EU Neoliberalism at Bay: Social Democratic Renewal or Populist Economic Nationalism?

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ABSTRACT: After rescuing banks and financial markets from their financial recklessness, the European Union continues with neo-liberal globalism while diminishing social protection and state interventionism. Successive treaties and increasingly restrictive rules for the Eurozone currency system entailed fiscal austerity. The Greek debt crisis of 2015-16 and protest movement such as Occupy! and the Indignados signalled subsequent electoral volatility across Europe. Though constitutionally unrelated to Eurozone restrictions, the UK’s Brexit revolt expresses similar antipathies. In different ways, Italy’s radical right and populist coalition government, the Pandora’s Box of Brexit and a radicalized UK Labour Party pose new, acute threats to neoliberal stasis and, potentially, to pillars of the EU regime. National politics hover uncertainly between aspirations for new forms of social democracy and more dynamic forms of right-wing radicalism embracing ethnic discrimination, economic and cultural nationalism and, potentially, authoritarian ‘post-democratic’ governance. This analysis dissects right and left populisms in Italy and the UK to ask whether either of these currents might revitalize or subvert liberal parliamentary democracy, break with neoliberalism, or merely support its continuation.

KEYWORDS: Neoliberalism; Social Democratic; Populist Alternatives; European Union

Introduction

If neoliberal globalism is ailing, what could replace it? Popular protests,

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such as the Indignados and Occupy! upsurges, following the 2008 financial meltdown and the consequent austerity regimes, did not translate into effective political power. Elite resistance to change is explained by the feedback loop between neoliberal deregulatory policies and the conservatism of the most wealthy and powerful. Maintaining and renewing these policies further enriches the wealthiest, incentivising them to back the pro-finance policy of political parties (Boyce, 2002). Timid and compromised centrist and centre-left politicians, let alone the unchastened right, were incapable, or uninterested, in breaking with the ideological consensus. Bolstered by the entrenched positions of neoliberal technocrats and corporate interest groups, the autonomy of deregulated financial institutions remained largely intact. Mass political protest movements failed to crystallise into electorally dominant forces. Or, as with Syriza in Greece, they were disciplined into conformity with the new austerity regimes by national and international authorities.

But politics abhors a vacuum and now, it seems, different waves of, allegedly, populist political actors are challenging key aspects of the neoliberal paradigm. In the USA, Trump is tearing up the free-trade rule book; albeit without much change to domestic austerity. In the UK the successful referendum for a 'Brexit' from the EU would overthrow the EU model of neoliberal economic governance. Tory Prime Minister, Boris Johnson promises to adopt Trumpian protectionism for the UK. Elsewhere in Europe the most successful challenges come from populist movements and parties; displacing centrist and social democratic parties in elections and government. Are these, mainly new, right-wing forces succeeding where leftist counterparts failed? Do they have enough mainstream political traction for major policy changes and a different governance paradigm to neoliberal globalism? Media attention certainly portrays them as a potent threat, not only to globalism but even to the liberal parliamentary systems that facilitated it. How credible are these alleged 'threats' (Levitsky and Ziblatt, 2018; Luce, 2017; Kyle and Mounk, 2018; Baggini, 2016) and, in particular, how do they stand up to three critical questions: First, could new populists break decisively with neoliberal economic governance models? Second, might they also provide alternative forms of democracy to supersede the representative model discredited by its commitment to neoliberal economic governance? Third, may they simply become new partners in neoliberal globalism to replace the liberal and social democratic parties being rejected by voters? Answers to this third question will also clarify whether nationalist populism in particular might dovetail with and reinforce anti-democratic features that writers like Bruff (2013) have associated
with neoliberalism’s evolution into ‘authoritarian neoliberalism’.

The following analysis looks specifically at the distinct, but overlapping, cases of Italy and UK and their relationship to the EU. These could constitute a special case, but it is of more than local significance. Similar contending forces are interacting in other regions, and changes to the EU’s status as a stronghold of the global neoliberal order could have wider ramifications. Populist movements could have the potential to shift both national political economies and that of the EU away from neoliberalism; and its underpinning pillar of representative-based liberal parliamentary democracy (LPD). Italy and the UK are the EU’s fourth and second largest economies. In addition to its status as a global, financial fulcrum, the UK has significant albeit diminished, military and diplomatic influence. While Italy’s deeper integration into EU monetary institutions makes it a crucial pillar of that system. The analysis begins with the underlying context of the crises in liberal democratic systems and the EU. It then assesses and compares the main actors in the UK and Italy: the Italian La Lega (formerly Lega Nord: ‘LN’), and Movimento Cinque Stelle (M5S) and the British (actually England and Wales) cases of the United Kingdom Independence Party (UKIP) and (since 2019) the Brexit Party. For completeness there is also a brief assessment of the ‘Corbynist’ politics of the British Labour Party; parts of whose philosophy resemble the left dimension of Italy’s M5S.

The Crisis of Parliamentary Democracy

Anti-system forces on the political right and disquiet within the liberal centre challenge LPD institutions’ viability and their capacity to contain popular resentments and manage economic complexities (Streeck, 2011; Runciman, 2018). Both the traditional Right and Left worried about globalisation’s weakening of the sovereignty of nation-state institutions. However, its consolidation, from about 1990 to 2007, produced sufficient economic gains to subdue discontents (Stiglitz, 2004; Kirkland, 2007). However, with the expanded socio-economic jurisdictions of the EU - particularly the European Monetary Union (EMU) – over national economic fiscal and monetary policy, disquiet about national sovereignty grew. Particularly, when governments, backed by EU leaders, implemented austerity policies for public spending and services after the 2008 financial crisis.

