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## **EU POPULISM FEEDS ON POVERTY, WORLD BANK WARNS**

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EU Observer (8 March 2018)

Its figures show that the earnings of the poorest 10 percent of Europeans fell by 7 percent in recent decades, while the earnings of the EU's wealthiest 10 percent grew by 66 percent.

The report notes that poor regions in parts of eastern Europe, such as Hungary and Poland, still have less than 50 percent of the EU average GDP per capita, even though national economies in the east have prospered.

It says most of southern Europe - Greece, Italy, and Spain - is falling further behind the EU curve due to low productivity and low growth.

It also says that technological change has wiped out 15 percent of manual jobs in Europe in the past 15 years.

Manual workers in Austria, Bulgaria, Greece, Hungary, Italy, Latvia, Romania, and Slovenia, were the hardest hit, the report notes.

The report adds, according to highlights released to press on Wednesday, that economic pessimism is rational in these areas and should be taken "very seriously" by EU institutions.

It also warns that that pessimism can be easily exploited by populist politicians.

"The machine will stall unless steps are taken to ensure people benefit equally", Kristalina Georgieva, the World Bank chief executive and a former EU commissioner, said in a statement ahead of the publication.

Arup Banerji, who is in charge of the EU countries department at the World Bank, said: "The EU is growing, but Europeans are not growing united".

Georgieva added, in an interview with the Financial Times newspaper: "If left unattended, the risk is right there that people feel disenfranchised, disillusioned, and left behind."

"There will be fertile ground for populism - not necessarily for [politicians] who come up with solutions, but people who come up with the right slogan," she added.

"The convergence machine of the EU is still working - but it's not working for everyone and there are signs of growing divides," she said.

"Low-income Europeans are falling behind in the labour market across much of the EU. If this is not

addressed, there will be a growing inequality with all the consequences of that," Georgieva said.

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Kaynak/Source: