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INTRODUCTION

INTRODUCTION: POPULISM IN QUESTION

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Much of the media coverage in relation to populism has focused either on populist moments like the Brexit vote or on populist leaders such as Donald Trump or Boris Johnson. Meanwhile, the academic literature on populism is divided between two broad approaches. First, an emphasis in economics on policy (e.g. Dornbusch and Edwards, 1992) and, second, an accentuation in political science on ideology (e.g. Mudde and Rovira Kaltwasser, 2017). Both approaches capture important aspects, including the rejection of orthodox monetary and fiscal policy positions and a repudiation not only of established elites but also of pluralism and some of the key institutions on which the rule of law and democracy depend.

However, these perspectives risk under-exploring some of the long-term structural patterns that are political, economic and social all at once. They include the decline in voter turnout, the collapse of centre-left and centre-right political traditions, the rise in popular support for populist parties or candidates, the effects of deindustrialisation on long-term unemployment and of low wages on falling living standards as well as a sense of powerless and a loss of both community cohesion and identity. The roots of populism go deep and stretch back in time—the economic recessions in the 1980s and early 1990s and the structural upward shift in joblessness, the social crises of the 2000s and 2010s linked to fiscal retrenchment as well as cultural change and the resurgence of extremes such as nationalism and xenophobia (e.g. Aiginger, 2020).

The electoral success of populists tends to be a symptom rather than the cause of populism, while the consequences of populist politics (and technocratic responses) are often further to divide countries along both older cultural and class lines as well as newer cleavages of education, age and assets. It is also the case that populist methods, such as the use of demagogic speech in public discussion and political debate, can be deployed by established elites and emerging insurgents alike. Establishment leaders from Margaret Thatcher to Tony Blair and David Cameron resorted to populist rhetoric in ways that were not entirely dissimilar to right-wing populist leaders from Silvio Berlusconi to Donald Trump and Boris Johnson or left-wing ones such as Venezuela's late President Hugo Chavez or the leaders of Syriza and Podemos in Europe. The demon of demagoguery besets democracy that is variously more liberal or more authoritarian (Pabst, 2019).

This NIER Special Issue explores the complex phenomenon of populism and popular support for populists from a broad perspective of political economy (Guriev and Papaioannou, 2021). The twin focus is on the drivers of populism and the implications for democracy and the market economy. Although the various contributions differ in terms of their methodology or findings, they share a number of closely connected arguments. One argument is the importance of both formal structures and informal norms to support a functioning democracy, economy and society. Another argument relates to the need for existing political and economic systems to address the grievances underpinning the appeal of populists. A third argument is that populism claims to defend democracy against 'corrupt' and 'unaccountable' elites, but, in reality, it tends to advance authoritarianism, undermines the institutions of representative government and fails to help the most vulnerable groups in society.

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The first article on 'The Political Economy of Left and Right Populism' by Jon Cruddas MP starts with the acknowledgement that although support for populists has recently receded in certain countries, there is deepening distrust in democracy and the ability of democratic systems to solve long-term problems from the economy to society and ecology. One material reason for the change in attitude towards democracy is that the global and national economies are unable to meet the material needs of a majority of citizens. Both centre-right and centre-left politics reacted to the growing disillusionment and anger with policies that exacerbated existing inequalities of income and wealth, combined with disparities of decision-making power and social status. These are ethical issues as much as economic issues, and they demand a much more robust response than technocratic administration. Otherwise, ethical social democracy and communitarian conservatism will fail to defeat the authoritarianism of radical-right national populists and the tech-utopianism of far-left populists.