One important factor was the gradual capture of governing bodies and processes by elite interests committed to and benefiting from neoliberalism’s ‘liberation’ of financial markets and corporate powers. This international phenomenon was particularly marked in the UK where the erstwhile social
democratic Labour Party became the party of neoliberal ‘modernisation’ (read: commercialisation and privatisation) of public governance and business cultures. Links with organised labour and popular values weakened and often broke; replaced by business leaders and financial technocrats in policy making and public sector management (Crouch, 2005, 2011; Jones and O’Donnell, 2017; Wilks, 2016). Despite intensified financial and fiscal crises of their states, ostensibly left-wing parties lacked both the motivation and vision to re-evaluate and renew social democratic policies. Meanwhile their centrist and right wing counterparts regarded the crises as an opportunity to renew and extend neoliberal pruning of the scope of the state and enlargement of market jurisdictions. Public awareness of this incorporation of political elites into the business and financial power structure grew.

However, in Italy and the UK, corruption and malpractice scandals intensified popular disenchantment. For nearly 10 years from 1992, Italy’s politicians were embroiled in the *tangentopoli* (bribesville) corruption scandals. Prosecutions and trials were often inconclusive. Despite some consequent reforms and dissolution of the formerly hegemonic political parties, key figures such as P.M. Silvio Berlusconi, escaped conviction and even returned to power. Leaders of the (then) Lega Nord were also convicted of receiving illegal funding. However, LN had not been in government at that point and was subsequently able to evade major ‘contamination’ by tangentopoli, expanding electorally beyond its north-eastern strongholds. The reform and prosecution movement petered out, contributing to voter cynicism.

The UK experienced an analogous episode between 2009 and 2010. Members of Parliament (MPs) were found to have illegitimately claimed allowances and expenses for varying degrees of personal profit. Resignations, sackings, de-selections and retirements of individuals ensued. MPs, former MPs and members of the (upper) House of Lords, were prosecuted and imprisoned. Coincident malpractice in the financial world, after its near-collapse in 2008, increased public antipathy to the privileges of the political class. In both Italy and the UK these scandals fuelled populist politicians’ crusades against the political elites of liberal democracy. The responses of the two countries’ political establishments differed. Italy attempted various electoral and constitutional changes aimed at electing decisive majorities and reducing post-election coalitions. Between 2005 and 2018 four different changes were made to the constitution. The government, led by the Democratic Party leader, Matteo Renzi, fell in 2016 after a referendum rejected his proposed reforms. British reformist reactions to its
corruption episode were more modest.

The most stringent changes, an Independent Parliamentary Standards Authority, plus codes of conduct for MPs, focussed only upon the expenses system itself. David Cameron, the Opposition, Conservative, leader, suggested strengthening backbenchers’ rights over the government (Cameron, 2009). More fundamentally, Labour Minister Alan Johnson proposed a full review of the electoral and political system; including a referendum on replacing the ‘first-past-the-post’ electoral process with proportional representation (PR) (BBC, 2009). Liberal Democrat leader, Nick Clegg also proposed capping donations to political parties, replacing the (mainly appointed) House of Lords with an elected Senate; and a referendum on electoral reform (Clegg, 2009). Before the waning Labour government of 2005-2010 could develop such reforms, it lost a general election. However, in coalition with the Conservatives, Clegg won a compromise promise, not for authentic PR but an Alternative Vote system; which a national referendum rejected in 2011. Conservatives’ tacit opposition to the scheme, plus Clegg’s diminished public credibility were cited as the main reasons for the defeat: ‘teaching the coalition government a lesson’. Popular anger against the system was taking on perverse and vindictive forms (Clark, 2011).

Decimation of welfare and public services by the coalition and subsequent Conservative governments exacerbated discontent at the gulf between living standards and MPs and government elites’ apparent indifference and affluence (McKenzie, 2019). Right-wing populist currents, mushrooming in the anti-EU UKIP, echoed and amplified such sentiments: reflecting developments in other EU countries (Dye, 2015; Mudde, 2007). In Italy resentment against ‘elite democracy’ was most publicly expressed and personified by the growing profile and popularity of sometime comedian and social media personality, Beppe Grillo.

The Neoliberal Crisis of the EU and Populist Responses

The complex of treaties, statutes and agreements that preceded the establishment of the EU set clear aspirations for social standards across its member states (the European Social Charter 1961 and the Community Charter of the Fundamental Social Rights of Workers 1989). However, the European project was gradually enmeshed in a neoliberal framework of supra-national, financial and economic policy. From the Maastricht Treaty of 1992 and the move to a single European currency, EU institutions began policing member states’ interest and inflation rates and public spending levels. Limits were set on government debt and budget deficits regulated: excluding much of the Keynesian economic
interventionism of the post-World War II era. The EU Commission’s Trade Directorate also took over most of the Union’s international trade agreements; effectively ensuring the promotion of neoliberal ‘free trade’ policies as against protectionist and nation-state restrictions. The 2007 Lisbon Treaty effectively cemented the removal of state-level autonomy in trade by making the Common Commercial Policy an ‘exclusive competency’, only actionable at the EU level. Policies such as ‘the freedom to subsidise, aid, restructure and, where necessary, nationalise parts of the private sector’ would contradict EU orthodoxy (Mason, 2018). Although the extent to which the EU could prevent such heresies is disputed (Tarrant and Biondi, 2017).

The newer, neoliberal, EU imposed constraints on member states through the European Central Bank and the SGP Stability and Growth Pact (SGP) and its more powerful 2011 successor, the so-called Fiscal Compact (Mulder, 2019). Liberalization meant elimination of capital controls, on the assumption that integrated stock markets to insure the system against negative shocks, ‘as the impacts are then diffused and contained by all countries’; and ‘a similar mechanism works through the integrated bond market... mortgage market... [and] banking system’ (de Grauwe, 2003, 226). This shift ‘from a bank-based financial system to a markets-based financial system’ also meant: promotion of an EU-wide securities market, and freedom for banks to operate freely in every other member state. The resultant, single EU wholesale market for securities and derivatives meant ‘open and secure retail markets...’ with ‘prudent’ rather than strict controls and rules (McCann, 2010, 92-3, 97). Thus the EU itself seeded the 2008 financial crash, as its bigger banks over-lent to less fiscally prudent economies such as Greece, Italy and Spain and Ireland. Despite abstaining from the SGP, the UK’s domestic policies are virtually identical.

