

## **Populism: A Threat to Democracy? Or a Verification of it?**

By Steven Webb\*

### **Abstract**

The recent surge in the number of populist governments coming into power raises the question of their effect on the prospects for democracy. This article uses the limited vs. open access framework—developed by North, Wallis, Webb and Weingast—to evaluate how populist leaders and their parties govern after coming to power. It looks at episodes of populists in power in Latin America, Europe, and the United States. Although most populist governments have kept civilian control of the military, notwithstanding some Latin American exceptions, they have typically moved their societies away from open access and sustainable democracy in several important ways: undermining rule of law in the name of the “will of the people” whom they claim to represent; reducing citizenship rights for unpopular minorities; making rules and their enforcement more personal and dependent on group identity; and hindering a free press and opposition parties that could hold the government accountable and perhaps bring about peaceful democratic transitions in the future. This sheds new light on how open access orders might revert to limited access.

*JEL Codes: H110, P5*

### **1. Motivation**

The recent resurgence of populism in the US and Europe has called into question the idea and hope that the combination of liberal democracy and capitalism was an inevitable and persistent trend (cf. Fukuyama 1992; Haggard and Webb 1994; Haggard and Kaufman 1995). That optimism perhaps peaked in the early 1990s, as the Soviet bloc crumbled and electoral democracy became more prevalent in Latin America, Asia, Africa, and Eastern Europe. The liberal agenda stalled in some of those places, however, as populist autocrats in South America, Asia, Turkey, and Eastern Europe came to power and to varying degrees suppressed political rivals.

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Still, many thought that liberal democracy was secure in Western Europe and the United States.<sup>1</sup> The election of Donald Trump, the victory of Brexit, and growing nativist nationalism in Continental Europe raise doubts, however. How can we understand this new populism? How can we tell if a manifestation of populism is a threat to liberal democracy?

Recent work by North, Wallis, Webb and Weingast, elaborated below, offer a framework with which to assess the effect of populism on the institutions of liberal democracy and capitalism. Their initial work focused on how the interaction of economics and politics in Western Europe and the United States led (with some halts on the way) to Open Access Orders – the democratic and capitalist systems of today (North et al., 2009). Other work by them and many co-authors shows why countries in Latin America, Africa, and Asia have had difficulty in making this transition and thus mostly remain Limited Access Orders (North et al., 2013). This literature makes clear that the movement to Open Access Orders and thus a universal victory of liberal democracy and capitalism is not inevitable or even probable. It notes also that the victory is not necessarily permanent, but it does describe political and economic institutions and dynamics that help sustain open access. It also more or less asserts that to date open access orders, once established, have never actually fallen back to limited access.<sup>2</sup> Further work by Weingast (2015) has hypothesized the characteristic processes needed to sustain open access systems.

The recent rise of populist movements in many countries offers both a challenge to the previous literature on the limited/open access framework and a chance to apply that framework to analyze the new developments. This article applies that framework to analyze recent episodes of populism.

Most recent discussions of populism have focused on the rhetoric and policy proposals of populists – against immigrants and ethnic minorities, against elites, against international organizations, and for restoring the political and cultural dominance of the “true citizens” of their nations. Typically the populist leaders’ claim to represent those true citizens leverages into exclusion of other groups.

The paper presents a working definition of populism and outlines two political-economy analytic frameworks that can serve as criteria to evaluate populist episodes. It summarizes some major instances of populism. Europe and the Americas are the main areas of the world that have experienced populism – not coincidentally, because they are the societies that have experienced democracy for most of the last hundred years or more. The final section evaluates the populist episodes with the political economy frameworks and considers why the populist movements pose particular challenges for open access orders.

<sup>1</sup> As an exception, Fukuyama (2014) did see problems there.

<sup>2</sup> Possible exceptions are classical Greece (Ober and Weingast 2013) and the late Weimar Republic in Germany (Reckendrees 2015).

## 2. Populism Definitions

The term populism has several definitions and has aroused debate; some even deny its validity. Still, its persistent use demands that we think seriously about what recent episodes called populism imply for our political institutions. Consequently the paper focuses on how populist governments operate – when a populist party or candidate actually comes to power. The contents of their policy agenda – redistribution of wealth or opposition to immigrants – are secondary considerations, relevant here mainly for how they affect the governing strategy.<sup>3</sup> Also, the paper does not focus on the theoretical debate about whether Rousseau-style populism, in which leaders follow the true will of the people on each issue, is superior to Madisonian rule by representatives, who are expected to make their own judgments while knowing that voters will throw them out if too many of their choices displease voters (Riker 1982; Schofield 2006).

