

Social Anger, Populism and Climate Emergency: Why We Need to Rethink Our Socioeconomic Model in 2023

BEYOND SECURITIZATION: **BUILDING RESILIENCE** IN THE SOUTH SERIES COMMENTARY

By Yasmine Akrimi – North Africa Research Analyst

2022 was a hard “back-to-reality” year. As we were still catching our breath following two years of pandemic, the Russian invasion of Ukraine in February engulfed the world in an exacerbated economic crisis as countries were struggling to maintain their imports of food and energy. As we are starting this new year, let us look back on the main challenges faced by Europe and, to a large extent, the world and map the expected points of contention in 2023.

1. BACKSLIDING ON SOCIAL RIGHTS, SOCIAL DOWNGRADING AND SOCIAL ANGER

There is a consensus regarding the fact the economy has been in crisis for years, and things have only worsened since COVID-19. It is relevant here to remember how economic crises have been functioning in the past decades, specifically since the neoliberal turn initiated in the 1980s across the world. Contemporary economic crises have been systematically translating into strict austerity measures, including scaling down social protection programs, cutting or capping wages, limiting or eliminating subsidies, reducing pensions and workers’ rights and privatizing public services, all which overwhelmingly impact middle and lower classes.

In parallel, large companies have been reaping substantial profits in times of crises, supported by corporate public subsidies and tax giveaways. By now, trickle-down economics, the belief that cutting taxes would incentivize large corporations to

invest in the economy and create more jobs, has been debunked as a neoliberal myth. The competitive market logic of making the most profits at the lowest costs at best creates precarious jobs and overworked and underpaid workers.

During the pandemic, public money allocated to maintain corporates' financial health mainly translated into larger dividends for shareholders. These economic choices have been resulting in perhaps the most unfair outcome in modern economy, i.e., the poorest systematically paying higher percentages in taxes than the richest. OXFAM's 2023 report on income inequalities revealed the wealthiest "1 percent grabbed nearly two-thirds of all new wealth worth \$42 trillion created since 2020, almost twice as much money as the bottom 99 percent of the world's population". In concrete terms, "Elon Musk, one of the world's richest men, paid a 'true tax rate' of just over 3% from 2014 to 2018. Aber Christine, a market trader in Northern Uganda who sells rice, flour, and soya, makes \$80 a month in profit. She pays a tax rate of 40%." A tax of maximum 5 percent on the world's richest could benefit two billion poor, amounting to 1.7 trillion dollars yearly.¹ Musk's and Christine's example not only highlights the deepening inequalities between the wealthiest and the poorest, but most importantly how these inequalities are shaped by State policies that favor extreme profiteering.

In Europe, citizens are estimated to have earned an average 3000 euros less per year due to austerity measures implemented following the 2007 financial crisis. This rendered European economies more vulnerable to economic shocks as the ones sparked by the pandemic and the Russian invasion of Ukraine. An estimated 533 billion euros could have been used on infrastructure projects which would have partially absorbed the inflation in energy prices.² In Tunisia as in most countries in the global South, structural adjustment programs adopted under the auspices of the IMF improved macroeconomic indexes while bearing a "social cost" on the most vulnerable, notably due to the reduction of State subsidies and State investment in sectors like education and health.

Behind numbers, real popular anger is building up. In France, more than two million protesters took it to the streets to protest president Macron's intended reform of pensions which would require French citizens to work two additional years for less

¹ <https://www.oxfam.org/en/research/survival-richest>

² <https://www.euronews.com/my-europe/2022/11/04/europeans-3000-poorer-per-year-due-to-austerity-measures-says-new-report>

pension money and cancel special regimes of work drudgery. Some industries are heading towards renewable strikes, especially after OXFAM's report revealed a 2% tax on the country's 42 millionaires could finance the pension reform instead. As we have seen in recent years, notably with the Yellow Vests movement in France and protests against price increase and loss of power purchase elsewhere, protests under syndicates' banner are becoming less and less the rule. In Tunisia, there is a wide rejection of austerity and privatization policies imposed by international financial institutions. Although the central labor union (UGTT) remains a prominent actor, social anger with degrading life quality and State inaction has been building up in a way that is already manifesting through political disengagement, massive immigration and the weakening of the social fabric. All over the world, the looming social anger could take forms that would paralyze economies and societies in the near future.

