

POPULISM WATCH

July 2013

SUMMARY

- It has been another mostly strong month for populist movements across Europe at the polls, but the political and security risks they pose vary widely according to contextual factors. In this month's *Populism Watch*, our focus countries are: **the UK, Italy, the Netherlands, and Greece**.
- The **UK** Independence Party's rise in Britain poses two key risks in the medium term: first, a moderate risk of a British EU exit precipitated by pressure on the main parties to hold an in-out referendum, and, second, a high risk of the main parties tightening their immigration policies. The media and the three mainstream parties' fixation on UKIP means that for now the party holds influence disproportionate to its size, but the First Past the Post electoral system and an ageing voter base suggest that its policy influence will decline in the long term.
- Beppe Grillo's Five Star Movement in **Italy** is embroiled in disagreements, hampering its chances of posing a serious threat to Enrico Letta's 'grand coalition' government. It has, however, influenced the political debate on corruption and has played a key role in government proposals to stop party funding. Lega Nord, one of the other major populist forces in Italy, is politically weak and will struggle to match its previous result at the next European Parliament elections.
- In the **Netherlands**, Geert Wilders, leader of the right-wing populist Party for Freedom (PVV), is likely to perform well at next year's European Parliament elections, along with the populist left Socialist Party. This is forcing the government to take a harder Eurosceptic line, and it has recently released a list of 54 areas of EU legislation that it believes should either be more limited in scope or under complete national control. This included arguing for more powers for member states to implement the Regulation on the Community Customs Code and opposing a 'shock absorption fund' for the Eurozone.
- The disruptive and violent behaviour of the neo-fascist Golden Dawn's MPs and activists continues to pose a security threat in **Greece**. The risk of resulting political instability, however, is low, given Golden Dawn's 'pariah' status in the eyes of the other parties. Public Order Minister Nikos Dendias' appeal to other EU countries for support on migration flows is unlikely to be fully satisfied, further exacerbating the immigration crisis.
- The **EU** has agreed on new proposals to clarify and strengthen the Schengen agreement. The political fallout of next year's European Parliament elections and border disagreements between member states could lead to further reforms, potentially in some cases restricting freedom of movement to satisfy national prerogatives.

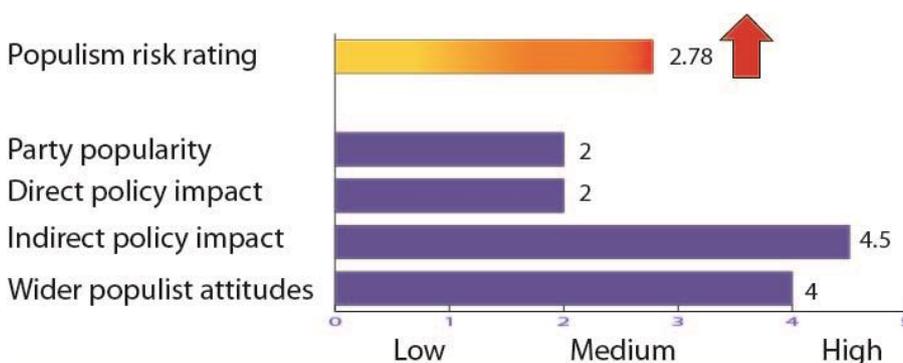
POPULISM RISK RATING

For each Populism Watch country analysis, we have included Counterpoint's Populism Risk Rating, a composite measure of the risk of instability posed by populism to a country's political and financial institutions. The measure is made up of four dimensions, each ranked on a 1 to 5 scale. The Populism Risk Rating is a weighted average of the four dimensions. The dimensions are:

1. **Party Popularity:**¹ the current electoral standing of a country's populist parties according to the latest polls.
2. **Direct Policy Impact:** the degree to which populist parties exercise policy impact at the local, national and European level through formal means such as drafting legislation, influencing votes, and participating in government.
3. **Indirect Policy Impact:** the degree to which populist parties exercise policy impact by influencing the policies of the mainstream parties and the national political debate.
4. **Wider Populist Attitudes:**² the current level of populist attitudes in the country as a whole, including distrust in political institutions, closedness to the world and concerns about immigration (using figures from the latest Eurobarometer).