EU fiscal policy is rigid, exchange rate flexibility between member states is impossible and monetary policy is centralized. Thus only labour market and wage policy ‘instruments’ remain to be urged on the member states (Stockhammer, 2014); several of which face an economic Rubiks Cube of constraints. The deregulated financial flows created debt/credit crises for banks and national institutions that state governments were unable to fund because their own borrowing capacity was discredited or limited. The international authorities, including the ECB, made support conditional on austerity policies to reduce government debt and deficits. These measures intensified recessionary forces and, in several states, stunted the public services and resources that could have cushioned the impact on workers and families. Because the fiscal rules prevented
Keynesian recovery measures, member states were then told to cut corporate taxes and decrease employment protection to pursue the, usually illusory, goal of competition-led growth in investment, competition and profitability. The EU Commission urged: ‘improved price and cost competitiveness on manufacturers by depreciating real wages and inducing further labour market reforms; intensifying inter-company competition to lower prices; and lowering the overall level of corporate taxation’ (Wigger, 2019). Thus the entire weight of the costs of the EU fiscal and regulatory superstructure fell upon the working classes; with unsurprising anger amongst those most affected.

The unrelated inflows of migrants and refugees across the Aegean and Mediterranean that gathered pace from 2011 intensified a sense of callous indifference in EU governance. 170,664 arrived by sea into Italy in 2014. EU attempts to spread the inflows throughout member states and Italy’s pleas for EU financial help with reception and resettlement costs both failed. Right-wing politicians promoted a toxic xenophobic backlash from this mass immigration by linking it to EU policies. By comparison the UK’s immigration challenge was minor. In 2015, 35,000 applications for asylum compared to 78,000 in Italy and 477,000 in Germany (Migration Watch UK, 2016). Yet mass media and right-wing campaigns hyped the massing of ‘illegal’ migrants at Channel seaports such as Calais. Although this ‘threat’ gained less political traction than the legal inflows of workers from the newer east EU states of Poland, Lithuania, Bulgaria, Romania, Hungary and Slovakia. UK governments chose not to delay and moderate the entry of such nationals, as EU rules permitted; allowing right-wing media and campaigners to ‘blame’ the influxes on EU ‘freedom of movement’ principles.

To summarise: the EU’s neoliberal and skeletal democracy has not accommodated popular discontents. Eurozone countries’ divergent economic dynamics and ‘freedom of capital’ produced financial crisis and the kneejerk (and bank-rescuing) response of fiscal retrenchment, welfare austerity and labour market repression. In the popular consciousness ‘freedom of movement’, e.g. workers from the eastern states, seemed to accentuate unemployment and job insecurity: ‘stealing’ indigenous workers’ jobs or undercutting wage levels. Migration crises from Africa and the Middle East compounded EU institutions’ association with intra-EU migration and callousness over job security. Italy, Spain and Greece bore most of the associated costs of this influx, while simultaneously having their public services cut by EU fiscal diktats. All of which supports populist parties’ case for Brexit-like antipathy to EU regulation to ‘restore sovereignty’.

Almost any of the mass political forces opposing conventional neoliberal,
centre-right and social democratic politics have been labelled as ‘populism’. But this over-blown characterisation fails to distinguish fully between right and left-wing variants. Nor between those seeking to change conventional structures of representation and those that merely use them for their own ends. In a joint project with academics, the UK Guardian newspaper’s definition, for example, describes populism as ‘a language that frames politics as a battle between the will of ordinary people and corrupt or self-serving elites, and can exist on the left or right’ (Lewis, 2019). Yet such a common denominator approach would include everything from the French and Russian revolutions to the Roosevelt New Deal administration. It also overlooks ‘populist’ forces’ organisational and policy aims. Are they constituted as mass parties or free floating campaign networks? Do they aim for structural transformations of a society’s political economy or merely to take over its political institutions?

The following analysis does not examine populism as a generic phenomenon. Instead it seeks answers to the questions posed in the Introduction. Following Springford and Tilford (2017), it suggests that populism especially its nationalist variant, attracts key demographics (older, less educated, ‘more socially conservative’), because of these conditions: low trust in political institutions (including the EU), material inequalities accentuated by the 2008 Crash and its accompanying fiscal austerity, plus a perceived ‘problem’ of mass immigration. The first three of these factors have operated in both Italy and the UK. The sociodemographic support for the right-wing populism of Italy’s La Lega and British anti-EU movements is quite similar (Maraffi 2018; Curtice, n.d.).

Leftist populism often calls for democratic reforms to solve the problems of elitist politics. This demand may be a minor theme in right-wing populisms, but its more familiar trope argues that more authentic ‘representatives of the people’ should replace political elites. It also stresses the purity or wholesomeness of ordinary people based on their national identity. This exclusivity contrasts with the inclusivity of left-populisms. As Mudde and Rovira Kaltwasser (2013) argue, inclusive movements, like Morales in Bolivia and Chavez in Venezuela, are more typical of Latin America. Most current European populisms emphasise a homogenous national identity; defining ‘the people’ ethnically, in order to condemn, not only corrupt elites, but immigrant, Muslim or other minority groups. Ignoring their legal status, those of different cultures are regarded, as either outsiders, or enemies.

Populist democracy implies a Rousseauist ‘will of the people’. Often without clearly defining the methods to express this will - apart from much talk of
'direct democracy' and the more simplistic view that 'ordinary' people should replace the corrupt, out-of-touch and privileged elites; without necessarily challenging traditional governance. 'Direct democracy' could increase genuine participation in decision-making. However, it also risks the kind of plebiscitary 'Leader democracy' foreseen by Max Weber, including: historic dictators, neoliberal champion Auguste Pinochet in Chile, and more recent 'strong man' successors to defunct communist regimes. Commentators have begun asking whether Italian politics is heading in a similar direction (Fitzgerald, 2018) to the self-described 'illiberal democracy' of countries like Hungary and Poland (Zakaria, 1997). One critical test for populist reforms is whether their own movements practice genuine internal movement democracy, or whether 'strong' leaders override members' wishes.

