The rise of populism, regional disparities and the regional policy response

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EXECUTIVE SUMMARY

- There has been a marked rise in support for ‘populist’ parties and causes in Europe over the last decade. Populism is a contested concept, but at its core is the opposition of ‘the people’ to ‘the elites’. Its emergence as a significant force in European polities has raised doubts about the hegemony of western liberal democracy, the path to which had seemed a ‘one way street’ in the immediate post-Cold War era.

- There is consensus around the significance of this shift in the political landscape, but less so about the reasons for it. Individual attributes – notably educational attainment, age and sometimes gender – provide some explanation, but not the whole picture.

- Two main schools of thought have emerged: first, that the roots of support for populism lie in economic inequality and job insecurity resulting from globalisation and the fall-out from the financial crisis; and, second, that the drivers are not material, but cultural or attitudinal and reflect a sense that some ‘progressive’ values have evolved too far and a rejection of liberal modernity.

- Research on the geography of populist support suggests that the inequality/culture theses are too static and spatially agnostic to fully explain recent trends. This geography is more complex than a simple urban/rural divide: it reflects correlation patterns linked to personal attributes, interpersonal inequalities and attitudes and the interaction of these with environmental factors and economic disparities at different spatial scales. Over time, coupled with demographic change this is producing a patchwork of subcultures, antagonisms and lifestyles, and possibly one in which regional economic disadvantage may become more entrenched.

- What role should or can regional policy have in the face of challenges that have a distinct geographical dimension, but are rooted in issues beyond the purview of regional policymakers? Do the rationales for regional policy intervention need rethinking? How to respond in a climate of fragile public trust in government, which is most keenly felt by those most disadvantaged? ¹

¹ This paper was originally prepared for the 39th Meeting of the European Regional Policy Research Consortium (EoRPA) held on Loch Lomondside on 30 September – 2 October 2018. It has been updated to reflect new research and policy contributions since the EoRPA meeting.
1. WHAT IS POPULISM AND WHAT DOES IT STAND FOR?

Across Europe the post-crisis era has been marked by a rise in so-called ‘populism’. This is reflected in the Brexit vote, the election of populist-led governments or coalitions in some countries (Poland, Italy), the presence of populist parties as coalition partners in others (Austria, Finland, Norway, Switzerland), electoral ‘near misses’ in some (France, the Netherlands) and significant challenges in government formation elsewhere (Germany, Sweden). Portugal is one European country which appears to have been resistant to this trend.

A precise definition of ‘populism’ remains elusive and the concept is contested among political scientists. However, populism has variously been characterised as an ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups, ‘the pure people’ versus ‘the corrupt elite’, and which argues that politics should be an expression of the ‘volonté générale’ (general will) of the people.

as a political strategy through which a personalistic leader seeks or exercises government power based on direct, unmediated, uninstitutionalized support from large numbers of mostly unorganized followers.

as a political style in the form of a repertoire of performative features which cuts across different political situations that are used to create political relations

These characterisations are not exhaustive but suggest that populism per se is ideologically rather ‘thin’ insofar as it does not embody a coherent programme for change. However, it may be coupled with elements of ‘fuller’ ideologies on the left or right of the political spectrum (see Figure 1). The rhetoric of many populist parties converges on some key policy issues such as the importance of direct democracy in the form of referendums, plebiscites or directly elected leaders. Many populist movements are antagonistic towards the judiciary and parts of the media and, insofar as economic policies are part of the manifesto, are inclined to champion protectionism over the structures of global economic governance.

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4 Salgado, S (2018) Where’s populism? Online media and the diffusion of populist discourses and styles in Portugal, European Political Science: https://doi.org/10.1057/s41304-017-0137-4


Right-wing populist parties are characterised by more restrictive immigration policies, nationalist ideologies and the promotion of Christian cultural legacies. A clear majority of populist parties in Europe are on the right, particularly in eastern European countries such as Poland where the left has struggled to establish a credible presence in the post-Communist era. In southern Europe left wing parties are more prominent and include Syriza in Greece and Podemos in Spain, while the Italian Movimento 5 Stelle defies neat categorisation owing to its left-leaning economic programme combined with a hard right approach to immigration.  

A major study of all European political parties provides some insight into the commonalities between populist parties. Clearly some caution must be exercised in using such classifications, which are not uncontested, and interpretations of policy priorities (and especially their ranking) are by definition

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10 Eiermann et al., Op cit.  
12 Figure 2 uses the Inglehart and Norris classification of parties as ‘populist’.  
13 For example, it has been argued that the Norwegian Progress Party is more of a hybrid between a populist radical right and a traditional conservative party, while the Sweden Democrats and [former] True Finns are part of the same radical right party ‘family’ – Jungar, A and Jupskås, A (2014) Populist Radical Right Parties in the Nordic Region: A New and Distinct Party Family? Scandinavian Political Studies, 37(3), pp215-238.
subjective.\textsuperscript{14} Nevertheless, Figure 2 suggests a distinctive ‘clustering’ of priorities around a small number of issues; these ‘clusters’ omit many of the policy categories used in the CHES classification, including civil liberties, decentralisation, deregulation, environment, redistribution, urban and rural issues and state intervention. On the other hand, in spite of these commonalities, there are also important differences both in emphasis and in placement on the political spectrum.

