

A POLITICAL THEORY OF POPULISM

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In the framework of the Budapest Economics Seminar Series (BESS) a professor from the *New Economic School of Moscow*, Mr. Konstantin Sonin¹ visited the *Central European University* of Budapest to held a lecture on the political theory of populism.

The lecture from the beginning seemed extremely interesting; Sonin presented a theory on a phenomena that, in countries with populist² leadership a moderate politician at the time of elections chooses policies to the left of the median voter in order to signal that he is not from the right. They do so, because voters in such countries are afraid that politicians may have a right-wing bias or they might cooperate closely, and be easily influenced by the rich elite. Therefore they rather vote for left-wing politicians. Under the circumstances upon mentioned signals of left-wing convictions are valuable.³ The result of the previously described creates the following, a moderate politician who is seeking re-election chooses policies to the left of the median voter, and a right-wing politician chooses moderate or even left-of-center policies. The probability of a politician to be left-wing biased is higher when staying in office is more valuable, or when there is greater polarization among the policy preferences of the median voter and a right-wing politician. Or if the politician actually have hidden right-wing political agenda. Also the same applies if the politician can be corrupted or can be easily influenced by the rich elite.⁴

Sonin draw attention to the paradox situation of that in populist countries politicians in principles represent the interests of the poor majority, the interest of the common men, but in truth after the elections their imposed political program actually hurts the interests of the very same people. The key challenge is therefore to understand why politicians still receive electoral support after adopting such policies. „Given the high levels of inequality in many of these societies, political platforms built on redistribution are not surprising. But populist rhetoric and policies frequently appear to be to the left of the median voter, and such policies arguably often harm rather than help the majority of the population.”⁵ Bringing as an example, in Venezuela 2004 when the country held a referendum on whether keeping Hugo Chavez staying in office, the vast majority of the population voted in favor of Hugo Chavez. He was supported by the majority of the population despite the fact that significant part of his political agenda, concerning the redistributive land reform and the price setting would actually hurt the interests of the Venezuelans.⁶ The upon mentioned remarks are not only true in the case of Venezuela, but also apply for most of the populist regimes of Latin-America. Thus the question appears in general, why voters support politicians who worsen the situation of their interest.

¹ Konstantin Sonin is a professor at Moscow New Economic School. He obtained his PhD at the Moscow State University as a mathematician, in 2000-2001 he hold a post-doctoral fellowship at Harvard University. His center of research covers political economy, transition and development, and economic institutions. In 2002-2003 he received the Best Economist Award from the Russian Academy of Science. His academic papers appear in leading business journals.

² Sonin defined populism as follows: the implementation of policies receiving support from a significant fraction of the population, but ultimately hurting the economic interests of this majority.

³ Daron Acemoglu, Georgy Egorov, Konstantin Sonin: A Political Theory of Populism, August 2010.
<http://econ-www.mit.edu/files/5814>

⁴ Ibid.

⁵ Ibid. p.1.

⁶ Kellogg Insight focus on research: A populist paradox, Populist policies may harm voters but reward leaders, based on the research of Daron Acemoglu, Georgy Egorov and Konstantin Sonin, November 2010
http://insight.kellogg.northwestern.edu/index.php/Kellogg/article/a_populist_paradox, 2011.06.30.