**Populisms in Italy: Comparing M5S and the Lega**

In the post-war decades a permanent governing coalition of centrist parties, the *pentapartiti*, clung together to exclude the Communist Party (PCI) from government. The oligarchical and anti-democratic character of this cartel antagonized supporters of both the PCI on the left and the MSI (Movimento Sociale Italia) on the right and many in between. After the *tangentopoli* corruption scandal, *pentapartiti* all dissolved. Yet the potential heirs, mainly the PCI, made only temporary gains. The growing appeal of the regional independence party, the Lega Nord, in northern Italy weakened MSI electoral support after its pragmatic shift to the centre under Fini's leadership. Reacting to the demise of the USSR and the waning of 'eurocommunism' the PCI reformed as the social democratic 'Party of the Democratic Left' (PdS), with a small recalcitrant, and soon sub-divided, splinter: the Communist Refoundation Party (Partito della Rifondazione Comunista).

MSI's rebranding as *Alleanza Nazionale* and its alliance with Berlusconi's more cosmopolitan neoliberalism, muffled right-wing nationalism in the early 2000s. Three factors revived extreme nationalism in Italy. Firstly, the Mediterranean migrant crisis ignited widespread xenophobia and racist reactions. Secondly, former neo-fascist groups re-asserted their independence from the Berlusconian alliance, most notably with the redevelopment of the old MSI-AN factions into the new *Fratelli d'Italia* (FI) party in 2012. Thirdly, the Lega Nord – after backing tough measures against illegal immigration as partners in Berlusconi's 1994-1997 coalition government – moved from generally pro-EU stances to tactical euro-scepticism, and various hard-right views after Matteo
Salvini became leader in 2017.

Ex-Communist Salvini was an early campaigner against migrants’ exodus into Italy. By successfully displacing the Lega’s regionalist focus, dropping the ‘Northern’ element in its name, he succeeded in making it the dominant right-wing party in Italian and EU elections; and in a 2018 to 2019 coalition government. Italian populism came to favour scepticism or hostility to EU institutions for two reasons: because the Union failed to develop a common response to, or financial support for the social and economic costs of mass immigration and, secondly the fiscal disciplines and austerity policies imposed by EMU. The more eclectic M5S movement moved to similar positions on immigration to compete with the popularity garnered by its notional governing coalition partner. These two movements can now be analysed according to the criteria of inclusive vs exclusive democracy, their internal democratic mechanisms and potential to oppose or accommodate to neoliberal policies and interests.

If linkages and affiliations with big business are relevant, as they certainly are for the Brexit-populist leaders in the UK, then there is an interesting contrast between the Lega and M5S. Lega leader, Matteo Salvini’s own background is in the media. However, prominent figures, such as Lega MEP Angelo Ciocca collaborated with Italian employers organisations, such as the Confindustria, whose leaders indicate that the Lega is their favoured party. The Lega promotes the neoliberal credo of a single rate ‘flat-tax’ and has given no support to EU efforts to strengthen effective taxation of multinational corporations (Corporate Europe 2019). By contrast M5S has predominantly opposed the privileges of big business and none of its leading figures have obvious backgrounds in business or finance. The father and son business team, Roberto and Davide Casaleglio analysed below, have been M5S’s technological brains. Their IT consulting firm, however, is a comparative minnow in the Italian business world.

The Lega. Despite its early leadership’s leftist and antifascist affinities, the Lega’s regionalist ideology contained the seeds of its present nativist nationalism and anti-EU globalism. Formed to secure autonomy, possibly independence, for a nebulous, northern Padania area centred on Milan, it distinguished, northern workers’ and entrepreneurs’ industrious character from the slothful and corrupt southerners; who benefitted from national government taxes, on the North’s economic diligence. Salvini’s signal achievement was to magnify this focus, replacing the feckless southerners with indigent immigrants and the Rome elite with the even-more distant Brussels eurocracy. In this nativist nationalism all those of direct Italian ethnicity constitute ‘the people’. Their enemies are...
immigrants and ‘global’ European elites and their supranational institutions. As Albertazzi et al point out, Lega discourse blends this focus with traditional, authoritarian themes of mandatory heterosexuality, family integrity and law and order. However, Salvini’s dominance seems to be bypassing the Lega’s internal democracy. Despite conventional representative structures in its regional organisation, the leader now announces major policy shifts, like the party’s name change and embrace of the South, with minimal internal debate (Albertazzi et al, 2018).

As a partner in the 2018 coalition government, the Lega promised to ‘review’ EU missions in the Mediterranean and prevent migrant boats landing in Italian ports, unless other countries ‘share responsibility’ for migrants final destination. It wanted reforms to the EU’s Dublin treaty to force the ‘automatic and mandatory relocation of asylum seekers among EU member states’. Regional ‘temporary stay facilities’ were to be set up for thousands of migrants earmarked for deportation within 18 months. Islamic associations, mosques and places of worship were to be checked and controlled under a special law (Financial Times, 2018). Exclusivist tendencies in the earlier LN paradigm foreshadowed these xenophobic, borderline racist, policies. Table 1 shows how the Salvini leadership adroitly converted the keynotes of the Lega Nord’s regionalist platform to a nationalistic one.