Two recent papers on populism in the US and Europe, issued jointly by the right-center American Enterprise Institute and the left-center Center for American Progress, note the varieties of populism but focus their attention on what they call “authoritarian populism:”

... rising tides of exclusionary and authoritarian populism that claim to speak on behalf of the people in contrast to various so-called out-groups: immigrants, racial and ethnic minorities, and all those who disagree with the populists’ prescriptions. Furthermore, by labeling themselves as the true voice of the people, these populists stake a claim to a perceived legitimacy in dispensing with constraints imposed on majoritarian decision-making in functioning liberal democracies (Rohac, Kennedy and Singh 2018).

Similarly, Mudde and Kaltwasser define “populism as a thin-centered ideology that considers society to be ultimately separated into two homogeneous and antagonistic camps, “the pure people” versus “the corrupt elite,” and which argues that politics should be an expression of the *volonté générale* (general will) of the people. Thus, “...populism must be understood as a kind of mental map through which individuals analyze and comprehend political reality. It is not so much a coherent ideological tradition as a set of ideas that, in the real world, appears in combination with quite different, and sometimes contradictory, ideologies” (2017).

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<sup>3</sup> Some writers say that true populists, as in late 19<sup>th</sup> century US, supported the economic interests of the poor and powerless, and were a boon to democracy (Frank 2018). Economists often refer to populist economic policies, meaning big increases in social spending that typically lead to big fiscal deficits and high inflation. This paper, however, concerns those politicians and parties labeled populist, including right-wing authoritarian and illiberal populists. These include the populists actually coming into government (unlike the US Populist Party of the 1890s or Bernie Sanders et al. recently), and this paper is about how populists govern, not how they campaign.

Mueller (2017) creates a working definition of populism by combining what modern (post-World War II) populists say and what they have done in power. Besides campaigning as anti-elite, which others do as well, they are anti-pluralist in claiming that only they exclusively represent the true people whose identity they define and identify with. Thus populism is one form of identity politics. “Populist governance exhibits three features: attempts to hijack the state apparatus, corruption and ‘mass clientelism’ (trading material benefits or bureaucratic favors for political support by citizens who become the populists’ clients), and efforts systematically to suppress civil society” (*ibid.*, 4). Mueller goes on to state that “[c]ontrary to the image of populist leaders preferring to be entirely unconstrained [and] relying on disorganized masses that they address directly ... populists in fact often want to create constraints, so long as they function in an entirely partisan fashion. Rather than serving as instruments to preserve pluralism, here constitutional constraints serve to eliminate it” (*ibid.*, 4–5).

The idealization of the “will of the people” as interpreted by the populist leader often leads to attacks on the existing political and legal institutions that might constrain the leader’s interpretation of the will of the masses. “[W]ithin the digital space, polarization, fragmentation, tribalism, and a virulent form of populism that rejects reason and fact are now the hallmarks of contemporary politics” (Browne, Rohac and Kenney 2018). The cult of a strong leader and xenophobia are often in the mix, opposing foreign workers and imported goods and ideas, as well as ethnic or racial minorities. The latter carries over into exclusion from the political process, as only the rights and voice of the “true people” matter.

### 3. Political Economy Analytics

To evaluate recent examples of populism with systematic standards, this paper considers two political economy frameworks – each developed to understand the long-term evolution of economic and political systems. The frameworks provide criteria for whether a society is moving toward democratic capitalism or is likely to sustain it if already achieved. They can help us understand how the recent upsurges of populism relate to their predecessors and to the potential fate of democracy.

#### 3.1 Limited Versus Open Access Order

North et al. (2009; 2013) developed a framework to elucidate the distinctions between the political economy in places like Europe before 1700, Latin America, Africa and Asia – *limited access orders* (LAO) – and those in the US and Western Europe for the past half century or longer – *open access orders*

(*OAO*). The research focused particularly on how societies have transitioned from limited to open access. The framework highlights three key dimensions for improving institutions within LAOs and making a transition to open access possible, although not certain:

- i) Strengthening rule of law for elites and eventually for all citizens. This includes the government's enforcement of agreements between organizations in the public sphere (like the military chain of command), between the government and non-state organizations, and between non-state entities like corporations and individuals. Although having rule of law for all citizens and organizations is a worthy goal, it cannot happen unless there is rule of law among the elite, which usually happens first.
- ii) Making organizations permanently lived, i.e., not dependent on the original leaders. Institutions – the rules of the game – become stronger as more organizations get involved and as public support for them becomes more reliable.<sup>4</sup> Interaction between organizations helps to strengthen their rules and identities, because if there is only one dominant organization, it can change rules at will, and there is no other organization to challenge it and demand compliance to agreements.
- iii) Reducing actual violence and consolidating civilian political control of the military and other organizations with violence capacity. For most LAOs, control over organizations with violence capacity has been the most difficult dimension on which to sustain progress.

