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June's elections tilted the European Parliament significantly to the right. The most shocking result was the National Rally's (RN) landslide victory in France. As a response, Macron dissolved the French Parliament—a decision that [wreaked financial havoc](#) in France and sparked heated debates across Europe's elites.

Notable [commentators](#) have argued that Macron's bet is to have the RN win, govern, and “make a mess of it.” Indeed, the [price tag](#) of RN's economic programme has been estimated at €101bn in extra spending aimed at [easing the cost of living](#) for lower and middle class voters through tax cuts. Macron's is a risky move with the hope of discrediting the RN ahead of the next French presidential elections. However, the sangfroid with which the National Rally received the news, in addition to the Republicans' chaotic [offer](#) to build a political alliance, suggest that RN feel ready for the challenge. Evidently, this decision may end up giving space to the far-right in the legislative elections and, plausibly, pave the way to the presidency in 2027.

With even Macron's closest supporters [panicking](#), one may legitimately inquire into the logic behind the president's move. Presumably, this stems from a popular assumption about the economic consequences of extremist parties – namely, that extremist parties are economically incompetent and bring about financial instability, such that a centrist republican front should inevitably retain control of the government. As such, current events pose an interesting question, namely: do extremist, specifically hard (right) populist parties, necessarily lead to economic instability? Or is reality more complex—is there more market appetite for some forms of populism than we may believe, and do such parties change when they move from the electoral arena to power?

The current Italian experience of far-right leadership under Giorgia Meloni provides some insights. Despite a serious demographic crisis and long-term productivity and wage stagnation, Italy's economy is not in recession. Rather, it is [performing relatively well](#) compared to France, Germany and the UK, although some economic [commentators](#) expect Italy's overperformance to be only temporary due to the post-pandemic demand stimulus. While the economic uptrend is certainly rooted in the policies inaugurated by previous governments ([investment-led growth](#) was bolstered by Italy's [superbonus](#) programme and the Recovery Fund), the Meloni executive has steered well away from upending the trend. At a minimum, this government's track record shows that a coalition of right-wing populist parties can govern for two and a half years [without](#) any serious financial turmoil. How is this possible?

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As [argued](#) by political scientist Peter Mair, among others, all parties face a dilemma between *responsiveness*—i.e. responding to their electoral constituencies—and *responsibility*, that is, responsibly governing the economy for the common good, under binding legal and international constraints. What characterises radical parties is, at least in principle, the extreme positions they hold on various public policy matters. Clearly, the more extreme a party's electoral positions, the more difficult it is to reconcile responsiveness with responsibility and respond to voters' demands once in power, when the legal and financial constraints become binding. Along similar lines, the more governments are faced with binding constraints, the more it becomes difficult and costly for parties in power to deviate from the course of economic policymaking toward radical positions.

Governments' room to manoeuvre economic policymaking is rather limited, both by domestic and international factors, in Europe not least by the Eurozone's economic governance regime. These institutional structures leave extremist parties not much agency on fiscal and monetary matters, incentivising them to focus on “noisier” cultural or immigration politics.

First, politicians come and go; bureaucrats stay, and the latter run the state on an everyday basis. Populist parties with little experience in power more than others depend, crucially, on the collaboration of administrators who design and implement policy. France relies on professional [senior civil servants](#) who act as privileged partners of political power and participate in government decision-making and can act as a brake in favour of responsible economic policymaking.

Second, on the external front, European governments have arguably become “semi-sovereign” in the EU's multi-level polity. Eurozone governments' economic and social policies are starkly constrained by the European Semester, which aligns their budgetary and economic policies with the objectives agreed upon at the EU level. While France may have often been considered “too French to fail” (see e.g. Jean-Claude Juncker's “[Parce que c'est la France](#)”), the party might be over as the Commission [prepares](#) to name and shame France into the excessive deficit procedure, which would eventually prevent France from being eligible for the ECB's purchases of government bonds via the [Transmission Protection Instrument](#). As if this were not enough, extremist parties in power are likely to come under greater financial stress due to the [higher borrowing costs](#) bond vigilantes demand while pushing back against extremist agendas.

How did all of this pan out in Italy? In the case of the Meloni government, both internal and external constraints have justified a turn towards more responsibility in power, while carving out minor policies at the fringe for electoral rents and noisy cultural issues. On the external front, the Meloni administration has justified its normalisation to voters by pointing to Italy's [vulnerability](#) vis a vis international financial observers and the need to “[change Europe](#) from within.” In this light, it appears that Meloni has seized the opportunity to “normalise” her policy stances and embrace institutionalisation, consequently maintaining an (apparent yet ambivalent) equilibrium between responsiveness and responsibility that is paying off, materially – e.g. in terms of current access to European resources such as NGEU – and reputationally.

The victims of this process are first and foremost those at the end of the “cultural policies” that these parties fight in substitution of the economic battles (see, e.g. Meloni's focus on [identity issues](#) or abortion rights). But there are other losers in the long run, starting from most technocratic and centrist parties, like Macron's Renaissance. Ultimately, however, far-right parties vary across countries and so do the conditions to which they can adapt and prosper whilst in power.

Therefore, all in all, if Italy's experience teaches us anything, it is that the assumption that Macron's gamble will pay off because extremist parties are inherently economically incompetent may well be misplaced – and might be costly for the parties and leaders that expect the extremists to systematically derail once in power. On the contrary, the experience of radical populist parties in power across local governments [indicates](#) that, driven by a desire to establish a more mainstream status, radical parties tend to focus on balancing budgets and reducing debt levels to project governing performance and competence.