Table 1: Key Tropes in the Transition of Lega Nord to La Lega

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<tr>
<th>Trait</th>
<th>Lega Nord</th>
<th>Lega</th>
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<tr>
<td>Autonomy (independence?)</td>
<td>For northern Italian regions</td>
<td>For all Italy from many EU controls</td>
</tr>
<tr>
<td>In-group</td>
<td>Padanians (northern Italians): industrious, virtuous workers and entrepreneurs</td>
<td>All native-born Italians</td>
</tr>
<tr>
<td>Out-groups</td>
<td>Slothful, corrupt, feckless southerners</td>
<td>All immigrants and Roma</td>
</tr>
<tr>
<td>Elite</td>
<td>Corrupt, rapacious, remote governments, and Parliament</td>
<td>Corrupt, rapacious, remote EU politicians and Eurocrats</td>
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<tr>
<td>Internal democracy</td>
<td>Formal, regionalised, representative hierarchy.</td>
<td>Increasingly replaced by Leader’s diktats</td>
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Movimento Cinque Stelle (M5S): From its formative pre-Party years as the blog, local networks and street events of the comedian Beppe Grillo, the M5S had a fluid, somewhat nebulous, organisational structure. Aided by co-founder Gianroberto Casaleggio the blog became: ‘the most popular site on the Italian internet and one of the 10 most-read blogs in the world’ (Loucaides, 2019b). Casaleggio masterminded adoption of the informal tech-savvy ethos of successful online firms. Decision-making was to happen ‘democratically’ through online votes with the same logic as internet ‘platform’ businesses, like Uber and AirB&B: cutting out ‘middlemen’ businesses between the provider and the customer/citizen. M5S would eliminate the professional politicians who had come between the public and the legislature and government; allegedly for their own benefit. This, ‘dis-intermediation,’ philosophy chimes with Casalleggio’s first employer, the tech magnate Adriano Olivetti (Olivetti, 1951) who argued that technology would return political processes back to citizens (Loucaides, 2019b). Since Gianroberto’s death from cancer in 2016, the formal organisational rights and controls over the online M5S belong to Casaleggio Associati. True to this ethos M5S has no physical headquarters. It is, in several senses, a ‘virtual party’ (Politi and Roberts, 2017).

M5S originally pledged internal democracy for all 140,000 registered members with online voting to select local government candidates and policies. Since 2016 M5S members must participate through the evocatively titled ‘Rousseau’ web forum. Gianroberto set up Rousseau, with his son, Davide, as the new CEO, president and treasurer of Casaleggio Associates and the Rousseau Association. It’s debatable however whether this platform’s inspiration, Jean-Jacques Rousseau, would agree that the Grillo-Casaleggio model expresses the ‘general will’. Online polls tend to legitimise controversial/topical issues for the leadership; although diminishing numbers of supporters get to vote and procedures have been criticised as mistimed, arbitrary, lacking in transparency and liable to rejection by the leadership (Mosca 2018, pp 12-13). In September 2019 only 60,000 of the 100,000 Rousseau registrants voted on a coalition pact with the PD. Users supposedly debate, reject, or progress legislative proposals for M5S deputies to bring to Parliament.

Online members have defied the leadership’s advice: backing abolition of anti-immigrant laws and to contest, rather than abstain from regional elections: a move that would have helped shore up the new coalition with the PD (Corriere della Sera 2019). But Grillo and the Casaleggios limited topic options and guide eventual choices (Politi and Roberts, 2017; Loucaides, 2019a). M5S developed
three key principles for the accountability of local government and Italian Parliamentary deputies. 1) Each representative is restricted to two (recently extended to three) terms of office. 2) No candidates with criminal convictions should be allowed. 3) Nor those who had ever sought election for another party. The second rule conveniently bans Grillo himself, convicted for manslaughter for an old driving offence (Loucaides, 2019b). A principle of ‘zero-cost politics’ prevents candidates from careers in politics and income-optimizing activity.

Under Grillo’s leadership M5S’s policy stances were eclectic and erratic: for and against EMU membership, taxation and public expenditure. Yet the titular ‘5 Stars’ originally referred to its first five policy priorities: sustainable transportation, sustainable development, public water, universal internet access, and environmentalism. These ideas appealed to younger, urban middle classes with higher education but limited economic prospects. Alienated by conventional parties’ ineffectiveness, these groups also wanted: more efficient public administration, high-quality public transport and green spaces, and security from local crimes (Conti and Memoli, 2015). The early M5S promised better public services, environmental protection, and market regulation; albeit with policies for more ‘equitable’ and open economic markets. Earlier stances were critical of globalisation and unregulated corporations. Yet M5S has never been unequivocally anti-corporate; as one might expect from leaders enamoured of hi-tech business.

With Parliamentary power approaching and achieved in 2018, more precise and fiscally considered policies crystallised; notably: a two-tier but otherwise flat tax, plus some form of Universal Basic Income. Though less extreme than the Lega’s promise to expel all ‘illegals’ and Roma and refuse citizenship to Italian-born offspring, M5S supported the expulsion of new unauthorised migrants and procedures to assess others’ rights to stay. Its early anti-EU rhetoric, settled down to three key demands: exemption from EMU rules so as to increase public spending, an exit option from Eurozone membership and the cancellation of Italy’s €250bn debt to the ECB. However, it now takes a much more conciliatory stance with EU institutions, mainly to win EU ‘fiscal flexibility’ (Michalopoulos, 2019). A demand renewed as part of M5S’s latest coalition agreement with the centre-left, ex-PDS, Partito Democratico, discussed below.

The Lega-M5S Government. Despite its short 12-month life, until August 2019, the Lega-M5S coalition government indicated how far a distinctive and predominantly right-populist government might break with EU conventions and neoliberal economic governance. Before the 2018 elections the Lega had
demanded: a single rate flat tax (20%); EMU rule changes to increase public spending and for the ECB to cancel Italy’s €250bn+ debt. Under the coalition contract, however, the Lega conceded some of its economic goals, while the M5S stance on immigration moved closer to Lega policies. The contract pledged: to overhaul all EU fiscal and monetary rules; review EU single market rules on trade ‘liberalisation’; a ‘flat’ income tax for individuals and firms at 15% and 20%, with looser powers for tax authorities; and a ‘basic income’ of 780 euro to low income citizens.