Completing the institutional changes on these dimensions is essential for achieving and maintaining an open access order. While there is considerable interdependence among these dimensions, studies have shown that LAOs can progress on one dimension even while they stagnate in other areas or become more fragile. Nonetheless, becoming mature on all three dimensions – meeting the doorstep conditions – seems to be necessary for a transition to open access (North et al., 2013).

In an OAO, entry into economic, political, religious, and educational activities is open to any organization that meets standard, impersonal requirements, without having to be already part of the ruling coalition. Free entry of new firms and political groups, in combination with changing technology and demography, means that a coalition of existing organizations would probably not have sufficient stability to stifle competition for any length of time. The government in an OAO has monopoly control of organizations with violence capacity, which was Weber's (1947) definition of the state. Such open access orders are far from universal today, only emerging in Western Europe and the United States in the 19<sup>th</sup> century.

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<sup>4</sup> I follow the convention that *organizations* refer the players in the game and that *institutions* are the rules by which they play. See North (1991).

Most societies in the world now and essentially all before 1800 were not open access orders. This includes all the great empires of the past and many world powers of today, such as China, Russia, India, and the major nations of Latin America. In these LAOs, the ruling coalition of elites selects which organizations gain legitimacy. The main organizations in a stable functioning LAO have divided up the profit-making (rent-producing) opportunities and therefore usually restrain their use of violence capacity, because they realize that open violence would reduce or destroy their profitable opportunities. In limited access orders, each major organization has direct or indirect access to violence capacity. Patron-client networks are central to the political and economic organizations in LAO societies. Who you are, who you know, who owes you favors, and to whom you owe favors are critical determinants to the outcome of political and economic transactions. Sometimes this gets to the point of tribalism, where economic and political benefits and even personal safety depend upon one's tribal membership (cf. Chua 2018).

LAOs have their own internal logic. They can improve economic performance and political security over the course of decades, often dramatically. But these improvements come within the logic of the LAO. The logic of the LAO starts with the need to address the pervasive problem of violence between armed organizations, which take many forms – warlords, police, military, militant labor unions, armed wings of political parties, corporate security forces, guerilla movements, and criminal gangs. Each group wants power and economic resources, and they use violence or threats of it to get their way. Typically in an LAO, the government does not have consolidated control over all the armed organizations within the state sphere, nor in wider society. This situation arises and persists for many reasons, not the least of which is that people do not trust the government or anyone else to have a monopoly on violence. So open violence between armed organizations remains a threatening possibility. Governments in limited access societies usually do not meet Max Weber's (1947) standard of having a monopoly on violence.

Many authors – including North, Wallis, Webb and Weingast – have seen open access orders or their equivalent as a goal toward which societies should evolve, or should perpetuate and perfect if achieved. The European Union's criteria for new members in the 1990s and 2000s essentially demanded that they align their institutions as OAOs. In the 18<sup>th</sup> and 19<sup>th</sup> century, however, many leaders in Britain, the US, and France – the future OAOs – opposed or at least suspected such institutions. Only much later did they accept them as desirable norms (North et al. 2009).

The LAO/OAO framework pertains mainly to how regimes in power behave, and not so much about the policy content in their campaign messages except as it relates to what should be the rules of the game. Thus, the examples in the paper are ones where populists successfully came into power, but not where they only campaigned but did not win.

### 3.2 Sustaining an OAO

A society's becoming an open access order does not guarantee that it will remain so. The initial writing on limited and open access orders focused on the history in LAOs in Western Europe and North America that made the transition to open access or that stalled along the way in many developing countries (North et al., 2009 and 2013). The authors paid less attention to what mechanisms sustain open access political economy in societies after making the transition, although they did sketch out how the dynamic interaction of economic openness and political openness could mutually reinforce each other and thus preserve open access institutions. Schumpeterian competition, technological innovation and creative destruction would repeatedly realign the membership and relative strength of those in the dominant coalition on the economic side. This would hinder and undermine collusive arrangements to restrain competition in the political system or in the economy. Anecdotal evidence, as from the Reform Movement in the early 20<sup>th</sup> century in the United States, showed that this dynamic could work, but the authors never claimed that it would reliably prevent a reversion back to a limited access order.

Weingast elaborated, “[t]o survive, a thriving market-economy requires restrictions on political choice, including the rule of law, secure property rights and the enforcement of contracts” (2015, 255). He proposed three counter-majoritarian institutions for sustaining democracy and market capitalism:

- The limit condition, which enhances democracy's survival by lowering the stakes of politics and avoiding coups;
- The consensus condition, which supports citizen-coordination to defend against possible transgressions; and
- The adaptation condition, by which successful constitutions adapt the constitution to shocks and crises.

