MAIO: In the central north of Italy. It has confirmed it status as a stronghold of the left. At the same time it was the first time in history in which the League was actually able to put forward a significant score, over 40 percent.

So this is the sign that Salvini is still in the picture even though he is out of power. And in other elections in another region of Italy called Calabria, he won completely over the center left. So his influence in politics is always there.

DEWS: I think a fascinating parallel between Italian politics now and U.S. politics now is that kind of reaction to immigration. My simple understanding of part of the rise in Salvini and the League is as a result of immigrants coming from the Syrian civil war or from Libya across the Mediterranean and into Italy and kind of the reaction against that.

DE MAIO: And the reaction that Italy put forward, but the impossibility, the difficulties that there were on the European Union level to actually find a shared solution. So, yes, there was an Italian emergency, especially in 2015, but then scale it down. But the narrative remained, and of course it remained in the populist argument of depicting migration in contrast with national interest.

DEWS: Now, Célia, what about your interest in U.S. politics?

BELIN: So I've always been interested in U.S. politics. I'm an Americanist by training and I did my Ph.D. on evangelical Christianity in this country and their influence on politics. So I was much more interested in the Republican Party for a long time. But what struck me in the past two years—and I've been at Brookings for two and a half years—that wave of populist nationalism that has taken over all the western democracies. And Giovanna was talking about it regarding Italy, but we know that it has affected many, many countries in Europe. There are the traces of this populist nationalism within the Brexit vote that led to the UK leaving the European Union. There is the same phenomenon in France. When Emmanuel Macron was elected at the favor of opposing Marine Le Pen, the far right candidate, and he was proposing an absolutely different way of approaching politics and has in doing so transformed the French party system.

We've seen that in Germany with the rise of the AfD, the far right parties up until now. That has created waves all over.

After looking at all of this and the importance of Donald Trump and the American model of "Trumpism" for these sort of international of nationalists out there, I thought that the main question for the next few years will be, what will be the answer, what will be the response of opposing parties, of the opposition, all across the democratic western democracies. How will they answer this wave? And I think the democratic parties can serve as a blueprint for western democracies of how to combat populist nationalism. And that's really what at the heart of my new book, which is called *Des Démocrates en Amérique*, in which I try to understand what are the different answers offered not only by candidates, but by the movements that are behind them.

To me there is (inaudible) of thinking about it. There is one way that considers that all of this was an accident and you can pretend it never happened and you just have to return to normal. I think that was Vice President Joe Biden's lane. And in many ways, even though he was talking about restoring the soul of America, there was something about his proposition that just deals with restoring the correct America, the America of days past that was better. And we are seeing in Iowa and New Hampshire—and it's of course too early to tell if it's going to continue that way—that it does not resonate that profoundly with Americans that maybe feel that Donald Trump is a symptom of a larger problem.

The other option is to address the grievances, the legitimate grievances of the people, you know, in particular the Obama Trump voters, the people who chose populist nationalism or "Trumpism" as a solution. And if you address their circumstances, in particular the rise of costs of any kind, housing, healthcare, et cetera, and you try to reduce inequalities, you might regain. That first option is of course best embodied by Bernie Sanders and somewhat by Elizabeth

Warren.

There is another option that considers that what you really need to fight populist nationalism is to unite the center and to reach across and find moderate Republicans, find Independents, and just offer a new modern way of transforming politics. In many ways it's a heritage of what Emmanuel Macron has done in France. It transcends the left-right divide, it calls for renewing of institutions, renewing of politics, and it's still a work in progress very much in France. It hasn't solved much of the social malaise in France, but it is something that Pete Buttigieg, the Mayor of South Bend, best embodies.

And the last force maybe I see out there is just the idea that all of that is just a continuation of old politics that need to profoundly change, because in all of these Western democracies you have a structural underrepresentation of minorities. And in minorities I include gender minorities—women—and of course racial minorities, ethnic minorities, and all other socioeconomic minorities. And as long as you don't bring about an entire new majority compose of the people who have a real stake in what's happening in this country, and same for other Western democracies, you will have the reproduction of same old politics going in a more and more populist and more and more nationalist way.

I think that's the fight that's going on right now inside these primaries and that's why this primary season is going to be chaotic, it's going to last a very long time, because it is a crisis that it is deep and profound and no one has yet found the right answer, and it's building on it.