2. POPULISM AND THE FAR-RIGHT

A socioeconomic system that willingly foment extreme inequalities necessarily produces narratives of truth to maintain consent. Shifting the blame is one that has proven to be exceptionally efficient, for instance with the hyperfocus on migration rather than governments' unwillingness to put to contribution the wealthiest, or overpopulation rather than overconsumption.³ With time, economic precarity exacerbated and reproduced far-right discourses. Authoritarian populism has been advancing in Europe and elsewhere, and precarious workers have been overwhelmingly voting far right. Adding to well established cases of Hungary and Poland, the far-right now holds office in Italy. In France, every election brings the Front National closer to power. Sweden's government has strong far-right backing. Spain and Finland, both set to vote this year, might end in coalitions which include the far right. Belgium's top two parties in polling estimations are affiliated to the far right. In many regions of the world including countries where electoral politics are a possibility, populist authoritarian parties are blooming. In Tunisia, populist narratives have flourished with the advent of free elections post-2011, but since President Kais Saied's power grab in July 2021, an era of authoritarian populism has been initiated.⁴

³ See my article <https://www.bic-rhr.com/research/towards-integrated-feminist-perspective-climate-change-solutions>

⁴<https://orientxxi.info/lu-vu-entendu/tunisie-le-saiedisme-ou-populisme-autoritaire-de-kais-saied,5954>

The impact of antisocial neoliberal policies is not to be underestimated. In times of vulnerability, people tend to turn towards reassuring narratives and authoritarian leaders, channeling a father figure, are an evident choice. European institutions have been dismissing the populist surge in Europe as mere anti-migratory racism and misinformed voting. Yet, there is a clear link between economic precarity and the fear of social downgrading driving nationalist identitarian closure and xenophobic voting.

3. CLIMATE CHANGE AND THE ENERGY CRISIS

The unprecedented rise in energy prices was a staple of 2022, the International Energy Agency (IEA) even terming it “the first truly global energy crisis, with impacts that will be felt for years to come”. With the Russian invasion of Ukraine and the former cutting gas flows to the EU by around 80% between May and October 2022, not only Europe but the whole world scrambled to diversify its energy providers – especially natural gas – and deal with the skyrocketing prices of food. The IEA estimates 90% of the rise in average costs for electricity generation worldwide is due to high fuel costs.

In Europe, with energy bills skyrocketing, many small businesses have been shutting down and households have been struggling to properly heat their homes. The energy crisis means 70 million people who recently accessed electricity can no longer afford their bills. In 2023, the increase in energy costs will continue to raise prices of goods and services. With national and regional banks raising interest rates to halt inflation and incomes not aligning with the latter, the world might be heading towards a recession, and more and more people are falling (back) into extreme poverty. Green energy projects could be the first victims of the expected economic fallout.

In parallel, the climate change question is threatening inter-generational solidarity. As many millennials and younger generations are increasingly convinced they will not live to see retirement and as Europeans’ voting priorities highlight an obvious generational gap, it is increasingly hard to ask younger generations to pay for the pensions of those who overwhelmingly vote for conservative liberals and for programs that do not prioritize the fight against climate change.⁵ On the bright side,

⁵ See my article: <https://www.bic-rhr.com/research/why-french-presidential-elections-are-warning-european-democracies>.

the urgency of tackling both climate change and the energy crisis could however incentivize an acceleration of the transition towards renewable energies.

CONCLUSION

As we are starting 2023, Europe needs to set its priorities straight. With climate change efforts being overwhelmingly asked from those who have the least impact on the environment, social precarity worsening when corporate profits are a record high, and basic dreams like owning a home and having a pension fading away for younger generations, social anger is set to explode. It is of utter importance for European governments, leaders, and institutions to pause and reevaluate the social contract linking them to those whom they claim to represent. Where do we want to be headed? Non-elected, supranational, technocratic European institutions are increasingly contested, and the dissatisfaction is weaponized by far-right populist leaders.

Redistributive policies are increasingly set aside with market liberalization and states losing the prerogative to regulate their own economies and reduce inequalities. Austerity measures are automatized to face any economic crisis. Across the world, hegemonized neoliberal policies are drowning weaker economies in debt, pushing their nationals into deadly migratory journeys, met on the northern shore with increasing disdain and dehumanization.

This is not a technical question, this is a deeply political issue that demands a large democratic swiveling, not just within Europe, both also vis à vis whom Europe considers to be its partners. In particular, redistributive policies ought to become a priority. Controlling national debts at the expense of those most socioeconomically fragile must stop. The rise in popularity of far-right leaders and ideas must be considered as a serious issue, and not dismissed as mere ignorance. In simpler terms, for whom should the economy be working? The millions of underpaid workers and unemployed, or the few already ultra-rich corporates? The choice sounds simple, yet it must be made once and for all.

About the BIC

The BIC is an independent, non-profit, think-and-do tank based in the capital of Europe that is committed to developing solutions to address the cyclical drivers of insecurity, economic fragility, and conflict in the Middle East and North Africa. Our goal is to bring added value to the highest levels of political discourse by bringing systemic issues to the forefront of the conversation.

Beyond Securitization: Building Resilience in the South Series

Moving beyond a sole focus on securitization and border management, we undertake a bottom-up approach to issues as regional integration, traditional and new mobility patterns, border economies, democratic transition and socioeconomic wellbeing, using both quantitative and qualitative data.



Author

Yasmine Akrimi | North Africa Research Analyst



 @BICBrussels  @bicrhr  BIC

 www.bic-rhr.com  info@bic-rhr.com

 Avenue Louise, 89 1050, Brussels, Belgium  Tel: +32 027258466