**Figure 2: ‘Most important policies’ of populist parties in selected European countries**

<table>
<thead>
<tr>
<th>Country</th>
<th>Party</th>
<th>1\textsuperscript{st}</th>
<th>2\textsuperscript{nd}</th>
<th>3\textsuperscript{rd}</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>FPO (Freedom Party of Austria)</td>
<td>immigration</td>
<td>anti-elite rhetoric</td>
<td>nationalism</td>
</tr>
<tr>
<td>FI</td>
<td>PS (True Finns)</td>
<td>anti-elite rhetoric</td>
<td>EU integration</td>
<td>social lifestyle</td>
</tr>
<tr>
<td>FR</td>
<td>MPF (Movement for France)</td>
<td>nationalism</td>
<td>immigration</td>
<td>EU integration</td>
</tr>
<tr>
<td>FR</td>
<td>FN (National Front)</td>
<td>immigration</td>
<td>multiculturalism</td>
<td>anti-elite rhetoric</td>
</tr>
<tr>
<td>DE</td>
<td>AfD (Alternative for Germany)</td>
<td>EU integration</td>
<td>immigration</td>
<td>public services vs taxes</td>
</tr>
<tr>
<td>DE</td>
<td>NPD (National democratic party of Germany)</td>
<td>nationalism</td>
<td>immigration</td>
<td>ethnic minorities</td>
</tr>
<tr>
<td>IT</td>
<td>M5S (Five star movement)</td>
<td>anti-elite rhetoric</td>
<td>corruption</td>
<td>EU integration</td>
</tr>
<tr>
<td>IT</td>
<td>Fdl (Brothers of Italy)</td>
<td>immigration</td>
<td>tie: EU and nationalism</td>
<td>corruption</td>
</tr>
<tr>
<td>IT</td>
<td>LN (Northern League)</td>
<td>immigration</td>
<td>EU integration</td>
<td>anti-elite rhetoric</td>
</tr>
<tr>
<td>NL</td>
<td>SGP (Political Reformed Party)</td>
<td>religious principles</td>
<td>public services vs taxes</td>
<td>social lifestyle</td>
</tr>
<tr>
<td>NL</td>
<td>PVV (Party for Freedom)</td>
<td>immigration</td>
<td>multiculturalism</td>
<td>ethnic minorities</td>
</tr>
<tr>
<td>NO</td>
<td>FrP (Progress Party)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PL</td>
<td>PIS (Law and Justice Party)</td>
<td>tie: anti-elite and nationalism</td>
<td>corruption</td>
<td>international security</td>
</tr>
<tr>
<td>PL</td>
<td>SP (United Poland)</td>
<td>corruption</td>
<td>anti-elite rhetoric</td>
<td>nationalism</td>
</tr>
<tr>
<td>PL</td>
<td>KNP (Congress of the New Right)</td>
<td>anti-elite rhetoric</td>
<td>public services vs taxes</td>
<td>deregulation</td>
</tr>
<tr>
<td>SE</td>
<td>SD (Sweden Democrats)</td>
<td>immigration</td>
<td>nationalism</td>
<td>multiculturalism</td>
</tr>
<tr>
<td>CH</td>
<td>SVP/UDC (Swiss People’s Party)</td>
<td>immigration</td>
<td>EU integration</td>
<td>anti-elite rhetoric</td>
</tr>
<tr>
<td>CH</td>
<td>EDU/UDF (Federal Democratic Union)</td>
<td>religious principles</td>
<td>social lifestyle</td>
<td>multiculturalism</td>
</tr>
<tr>
<td>UK</td>
<td>UKIP (UK Independence Party)</td>
<td>immigration</td>
<td>EU integration</td>
<td>anti-elite rhetoric</td>
</tr>
</tbody>
</table>

**Notes:** (i) Since the Chapel Hill Survey was done, the ‘True Finns’ became the ‘Fins Party’ and a new party, the ‘Blue Reform Group’ split from it in June 2017. (ii) The French *Front Nationale* (FN) was renamed the *Rassemblement National* (RN) in 2018. (iii) It is unclear why the Norway Progress Party policies were not assessed in CHES, but FrP self-identifies as favouring small government, low taxes and controlled immigration.\textsuperscript{15}

**Source:** Compiled from Inglehart and Norris (for the classification of parties as ‘populist’) and from Polk et al (for the identification of ‘most important policies’).

The extent to which populist sentiment actually translates into political influence is heavily mediated by the different effects of majoritarian, ‘first-past-the-post’ and proportional electoral systems.\textsuperscript{16} In some

\textsuperscript{14} The ranking of policy priorities is derived from data in the Chapel Hill Expert Survey which uses expert assessments of party rhetoric and manifestos, etc. to discern their key policy positions — see Polk, J et al (2017) Explaining the salience of anti-elitism and reducing political corruption for political parties in Europe with the 2014 Chapel Hill Expert Survey data, Research & Politics, 4(1) pp1-9.