DEWS: And there are very similar parallel strains in European politics, as I understand it as well. There is the rise of—I think a lot of us think of nationalist populism as being on the right, but as that recent election in Emilia-Romagna region showed there is another movement that's still on the left.

What are some of the manifestations of populism on the left in terms of not only what they're against, but what do they stand for?

DE MAIO: Interesting question. So it depends—we usually define populism as the idea that society is divided in two groups that are at odds with each other, so between people and elite usually. So now the right wing populism, that sometimes we call nationalism, identifies the people as the Nation, whereas in the sense of left wing populism, in which we can place, for example, Five Star in Italy, it is the idea that the people are more a community that fight against the corrupt elite, that is usually located in the capital, in the U.S. in Washington, and Five Star fight is in Rome. And there are some overlapping of narratives between the left wing populism and what I've witnessed in the U.S. political debate, especially from Senator Sanders and Warren in their fight specifically with targeting the rich and in their fight against corruption.

This is something that the Five Star Movement has been—in Italy -that is again located in the spectrum of left wing populism—has been long fighting for, but has characterized with more anti-establishment sentiment. This anti-establishment is mostly expressed through the expression of a sort of disenfranchisement towards the work of the Democratic institution, the role of the parliament, the role of institutions in general. So what they suggest in order to address not just the economic part—the economic part actually, similarly to Sanders and Warren, Five Star wanted to recreate a sense of community. So while Warren and Sanders focus on "Medicare for All" and education, Five Star campaigned a lot and won big in the south during the 2018 election. They focused on universal minimum income for everybody in order to increase—not just in order to improve living conditions of the most disenfranchised part of the population and that economic part, whereas on the anti-establishment end institutional part, Five Star was a big advocator of direct democracy. Direct democracy is the idea that citizens are empowered to push

forward their own decision and have direct impact on decision making. And that's what has been lacking in the past few years, not just in the cities and Italian relations with Rome, but also with Brussels.

And so through direct democracy, and specifically through social media, through some internet tools, people were able to express their views to vote on their party lines and to actually have an impact on their choices. So the anti-establishment part has been addressed through these specific tools, mostly internet, but, for example, we've seen in France with Macron with the Yellow Vest movement, it was also some anti-establishment sentiment. And, again, combined with the economic drive, Macron organized this big *grand debát*, big debate, in different town halls in different parts of France, in order to gather people's opinion and put them together with the idea of getting closer to people and addressing their grievances more directly.

DEWS: So, Giovanna, you just mentioned some social media tools. So I wanted to transition to another way that there are some parallels between U.S. politics and European politics. And I just want to emphasize that not everything in the politics of the two regions have similarities. There are lots of differences.

DE MAIO: Sure.

DEWS: But I think there is a role that social media plays in helping to organize and spread populist movements, both in the U.S. and the U.S. Do you want to speak to that, Célia?

BELIN: So what was interesting about the Yellow Vest movement is that it started in France, that sort of swept France between middle 2018 up until now, even though it had gone down after—in the beginning of 2019. This movement was almost entirely Facebook generated, and it's one of the first times that you see major mobilization in France that comes out of an outrage that is put out by a few individuals on Facebook and gathers momentum. And this started

with a local petition in the beginning of the summer, then over the summer you started to see some local protests, and then through Facebook the organizers decided to rally all together in Paris on November 17. And there you see 300,000 people show up out of nowhere, not linked to any trades union, not linked to any political party. And for months this population of yellow vests, which of course over months has reduced now to a few thousand, was able to come out every Saturday and protest, but it never translated in political power.

So the paradox of social media is that it spreads the outrage, but it does not necessarily bring about political movements. I think the strength of actually the democratic primaries and the American system is that through the channel of this bipartisan fight that is the presidential election, you have movements that are taken on by candidates that then win the nomination or are a big part of the primary conversation, and then are integrated within the party. I think that's what is at the heart of the Bernie Sanders campaign, whether or not this movement—it's a clear movement—of leftist populism is able to be integrated through his nomination or through the nomination of somebody else, but that would reach out a hand to that population in channeling a newer democratic majority.

It remains to be seen because I think at the same time the establishment and a lot of the society is still very worried of this social media mobilization.

