

## Populism and Trust in Europe: Perspectives for 2019

Speech - **City** Washington D.C. - **Country** United States - **Date** 03/12/2018

Good morning,

It's a great pleasure to be here today and it's been a particular privilege to be in Washington this week observing and discussing events on both sides of the Atlantic, noting the reflective aftermath of the death of President Bush, and reading with interest the reaction to Secretary of State Pompeo's speech in my workplace city Brussels on Tuesday at another German Marshall Fund event. I should immediately however dampen all expectations of similar fireworks here.

I want to begin instead by noting Charles Dickens '**best of times , worst of times** ' observation at the start of his book A Tale of Two Cities, and how one's evaluation of the French Revolution very much depended on whether you were controlling the lever of the guillotine or having your neck placed underneath its blade.

Contemporary politics is often mediated through the same binary lens. Brexit is Independence Day or Armageddon; Donald Trump will make America great again or bring the international order to its knees. Populism is a threat to liberal democracy or a legitimate means of taking back control.

Western Europe has been war free for the last seventy years, it has relatively high levels of social protection, many world beating cities when it comes to quality of life, a Union that managed to protect the Euro, avoid Brexit contagion, emerge from the worst of the financial crisis, and is still a champion of the universality and indivisibility of human rights.

But on the sharp end of the blade we have unhealed wounds from the financial crisis, significant youth unemployment, rising nationalism, a number of EU member states openly defying foundational norms and values, a politically exploited migration crisis and new uncertainties about old alliances.

Europe is also surrounded by "strong man" leaders while President Trump is rattling the cages of long presumed settled structures of international co-operation. Nationalism is having a moment, and while the trend for populist leaders hasn't swamped EU politics, it is certainly reshaping them.

In his book "Factfulness" Hans Rosling argues that the world - developed and developing - is in



better shape than ever. Yet none of us wake up in the morning grateful that our cave dwelling days are over. We experience our world in the felt present, as individuals, and compare our individual experience not with abstractions but with those we consider to be our nominal equals.

The fact that your life chances are phenomenally greater than those of someone in an impoverished village on the other side of the world is of little relevance if your next door neighbour is on a professional fast track and you've had to take a second job in the gig economy to make ends meet.

The recent, intense protests in Paris and other parts of France against fuel price increases and other Government policies were driven not by the utterly impoverished but by many in the so-called struggling classes, motivated not by literal hunger but by a sense of injustice, of unfairness, of being treated not with the promised egalite of the state.

As human beings we also have a capacity for complacency, for forgetting. This generation cannot live in a permanent state of relief and gratitude for the ending of war in Europe seventy years ago and as time passes memory fades.

A recent CNN report showed that growing number of Europeans have never heard of the Nazi Holocaust. One out of every twenty people surveyed in seven EU states admitted to this, and in France, among young people, that statistic was one in five.

So the idea of a Europe permanently united by shared memories of horror and a determination not to repeat the mistakes of the past may be somewhat past its sell by date.

Modern angst centres on control, the fear of lives being hollowed out by big tech, globalisation, artificial intelligence, increasing inequality, the gig economy.

Yet none of this is new, neither the fears nor their political exploitation. I recently saw the Broadway theatre version of the 1976 movie 'Network' in which the central character is let loose by a ratings hunting producer to deliver populist jeremiads against global corporations, a system fixed against the ordinary man and woman, and a media incapable of truth, a deliverer of 'fake news'. His corporate boss in turn describes a world in which there are neither nations nor individuals but rather a world determined by nothing more than the flow of money.

It is, he says, the international system of currency that determines the totality of life on this planet. That is the natural order of things today. "*That is the atomic, subatomic and galactic structure of things today!*"

Our modern rash of populism was described recently by a former Irish Ambassador to the EU, Bobby McDonagh as "*essentially a rejection of four things: complexity, compromise, diversity and the inevitability of imperfection*".

Instead we get simplistic and or nationalist solutions to issues that really do need collaborative approaches based on compromise, elements central to European integration yet now derided



by populists as weaknesses.

But populism isn't just about snake oil and magical thinking. It takes hold precisely because the problems it points to are not always illusory and because our liberal democratic institutions and leaders do not always deliver. The pro Brexit camp may have been wilfully pointing in the wrong direction at the culprits but they skilfully scratched the correct existential sores.

If trust is essential in a democracy then we need to be honest in recognising when that trust has been betrayed. As Ombudsman, my role within the EU institutions is precisely within that space.

