

Bologna Institute for Policy Research

Via B. Andreatta, 3 - Bologna (Italy)

+39 051 292 7811 www.bipr.eu

Date: 20 December 2018

Speaker: Erik Jones, Professor and Director of European and Eurasian Studies at Johns Hopkins University
SAIS Europe, Bologna, Italy

Chair: Thomas Row, Adjunct Professor of History at Johns Hopkins University SAIS Europe, Bologna, Italy

**Economic Adjustment and Political Transformation:
Why is everything getting so much harder at once?**

Throughout history there have been moments where the sustainability of institutions and traditional order has been doubted. The 1978 winter of discontent in Britain, the Iranian Revolution of the 1970s, the seemingly never ending era of the Cold War, are all examples of times where the stability of geopolitical systems were called into question. Reflecting back on 2018, it could be argued that the world is yet again experiencing a period of uncertainty in which everything is getting harder all at once. For Professor Erik Jones, the main contributing factors in this moment of economic adjustment and political transformation are most pronounced when analyzing contemporary democratic institutions and macroeconomic policy trends. The three main areas where the tension between macro-policy and democratic institutions is highlighted are the disintermediation of traditional political institutions, the depoliticized nature of the modern political economy, and the abdication of American global leadership under the Trump Administration.

Dr. Jones' lecture highlights the complexities of these tensions and showcases the inherent link between current macro-policy and growing discontent toward democratic institutions. His view of contemporary populism varies from the generalized interpretation of populism as an ideology in which the disenfranchised people are pitted against the corrupt elite. Instead, his lecture primarily focuses on defining populist movements as those with anti-establishment attitudes that are not following the traditional rules. Jones' understanding of populism analyzes unconventional usage of media and the transition of political leaders to operate outside of traditional institutions. Dr. Jones' notes that the disintermediation of traditional political institutions is widening income inequality and exposure to risk which can ultimately be traced back to unstable macro policy. The left and the right political parties are fragmented with varying views on the economy and cultural differences. The political instability within these parties is fueled by the mismanagement of democratic institutions. A clear case of divisiveness, which Dr. Jones' notes, is in Italy where the oldest and youngest political parties, La Lega and Cinque Stelle respectively, are dominating the political scene. It points to the overall failure of traditional and democratic political institutions to adapt alongside economic progress and to adequately manage the business cycle in accordance with stable macro policy.

Additionally, Dr. Jones addresses the dominance and differing goals of depoliticized institutions within the modern political economy. As it currently stands, the short and long term goals significantly vary between financial and political institutions. Dr. Jones' calls an altering of the fiscal framework to allow for better reactivity in the short-term. Further, there is an issue with the legitimacy of depoliticized institutions, which is most evident through Dr. Jones' assessment of the European Union. Although the EU was established as a means to oversee the single-currency monetary system, it fails to truly exist outside of politics as it was originally intended. Today the EU Commission conducts negotiations for trade policy on behalf of member states and inherently the single-currency system has become heavily politicized. It has become a microcosm

of the current modern political economy as its member states are consistently at odds and its institutions struggle to align in their short and long term policy goals.

Lastly, one of the more distinct influences on global economic and political developments Dr. Jones' argues is the abdication of global leadership by United States President Donald Trump. President Trump's anti-establishment and prioritization of depoliticized institutions has altered the U.S.' role in the global economic system. In contrast with the previous Obama Administration, President Trump's platform challenged the United Nations, the Federal Reserve, the World Trade Organization, and other leading institutions on their fundamental structure and role in policy development and implementation. Dr. Jones' highlights that President Trump's controversial statements, protectionist trade policy views, and vastly different usage of the media has led to greater uncertainty of how the market will respond. Aside from the economic outcomes linked to the Trump Administration, campaigns across Europe have surfaced and similarly prioritized sovereign economic policy legislation that has spurred a resurgence of autonomous closed border policies worldwide.

Although Dr. Jones' lecture focuses on the problems existent within the global economic and political system, he concluded with a call-to-action for SAIS students and future generations. Social media technologies today allow for greater accessibility to politics and offer opportunity for effective involvement and contributions by younger generations. Though democracy and liberal order are seemingly at-risk, there is still hope for action to improve the function of political institutions in an attempt to be more responsive and reflective of the demands of the public.