In this race you have another person that's looming in this Democratic primary, the role of former New York City Mayor Michael Bloomberg, who has decided to skip entirely the first four states of the primaries. He decided to join in late November and jumped in and decided that he would throw a completely different campaign and spending heavily on TV ads, of course, but heavily also on digital media. He has a full platform and a full team working nonstop with very creative ideas to attract attention, to [ ] also a movement that is more of a personification of the

movement through his own personality.

And it remains to be seen if that's a good bet. The critics of that would say that Michael Bloomberg doesn't go out there and submit himself to meeting every single Iowa voter or to go in New Hampshire in the middle of the winter in the cold and go and do the town halls.

And I would say that Senator Elizabeth Warren is sort of the opposite embodiment of all of that. She has made the point of having very long selfie longs, she's met more than 100,000 people that she has personally hugged and taken a photo with. And in many ways Mike Bloomberg is doing the exact opposite of all of that. He's doing something closer to what Donald Trump did in 2016. It's a recipe that might work, which is behaving like a celebrity and a rock star and bringing about a movement that emerges out of digital mobilization.

It's a big question mark. I think everybody is still experimenting with all these approaches and some are successful, some are less successful. But if you were ever to be prominent in this nomination, or even win the nomination, that would really upend I think the way Americans think about their primaries.

DEWS: I think that's really interesting about Bloomberg and how he kind of represents a personification. Because we usually think about personification, in America at least, in terms of Trump and "Trumpism". And, Giovanna, you brought up Salvini and "Salvinization" of Italian politics.

Can you comment a little bit more on the parallels you see in those phenomena?

DE MAIO: I could tell you something about the social media experience of Salvini. So he has a very well organized team that works 24/7 in order to increase the visibility of Salvini. So think about it, in a year the League was—in March 2018 the League obtained around 17 percent of the vote, whereas at the European elections in May 2019 the League went up to 34 percent.

And this was partially due to the high publicity that Salvini was able to get through his role as minister of interior, but also thanks to this big campaign he was having on social media.

And I think it was a little bit at the crossroads between retail politics, which he basically was never in the parliament, was always out there meeting people, but he was really present on social media and he had this team working with this internet tool called the beast. So basically through Twitter this algorithm allows the system to understand how to tailor a different response to a certain message. So Salvini steam spreads, for example, a controversial message around immigrants or around a particular moment in history causally related to fascism, for example. And according to the reaction of the audience, this algorithm generates a following tweet that is able to capture the mood of the web and according to it is most likely to have more likes and be shared. So the idea is not just having content, but also having controversial content in order for also those who don't agree with Salvini are able to share the message and have it on their own page.

So it's interesting to see how this tool was able to allow Salvini to increase his own visibility and actually put him up to 4 million followers on Facebook.

DEWS: Wow. Célia, did you want to say something?

BELIN: Yes. I think many of these social network tools that we are experimenting with, whether it's Twitter or for which Donald Trump is just a master, all of these tend to create a direct link between the president and his electors and his voters, or between that personality, whichever it is, if it's the challenger, and the people that follow him. But what it really means, long-term, it means disappearance of intermediaries, weakening of political parties, a weakening of organizations, movements, trades union, whatever was before bringing about the political power. And it also reduces the importance of everybody that surrounds these personalities. You

know, who around Donald Trump is as strong a personality as him, or it's only people that work directly for him and for his own will. We can find some of the same traits with Emmanuel Macron with a difficulty to have strong ministers that would be strong voices out there. And the risk for these politicians is to be front and center when you have a popular backlash, obviously, but also to increase their authoritarian tendencies. And I'm not exaggerating, I'm not calling either of them authoritarian, but authoritarian tendencies in imposing a will that would not come from—be transmitted by a system, whether it's a party or whether it's a trades union or a movement. It makes them weaker and we could see that in the case of President Macron who, during the Yellow Vest protests, realized he was missing a link. He didn't have any—because he was a newcomer to politics and his party was new, he didn't have enough local mayors and local counselors and people that would tell him this is what's going on on the ground. So now understanding that, he's preparing for the next municipal election to bring about a larger movement in many ways to normalize himself and normalize his movement if he wants this movement to be durable.