\textsuperscript{15} Fremskrittspartiet: [https://www.frp.no/english](https://www.frp.no/english)

cases populists have not broken through to hold elected office in national legislatures\textsuperscript{17} – for instance UKIP has not, with the exception of single by-election, had an MP elected, and the success of the \textit{Front National} in the French \textit{assemblée nationale} elections has also been limited. By contrast, the Norway Progress Party entered its second term as a major coalition partner in 2017; in Poland, the Law and Justice party (PiS) won an overall majority in the \textit{Sejm} in 2015; and in Italy the \textit{Lega Nord} and the Five Star Movement formed a government in June 2018. Nevertheless, even when populist parties are unsuccessful in national elections, their influence may be evident – the most obvious example being the commitment to hold the Brexit referendum, which was largely motivated by party management issues and the need to prevent UKIP from eroding Conservative Party support.

More detailed discussion of the precise nature of populist parties and policies is outside the scope of this paper, but clearly Fukuyama’s prediction in the early 1990s that liberal democracy would forever remain in ascendancy proved premature:

\begin{quote}
What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of postwar history, but the end of history as such... That is, the end point of mankind’s ideological evolution and the universalization of Western liberal democracy as the final form of human government.\textsuperscript{18}
\end{quote}

Indeed, the “global wave of populism that turned 2016 upside down”,\textsuperscript{19} and flowed on into 2018, has been a widespread source of surprise and consternation. As a result, considerable academic attention has focussed on understanding the reasons underpinning this apparent reversal of long-term trends and on analysing the emerging political geographies.

\textsuperscript{17} Local politics and European Parliament elections have tended to display different patterns, with populist parties registering significant successes in the latter.
\textsuperscript{18} Fukuyama, F (1992) The End of History and the Last Man.
2. WHAT ACCOUNTS FOR THE RISE OF POPULISM AND WHAT ROLE DOES GEOGRAPHY PLAY?

While there is consensus among observers about the significance of this shift in the political landscape, there is less agreement on the underlying causes. Clearly national and subnational specificities are key to voting outcomes. Also, while certain personal attributes (notably age and educational attainment, and sometimes gender) are clearly important, they do not provide a complete explanation. Against this background, two main arguments have been advanced to explain a range of electoral results in Europe, the UK Brexit vote, and indeed the election of Trump in the US.

The first argument is centred on issues of economic inequality. According to this thesis, populist voters are the ‘victims of neoliberal globalisation’, with its attendant impacts on international competitiveness, sectoral specialisation, and income and job security, together with the uneven effects of the fallout from the financial and economic crisis on interpersonal disparities.

The second argument is that the key drivers are not material but cultural or attitudinal, linked to ‘disenchantment with the broken promises of liberal modernity’, ‘new forms of social marginalisation’ and the notion that some ‘progressive’ values – such as multiculturalism, gender, race and LGBT equality - have simply evolved too far and too fast for comfort.

Importantly, for this discussion, patterns of populism are not spatially neutral and accordingly the geographical dimension to populism and its causes is also receiving growing attention.

Economic inequalities?

Arguments that economic inequalities are key to understanding the rise of populism have been prominent in the wake of recent electoral events. There is fairly consistent evidence that populist parties receive significantly greater support among the less well-off. For example, in the United Kingdom, inequality resulting from post-crisis austerity policies was cited as the main factor in the Brexit referendum result. In the UK and France, low income was among the key drivers of support for Brexit and Le Pen respectively. In Germany, research has shown that AfD supporters are those with the lowest median household income among the voting population. In Austria support for Norbert Hofer in the 2016 presidential elections was significantly higher amongst ‘workers’ (ArbeiterInnen).

Widening income inequalities resulting from globalisation – as graphically illustrated in the so-called ‘elephant

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curve\textsuperscript{27} – have also been linked to radical right populist support from those sections of the population where income gains have been below average; this pattern appears to hold across 16 European countries.\textsuperscript{28}

Or a ‘cultural backlash’?

An alternative view is that support for populism is not driven by economic factors, or by widening inequalities, but is cultural or attitudinal and prompted by the growth of progressive social values, racial and gender equality issues and so on: what separated remain and leave voters in the Brexit referendum was not material circumstances, but “a values divide that cuts across lines of age, income, education and even party”.\textsuperscript{29} This analysis found that there was almost no statistically significant difference in Brexit voting intentions between rich and poor; by contrast, there was a close correlation with attitudes to so-called ‘authoritarian’ issues:

\begin{quote}
the probability of voting Brexit rises from around 20 per cent for those most opposed to the death penalty to 70 per cent for those most in favour. Wealthy people who back capital punishment back Brexit. Poor folk who oppose the death penalty support remain.
\end{quote}

A major study covering recent electoral preferences in all European countries supports this view. It confirms existing work which showed that certain individual attributes are associated with support for populist parties – namely, that populist support is generally stronger among the older generation, men, the less well-educated, those with religious beliefs and ethnic majorities. After controlling for these attributes, this research weighs the evidence for the economic inequality thesis. This postulates that populist votes should be strongest among unskilled workers, the unemployed, those without further education, households dependent on welfare, those living in inner-city urban areas (because of their tendency to attract foreign-born residents), and those reporting feelings of economic insecurity. However, it finds the evidence mixed and inconsistent. By contrast, and again after controlling for individual attributes, the study finds that cultural variables (anti-immigration, mistrust of global governance, mistrust of national governance, authoritarian values and (self)-placement on a right-wing ideological scale) – are consistent predictors of voting support for populist parties.\textsuperscript{30}

A false dichotomy?