While I do not work at the political level, when people talk about the system working against them, my work with the administration of the EU identifies where and how that can happen. When information is hidden, when the revolving door gives advantage to a private interest, when intensively lobbied laws can emerge with the public interest diluted, when deal making is done behind closed doors without appropriate citizen oversight, or when a citizen is simply treated discourteously or dismissively by a public administration, all of these problems if not resolved add to the potential pool of distrust in the system.

And when I reflect on this, and on recent riots in Paris, and on Brexit, and on the surprise election of President Trump, I wonder if the issue isn't so much trust as fairness – the idea that people can deal even with great adversity if they consider that everyone else is in the same boat, that the same laws and same measures apply to everyone. I have always been struck by a small child's intuitive sense that something isn't fair. The increase in fuel prices in France arguably would not have lit the flame of protest if policies considered by some in France as favourable to the wealthy had not previously been introduced.

We receive over 2000 complaints a year from across Europe, and especially from those working within the "Brussels beltway" about the administration of the EU institutions and agencies. Each year we conduct around 400 inquiries into these complaints, while others are redirected to a national level. Much of our work focuses on mundane issues of good administration; however some inquiries are relevant to our discussion today.

- We have dealt, for example, with former European Commissioners taking up positions in the private sector - the so-called 'revolving doors' challenge and the Commission has since tightened up its Code of Conduct. One high profile case concerned the decision by former President of the Commission, Jose Manuel Barroso, to join Goldman Sachs bank in 2016;

- We also deal with EU officials, who move to the private sector often in an area in which they were involved in regulating. Such moves at senior level are now proactively published with any restrictions on lobbying of their former colleagues also noted.

- We also pushed the Commission and Council to be as transparent as possible in the Brexit talks.

During the now stalled trade negotiations between the EU and the US (TTIP) we launched an



inquiry to ensure transparency. Following pressure from the European Parliament, civil society and ourselves, the Juncker Commission then set a new standard of transparency for all EU trade talks.

- The European Central Bank also falls under our mandate. A few years ago, when an unpublished ECB speech delivered at a private event moved the markets we engaged with the ECB on improving practices and it now has much tighter procedures on stakeholder engagement and its meeting diaries are now published.

- However, the ECB and I did not agree in a case concerning the membership of President Draghi of a private group of bankers based here in Washington DC. The so-called 'Group of 30' includes representatives of some of the global banks which the ECB itself now supervises.

I recommended that President Draghi suspend his membership to avoid any perception of a conflict of interest and an erosion of ECB independence. He declined to do so despite the fact that the former chair of the Federal Reserve, Janet Yellen, did step down from the Group of 30 when she took up office in Washington DC and rejoined when she stepped down from her Fed role earlier this year.

President Draghi is highly respected and credited by many as the saviour of the Euro, yet if the contemporary lack of trust partly arose from the financial crash and the failure of regulation and regulators, then it is more important than ever for those charged with protecting the public interest not to allow even the perception of an overly close relationship with those they regulate.

Finally, let me mention what is probably our most important piece of work and that concerns the transparency of the Council, the institution where national Ministers decide on legislation but which tends to use the opaque tools of diplomacy when it comes to deal making on legislation.

This helps enable a 'blame Brussels' culture. The lack of transparency leads to a vacuum in turn filled by populist rhetoric about who is to blame for any unpopular legislation.

I am hopeful that in the run up to the EU elections next year, and at a time when the phrase 'take back control' is frequently used by those hostile to the EU, the Council will acknowledge that citizens should have that control as a right and implement the recommendations I have made.

What unites many of these issues speaks again to fairness, to people's anger - expertly stoked by populists - at privileged insiders, privileged access, decisions being made about them without them, and at times the inappropriate monetising and exploitation of public service.

Some of this will impact on next year's European Parliament elections which will decide the makeup of the powerful political groups in the parliament but will also be a deciding factor in who is elected President of the European Commission.

The elections will also be a test of the degree to which nationalist and populist ideologies have



taken hold even if traditionally EU elections may have similarities with US mid-terms, and may not necessarily reflect what might happen in a national election.

So to conclude and to revert to Mr Dickens who in that opening paragraph in the tale of London and Paris spoke also of the age of foolishness and the age of wisdom. The latter may be a long way off but when it does come it will hopefully not have been achieved at too high a price - the fallout of damaged trust in the institutions that we the people expect to protect our interests.

Thank you.