And the only way maybe to counter that, this sort of link between the people and the personality, when this is so strong, as in the case of Donald Trump, might be by really bottom up organizing, local communities organizing. It's what we we've seen in 2018 with the midterm elections where a lot of local community and local organizers, many of them women, many of them minorities, decided to start running, and decided to start having a voice. This is I think—one is sort of the counter phenomenon that is rising. It might just be too weak for 2020, but it is clearly—at some point it's going to be—you know, the difference between what's happening in the social mediasphere and what's happening underground with local communities sort of resisting this evolution.

DEWS: Let's take a quick break here for a new edition of What's Happening in Congress. The impeachment is over, so what's on the agenda now?

BINDER: I'm Sarah Binder, a Senior Fellow in Governance Studies at the Brookings Institution.

Bothe chambers of Congress now have the impeachment of President Trump behind them. The Senate's trial stretched over three weeks and it ended when the Senate cleared the President of both articles of impeachment. Only one Republican, Senator Mitt Romney of Utah, who was the Republican's presidential candidate in 2012, crossed party lines, joining every Democrat in a losing effort to convict and remove the President from office.

The intensity and partisanship of impeachment were hardly surprising, but the aftermath has left Democrats demoralized and Republicans apprehensive. The President's post-impeachment retribution tour didn't help, firing people who testified against him before the House and intervening, it seems, in a criminal prosecution of his friends and enemies. Either way, there's very little appetite on Capitol Hill to go down in the trenches to get big stuff done before the November elections.

So what does lie ahead for Congress in the coming months? The President has taken two steps to launch his agenda for the year, State of the Union Address last week and the President's annual budget this week.

First, the President delivered the State of the Union Address before Congress in which he spelled out the accomplishments of his Administration, took a hard line on immigration, and attacked the Democrats. It was more a preview of his electoral campaign to come than a set of legislative proposals. He did call on Congress to take action to lower the cost of prescription drugs, a bill the House has already passed. But with the two chambers favoring different

approaches, it remains to be seen whether there will be any action on that measure this year.

And reflecting the Democrats overall frustration with the President's falsehoods, Speaker Pelosi ripped up her copy of the speech before the President had even left the dais.

Second, this week the President released his annual budget proposal. The Congressional Budget Act demands that the President write a budget for the fiscal year that will start this coming October. And like most presidential budgets, this one was also dead on arrival on Capitol Hill. In fact, it took fire from both Democrats and from Republicans. Democrats decried cuts for environmental protection, diplomacy, social welfare, including Medicaid, which the President they pointed out had promised on the campaign trail in 2016 to protect. And Republicans cried foul over cuts to farm subsidies, favored defense programs, and mounting government debts and deficits.

That budget doesn't become law, it's just a blueprint or the President's priorities. But Congress is already operating under a two year budget deal that it reached with the President last year in an agreement that increased both domestic and defense spending. Now, Congress still has to write the details of the spending bills by October, but that deadline will likely slip until after the November elections. Either way, don't expect any big budget moves this year since those decisions really were already made late last year.

In fact, we shouldn't expect much from Congress at all this year on the budget. With split party control of Congress in last year's budget deal, there's little incentive for either the Democratic House or the Republican Senate to write a budget plan for the coming year. And without a budget resolution, Congress can't use special budget rules that protect budget related bills from a filibuster. And that's how lawmakers typically get big stuff done, whether cutting taxes or paring back spending.

Add that all up and, no surprise, the President's budget, delivered just this week, has already been forgotten.

So what is Congress up to? The Senate votes today, Thursday, on a war powers measure that would block the President's use of military force against Iran unless Congress authorizes that campaign. It only takes a simple majority, not a super majority, to agree to a war powers resolution and several Republicans will likely cross the aisle to vote with every Democrat to pass the resolution. After the House agrees to the Senate resolution, the President has said he will veto it. So, in that sense, this is a symbolic move by the Senate and later by the House, but the effort is still a good reminder that there are still Republicans on some issues who are willing to challenge the President of their own party.

And what about the House? Well, it did most of its heavy legislative lifting last year, so expect House lawmakers and leaders to keep promoting the measures they've already passed on lowering the cost of prescription drugs, reforming election laws, tightening gun laws, and confronting climate change. All of those bills are piled up right on the Senate's doorstep where they're likely to stay for the rest of the year.