On balance, the academic literature tends towards the ‘cultural backlash’ explanation for the rise in populism. However, there are reasons to think not only that this narrative is incomplete, but also that the opposition of the cultural and economic inequality theses is a false dichotomy. Much of the analysis appears static and spatially agnostic – it is focussed on ‘who’ populist voters are, and what their circumstances, attitudes and attributes are, knowing where they are is surely also important. A recent study on German voting patterns concludes that:\textsuperscript{31}

\begin{thebibliography}{9}
\bibitem{27} The so-called ‘elephant curve’ shows changes in real income between 1988 and 2008 across percentiles of income distribution. This suggests that the top 1 percent, and to a lesser extent the top 5 percent, gained significantly, while the next 20 percent gained very little or faced income stagnation. Milanovic, B (2012) Global Income Inequality by the Numbers in History and Now, Policy Research Working Paper 6259, World Bank.
\bibitem{29} Kaufman, E (2016) Brexit Voters: NOT the Left Behind, Brexit Briefing, Birkbeck College, University of London.
\bibitem{30} Inglehart and Norris (2016) \textit{op cit}.
\end{thebibliography}
There is no typical AfD voter (especially if we only consider the socio-demographic and socio-economic factors). Particular characteristics that mitigate for or against right-wing populist success can be identified at both the individual and environmental levels, but important temporal and geographical differences are also found in the relative influence of these characteristics.

Indeed, it seems more plausible that culture and inequality are actually part of the same equation:

*economic insecurity drives up the populist vote both directly, but also indirectly by affecting two key sentiments: anti-immigration and distrust for traditional politics.*

Personal inequalities and attitudes are thus linked, and play out in space with local and regional patterns of economic development and mobility interacting to shape attitudes: accordingly, the geography of populist support is not simply compositional (ie the sum of the attributes of the resident population), but rather the interplay of individual and situational factors.

**Geographies of populist support**

In both Europe and the US, recent voting outcomes have often been cast in terms of urban and rural ‘cleavages’. However, closer scrutiny suggests that this oversimplifies electoral differences. In general terms, urban and rural electoral geographies differ between the northern and southern peripheries of Europe compared to Germany, the Netherlands, Switzerland and the UK, partly owing to historical patterns of industrialisation. The urban-rural cleavage characterisation does not hold in Italy, for example, where the intersection of housing and refugee crises has bolstered support for populist parties in urban areas and there is little discernible urban-rural divide in voting patterns. In Poland, the relationship between vote shares and urbanisation is significant, but is moderated by historical legacies - the vote share of the Law and Justice party (PiS) in the rural areas of western Poland is substantially lower than in the east. In addition, more fine-grained geographical analyses suggest that patterns are often more complex than they first appear. Support for AfD in Germany is relatively heterogeneous in spatial terms and concentrated in three quite diverse areas: first, it performed well in large parts of eastern Germany in localities with relatively low levels of immigration, fewer young people and income slightly below the national average; second, the AfD did well in southern Germany in areas that resemble the national average in demographic and economic characteristics; and last, AfD also did well in a number of urban districts, typically in areas with high youth unemployment, high levels of recent immigration and low income levels. In the United Kingdom, support for Brexit was broadly in line with

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36 Rossi, U (2018) The populist eruption and the urban question, Urban Geography, DOI: 10.1080/02723638.2018.1448135


the urban-rural cleavage thesis, but Britain’s second biggest city, Birmingham, voted leave while all of rural Scotland voted remain.

**The places ‘left behind’**

For some commentators, the rise of populism is ‘the revenge of places that don’t matter’ or a response to ‘regional resentment’ – in other words, a reaction to growing regional economic disparities, and particularly the long-term uneven spatial impacts of globalisation. According to this argument, the dominant narrative in urban economics and new economic geography has disproportionately favoured large cities and agglomerations, in part reflecting negative perceptions of the effectiveness and efficiency of place-based policies. To the extent that there have been concerns about growing disparities, these have tended to focus on *interpersonal* inequality, while *territorial* inequalities have been overlooked. While there is limited evidence that personal income inequalities play a decisive role in populist support, a geographic perspective suggests that in a number of countries populism gained ground in a combination of poor regions and areas that had suffered long periods of decline.

The results of recent presidential elections in France are consistent with the ‘forgotten places’ perspective: support for Le Pen is concentrated in northern France in former coalfields and steel-making areas, but also in communes with few inhabitants, and follows similar patterns to the ‘rust belt’ and ‘flyover’ states that propelled the Trump victory. Strikingly, communes with fewer than 2,500 inhabitants display lower rates of disadvantage than communes with more than 200,000, but the former voted predominantly for Le Pen while more populous areas were generally much less likely to. According to this analysis, voters in these areas, distant from the centre, ‘feel forgotten’ and unable to change their situations, while those in urban areas, even if more disadvantaged, are more hopeful that opportunities will arise.