The coalition’s economic aims challenged EU controls on the Italian economy but would do little to escape its neoliberal mould. Exceptions to this stasis include the ‘dignity of labour’ decree personally steered by M5S chief minister, Luigi di Maio. This reform: strengthens workers’ rights to compensation for unfair dismissal, restricts the repetition of short-term labour contracts with one employer, and increases employers’ social security contributions for each renewal. However, continuing mass unemployment (DW.com, 2018), means employers’ superior labour market strength is unlikely to be diminished.

On ethnicity and immigration issues the coalition agreed to press for reform of the EU’s Dublin treaty on mandatory relocation of asylum seekers to the EU country they first entered. It also specified ‘temporary stay facilities’ for more than 500,000 migrants as a prelude to their deportation. Checks on and closures of Islamic associations, mosques etc, were agreed. The crusade against elite political power concretised into principles of more governmental transparency and meritocracy; and an end to political patronage in appointments to the state broadcaster (RAI). Green policies, so central to the early M5S have less prominence. Carbon reduction, circular (waste elimination) economy and pollution control (Il Blog delle Stelle, 2018) resemble EU mainstream parties’ policies.

Democratic renewal measures would: cut the numbers in both the Chamber of Deputies and Senate (similar to Democratic Party aims in 2014) and establish a right of appeal to the Constitutional Court against parliamentary decisions on electoral complaints; again similar to previous proposals. M5S ministers continue to press for laws preventing deputies and government agencies combining public roles with business holdings above a certain size (La Repubblica, 2019); but what of ‘direct democracy’? M5S’s ‘Minister for Direct Democracy’ drafted legislation for Parliamentary groups to introduce one bill for each reform from which the electorate will then choose their preferred text. This would abolish the validity thresholds of wording and total number of proposers for referendums,
currently set by the Constitution Court. However, procedures would conform to the Council of Europe's 2007 Code of good practice and popular initiatives would have to respect both the Constitution’s principles and fundamental rights and EU and other international obligations. This programme would move Italian political structures closer to a direct, mass democracy model but one still nested within the framework of a conventional Parliamentary system.

**Right and Left Populisms in the UK**

Comparison between British and Italian populism needs first to recognise the constraints of the political governance system; particularly its electoral sub-system. Except for the Northern Ireland, Scotland and Wales governments, party representatives are elected in single-member constituencies under a ‘first past the post’ (FPTP) principle. The candidate receiving the highest number votes is elected to Parliament. Votes for all other candidates are irrelevant. This arrangement traditionally favours the dominance of two mass parties. One of which forms the government and the other the ‘official Opposition’. Privileges attach to both these statuses and voters are discouraged from voting for lesser parties as their votes would be ‘wasted’. Since the 1930s the Conservative and Labour parties have constituted a de facto duopoly of government and opposition roles; similar to both Kirchheimer’s concept of ‘catch-all’ parties and the related ‘cartel democracy’ of state-party fusions (Hale Williams, 2009; Katz and Mair, 1995; Krouwel, 2003). Thus new and alternative political movements often have more chance to gain influence through a presence within a main party, than from competing separately.

British discontents with EU regulation and democratic stasis were restricted by the UK’s fiscal autonomy from staying outside the EMU. While the two-party duopoly tended to absorb and muffle nationalistic and populist currents. However, segments of the British ruling elites railed against threats to national sovereignty from EU regulation for decades; usually within the natural home for nationalism – the Conservative Party. This accommodation became increasingly strained by Thatcherite policies trying to blend nationalistic values with a stronger commitment to neoliberal economics and globalisation – using the vehicle of EU membership. Typical nationalistic and anti-EU currents, often accompanied by varying levels of racist discourse, thus straddled both the far right of the Tory party and various fringe right-wing groups. The career of Nigel Farage, now leader of a new Brexit party, described below, personifies this part of the political spectrum. The general configuration of these various agencies is illustrated in Figure 1.
The pressure groups in the middle circle are either official or tacit constituents of the Conservative Party organisation, usually operating at Parliamentary levels. Those on the left of the diagram exist independently; although individuals migrate to and from the Tories as the political climate changes. The box at the top of the diagram indicates the various financial interests that have increasingly sought to rally right-wing politics, to anti-EU nationalism and even less regulated neoliberalism.

**UKIP (United Kingdom Independence Party).** UKIP, formed in 1991 to oppose the loss of national sovereignty from EU membership, had a general ethos of economic libertarianism. In 1996 Nigel Farage, ex-Conservative Party member, began a gradual putsch against its original leaders, gaining the leadership in 2006. Under his influence UKIP broadened its policy base, principally aimed at white voters, to include anti-immigration stances. Until 2018, its chequered progress accrued increasing vote share and public recognition. However, EU parliamentary elections apart, its millions of votes accumulated nationally, were insufficient, under the FPTP electoral system, to gain any MPs; apart from two, temporary, MP defectors from the Parliamentary Conservatives.

By copying the mass party model, UKIP’s internal democracy has frequently thrown up factional disputes, infringements by far-right groups and, since 2016, bitter leadership contests. Farage tried to break UKIP’s previous associations with near-fascist right groups, like the British National Party. But it
nevertheless oscillated between inclusivism and exclusivism on citizenship rights for ethnic minorities. In Farage's final years minorities were to be welcomed if they adopted a full 'British identity' and placed British law above their own rules and customs: thereby distancing many Muslims from full inclusion. UKIP's 2017 manifesto proposed a commission on ways to disband (Muslim) sharia councils and to reduce net migration to 'zero' over five-years; plus, of course, exit from EU membership to end 'unlimited EU immigration'.

