Europe's traditional political order is breaking down. The public is no longer split between the traditional left and right; the divide is now liberals and internationalists against conservatives and nationalists.

Mainstream forces that have operated for decades in the old context are struggling to adjust. Christian and social democrats – long the mainstays of Western European democracy – find that they scarcely appeal to either of the new poles and are hemorrhaging support to greens, libertarians, nationalists and socialists. The trade unions are emptying. Courts and the institutions of the EU are increasingly seen by one or more sides as in the cahoots of the other.

Europe's challenge is finding a new center. That begins by recognizing both sides have legitimate arguments and neither must be excluded from the political process.
» Europe’s political spectrum is shifting from left-right to cosmopolitan-nationalist.

» Many Europeans feel they have been left behind by economic change and overlooked by the “establishment.” The rest are excited about economic and social changes and see no reason to slow down.

» Some mainstream political parties are taking sides; others are trying to bridge the divide. They seem to be awarded for neither strategy.

» It is nevertheless incumbent on centrist parties to develop a social compact for the 21st century that generates a sense of shared prosperity. In the long term, they probably will. In the short term, expect more political instability.

» Most mainstream parties have no political capital right now for trade deals or more liberal immigration laws. The economic interests of multinational corporations are going to have to take a backseat to the political imperative for social cohesion.
This isn’t just about the rise of populists on the right. They’re a symptom, but the divide is wider and more comprehensive, as evident from European responses to touchstone issues such as EU membership and expansion, immigration, gay and transgender rights and welfare reform.

Britain’s EU referendum split the country almost perfectly in half. Thriving metropolitan areas in the south of England (including London) largely voted to stay in the EU, as did Scotland; small towns and postindustrial regions across Northern England and Wales voted to leave. Voters with higher education and better pay voted to remain; voters without college degrees and low incomes voted for exit.

The results of May’s referendum in the Netherlands regarding the EU’s association agreement with Ukraine broke down along similar lines. Multicultural Amsterdam voted for the treaty, as did university towns. Smaller cities and rural constituencies voted against it.

Both referendums were won by unusual alliances. In Britain, working-class Labour voters teamed up with rural Tories and the right-wing United Kingdom Independence Party to get out of the EU. In the Netherlands, supporters of the far-left Socialist Party similarly made common cause with the nationalist Freedom Party to block the treaty with Ukraine. Interestingly, they also are alone among Dutch parties in opposing the proposed Transatlantic Trade and Investment Partnership (TTIP) with the United States.

Strange bedfellows can be found elsewhere. While they would never admit to having much in common, the far left in France (including the militant trade unions) and the right-wing National Front both oppose labor market liberalization and TTIP – while the center-left of the ruling Socialist Party and the mainstream right support both. But when the Socialists legalized gay marriage in 2013, a different coalition emerged to oppose it: a combination of the Front and the right wing of what are now the Republicans.

In Germany, the fault line is immigration. After a year in which about a million asylum-seekers arrived in the country, and after the mass-publicized sexual assaults in Cologne on New Year’s Eve in which men of North African appearance were implicated, 62 percent of Germans now say immigration is too high. Alternative for Germany, a Eurosceptic and anti-immigrant party, has done well in recent state polls. More worryingly for Angela Merkel, the centrist chancellor, is that her right-wing Bavarian sister party, the Christian Social Union, has also taken a hard line against her immigration policy.
As for Poland, the reactionary Law and Justice party has divided society with its attempts to rectify the “neoliberal” excesses of the post-communist transition. Its supporters mostly hail from the poorer and traditionalist east of the country – while the liberal Civic Platform gets most of its support from the major cities and the wealthier west of Poland.

Alliances are ultimately formed around either satisfaction or dissatisfaction with the modern world. As one Wikistrat analyst put it, the new right is “conservative in both ethics and economics” whereas the new left “might adopt a liberal-libertarian approach in economics.”

In the U.K., this camp includes the Greens, the vestiges of New Labour, Liberal Democrats and David Cameron’s modernizing Conservatives.

In the Netherlands, it is also the Greens and the unambiguously pro-European and liberal “Democrats 66” who have been rising in the polls.

In the last Danish election, the nationalist People’s Party won about as many seats as the cosmopolitan Liberal Alliance, Alternative and Social Liberal Party put together.

In this new left-right paradigm, it is the old parties of the center – Christian democrats on the right or in the middle, social democrats on the left and (sometimes) classical liberals on the right – that risk losses. The familiar post-war order is breaking down.