COUNTRY ANALYSIS

➤ United Kingdom



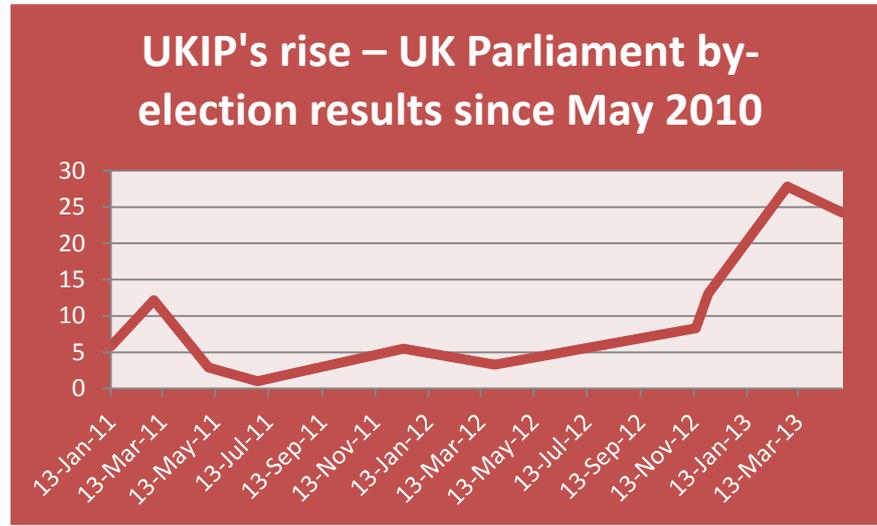
A distinct form of anti-EU populism has been on the rise in Britain in the form of the United Kingdom Independence Party (UKIP). This has created political tremors in the coalition government and put pressure on David Cameron to toughen his negotiations with other European leaders, thereby undermining stability within the EU. In the May UK local elections, UKIP won nearly 150 council seats, sending shockwaves across the political establishment.³ UKIP also captured one quarter of the vote at a parliamentary by-election on the

¹ Source for dimension 1: July polling from Ipsos MORI (UK), IPR (IT), peil.nl (NL), Public Issue (GR)

² Source for dimension 4: http://ec.europa.eu/public_opinion/archives/eb/eb79/eb79_anx_en.pdf

³ <http://www.telegraph.co.uk/news/politics/ukip/10036463/Local-elections-2013-Nigel-Farages-Ukip-surges-to-best-ever-showing-winning-150-seats.html>

same day in a solid Labour seat, proving that it could win over voters across political and geographical divides. In the last month, its performance in the polls has fallen, but it is still winning over roughly 12 per cent of prospective voters.



Source: <http://www.parliament.uk/mps-lords-and-offices/offices/commons/hcio/by-elections-2010/>

Policy Impact

UKIP's influence primarily relies on its ability to impact on the policy and behaviour of the three mainstream parties. It is unlikely to make a major breakthrough at the 2015 parliamentary election in terms of number of seats, because its support is quite dispersed and the UK Parliament's First Past the Post system does not favour new, smaller parties with no electoral strongholds. But UKIP does have the potential to rob the large parties of marginal seats by splitting the vote and it does have the media's ear. For these reasons it will exert a disproportionate influence on the political debate in the coming months and years and is likely to influence UK policymaking towards its own agenda.

However, given the problems the UK's First Past the Post electoral system pose for small parties and UKIP's elderly electoral base, in the long-term UKIP's influence is likely to wane. Therefore we believe that their window of opportunity to impact policy is mostly limited to the next two years, before the 2015 general election. In particular, UKIP's rise poses three distinct threats, as outlined in the tables below:^{4 5 6}

⁴ <http://www.bbc.co.uk/news/uk-politics-22437884>

⁵ <http://www.guardian.co.uk/politics/2013/mar/07/yvette-cooper-lesson-tony-blair-immigration>

⁶ <http://www.workpermit.com/news/2013-06-27/uk-immigration-to-launch-pilot-security-bond-scheme-for-high-risk-nations>

A strong performance in the 2014 European Parliament elections could undermine EU-level policymaking

- Threat level: low
- A strong result is likely, but this will probably not prevent the main parties in the European Parliament from continuing to set policy. UKIP will have little power to seriously influence the workings of the EU as its priorities remain at the national level and it struggles to work effectively in the European Parliament with its counterparts on the continent. We believe that their likely success in 2014 will, however, cause further panic among the UK's mainstream parties.