Understandably, UKIP railed against the FPTP system claiming a PR system would have provided 83 MPs in the 2015 Parliament (UKIP SouthWest, n.d.) Under Farage, criticisms of ‘Westminster’ parliamentary democracy increased, despite ‘winning’ Brexit in the 2016 referendum. UKIP’s 2017 manifesto continued this trope: ‘Politics is corrupted by self-interest and big business. An unaccountable elite revels in mutual back-scratching and cronyism . . . ’ (UKIP, 2017). In 2014, Farage proposed referendums to stop governments unwisely launching military interventions or installing ‘unwanted’ wind farms. He also backed powers for voters to recall wayward MPs. Ahead of the Italian Lega-M5S coalition he set out similar conditions to theirs: referendums if petitioned by 5% of voters over a fixed period.

The project was to ‘shift in power from Brussels to Westminster and then onto local communities. ’ By giving people the chance to call a major national referendum or sack a rotten MP, people might feel more empowered and more favourable to government and what they are doing.’ UKIP communities spokeswoman Suzanne Evans reportedly called for ‘referendums on issues such as major planning developments in local authorities . . . ’ (BBC, 2016). By the 2017 election the direct democracy thrust had been moderated. UKIP promised abolition of the House of Lords now ‘stuffed with party donors and fundraisers, ex-MPs, and favoured former employees’. Mirroring Italian ideas, it proposed one bi-annual national referendum on whichever issue received the most petition signatures (UKIP, 2017). Farage's long, recurrent leadership (2006-16) increased his power over the Party. His departure led to five leadership elections in three years; indicating membership power against unpopular leaders. However, members have little influence on policies: conference motions are regarded only as ‘advisory’.

_Brexit Nationalism: Globalist Wolf in Nationalist Sheepskins?_ UKIP’s and (Farage’s new vehicle) the Brexit Party’s, commitment to national economic sovereignty, is contradicted by sympathies for globalised market freedoms. UKIP’s 2017 Manifesto was explicit: ‘Post-Brexit, UKIP’s aim is to establish the UK on the
world market as a low tax, low regulation economy’ (UKIP, 2017). UKIP’s main backers and leading lights include substantial figures from London’s international finance sector. One time UKIP Deputy Chair, and Farage associate, Lord Dartmouth argued that the EU ‘threatens . . . Britain’s prosperity’, ‘places at risk Britain’s ability to compete’; and is ‘institutionally corrupt, unchangeable and incapable of reform’. While Britain is ‘well placed to . . . continue to benefit from globalisation. . . ’ outside an EU restricted by ‘massive regulation, trade barriers, and the rest’ (Dartmouth, 2008). For these populist cheerleaders the problem with the EU is that it is insufficiently free-market and globalist.

Intellectual and financial elite figures, like Thatcher’s economic adviser Patrick Minford and her ex-finance minister Nigel Lawson, who inhabit the same social and intellectual milieu as UKIP/Brexit leaders, boosted and legitimated the wider EU referendum campaign (Chakrabortty, 2019). One influential UKIP deputy leader, even further removed from any ‘man of the people’ persona, was the blue-blooded, 10th Earl of Dartmouth, a stepbrother of Diana, Princess of Wales.’ Another, earlier UKIP leader, Eton-educated Lord Pearson, was a City stalwart - founding an international broking firm at Lloyds of London in 1964 (Ford, 2010). Despite a more modest class background, Farage shares these financial mores. His father was a City stock broker and Farage junior worked for City brokers on the commodity exchanges.

Arron Banks, the principal UKIP and ‘Leave’ campaign funder, draws his wealth from off-shore, financial businesses. Even the more modestly off, Catherine Blaiklock (first chair of the Brexit Party), was previously a currency and derivatives trader. Other key Brexit Party figures from City finance include: new MEP Richard Tyce and financial backer Jeremy Hosking (The World News, 2019). In sum, figures connected to the British financial elites have steered the apparently populist UKIP-Brexit parties’ nexus away from a nationalist break with neoliberalism in favour of intensifying neoliberal globalisation. Moreover, the July 2019, take-over of the Conservative leadership by Boris Johnson and the neoliberal, vehemently anti-EU, Economic Research Group faction of MPs, assured the political ascendancy of this economic elite. Under Trump favourite, Boris Johnson as PM, these new overlords of the once pluralist Conservative Party might remake it into a predominantly Faragist populist party.

Post Referendum Populism: Convergence with Italy? Despite differences in economic paradigms, ‘Faragism’, in both its UKIP and Brexit forms has affinities with the Italian coalition parties; especially with M5S. Becoming disenchanted with UKIPs factional politics (Chakelian, 2019), UKIP leader, Farage became
interested in Casaleggio’s online (M5S) model, visiting Milan to discuss its potential with the techmeister. His new Brexit Party has key M5S features: no branches, no formal membership; top-down decision making, and the minimisation of supporters’ inputs. Farage presented these arrangements as ‘direct democracy’ for developing policy; with M5S cited as the model. The new party has parroted Casaleggian analogies with tech start-ups as: ‘insurgent and fast-moving business that likes getting things done’; seeing voters ‘as consumers with needs that can be met by business choices’ (Casalicchio 2019). Before it even launched in 2018, the Brexit Party was registered as a limited company.

Thus, Farage’s interest extended beyond the platform’s mass communication qualities to the powers of control it allowed. Farage was more explicit about this aspect than is the covert power of Casalleggio Associates and Rousseau: ‘We’re running a company, not a political party.’ Or as his backer, Aaron Banks put it: ‘What the Five Star did, and what the Brexit party is doing, is having a tightly controlled central structure, almost a dictatorship at the centre’ (Loucaides, 2019a). At the 2018 EU Parliament elections, the Brexit Party took 36%, the highest vote share of any party and sent its new MEPs to join M5S in the Freedom and Direct Democracy group; effectively replacing the UKIP contingent which lost all its seats. However, M5S supporters agreed in a controversial online poll in 2014 the recommendation for M5S deputies to join Farage’s EU Parliamentary group of ‘Freedom and Direct Democracy’ rather than the Greens/European Free Alliance group favoured by many (La Repubblica, 2014). Following the late 2019 coalition split with the Lega, left-leaning M5S figures’ opposition to this alignment succeeded in leading M5S and Green MEPs beginning negotiations for M5S to join the latter in the Strasbourg parliament (Financial Times, 2019).