**Do regional personality traits matter?**

Another strand of research shows the potential role of personality in support for populist causes. This builds on research on ‘geographical psychology’, which shows the processes through which psychological characteristics become represented spatially and how they are reinforced by broad social structural and institutional variables. This suggests that individual personality traits tend to be regionally clustered – likely as a result of the interaction of various mechanisms including selective migration.

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41 Exemplified in Thomas Piketty’s best-selling ‘Capital in the Twenty-First Century’.

42 Rodrígues-Pose, op cit.

43 Measured by proportion of single parent families, rates of poverty, youth unemployment and young people without qualifications


45 This research uses the so-called ‘five factor’ model, which is widely regarded as a useful set of very broad dimensions that characterise individual differences, but which is not without its critics – see Digman, J (1990) Personality Structure: Emergence of the Five-Factor Model, Annual Review of Psychology, 41, pp417-40. The model distinguishes: (i) Openness to experience (inventive/curious v consistent/cautious); (ii) Conscientiousness (efficient/organised v easy-going/careless); (iii) Extraversion (outgoing/energetic v solitary/reserved); (iv) Agreeableness (friendly/compassionate v challenging/detached); and (v) Neuroticism (sensitive/nervous v secure/confident).

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Social influence and environmental factors. A study of the UK referendum and US presidential election finds that the regional prevalence of neurotic personality traits positively predicted the share of Brexit and Trump votes, even after controlling for regional industrial heritage, political attitudes and socioeconomic factors. Another study claims that psychological ‘openness’ was the trait that mattered most in the Brexit vote. The authors of this study argue that this finding ‘solves the puzzle’ that UK districts which are relatively more dependent on EU trade voted ‘leave’ – seemingly against their own interests - as these same districts have a low score on openness. Although not central to this study, the authors also observe that the geography of the Alternative für Deutschland vote is consistent with regionally-clustered personality traits. More generally, it is suggested that:

regions and localities that have fared less well economically than prosperous ‘core’ regions (especially if the latter contain the nation’s main organs of economic, political and financial power) are also likely to have inculcated and reproduced over time less open and even more resentful attitudes and personality traits. Such attitudes and traits may eventually—as in the case of Brexit—find expression in major political opposition or protest.

Mobility is also a factor

Issues of mobility also appear related to the propensity to support populist causes. This links to both the discussion above and resonates with claims of a new division:

between the mobile ‘achieved’ identity of the people from Anywhere, and the marginalised, roots-based identity of the people from Somewhere.

Again looking at Brexit, recent research has shown that locally-rooted individuals – defined as those living within their county of birth – were seven percent more likely to support Brexit. Importantly, though, the effects of immobility on individual support for Brexit only mattered in places experiencing relative economic decline, or where there had been substantial increases in non-white migration.

It’s complicated...

The range of academic research on the spatial aspects of support for populism supports the view that the inequality/culture dichotomy is too static and one-dimensional to explain recent trends. Instead, it is apparent that the outcomes reflect a range of correlation patterns linked to personal attributes, interpersonal inequalities and attitudes, but also that these factors are mediated by economic disparities at different spatial scales. Over the long term, and coupled with demographic change this is producing

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47 Rentfrow, P, Jokela, M and Lamb, M (2015) Regional Personality Differences in Britain, PLOS: https://doi.org/10.1371/journal.pone.0122245
an intricate patchwork of subcultures, class antagonism, lifestyles and ancient sentiments,\textsuperscript{54} and possibly one in which regional disadvantage is at risk of becoming more entrenched.

3. WHAT ROLE SHOULD OR CAN REGIONAL POLICY HAVE IN AN ERA OF FRAGILE PUBLIC TRUST?

The discussion in this paper has suggested that there is a distinct spatial dimension, and a complex one, to the malaise affecting the political climate in much of Europe. Moreover, many of the issues that contribute directly or indirectly to this climate reach far beyond the purview of regional policymakers. Regional policies operate within a wider policy and political context that is neither predictable nor spatially neutral. Short to medium-term issues include geopolitical manoeuvring affecting energy supplies, the impact of protectionist measures in other jurisdictions, the effects of financial market corrections that many consider overdue, and ongoing migration issues; at the same time climate change and technological advances, including the prospect of a significant role for AI, will likely continue to have uneven geographical effects far into the future.

In thinking about this wider context, it is also appropriate to acknowledge the heterogeneity of European polities, politics and socio-economic geographies and the risk that ‘an insidious Brexit-Trump lens is too readily slapped onto the old continent’\textsuperscript{55}. Nevertheless, there are a number of interconnected issues and questions - both historical and current - that seem pertinent to debates about the role of regional policy in many countries.

Do regional disparities matter?