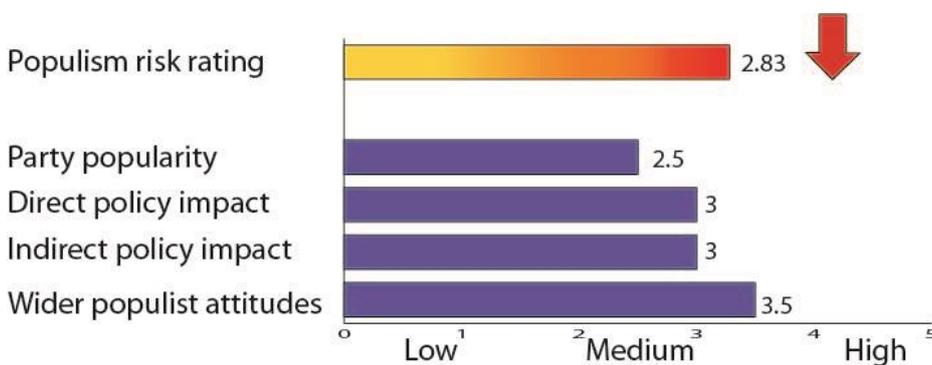
The main parties may toughen their EU rhetoric, increasing the chances of a British exit from the EU

- Threat level: moderate
- David Cameron is now offering an in-out EU referendum, apparently in the light of UKIP's rise and backbencher criticisms. If Labour offers the same, then a referendum will be almost certain after the next general election in 2015. Currently the public are split down the middle on the referendum question, but, if the Conservatives stay in power, there is a strong chance that staying in the EU on renegotiated terms will be preferred to exiting altogether. Aside from these risks, pressure from UKIP (and Conservative backbenchers) is forcing the UK government to find a new EU settlement. This is likely to include a renegotiation of the EU working time directive and the EU free movement of labour rules. Due to its Eurosceptic and libertarian leanings, however, UKIP is unlikely to influence the government in favour of the EU's latest proposal to cap bank bonuses.

The main parties may toughen their immigration policies in light of UKIP's rise

- Threat level: high
- Immigration policy shifts are in evidence from all three main parties. In late June, the government announced that it would pilot a programme where immigrants visiting the UK from 'high-risk' nations (including India and Pakistan) would have to pay a £3000 'security bond' to enter the country. This followed an announcement in the Queen's speech of an immigration bill introducing new rules to punish illegal immigrants, including preventing illegal immigrants from acquiring driving licenses, and further rules to limit migrants' abilities to freely use the National Health Service. The Labour Party has also advocated restricting benefits such as jobseeker's allowance for newly arrived immigrants. The Liberal Democrats will probably drop their policy of an amnesty for illegal immigrants at the next election. The main parties are likely to take further steps to tighten immigration rules in the months ahead.

➤ Italy



Despite its extraordinary performance in the Italian national elections in February where it won approximately a quarter of the vote, Beppe Grillo's Five Star Movement has faced challenges since the formation of the grand coalition government headed by Enrico Letta.

First, the Five Star Movement is struggling to form an effective opposition to Letta's government, in part due to its lack of cohesion. There are a number of serious disagreements among its supporters and activists.⁷ Grillo has himself expressed anti-immigration views – for instance, opposing the new government's citizenship laws for the children of immigrants who are born in Italy – in contrast to the apparently liberal profile of the movement's online supporters.⁸ Infighting has broken out within the party, with a number of newly appointed senators flouting the Five Star Movement's principles. More than one senator has been expelled from the party after breaking Grillo's rule against appearing on talk shows.⁹

Second, the latest results from local elections and recent polling suggest that the Five Star Movement is losing support. Analysts believe that some voters are growing tired of Beppe Grillo's routine.¹⁰

Further ahead, however, the party should not be written off as a temporary protest. As with other populist parties in Europe, the Five Star Movement could become entrenched on the political scene, even if support dips from its success in February.

Finally, another racism row in Italy erupted this month as Lega Nord senator Roberto Calderoli suggested Cecile Kyenge, Italy's first black cabinet minister, resembled "an orangutan". Letta condemned the comments and there have been calls for Calderoli to resign.¹¹ The scandal follows a remark made at the beginning of May by Mario Borghezio, an MEP from Lega Nord, referring to the new coalition as a "bonga bonga government" in light of Kyenge's inclusion in the cabinet.¹² Borghezio was expelled from the Europe of Freedom and Democracy political group for the remark. But Lega Nord has limited political influence – after former leader Umberto Bossi's resignation in the wake of a corruption scandal, the party is a relatively minor player on the political scene. We believe it will lose many of its seats at the European Parliament elections next year.

