

# Compensation for displaced workers is unlikely to halt the rise of protectionism in Europe

*The EU has created a special instrument – the European Globalisation Adjustment Fund – to compensate workers who have lost their jobs as a result of globalisation. Drawing on a new study, **Stephanie Rickard** illustrates that while such schemes might be beneficial, they are unlikely to turn the tide of protectionist sentiment growing in Europe.*

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The far-right, anti-globalist Freedom Party (PVV) [won an unexpected share of the vote](#) in the Netherlands' recent snap election. This surprise result has raised (again) a key question: what, if anything, can mainstream parties do to lessen the appeal of far-right parties?

One policy response – the [European Globalisation Adjustment Fund](#) (EGF) – provides support to workers in EU member states who are made redundant as a result of globalisation. Proponents argue that by offsetting some of the costs of globalisation, the programme may bolster public support for international economic integration and the mainstream political parties that support it.

Is it working? The Netherlands has had 19 successful applications for EGF funding since the programme was founded in 2007. Most recently, in 2021, the country received €5 million to assist 650 former employees of the Dutch airline KLM. However, this assistance was not granted in response to globalisation-related job losses but rather to job losses resulting from COVID-19.

The pandemic had a significant impact on the aviation industry due to travel restrictions and a steep decline in passenger air transport. In mid-March 2020, KLM operations came to a standstill. In response, KLM management announced a restructuring plan that led to job losses. The funds provided by the EGF will help former KLM employees find new jobs through customised job-search guidance and support, education or training.

The EU extended the eligibility criteria to include job losses due to the economic effects of the pandemic, as well as larger economic trends like decarbonisation and automation in 2021. It's unclear if the extended criteria will make the EGF more or less effective in minimising the political consequences of job losses. However, prior to the extension, the EGF had only a very small impact on the likelihood of voters in areas hit by job losses supporting far-right, anti-globalist parties like the PVV.

In France, for example, Rassemblement National (RN), formerly the Front National (FN), tends to do better with voters in regions exposed to rising imports. However, in these regions, the party's share of the vote remains roughly similar regardless of whether workers in the local area received assistance from the EGF. In a [recent study](#), I find that extra assistance from the EGF engenders a reduction in the FN's vote share of no more than 0.5 percentage points. The impact could be as little as zero and is almost surely no larger than 1.5 percentage points.

These findings emerge from a difference-in-differences research design that compares the change in the party's vote shares between elections in two types of trade-exposed areas: (a) those in which globalisation-displaced workers received European Globalisation Adjustment Fund assistance (i.e. treated areas); and (b) those in which globalisation-displaced workers did not receive European Globalisation Adjustment Fund support (i.e. control areas).

Similar results emerge in Denmark, where European Globalisation Adjustment Fund assistance has had an insignificant effect on voters' support for the Danish People's Party (Dansk Folkeparti, DPP), which, like France's Rassemblement National and the Dutch Freedom Party (PVV), expresses deep scepticism about globalisation.

The European Globalisation Adjustment Fund's modest impact on protectionist parties' vote shares does not imply that compensation is irrelevant or that providing greater support for displaced workers is an unworthy policy goal. Indeed, my findings suggest that targeted compensation programmes, like the European Globalisation Adjustment Fund, may marginally reduce voters' support for protectionist political parties. However, my findings do suggest that the EGF is not a silver bullet. Alone, it is unlikely to turn the tide of protectionist sentiment growing in Europe. Additional policy tools must be employed to respond to voters' concerns about globalisation.

***For more information, see the author's accompanying paper in [European Union Politics](#)***

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*Note: This article gives the views of the author, not the position of EUROPP – European Politics and Policy or the London School of Economics. Featured image credit: [Jeroen Meuwsen Fotografie/Shutterstock.com](#)*

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