DEWS: Another factor that we talk about a lot in American politics is polarization. We hear about it all the time in American politics, the Republican Party, the Democratic Party, there's really only two major political parties in this county. There are plenty of other parties, but those are the ones that we see represented in Congress and in state houses across the country.

Do you see the same kind of political polarization in European politics where in parliamentary systems especially there are lots of political parties, not just two main ones?

Giovanna, do you have any thoughts?

DE MAIO: Yeah, so I come from a county where political instability—and there are so

many political parties there. There is a new party every other week, so definitely it's a striking difference. And it's interesting to see how in the Democratic Party or in the Republican Party, because of this binary system in the U.S. parties have to feed so many different trends on both sides, whereas I feel like in Europe it's much more diverse, especially on the left. I feel like in Europe what can probably be said is that on the right spectrum I feel there is always more unity than on the left.

So in Italy, for example, in the left we have the Democratic Party, we have the Five Star Movement, that is still in the left spectrum, but also a smaller party created by former prime minister Matteo Renzi that is called *Italia Viva*, and is more like a center left party. It's kind of emulating a little bit what Macron did in France. What is on the right, although there are small different parties, they are kind of unified on the same wavelength of thoughts, that is on the economic side more liberalization and lowered taxes and on the more political and social side, they tend to have a leader, very strong leader. So in Italy's case, Salvini was able to build up his own character in his old party, kind of taking over all the smaller right coalitions. So, on the political side, identifying with one single leader, but also having very strong focus on national interests, even in a relationship with the European Union. So there are some more pro-European parties, or at least with less controversial relations with EU—like could be Berlusconi's party, but there are even in the same box some parties that are instead like the League or *Fratelli D'Italia*, Brothers of Italy, that have much more controversial relations with EU. And in that case, they make it out loud, but it doesn't prevent them from having one single line. So if you like the right, it's much more united, so this qualifies as similarity with the Republican Party.

BELIN: What happened in 2017 with the election of President Macron is this implosion of the French party system that used to be organized left versus right for 50 years, and with the

right often dominating, but the left coming in alternatively and proposing their opposing views. And over the course of 2015, 2016, 2017, you had so many major events in the world and in France in particular, which were the results of the financial crisis of the 2010s. We had the terrorist risk increasing, the refugee crisis. There were many instabilities and you could feel and see a sort of fatigue from the French voters for the entire establishment, the entire elite, whether left and right.

And Emmanuel Macron's theory of the case was that the left-right divide was outdated, it was obsolete. There was a need for something else entirely different. And at the time, you could see the far right looming and growing in strength. And after the Brexit vote, after the win of Donald Trump, you know, it was the turn of the French election and people were wondering, you know, is this now when a far right leader will be elected in France. And I think Macron came in with this sort of original idea that left-right is over, you have to be centrist and pragmatic, you have to bring ideas from both sides and bring about a movement that would oppose the far right, a movement that would be open to globalization, that would be pro climate action, that would be innovative and focusing on entrepreneurship, but at the same time has a social leg.

I think what he sold to the public was very appealing, even though it did not win by a majority, or far from it, but only thanks to the second round of the election was he able to really decisively beat Marine Le Pen. He had some strength in power, but once in power, when you remove all party bases and when you remove all ideology, whether you're more on the left or on the right, it's much harder to know what's your direction. And so we are this moment when Macron has consolidated power very much, but it's very much "Macronism," you know. It's very hard to know where this would stand outside of his personality. And, once again, we go back to this idea that in this new era of politics, this personality looms so large that they only exist by

themselves and for themselves. And at the moment you have this opposition between "Macronism" and "Le Penism," basically, far right and sort of extreme center, as I call it, but you have a desire on the left, on the extreme left as well, for some new experimental politics based on direct democracy, as Giovanna mentioned, or based on rethinking of the economic models, et cetera. And you have focusing entirely on the climate transition, and you have those new movements that are starting to organization at the local level. So far it's not changing the dynamics in France and might not be changing them by 2022, but it could come from either side I think of Emmanuel Macron at this point.