Sonin in his presentation has said and proved it with mathematical formulas, that politicians in Latin-American countries in their political campaign tend to the left, and use populist rhetorics in order to show to the public that they are representing the interests of the common, working man, rather than supporting multinational corporations, or representing the interests of the wealthy elite.⁷ In countries with populist regimes voters often distrust politicians, and suppose that they may adopt policies which are in the interests of the rich elite. This makes it valuable for politicians to signal to voters that they do not secretly have a right-wing agenda and are not in the pocket of the rich elite.⁸ A rhetoric of redistribution and defending the interests of the common man in political campaigns are usual. In societies with such characteristics many voters are afraid of politicians with hidden right-wing agenda, especially if voters can hardly differentiate moderate politicians from right-wing candidates. In this political environment for a moderate politician it is advisable to prove to voters that they do not have a hidden right-wing agenda. It can be achieved by using populist rhetorics and moving even more to the left compared to their original beliefs. Promoting left-wing political programs will show to voters that the politician is not representing the interests of the rich elite. However, if one politician moves to the left, his opponents would follow him also during the electoral campaign for the presidency. Therefore, even politicians closely corporating with the elite, or with multinational corporations move to the left in there rhetorics. „Policies are more likely to be populist, or will have greater left-wing bias when the value of reelection to politicians is greater, since in this case both moderate and right-wing politicians will try to signal to voters by choosing more left-wing policies.”⁹ Populist policies are also more likely, when the politician is indeed a right-winger, also when a politician can be easily corrupted, and when there is greater polarization in society, meaning a bigger gap between the political bliss points of the median voter and the moderate politician on the one hand, and that of the right-wing politician on the other.

In conclusion, such policies, which on the surface promote defending the rights of the common man, the poor majority of the nation's population by establishing redistributive programs, are to the left of the bliss point of the median voter, but still receive support from the median voter. These politicians during the elections signal that they do not have a secret right-wing agenda, and they do not represent the interests of the wealthy elite. Weak democratic institutions are also contributing factors, and are necessities of populist politics. It makes voters to believe that politicians, despite their rhetoric might have a right-wing agenda, or might be corruptible, or unduly influenced by the elite.

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⁷The model describes a society that distributes wealth unequally and is politically deeply polarized. The economies in question feature high levels of inequality and weak political institutions which enable the rich elites to have a disproportionate influence on politics relative to their numbers.

⁸ Daron Acemoglu, Georgy Egorov, Konstantin Sonin: A Political Theory of Populism, August 2010.

⁹ Ibid.

Interview with Professor Konstantin Sonin

My first question would regard your personal motivation on your theory, why do you find it important or interesting?

Well I would mention here two things. One thing is contribution to the universal knowledgement and to professional competence. The other thing is, I am personally motivated because knowing more about what surrounds you is certainly important. I am very much aware of what is going on around me in Moscow and I am trying to look at these happenings in my country in an academic way. I am trying to structure things around me, and understand better the personality of politicians. I would like to see something structural.

I would like to kindly ask you to highlight the main points of your presentation briefly, what can the public, that do not understand mathematical formulas learn from your theory?

Well, the whole idea is to find out why politicians in a competitive political environment, politicians that are not totalitarian dictators and are the subjects to people's approval or non approval to be reelected or be enjoying public support, why do these people do something which is clearly bad for the majority of the population. For example in Russia you could understand why the present would impose high taxes on oil companies, when it is clear that the destruction of some oil companies would hurt the interests of the poor people. So we are trying to explain these kind of policies. It is very hard to argue that they are in favour to the poor majority considering that nobody even the poor would want to have a shortage of goods. We are trying to explain why did this happen. Our explanation is some kind of a politician, who otherwise would be required to do something good for the poor, he thinks that the public could suspect them of being quite right wing, so they do something extreme, just to demonstrate that they are not. So, even if they are moderate to left wing, they will push through such policies that demonstrates that they are not right wingers.

But they actually harm the interests of the same people, dont they?

Yes sometimes yes, in my presentation I said that many of these populist policies ended up causing harm not only to the rich elite, but to the population as a whole as well.

Do you think voters after reading your article would change their electoral behaviour, or would they consider these facts?

Well, if voters would read my article and understand the whole story, then probably they would demand more media freedom, and better political institutions.

Does this theory apply for each and every country, even in Europe?

One thing is, I think what is the most important, that this theory applies only to non-democratic regimes with weak democratic institutions. Because in countries with strong democratic institutions leaders cannot become so popular as in populist regimes.

Since you have published this theory did you get any feedback on it?

Not really, not from an academic point of view.

The interview was made by Dorina Gyurkóczy.

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