Populism may well be inevitable in democracies, but it is also the cause of democratic disenchantment

Much has been written about populism and its move to the mainstream. **Stephane Wolton** *and* **Carlo Prato** *argue that it has arisen, not so much from democratic dissatisfaction but from voters' demands for reform, which leads politicians to engage opportunistically in a form of populism by campaigning on reformist agendas regardless of their ability to successfully carry them out.*

Five Star Movement, Italy, 2015. Picture: Revol Web, via (CC BY-SA 2.0)

In recent years, populism has moved from the fringe to the centre stage of the political arena, in the UK (UKIP, and some would argue Brexit), in Europe, for example with the Front National in France, Podemos in Spain, Five Star Movement and Lega in Italy, and in the United States, with the Tea Party, Bernie Sanders and, of course, Donald J. Trump. What are the defining features of these populists? And what explains their current electoral appeal?

Most of the existing scholarship attempts to answer these questions separately. In his influential recent book, Müller argues that populists offer a moral representation of 'the people' in opposition to a small, self-serving and corrupt elite. According to Acemoglu et al, instead populism arises from politicians' attempts to establish a reputation for integrity: office-holders who share the common citizens' preferences pursue extreme policy agendas to show that they are not controlled by or aligned with the elites. Neither approach, however, sheds light on what factors explain the recent rise of populism. In contrast, empirical studies have convincingly documented that globalisation, its resulting economic volatility and mass immigration are some of the causes of populists' success, but have little to say about what constitutes a populist.

Some recent papers offer a more comprehensive view. According to Guiso et al, populism is the tendency to propose policies with short-term benefits and long-term costs hidden behind an anti-elite rhetoric. The appeal of populists' strategy is contingent upon voters' disenchantment with the political process: the greater this discontent, for example following the Great Recession, the greater the electoral success and availability of populist options on the ballot. However, several questions remain unanswered. Why, at least in the short run, are only populist – and not traditional parties – able to respond to voters' disenchantment? Is the success of populists due to the electorate's lack of information or are voters being fooled by anti-elite rhetoric? What are the normative implications of populism: if populists respond to a popular demand that traditional politicians cannot satisfy, is their success detrimental to citizen welfare?

In a forthcoming paper in the European Journal of Political Economy, we take a radically different approach. We uncover and describe a form of 'rational populism' that constitutes an inescapable risk for the voters. In our theoretical model, populism is never in demand. Nevertheless, it arises as a result of politicians' electoral incentives.

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Our model builds upon two key assumptions. First, voters are not fully able to distinguish good from bad policy change – henceforth *reform*. Reforms involve multiple, often interdependent, dimensions with a complexity that is difficult even for experts to grasp, let alone the average citizen. Second, voters are *rationally ignorant*. Since paying attention to politics entails significant cognitive efforts and opportunity costs, voters tend to be poorly informed about what candidates propose.

In our work, voters have a *demand for reform* proportional to the gain from a successfully implemented reform relative to the status quo policies. This demand, which we take as exogenous, can be due to multiple factors, many independent of politicians' actions, for example oil shock or economic crisis in some trading partners. Crucially, only competent politicians can carry out beneficial reforms; incompetent candidates always implement botched reforms, which produce worse outcomes than the status quo for the electorate. Voters pay costly attention to the campaign to discover whether candidates propose a reformist or a conventional (that is, pro-status quo) platform. However, even if voters learn that a candidate is reformist, they cannot directly observe his or her competence. This prevents the electorate from anticipating whether a candidate's reformist attempt will eventually succeed.

In the context of this set-up, we define populism as incompetent candidates proposing reforms despite knowing very well that they will be unable to carry them out successfully. Populism is thus a form of political opportunism: voters would prefer to avoid it, and only have competent candidates propose reform. Indeed, a situation in which only competent candidates run on a reformist agenda is the electorate's best-case scenario.

Our paper shows that this form of competent reformism is possible only if the electorate's demand for reform is low enough. To understand why, suppose that, when the demand for reform is high, only competent candidates campaign on a reformist agenda. Since the benefits from successful reforms are large, the gain from detecting competent reformists is also significant. Voters thus pay a high level of attention to the campaign, which translates into likely success for candidates proposing reforms and likely defeat for candidates committing to the status quo. But this is precisely why this scenario is implausible: since promising reform greatly improves one's electoral chance, incompetent candidates find it optimal to adopt a populist stance.

The implication of this logic is that in times of high demand for reform – such as the years following the Great Recession and European debt crises – we should expect competent reformists, but also populists to respond to the electorate's call for change. Even in the best feasible scenario for the electorate, there is no reform without a populist risk. This is our notion of 'rational populism'. Populism arises due to politicians' opportunistic behaviour, not the electorate's intrinsic demand for it.

What about the democratic disenchantment that seems to accompany populism? Our theory suggests that populism can indeed trigger voter disenchantment, but both are ultimately caused by a high demand for reform. As incompetent candidates propose botched reforms, the electorate becomes understandably sceptical of reformist agendas. After all, learning that a candidate proposes a reform does not imply that voters will benefit from the policy change. As the value of political information decreases, so does the electorate's level of attention to the campaign. Populists do not necessarily take advantage of voters' disenchantment with traditional parties. Rather, they generate rational scepticism about the political class.

This last result helps to distinguish our theory from Guiso et al's. According to their theory, decreased trust in politics on the part of the electorate encourages populists' political entrepreneurship, which stimulates the political participation of these disenchanted voters. Conversely, in our theory populists cause voters' scepticism. As this scepticism results in decreased attention to politics, it should depress turnout. Current empirical evidence does not yet permit us to adjudicate between both theoretical approaches. For example, Immerzeel and Pickup uncover that voters are demobilised by right-wing populists in Eastern Europe, whereas Leininger and Meijers have found no effect of populism on turnout. In short, it is too early to assume that populism is simply a response to voters' disenchantment; both, as we suggest, may well be linked in a self-reinforcing pattern.

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Compared to previous research, our paper offers a radically different picture of populism. Our conclusions imply that many common policy prescriptions to fight populism may in fact precipitate its development. For example, consider polices that would facilitate the acquisition of political information. Such measures would increase the electoral reward for proposing a reformist agenda and therefore increase incompetent politicians' incentives to engage in populism. Populism can be fought by helping voters distinguish between good and botched reforms, but this type of claim is bound to be drawn into bickering partisanship. Journalists, experts and engaged citizens may need to accept populism as an inescapable phenomenon, arising when politicians drag their feet to engage in broad reforms. Rather than trying to eliminate populism, a first-order concern is to ensure that its resurgence does not end up eroding our liberal democratic foundations.

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