DEWS: When I hear you both talking about these new political movements in Italy and in France—I think Macron's is called *En Marche!*, and then we have the Five Star Movement and the League, I keep thinking about could that even be possible in the United States when we have the two major political parties, have both been around literally since the mid-19th century, although their ideologies have changed dramatically for sure and they've had lots of different kinds of coalitions over the decades. But essentially the Democratic Party and the Republican Party were organizations that were formed in the mid-19th century. And we've not really had a viable—even a third party in this country ever.

So it's striking to hear some of the contrasts.

BELIN: There is a theory that would say that if either Bernie Sanders or Mike Bloomberg were to win the nomination that the other side of them would be so upset that they would be tempted by a third party run. I don't see how the Bernie Sanders movement can really stand on its own, apart from maybe making sure that Mike Bloomberg would lose the election to Donald Trump probably because you would have a split of the opposing vote. And he has said repeatedly that he would not do that. He has promised to support anybody that would be Democratic

candidate in order to beat Donald Trump. But, of course, this sort of progressive base will be highly frustrated if somebody too centrist would come in.

The other question would be if you have Bernie Sanders as the standard bearer now for the Democratic Party winning the Democratic nomination, can you see a movement, for example, led by somebody with immense wealth, such as Mike Bloomberg, really trying to take hold? What we've seen with previous historical examples is that the system is so rigid with endorsement, with financial organization, with organization on the ground, that it's almost impossible to beat the odds and have a movement based on a personality. It would have to be a rock star personality, which, once again, Mike Bloomberg hasn't proven he can do that, rally as much enthusiasm. But that's the risk for the Democrats, right, that at some point, faced with the looming threat of a reelection of Donald Trump, they just go in every single direction and fail to unite. Because, at this point, the only way to beat a Republican president is to have a Democratic president.

DEWS: Célia, Giovanna, let's wrap up this conversation by coming back to Iowa and New Hampshire and on the ground of the Democratic race in the U.S. presidential election. Again, you've both recently been to either or both New Hampshire and Iowa, you've seen the politics on the ground. I'd like to know your thoughts on the shape of the Democratic primary race and the U.S. election in general.

DE MAIO: Just a couple of things. So being in New Hampshire was really impressive, seeing like long lines to enter to Pete Buttigieg's events, seeing like teachers and social workers cheering for Elizabeth Warren. It was just a good way to experience democracy in a certain way, like in a more active way, and see all this level of participation. But to me what it will be interesting to see in the following months would be how this challenge between revolutionary

narrative, or recreating a community, like the message of Bernie Sanders that kind of challenges a little bit what's the traditional approach of American individualism through the recreation of a community through providing services like healthcare or education as Sanders has defined them, as human rights rather than services, and a more moderate America, embodied by people like Buttigieg or Klobuchar. But to me, like what would be also interesting to see is like which one of these two will be able to address the root causes that brought to the election of Trump that are both a social, political disenfranchisement, but also an economic one.

So it will be really interesting to see what are really the measures on the table and what will disenfranchised people choose ultimately.

BELIN: I think we might be up for long months of debates and primary fights in many different states. I don't expect any of this to be clearer by Super Tuesday. Super Tuesday is the beginning of March. Super Tuesday this year is so heavy, in particular with California, that it could be the breaking point. But if it's not, you will have the whole month of March, and maybe possibly April, to continue with this internal fight. Bernie Sanders is well positioned to win the nomination at this point just because he's going to accumulate slightly more delegates at every corner, possibly, and that he doesn't have the difficulty with ethnic minorities that Pete Buttigieg has. The big question mark is can Joe Biden make a comeback. I doubt it, because I think his argument was on electability and you need to be a winner to win. And so I wonder if that's just not too late.

But you could see by the end of February, beginning of March, a few of these candidates, either Joe Biden or Peter Buttigieg or Amy Klobuchar, drop out of they cannot translate their newfound popularity in votes with the Latino community and African American community.

What is interesting is the fate of Elizabeth Warren. Since yesterday everybody has sort of

decided that she's in the same camp as Joe Biden as the big loser of the New Hampshire primary, which she is because she was the neighbor, a senator of Massachusetts, she could have made much bigger gains. Yet she has a very strong organization. She still has plenty of money. She has very strong message and her run is based on ideas enough that she can go on and on and on for a long time. And I don't think she would be blamed for it. I don't think her supporters would get annoyed by this. So I would see her just tagging along for a while, evaluating how she can be useful to one side or the other, and whether she can find a way to be a unity candidate.