Underpinning arguments for regional policy is the notion that the spatial consequences of the interplay between geography, investment and labour are important, and that excessive disparities are undesirable.\textsuperscript{56} Historically, issues of equity were central to arguments for regional policy – and in some countries are embedded in constitutional provisions or primary legislation; also important, but rather less prominent, efficiency arguments for regional policy were advanced in relation to the ‘diseconomies’ arising from excessive rates of growth in particular areas and the costs of congestion.\textsuperscript{57}

However, the logic of spatial equity as an aspect of social solidarity or a criterion of economic policy has been questioned both on grounds of efficiency and of social justice:

\begin{quote}
spatial equity treats the richest people of the poorest regions and the poorest people of the richest regions alike, whereas a policy of interpersonal equity seeks to reduce interpersonal differences in well-being….The job of the welfare state is to reduce interpersonal inequalities that run counter to the principles of social justice, and these principles do not refer to particular spatial entities.\textsuperscript{58}
\end{quote}

\textsuperscript{55} Natalie Nougayrède (2018) Don’t believe the doomsayers. Here is Europe’s good news, 12 September: https://www.theguardian.com/world/commentisfree/2018/sep/12/europe-eu-far-right-democracy
This perspective has informed what became a dominant narrative from urban economics - that large agglomerations provide the most efficient route to economic development. In proposing ‘a reshaping of economic geography’ the World Bank noted that:

[the] main message is that economic growth will be unbalanced. To try to spread out economic activity is to discourage it. But development can still be inclusive, in that even people who start their lives far away from economic opportunity can benefit from the growing concentration of wealth in a few places.60

Challenges to this view, as a consequence of the experience of the crisis, have come from some unexpected quarters of late. In the wake of recent voting outcomes in both the US and Europe, The Economist has shown particular interest in the problems posed by regional inequalities. Previously it had argued that:

moving people from low productivity places to high productivity places is very good for both the people that move and the economy... It’s also pretty clear that place-based policies designed to rejuvenate regions that have lost their economic reason for being tend not to work very well.61

However, it recently observed that orthodox economics “is distressingly unhelpful in solving the problem of regional inequality…. But if economists cannot provide answers, populist insurgents will.”62 Further, it has called for “fresh thinking about the changing economics of geography”.63

The shift in perspective is partly informed by the changed political climate, but rising levels of regional inequality are also a source of concern. Widening regional disparities challenge the theory that regional disparities should diminish as poorer and cheaper places attract investment: for most of the 20th century levels of regional GDP per head did indeed converge, especially after 1945, but this trend weakened in the 1970s and halted altogether almost everywhere in Europe in the 1980s.64 Does this matter? The authors of the study argue that it does, with evidence of a growing spatial disconnect part of a long-run change likely driven by the same forces that account for the rise in personal income inequality. Noting this pattern, the Financial Times tends to agree, suggesting that:

The crucial question, then, is whether the most productive economic activities of today are naturally concentrated or can be encouraged to spread across national territories. Either way, it is clear that economic policy must be formulated in [a] way that takes seriously the economics of place.65
What objectives for regional policy?

If there is a return to a consensus that regional disparities do matter, whether for reasons of equity, efficiency or, perhaps most prominently at present, social and political cohesion, this has potential implications for the objectives of regional policy.

In many European countries, though not everywhere, the rationale for regional policy shifted profoundly around the millennium, away from a focus on territorial equity towards policies that emphasised regional competitiveness and the contribution of regional economic growth to national performance. By 2015, just three countries (Germany, Spain, Switzerland) out of 30 European states where there was a ‘strong problem region focus in regional policy’. Elsewhere, ‘regional’ policies were focussed on national growth and competitiveness (mainly central and eastern Europe, but also the Netherlands, Ireland and Luxembourg); the potential of all regions (Austria, Belgium, France and England); or the simultaneous pursuit of nationwide/regional growth and the reduction of regional disparities (Italy, Finland, Norway, Sweden, Scotland and Wales).

Where this shift from territorial equity to regional competitiveness has occurred, it has been accompanied by other changes, notably: a reorientation of policy geography away from a spatially-targeted to an all-region approach; the downgrading of the role of central government in favour of multilevel governance and policy coordination; and a move away from clearly-defined policy tools (notably grants to businesses, relocation of public sector jobs, infrastructure investment, restrictions on development in congested cities) towards a much wider range of ‘horizontal’ and often ‘softer’ policy tools.

This in turn has made it much more difficult both to define what national regional policy is in a comparative context, and to determine how much is actually spent on ‘regional policy’. EU Cohesion policy, too, has eschewed the targeting of ‘problem’ regions in favour of an all-region policy since 2007, enabling it to retain legitimacy in the context of the Europe 2020 agenda for improving European competitiveness.

In part, these trends were driven by doubts about the effectiveness of regional policy, which has struggled to offer robust proof of its impact, certainly for audiences already sceptical about the case for intervention. More fundamental, in many countries, has been the reorientation of State policies away from ‘market-steering’ to ‘market-supporting’ intervention, resulting in ‘weak or no industrial strategy, the abandonment of social housing and the marginalization of regional policy’.