Policy Impact

Grillo's disinterest in sharing power, internal squabbles and the lack of clarity in the party programme mean that it is improbable that Grillo will have a great direct impact on policy. Despite the publicity, the Five Star Movement's MPs have struggled to influence policy in the parliament: it has been one of the least active parties at proposing legislation.¹³

Instead, the policy impact is most likely to be indirect. It is possible that the government will be willing to negotiate changes at the European level in part because of Grillo's criticisms of the EU and the Monti government's macroeconomic policies. Letta recently hinted that he would be willing to repatriate some

⁷ <http://blogs.lse.ac.uk/europpblog/2013/04/23/innovation-beppe-grillo-internet-campaigning-m5s-social-media-meetup/>

⁸ http://www.ansamed.info/ansamed/en/news/nations/italy/2013/05/10/Grillo-spits-venom-opposes-citizenship-reform_8686652.html

⁹ <http://www.bbc.co.uk/news/world-europe-22396608>

¹⁰ <http://www.guardian.co.uk/world/2013/jun/19/beppe-grillo-ms5-mp-ejection>

¹¹ <http://www.bbc.co.uk/news/world-europe-23310837>,

<http://www.independent.co.uk/news/world/europe/defamation-case-opened-against-racist-italian-senator-roberto-calderoli-as-abuse-of-black-minister-continues-8717391.html>

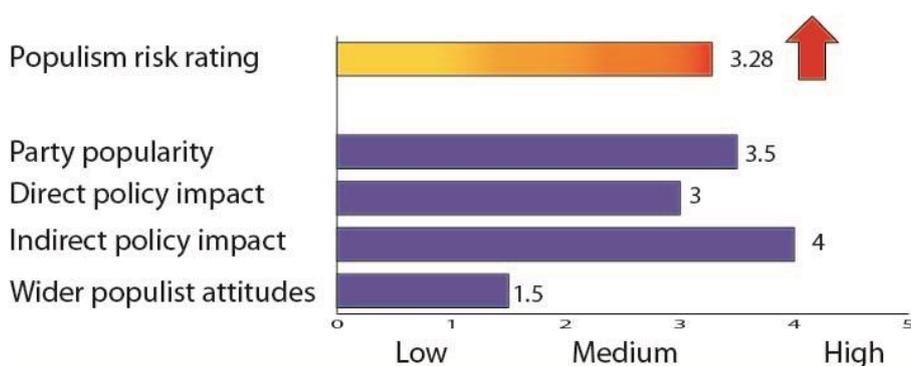
¹² <http://www.ft.com/cms/s/0/ea7ab4f2-b284-11e2-a388-00144feabdc0.html>

¹³ http://www.huffingtonpost.it/2013/06/10/classifica-proposte-di-legge_n_3414626.html

powers in a discussion on the UK's relationship with the EU. But there is unlikely to a significant step change for now – in Letta's own words he is "very pro-European".¹⁴

At the national level, Grillo has contributed to shifting the policy debate around political corruption and party funding. The Letta cabinet is now proposing to abolish state funding of political parties by 2017, an issue Beppe Grillo has lobbied on aggressively.¹⁵ There have also been efforts to reduce ministerial salaries.¹⁶ We predict further parliamentary reforms in the coming months to calm populist sentiment and limit Grillo's appeal.

➤ The Netherlands



Previously written off by some experts after the PVV's poor showing at 2012 election, the latest figures from Dutch pollster *peil.nl* put Geert Wilders' PVV once again into the lead.¹⁷ Many supposed that when Wilders brought down the government in spring last year, he had used up his political capital and would be rejected by the electorate for a new kind of populist. But support for the PVV is still strong, despite infighting within the party and vocal criticisms of Wilders' anti-EU strategy. Although the last parliamentary election result was hailed as a success for the political centre, it is likely that, given a high risk of growing public disillusionment with the current 'Purple' coalition government, next year's European Parliament elections will see a comparatively strong showing for Eurosceptic populists on both the left and the right.¹⁸