The biggest risk would be entrenchment of nasty positions. We saw in New Hampshire—that was striking, you know—when Pete Buttigieg would speak in the arena you would have Bernie Sanders' supporters cheering against him, and vice versa. And I think if we go down in this nasty opposition from both of these camps, that would be very unfortunate and that will drown out their message and maybe push people to look for this unity candidate that Warren was trying to be. Could be Klobuchar—why not. Because she's still at a bit undefined. She has a strong record, but her message is undefined. And so maybe people will start pouring whatever they want into her and, if she's smart enough, she'll just take it and try to once again bridge the gap between the unity message that people feel they need, but also the voluntary revolutionary movement that needs to be at the heart also of the new platform as an understanding that Donald Trump exists now, he has won. Him winning in 2016 meant something and it meant that legitimate grievances of Americans must be addressed. And I think if she is able to do that, she might just have a shot.

DEWS: Well, Célia, Giovanna, thank you both very much for taking the time for this very fascinating conversation today. I really enjoyed it.

BELIN: Thank you.

DE MAIO: Thank you.

DEWS: You can find more research from Célia Belin and Giovanna De Maio on our website, Brookings.edu.

Finally, today, a new Policy 2020 Ask an Expert. We asked listeners to send us questions about issues related to the 2020 election and then found experts who could answer them. This is part of the Policy 2020 initiative Brookings. If you have a question for an expert, send an audio file to BCP@Brookings.edu. Be sure to tell us who you are and where you're coming from.

SPEAKER: Hi, my name is Ann and I'm a student at Claremont McKenna College.

I'm wondering if a Brookings expert could explain the different tax proposals in this election cycle. Some proposals, like Elizabeth Warren's wealth tax, have been tried in other countries, and I'm curious how much we should allow these past attempt to inform evaluations about what these plans would look like in the U.S.

BURTLESS: Thank you for your question, Anna. I'm Gary Burtless, an Economist and Senior Fellow here at the Brookings Institution.

Let's focus on the last part of your question, the presidential candidates' proposal with regard to a wealth tax. Two candidates for the Democratic nomination, Senators Elizabeth Warren and Bernie Sanders, have highlighted their plans to introduce a new wealth tax. Senator Warren went first, with a plan to impose a tax on a family's net worth if it was more than $50 million. She proposed taxing wealth above that level at a rate of 2 percent every year with a further 1 percentage point surcharge on a family's wealth if it was more than $1 billion. Her advisors estimate the plan would impose additional Federal taxes on the 75,000 American families that have the most wealth.

Senator Sanders went next and he proposed taxing the net worth of families whose wealth

holdings are greater than $32 million. The starting marginal tax was supposed to be 1 percent of a family's wealth holdings above $32 million, but that marginal tax rate would rise steeply, reaching 8 percent of wealth holdings every year if your wealth were over $10 billion.

In the case of single people, all of the wealth tax brackets in Senator Sander's plan would be cut in half. For example, single people would begin paying a wealth tax if their net worth were $16 million instead of the $32 million threshold that applies to married couples.

This kind of comprehensive wealth tax would be novel in the United States, but wealth taxes have been tried in many other rich countries, a point I'll return to in a minute. Here in the U.S. most Federal tax revenue and a great deal of state tax revenue comes from income taxes and from payroll taxes. Income taxes are imposed on most, but not all, of families' current incomes, payroll taxes are applied to individual's wage earnings and net self-employment earnings. The Federal government and many state governments do tax some wealth holdings; specifically, the wealth holdings of residents after they die. This is accomplished through the estate tax. Currently the Federal estate tax kicks in when a decedent leaves an estate worth more than $11.4 million. The Federal estate tax dates back to 1916, so it's been a fixture of our tax system for more than a century.

In addition, municipal and local governments in the United States impose annual property taxes on the gross value of property and real estate. Some places also tax the current gross value of road vehicles and boats. These are forms of wealth tax, but the obviously leave a great deal of wealth untaxed. For example, they don't cover the value of bank accounts or stock and bond holdings, they don't include a family's stake in a closely held business, whether that business is a mom and pop store or a limited partnership worth hundreds of millions of dollars. Of course, those items are covered by the estate tax when the owner dies. Depending on the size of the

estate, the marginal Federal tax rate on estates can range up to 40 percent. However, a one-time tax on a decedent's estate is a far cry from a once every year tax on part or all of a family's net worth.