They were once rivals, but the near-term future requires that these parties work together. Unfortunately for them, fuzzy compromises between the center-left and the center-right tend to only disappoint both poles of the new political constellation – thus hastening the demise of the old one.
UNITED KINGDOM

2016 EU membership referendum:
Leave: 52%
Remain: 48%

FRANCE

Front National support in 2014 European Parliament election:
25%

NETHERLANDS

2016 Ukraine treaty referendum:
Against: 61%
For: 38%

DENMARK

2015 election:
People’s Party: 21%
Liberal Alliance + Alternative + Social Liberal Party: 17%

GERMANY

62% say immigration is too high*

POLAND

2015 election:
Law and Justice: 38%
Civic Platform: 24%

* YouGov (January 2016)
One of the truths at the heart of the matter is that nationalism never went away. The European project neutralized it by making national differences less relevant – but also privileged it by giving every nation in Europe one vote.

So it’s not surprising that following the financial and debt crises, Europeans fell back on their national sense of belonging. Crisis-struck nations like Greece felt abandoned by their European counterparts, while majorities in creditor states such as Finland and the Netherlands balked at bailing out countries for which they felt little sympathy. This gave rise to anti-austerity populists in the south – including Syriza in Greece and Podemos in Spain – and anti-bailout populists in the north.

We must, however, note that Europeans’ sense of identity has been in flux for longer – indeed, disenchantment with the EU predates the euro crisis. Many French and Dutch voters, for example, felt betrayed when in 2005 they voted down a proposed European Constitution and the text was largely adopted anyway as the Lisbon Treaty. In 2009, Ireland was forced to vote a second time on this treaty when a first referendum a year before produced a rejection. This sense of betrayal by the elites points to a gap in perception – not only about the EU but global integration (including immigration) in general.

The fading of national borders and the increased ease of travel, the weakening of labor protections and welfare regimes – all elements of globalization – have benefited the better-educated and the worldly. But they have left behind a significant population which has only seen downsides – e.g., working-class neighborhoods uprooted by immigration, low-skilled jobs being outsourced to Eastern Europe or East Asia, or lower welfare benefits for the unemployed and unemployable.

Europe has barely recovered from the most recent economic downturn and is now asked to cope with the biggest immigration flow in half a century. It’s no wonder that people are drawing a line in the sand.

CAUSES

Globalization has put enormous pressure on societies, and most states in the past two decades have generally done a poor job of managing it.

Dr. David Kearn
A gap that has taken decades to open up cannot be closed in a matter of years. Europe will work for a long time to mend its new political divide.

One thing political actors must not do is dismiss anti-immigrant sentiment as bigoted and patriotism as antiquated. This only pushes people to extremes.

Mathew Casey, a Wikistrat analyst and political risk consultant from Denmark, explains that elites in Sweden long ignored the public's problems: “The world’s most liberal country was very illiberal when it came to public discourse about immigration.” There were real problems – with crime, with newcomers failing to assimilate and relying disproportionately on welfare. By shutting down any discussion about these issues, let alone look for solutions, Sweden’s leaders denied native voters a way to express their discontent. In the end, that fueled the popularity of the hard-right Sweden Democrats.

Today’s center-left government is admitting there are problems. It has imposed stricter immigration rules and has kept the more austere welfare policies of its right-wing predecessor. Casey argues:

*The opening up of public discourse in Sweden and other European countries may provide an opportunity for social democrats to return to more sustainable policies that both recognize the limitations of the social welfare state and the genuine concerns of voters.*

It is imperative that grievances are channeled through the democratic process – and that voters feel they’re being taken seriously. If they’re not, they will use opportunities like Britain’s EU referendum to “stick it to the establishment.”

Over the long term, European democracies need to develop a social compact for the 21st century that gives a sense of shared prosperity. There is no way back to the halcyon days of the welfare state, as some on the left would argue, nor will unrestrained economic and cultural liberalism keep the social peace.

There is a responsibility for the parties of the center here. Some may be tempted to pick sides. The right-wing parties in the Netherlands, for example, have adopted a “Freedom Party–lite” platform on EU reform and immigration. So far this seems to little avail – they are still down in the polls.
Center-left parties in France and Italy have moved in the opposite direction. The market-friendly policies of Manuel Valls, Emmanuel Macron and Matteo Renzi can be seen as a belated conversions to Third Way social democracy. But in the context of the cosmopolitan-nationalist divide, they are making a far more consequential choice that could leave their working-class supporters cold.

Angela Merkel may be making a similar determination if she is deliberately exacerbating fault lines about identity and looking to enter into a coalition with the Greens next year. If she succeeds in associating nativism exclusively with the AfD, which is toxic to most, then Merkel may yet rally the vast majority behind an outward-looking, pan-European vision.

That bet is unlikely to pay off in countries with a less problematic historical experience with nationalism. Others will have to find a middle ground – or pick a side in a less obvious fashion.
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