Wilders has made a number of moves to align the PVV with other European populist parties, including the Front National (FN) in France, the Lega Nord in Italy, and Vlaams Belang (VB) in Belgium.¹⁹ On Marine Le Pen, leader of the Front National, Wilders stated, "we think the same about 90% of things, perhaps more". This is a surprising development given Wilders' previous attempts at distancing himself from parties considered as on the extreme right. But this is not necessarily a cause for concern – research shows that pan-European coalitions of populist movements are rarely effective.²⁰

¹⁴ <http://www.bbc.co.uk/news/world-europe-23317749>

¹⁵ <http://www.reuters.com/article/2013/05/31/us-italy-party-financing-idUSBRE94U0T220130531>,

¹⁶ <http://www.economist.com/news/europe/21582014-head-government-meant-be-living-day-day-enrico-letta-has-some-strikingly>

¹⁷ <https://n0.noties.nl/peil.nl/> (accessed 18 July)

¹⁸ http://www.policy-network.net/pno_detail.aspx?ID=4249&title=The-magical-return-of-the-political-center

¹⁹ http://www.dutchnews.nl/news/archives/2013/04/geert_wilders_looks_to_allianc.php

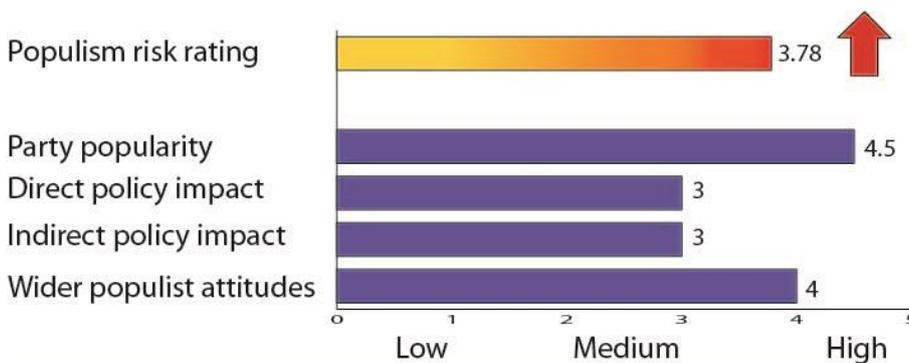
²⁰ <http://counterpoint.uk.com/reports-pamphlets/conflicted-politicians/>

Policy Impact

We believe that Wilders' revived support will compel the government to harden their approach at the EU level, particularly with respect to budgetary policies that are perceived to benefit Southern European countries at the expense of the North. There have already been steps in this direction: on June 21 the government announced a list of areas of legislation that it wanted to either have limited EU involvement or remain entirely under national control. The recommendations included: advocating a more efficient use of the EU budget; arguing for more powers for member states to implement the Regulation on the Community Customs Code; promoting more national flexibility for the Directive on family reunification; rejecting EU-level direct taxation; and opposing a 'shock absorption fund' for the Eurozone.²¹

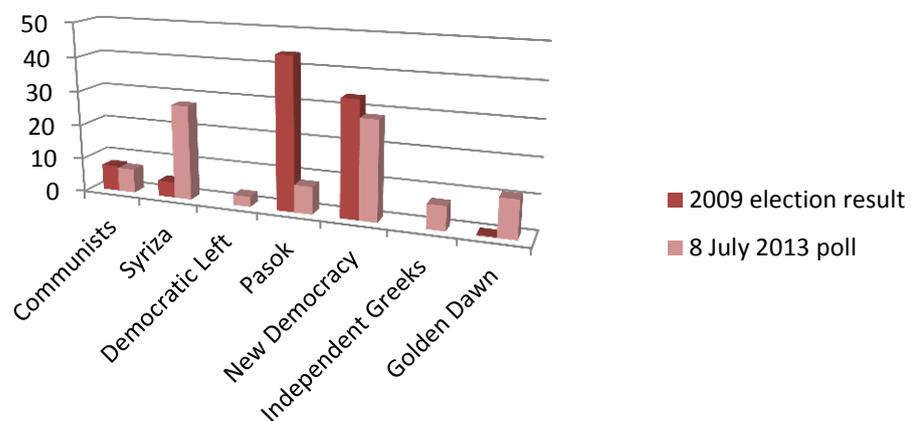
The success of the PVV as well as 50Plus, a new party advocating the protection of benefits for older voters, has also put pressure on the government to seek policies that support and defend pensioners.