What about the experience of a wealth tax in other countries? As you said, these have been tried elsewhere. Back in the mid-1980s 12 out of the 24 rich industrialized countries that belong to the OECD had an annual tax on wealth above some threshold. By 2015 the number of these countries with a wealth tax dropped to just 5 out of those 24 countries. This means 7 countries abandoned their wealth tax sometime after the 1980s. The countries with wealth tax in the mid-1980s included France, Germany, Switzerland, and all the Scandinavian countries, including Sweden. By 2015 Germany and all of the Scandinavian countries had abandoned their wealth taxes. However, France and Switzerland have kept theirs.

I don't know what specific reasons pushed west European countries to eliminate their wealth taxes. There are some good reasons for favoring alternative sources of public revenue, however. First, collecting an equitable tax on wealth is not easy. Many kinds of assets, such as closely held businesses, are hard to place a value on, let alone revalue once every year. Also, families that hold part of their wealth in other countries may find it easy to evade part of the tax on their wealth. After all, businesses which are based in another country may not be bound to report who owns the business to tax authorities in the owner's home country.

Second, if a country already has a progressive income tax, a property tax, and an estate or inheritance tax, as many countries do, you do not need a wealth tax to make the overall tax system quite progressive.

Third, if a country already imposes an income tax on capital earnings, a wealth tax on top of that income tax is a form of double taxation on capital income. The capital income is taxed

first in the income tax and implicitly once again when the owner pays the wealth tax that she owes.

If policymakers want to make the overall tax system more progressive, it may be simpler and less costly for them to increase the tax rate on top incomes, or on capital income specifically, than it is to impose a wealth tax. Some people believe that double taxation of capital income through imposition of both an income tax and a wealth tax would discourage individuals from investing in businesses, in housing, and in other property. Whether this is true depends on the combined rate of income and wealth taxation. Most European countries in the mid-1980s had pretty low marginal tax rates on wealth, say 0.5 percent a year, as in Germany, or 0.05 percent up to .3 percent as in Switzerland. If the marginal income tax rate on capital income were low enough, these low rates of wealth taxation probably discourage investment a bit, but probably not very much.

A more serious problem might be that a wealth tax would discourage Americans from investing in their own country and encourage them instead to invest in other countries that do not report wealth holdings to the U.S. tax authorities. The income tax already provides sizeable incentives for this kind of tax avoidance. A wealth tax would increase the incentive to hide assets in offshore tax havens.

There are two main reasons to impose a wealth tax; both Senator Sanders and Senator Warren have mentioned these reasons frequently in the campaign. A wealth tax could raise a substantial amount of additional revenue. This would allow the government to fund new or bigger programs, for example, subsiding health insurance or daycare. Both presidential candidates have proposed more public spending, so the revenues would be needed.

Furthermore, a wealth tax could directly reduce one kind of inequality that has

conspicuously soared over the past three decades, namely, the inequality of family wealth. Many economists who favor a more progressive tax system, including me, wonder whether a new kind of tax is really needed to deal with these two issues. There are straight forward and well known measures that would either raise a lot more tax revenue with the existing tax system or make the tax system more progressive and the final income distribution more equal. Does it make sense to incur all the costs of setting up a new kind of tax system when the candidates' goals could be achieved at lower cost by changing current tax schedules and improving tax collection under the current income and payroll tax system?

Voters will decide the issue by voting for or against the candidates who have pledged to give us a wealth tax.

DEWS: Visit Brookings.edu/policy2020 to learn more.

The Brookings Cafeteria Podcast is the product of an amazing team of colleagues, starting with audio engineer Gaston Reboredo and producer Chris McKenna. Bill Finan, director of the Brookings Institution Press, does the book interviews, and Lisette Baylor and Eric Abalahin provide design and web support. Our intern this summer is Amelia Haymes. Finally, my thanks to Camilla Ramirez and Emily Horne for their guidance and support.

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Until next time, I'm Fred Dews.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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Expires: November 30, 2020