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67 Interestingly all federal or quasi-federal States.
71 King, D and Le Gales, P (2017) The three constituencies of the state: why the state has lost unifying energy, The British Journal of Sociology, 68(S1), ppS11-S33, at pS15.
intervention has often come to be justified only in cases of identifiable market failure, rather than playing a long-term role in shaping outcomes – as characterised the *dirigiste* role of French regional development strategies in the 1960s and 1970s.

In thinking about what the shift in the political climate means for regional policy objectives, it is significant that the origins of resentment seem rooted in the effects of long-standing disadvantages on certain types of area. These may be industrial regions that have suffered successive waves of restructuring, mono-industry towns whose original *raison d’être* has ceased to be, rural areas beyond the catchments of cities, and others. Evidence suggests that patterns of cumulative causation may have:

> have inculcated and reproduced over time less open and even more resentful attitudes and personality traits. Such attitudes and traits may eventually—as in the case of Brexit—find expression in major political opposition or protest.\(^{72}\)

This in turn provides support for the view that the *social* dimension is not only key to understanding recent patterns of discontent, but also that it lacks ‘automatic self-stabilisation’. In other words, as argued long ago,\(^ {73}\) the notion of ‘stable equilibrium’ which might be applied to economic performance, cannot not be applied to social realities. For example, the changing composition of a local populace in response to economic or industrial change – typically involving the outmigration of younger and more educated people - is not a pattern that will readily self-correct:

> Because of such circular causation a social process tends to become cumulative and often gather speed at an accelerating rate.\(^ {74}\)

These patterns and dynamics have important consequences for regional development since they imply that without intervention, the capacity for endogenously-generated change may be limited.

This links to wider concerns about social mobility or gains or losses in socioeconomic status. Increasingly, people consider that parents’ fortunes and advantages are a major determinant of life outcomes, and there is growing pessimism about the prospects of social mobility.\(^ {75}\) Social mobility is considered important for a number of reasons. First, lack of social mobility can erode economic growth because talents may remain underdeveloped and opportunities unexploited. Second, prospects of mobility are important for well-being – people who gain in socio-economic status compared to their parents tend to have higher levels of life satisfaction. Third, mobility is important for social cohesion and democratic participation. Further, recent research in the US suggests that there is an important geographical dimension to this that can counter, or contribute, to concentrations of social disadvantage in particular localities. This study shows that children who grow up in low income families, but in counties where income levels are mixed, experience higher levels of social mobility than those growing up in ‘income segregated’ counties.\(^ {76}\) The dynamics at work are not entirely clear, but universally low income levels in a locality likely mean lower tax revenues and local spending on key public services, and higher levels of income are generally associated with higher levels of human capital that contribute to the locality in other ways. Moreover, it challenges the arguments for encouraging geographical mobility and

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\(^{73}\) Myrdal, G (1957) *Economic Theory and Underdeveloped Regions.*


welfare as the solution to spatial inequality. More generally these issues have consequences not just for income and employment but deeper social ramifications that play out in real places. Against this background, it is pertinent to ask whether there is a need to (re)define what factors are important for determining where and how regional policy focuses attention and resources.

**How can regional policy respond amid fragile public trust?**

The revitalisation of debates about regional policy faces a number of obstacles of different orders. Some are conceptual or practical – what should be done and how? Here, some commentators have advocated a different kind of intervention – approaches that are ‘place-sensitive’, informed by theory and empirical evidence, but respond to the opportunities, potential and constraints of different places.\(^{77}\)

A more fundamental issue is that of trust: government policy in some countries is seen to have failed significant segments of the population with voting outcomes: “a rebuke for a technocratic approach to politics that is tone deaf to the resentments of people who feel the economy and the culture have left them behind.”\(^{78}\) In parallel, the apparent absence of retribution against those that caused the financial crisis has crystallised into cynicism at liberal technocrats.

Looking ahead, such resentment may be exacerbated by the very policies which populism ushered in: blue collar workers in the US will suffer disproportionately from the demise of NAFTA\(^{79}\) while Brexit “is likely to be very challenging for most of the regions that voted to leave, and potentially will lead to interregional inequalities which are even greater than they are now.”\(^{80}\)

Some politicians have been quick to recognise the grievances reflected in polls. Both Prime Minister Theresa May and President Emmanuel Macron did so on taking office or soon after:

> **If you’re from an ordinary working class family, life is much harder than many people in Westminster realise. You have a job, but you don’t always have job security. You have your own home, but you worry about paying a mortgage… When it comes to opportunity, we won’t entrench the advantages of the fortunate few.** (Theresa May, July 2016) \(^{81}\)

> within our society today, we see division and unfairness all around……Between the wealth of London and the rest of the country….we need to rebalance the economy across sectors and areas in order to spread wealth and prosperity around the country….And we will identify the places that have the potential to contribute to economic growth and become the homes to millions of new jobs….That means inspiring an economic and cultural revival of all of our great regional cities. (Theresa May, October 2016)\(^ {82}\)

> Many difficulties have weakened us for too long. I'm fully aware of them: the economic difficulties, the social divisions, the democratic deadlock and the moral weakening of the country…. I'm aware of the anger, anxiety and doubts that a large proportion of you have also expressed. It's my responsibility to listen to them while protecting the most fragile, by better

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\(^{77}\) Rodríguez-Pose (2018) *Op cit.*


organising solidarity, by combating all forms of inequality and discrimination, (Emmanuel Macron, May 2017)  

Nevertheless, distrust of national, and to a somewhat lesser extent, regional and local governments is widespread and generally increasing. Patterns vary across Europe, and national economic conditions and individual economic interests appear to be powerful predictors of public trust in government, with unemployment rates the best predictor for changes in levels of trust. In general “less skilled and less educated citizens, and those more likely to be unemployed, have come to hold strongly negative views about their own governments”.