➤ Greece



The latest poll in Greece shows that the political spectrum is still highly fragmented, despite the relative economic stability of the past few months. The most conspicuous manifestation of this political upheaval is the performance of the neo-fascist Golden Dawn, now polling at over 10 per cent, from under 1 per cent in 2009. Golden Dawn members often engage in disruptive behaviour in the parliament – in mid-May, Panayiotis Iliopoulos was ordered to leave the parliament after insulting his fellow MPs, and allegedly shouted “Heil Hitler!” on his way out.²²

Outside the parliament, Golden Dawn activists regularly engage in ‘Greek only’ food banks and blood collections, and there have been



Source: <http://www.imerisia.gr/article.asp?catid=26509&subid=2&pubid=113076634>

²¹ http://www.openeurope.org.uk/Content/Documents/EN-vertaling_eindrapportage_DEFINITIEF.pdf

²² <http://www.businessinsider.com/golden-dawn-member-of-parliament-yells-heil-hitler-2013-5>

numerous incidents of violent attacks by Golden Dawn supporters directed at immigrants.²³ While human rights agencies have voiced their concern, the chances of a ban on the party are small, due to its prominence and its large presence in the parliament.

The violence and disruption is likely to escalate as Golden Dawn cements its political position, at the same time as the authorities are struggling to contain the movement. Given that the politicians in the Greek parliament treat Golden Dawn as a 'pariah' party, it is unlikely that this will seriously undermine the functioning of the government. There is, however, a small chance that the centre left Pasok will demand a ban on Golden Dawn, leading to clashes with the centre right New Democracy and instability within the coalition government.

Policy Impact

At the same time, Golden Dawn's rise is likely to continue to put pressure on the government to take a hard line on illegal immigration, as it has done in the past.²⁴ Human rights campaigners have criticised the heavy-handed police approach to irregular immigration in Greece and Public Order Minister Nikos Dendias has implored other EU countries to take in more immigrants arriving in Greece. But with many of these countries facing their own populist movements, any support is likely to be very limited, and the immigration situation in Greece is likely to worsen in the medium-term.²⁵

Further pressure on the government comes from the populist left Syriza, polling just below New Democracy. Syriza forms the main opposition to the government's programme of austerity in the Greek parliament. Since former coalition partner Democratic Left decided to walk out in June, the government's majority has shrunk. On July 17 a proposal introducing cuts of 15,000 civil service jobs alongside tax reform scraped through the parliament.²⁶ We predict that Prime Minister Samaras will begin to struggle to find backing for further austerity measures in the parliament as the cuts begin to bite and Syriza's rhetoric hardens.

EU Policy

The EU agreed in June to a package of reforms to the Schengen agreement. The new agreement clarifies the terms of the original Schengen border accord, detailing when it is appropriate for border controls to be reinstated in emergencies and introducing a new mechanism to make internal border checks with no prior warning in order to monitor how member states are implementing Schengen.²⁷ This is a direct response to a disagreement between France and Italy in 2011, when former President Sarkozy put in place border controls

²³ <http://www.guardian.co.uk/world/2013/may/01/golden-dawn-food-rally-athens>

²⁴ <http://blogs.lse.ac.uk/europpblog/2012/08/08/risk-that-racism-and-xenophobia-are-becoming-mainstream-in-greece/>

²⁵ http://www.ekathimerini.com/4dcgi/_w_articles_wsate1_1_08/07/2013_508083

²⁶ <http://www.economist.com/news/europe/21582033-two-bailed-out-countries-still-struggle-stick-their-programmes-dumps>

²⁷ <http://www.europarl.europa.eu/news/en/pressroom/content/20130607IPR11390/html/European-Parliament-backs-Schengen-reform-deal>

between the two countries to stop the flow of migrants arriving in Southern Italy from North Africa as a by-product of the Arab Spring.²⁸

This reform is framed by the EU's institutions as a way of securing and strengthening Schengen. But there is a danger that further tensions about migration between member states, together with populist gains at the 2014 European Parliament elections, will put pressure on EU leaders to give member states more autonomy to decide when to make exemptions to Schengen.

²⁸ <http://www.europeanvoice.com/article/imported/support-for-changes-to-schengen/77427.aspx>