The second article on 'Thinking about Social Norms' by Ken Binmore explores the importance of understanding the roots of populism in terms of a fundamental disease that will not disappear for as long as politics and the economy treat only the symptoms. At the heart of popular support for populists lies the violation of the social contract between the sovereign and the people, notably the social norms that help to establish Nash equilibria. However, a combination of economic transformations, societal change and the disruptive impact of the Internet has upended the social consensus, which used to be resistant faced with individual deviations. Now, it is much harder to identify equilibria that are stable in the face of more closely coordinated deviations by increasingly larger coalitions of voters who are mobilised by social media as shown by support for Donald Trump. The conclusion is not to abandon the idea of homo economicus altogether but to rethink it based on norms of fairness and a model of authority and status that avoids social exclusion.

The third article on 'Populism and the "Narrow Corridor" of Liberty and Justice' by Marcus Miller and Ben Zissimos draws on the conceptual framework of 'narrow corridor of liberty and justice' (Acemoglu and Robinson, 2019) to argue that populists enlist support because they speak to matters of social concern which have been left unaddressed by established elites. However, populist responses—though couched in terms of 'the people'—not only make pressing problems worse, but also risk derailing development to such a degree that countries can drop out of the 'narrow corridor' where liberty and justice are held in some equilibrium (however unstable and imperfect). To avoid this fate and preserve the prospect of progress, political systems require a stronger system of constitutional checks and balances and bold policy ideas. The alternative is to slide either into anarchic chaos, or authoritarian stasis or outright totalitarianism.

The fourth article on 'Miscoordination, Politics and Populism' by Chanelle Duley and Prasanna Gai focuses on two models of miscoordination as a useful conceptual heuristic to analyse the behaviour of populists. One model relates to incumbents who refuse to engage in a democratic transition of power after losing a democratic election. The other model concerns democratically elected leaders who seek to implement fundamental policy changes even though they face radical uncertainty about the impact of those policies on economic growth and on the distribution of income and wealth. What is striking is that neither rationality nor formal rules sufficiently constrain politicians or voters: if there are doubts about the integrity of elections, it seems rational for office-seeking incumbents to try to prevent a peaceful handover of power while voters are persuaded that it is rational to forego some individual welfare if over time the division of output is less staked in favour of elites and fairer for the people. Common to both models is the centrality of institutions to mitigate coordination failures and to reduce the range of uncertain outcomes.

The fifth article on 'The (In)Stability of Democracy' by Sayantan Ghosal and Eugenio Proto examines the conditions for the stability and instability of democratic systems of government. Building on Ghosal and Proto (2009), the argument is that one of democracy's greatest strength is to operate as a negotiation device to avoid intra-elite competition from turning into an open conflict and instead to help ensure that rival elites divide up more fairly the surplus, including by distributing some measure of power to non-elite voters. The stability of such an arrangement requires the mobilisation of the non-elite voters by the weaker of the two elites. However, the forces of ethnic conflict and right-wing populism will, under

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certain circumstances, prevent such an arrangement, leading to its to breakdown and threatening the stability of democracy itself.

The final article entitled 'Beyond Binaries: Technocracy, Populism, and Public Policy' by Adrian Pabst argues that populism is a paradoxical phenomenon that resists easy categorisation because it both rejects and intensifies certain elements of technocracy. Populist politics is at once a backlash against the orthodoxy of liberal-technocratic ideology and policy and an attempted corrective of some of the worst excesses, such as soaring inequality or pressures on wages, even if populist policies have often failed to reverse these secular trends. Technocracy tends to be understood as a polar opposite of populism, but both are in part political styles and in part political ideologies which share in common elements such as these use of demagoguery and the supposed divide between ruling elites and the people. Each of them is founded on a binary logic that not only conceals these similarities, but also excludes from political debate genuine alternatives to the convergence around variants of techno-populism defended by either 'corporate populists' or 'insurgent populists'. One real, constructive alternative is a public policy programme that includes the building of an economic democracy with more democratic workplaces and a greater emphasis on the dignity of decent jobs, besides other policies to reduce inequalities and foster shared prosperity. However, policies alone will not be able to address the deep-seated grievances that have fuelled support for either technocratic or populist politics. Fundamental institutional and political reforms are needed to devolve power and wealth to people and the places where they live and work.

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