Absence of trust is a hard place from which to construct policies to win that trust back, and lack of information and influence may be compounding it. Regional policy interventions tend to be driven top-down either from central or regional level authorities, and designed by officials and experts with little recourse to citizens or communities. Recent work on Cohesion policy has argued that in order to truly connect with citizens, a practical approach is needed that integrates citizens in an ‘open programming’ dialogue applying democratic innovations, instead of seeing citizens as an external group who need to be communicated with. In a context of fragile public trust, especially amongst economically disadvantaged groups, is there a case for giving people and localities more involvement and control over how policy interventions are designed?

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83 President Macron victory speech (French government translation): https://www.bbc.co.uk/news/world-europe-39842084
APPENDIX: RECENT VOTING GEOGRAPHIES

The maps that follow show voting patterns in some recent polls in selected European countries; they do not cover all elections (e.g. where there are upper and lower house and presidential elections) and are not necessarily the final outcome (e.g. where there was more than one round or where party list systems are also involved). The maps are provided purely by way of background the discussion above.

Map 1: Austrian Presidential Election 2016 – Round 1

Source: Furfur https://commons.wikimedia.org/wiki/File:Bundespräsidentenwahl_%C3%96sterreich_2016_1._Runde.svg https://creativecommons.org/licenses/by-sa/4.0/legalcode


Source: Furfur https://commons.wikimedia.org/wiki/File:Nationalratswahl_%C3%96sterreich_2017.svg https://creativecommons.org/licenses/by-sa/4.0/legalcode
Map 3: German Bundestag elections 2017 – first vote outcomes

Source: Furfur [https://commons.wikimedia.org/wiki/File:Bundestagswahl_2017_Erststimmenergebnisse.svg](https://commons.wikimedia.org/wiki/File:Bundestagswahl_2017_Erststimmenergebnisse.svg) [https://creativecommons.org/licenses/by-sa/4.0/legalcode](https://creativecommons.org/licenses/by-sa/4.0/legalcode)
Map 4: French Presidential Election 2017 – second round

Note: Yellow: communes voting Macron; blue: communes voting Le Pen.
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Map 5: Italian Camera Elections 2018 - municipalities

Movimento 5 Stelle
Partito Democratico
Lega
Forza Italia
Fratelli d'Italia
Liberi e Uguali
Noi con l'Italia - UDC
Italia Europa Insieme
Civica Popolare Lorenzin
Städterei Volkspariei
Altri

Source: Thern [https://commons.wikimedia.org/wiki/File:Camera_2018_Partiti.svg](https://commons.wikimedia.org/wiki/File:Camera_2018_Partiti.svg) [https://creativecommons.org/licenses/by-sa/4.0/legalcode](https://creativecommons.org/licenses/by-sa/4.0/legalcode)
Map 6: Finnish parliamentary elections 2015 – largest party by municipality

Source: Simo rautio: https://commons.wikimedia.org/wiki/File:Eduskuntavaalit_2015.png
https://creativecommons.org/licenses/by-sa/4.0/legalcode
Map 7: Dutch House of Representative Election 2017 – largest party by municipality

Source: Derivative work: RaviC https://commons.wikimedia.org/wiki/File:Tweede_Kamerverkiezingen_2017.svg https://creativecommons.org/licenses/by-sa/4.0/legalcode
Map 8: Norwegian General Election 2017 – by district and municipality

https://creativecommons.org/licenses/by-sa/4.0/legalcode
Map 9: Polish Sejm Election 2015 – by constituency

Note: Blue - Law and Justice; Orange - Civic Platform
Source: Łukasz Bień [https://commons.wikimedia.org/wiki/File:Polish_Sejm_election_results_2015.svg](https://commons.wikimedia.org/wiki/File:Polish_Sejm_election_results_2015.svg) [https://creativecommons.org/licenses/by-sa/4.0/legalcode](https://creativecommons.org/licenses/by-sa/4.0/legalcode)

Map 10: Polish Presidential Election 2015 – Round 2

Map 11: Swedish General Election 2018 – by district and municipality

Notes: Red – Social Democratic, Blue – Moderate, Yellow – Sweden Democrats
https://creativecommons.org/licenses/by-sa/4.0/legalcode
Map 12: National Council of Switzerland 2015 – by canton

https://creativecommons.org/licenses/by-sa/4.0/legalcode
Map 13: United Kingdom EU Referendum 2016 (Brexit) Vote

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**EoRPA RESEARCH**

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