Left ‘Populism’ in the UK or Democratic Social Democracy?
Contradictorily derided as both a ‘throwback’ to statist social democracy and as a far-left variant on leader-focussed populism (Baggini, 2016), Labour’s ‘Corbynist’ movement embodies analogous appeals for greater democracy to some Faragist sentiments. It needs considering here because it represents a countervailing force to right-wing and eclectic populism. It may establish successful leftist populisms that are as, yet in Italy, submerged within M5S’s eclecticism. Jeremy Corbyn’s reshaped Labour Party has three democratic tropes: 1) internal Party democracy (Labour Party, 2018a); unlike Farage and Salvini, de facto in M5S’s Grillo-Casalleggio axis; 2) reforms to Parliamentary institutions; 3) economic democracy to underpin the public and mutual bodies which Labour proposes would replace
privatised and some shareowner-manager corporations. A formula which also distances Labour from the nationalised industry, public ownership model that neoliberalism discredited.

Labour promised a constitutional convention to examine a wide package of reforms; including a democratically elected, second chamber; with removal of hereditary peers and a reduced number of House of Lords’ members as interim measures. Its more radical threat to the market governance mechanisms, introduced by successive Tory and (‘New’) Labour governments, came from the 2017 manifesto commitment to decentralise democratic participation in ‘politics, the economy, the justice system and our communities’ (Labour Party, 2017a). New, publicly owned, energy companies should be ‘locally accountable’ with more powers for local government councils in areas like urban planning. In the politically peripheral, but culturally central, field of sport Labour promises a ‘greater say’ to supporters of currently corporatized football clubs, through supporters’ share ownership and board-level representatives. Similarly, a housing policy 2018 Green Paper promised tenant representatives on housing associations’ boards and ‘similar influence and involvement’ for public housing tenants (Labour Party, 2018b). Further challenges to neoliberal orthodoxy and austerity involved: increased public spending on a publicly-run National Education Service; a publicly-owned investment bank and tighter regulation of commercial banks and the finance industry.

Other, more democratic forms of business ownership were heralded in a Party-sponsored report, *Alternative Models of Ownership*, advocating ‘cooperatives, municipal and locally-led ownership forms and new democratic forms of national ownership’ (Labour Party, 2017b). These show an awareness that older organisational forms of ‘top down’ social democracy cannot simply be disinterred and that public, rather than private-corporate governance needs more decentralised decision-making and participatory democracy: ‘where people have a continuing say in how society is run, how their workplace is run, how their local schools or hospitals are run’ (Daily Mirror, 2017). Accompanying such commitments to ‘institutional democracy’ (Jones and O’Donnell, 2017) have been efforts to increase member participation in Party policy-making and organisation; such as involvement in the annual conference.

Labour’s emphases on popular welfare and participation, against vested neoliberal interests, have been mistakenly conflated with right-wing populisms. However, their logic and targets differ from the direct – potentially plebiscitary – democracy of nationalist populists in Britain and Italy and, in some respects, the
eclectic M5S. ‘Corbynism’ promised to open up formal democracy to the civil society social movements that challenged the oppressive policies accompanying neoliberal governance of gender, race and other inequalities (Mouffe, 2018).

Conclusion

As this article went to press, electoral uncertainties in both Italy and the UK precluded definitive answers to the questions posed at the beginning of this article. The UK’s general election, taking place in December 2019 could have led to various governing permutations; from left-populist, neo-socialist Labour government to a populistic, Trumpian, Conservative government. Salvini’s withdrawal from its government partnership with the M5S and the latter’s new ‘marriage of convenience’ coalition with the centre-left Democratic Party may have stalled right-populism’s advance in Italy. More recent developments in both countries, up until the Corona pandemic’s destabilisation, have restricted the likelihood of populistic breaks with the neoliberal socio-economic governance and its EU forms. Italian populism remains within the EU fiscal straitjacket, lacking plans to limit corporate and financial power. Its social reforms may offer some relief to the financially deprived and those in casual employment. However, in their brief alliance, the Lega and M5S did not confront the hegemony of ‘market forces’. In the UK, both the ethos of free market globalism adopted by the anti-EU parties, and their influential financial backers would, most likely, intensify neoliberal forces. Business and financial players’ effective control of the right populist agenda suggests an accommodation with neoliberal globalism; made more likely by its recapture of the Conservative Party and its ideology.

The second question asked about prospects for alternative democratic processes to current, malfunctioning representative models. The direct democracy championed by the Lega and the eclectic M5S only added referendum options to the established parliamentary system. Their own internal democracy is warped; offering little improvement on the established conventional parties. UKIP, and then the Brexit Party, do align with progressive campaigns to modernise the electoral system and the accountability and utility of the two antiquated Houses of Parliament. Yet in other respects their ‘direct democracy’, perhaps not coincidentally, resembles the Lega-M5S coalition’s mass referendum proposals. These seem unlikely to promote popular participation in governance. Judging by their own internal democracy it would be managed and superficial. As with the curbing of Muslims’ cultural and religious rights, both countries’ right populists’ exclusivist concept of ‘the people’ would accentuate inequalities amongst ethnic
minorities.

Contrary to blanket media denunciation of its 'populism', the renascent British Labour Party did, at least until the 2019 election, propose clearer and more positive routes away from both stressed-out parliamentary democracy and the stranglehold of neoliberal economic governance. Inter-meshing participatory and institutional democracy with de-privatisation of public services and greater corporate accountability could have pushed British capitalism towards a new, internationally relevant, model for socially embedded governance. However, the momentum gained by the right populists’ aggressive Brexit campaigns effectively won the 2019 election for the Conservatives and removed Labour's left leadership. In a new political landscape, changes to neoliberal economic and political governance will depend on which Party or faction succeeds in ‘selling’ their paradigm as the solution to the social and economic disruption of post-Corona capitalism.

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