The *limit condition* enhances democracy's survival by lowering the effects of political outcomes on economic payoffs. “... [A]ll successful constitutions lower the stakes of politics. When people feel their lives or livelihoods are at stake, they are willing to support extraconstitutional actions to protect themselves, potentially supporting coups and civil wars” (*ibid.*, 258). Critics of neoliberalism and capitalism note that this argument has sometimes gone to the extreme of enshrining technocratic institutions and the existing distribution of market outcomes against any influence from the political process.<sup>5</sup>

The limit condition would also imply lowering the effect of economic outcomes (the success of a firm or individual) on political outcomes, by limiting the ability of successful firms to use their profits to affect political outcomes. In

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<sup>5</sup> Finchelstein (2017, 142–43) describes this debate without subscribing to either side.



a way, this is a corollary to the rule of law feature of open access orders. Without such a limit on the benefits accruing to winners of political and economic competition – elections and market share – one group could achieve overweening dominance and rewrite the rules to restrict future competition and thus effectively end open access. If those who win power in an election face no limit to how far they can expropriate the economic and political resources of the losers, then the law loses meaning. This warning indicator applies to non-populist parties as well, as a critical feature of democracy is to prevent any one party's victory from precluding future democratic decisions.

The *consensus condition* means that at least large minority groups on any issue have avenues to insist that decisions on those issues take into account their views. “Absent the ability [of citizens] to react in concert, however, leaders can transgress the rights of some citizens while retaining sufficient support to survive” (Weingast 2015, 258). Even when the minorities do not get veto power, at least their organizations would have the right to exist and to be heard, as through a free press and public protest, and a right to present their side in courts and legislatures.

The *adaptation condition* means constitutional flexibility but not complete replacement of the basic rules when a new party comes to power. Otherwise, the winner in one moment can write new rules – such as allowing lifetime presidency or indefinite reelection – that effectively disenfranchise future voters and prevent any subsequent flexibility. A referendum on a whole new constitution is a common tool used by autocrats, of populist and other political styles, to bring in new rules to suppress opposition.

The next two sections summarize some salient populism episodes and then examine how the institutions in open access and mature limited access have fared there.

## 4. Modern Populist Phenomena

Modern populism differs from the fascism of the early 20<sup>th</sup> century, although it arose in response to some of the same problems that spawned fascism – economic depression and loss of customary privileges – while seeking to distance and distinguish itself from fascism's odious reputation. For instance, while populists may hurl racial and ethnic slurs and hamper opposition, they do not advocate genocide or totalitarian dictatorship (Finchelstein 2017).

### 4.1 Latin America

Since the early 20th century, populism has been an important force in Latin America, as industrial capitalism undermined the hegemony of agrarian elites.



Many Latin American countries have experienced populism not only rhetorically in campaigns but also ruling in office. The emergence of the industrial bourgeoisie and newly organizing urban working class gave rise to multi-class nationalist politics, centered on charismatic leadership, such as Aprismo in Peru, the MNR and later the Movement for Socialism in Bolivia, and the political movements gravitating around Getúlio Vargas in Brazil, Juan Perón in Argentina, Lázaro Cárdenas in Mexico, and Velasco Ibarra in Ecuador. Latin American populism has traditionally emphasized nation building under authoritarian leadership as a prerequisite for technological modernization. In the political alliance between the bourgeoisie and the working class, the former accepted some social reform and provided some social safety net as long as the working class would remain politically subordinated to both private enterprise and a more or less authoritarian state. The safety net programs favored the middle class – those with jobs in the formal sector – more than the peasants or others of the poorest classes. None of these societies has made the transition to open access, although Chile might be close, so the relevant question is how populism affected the evolution of their mature limited access orders.

Argentina has had the longest populist experience with Juan Perón and his successors. Although Peron and the *Justicialist* party he founded passed landmark socialist welfare legislation (universal social security, universal free education for those who qualified academically, low-income housing projects, paid vacations, etc.) many consider Perón and his party as *right-wing populists* and *corporate nationalists*.<sup>6</sup> *Populist* because he portrayed himself and was seen by many as representing the will of the people and championing their welfare, and rising against the corrupt elite. *Right-wing* because he bargained with business leaders and suppressed opposition when he was president. He started his public career in the army, rising to the rank of Lieutenant General, and made some alliances with the military. Nonetheless, a military coup overthrew his second term in the presidency and forced him into exile in 1955, and in the 1970s when he was elected president again and passed the mantle to his wife after he died, the military again staged a coup and pursued a dirty war against his followers and others. *Corporate* because Perón, as Secretary of Labor and Social Security and later as President, negotiated deals with business leaders that traded mandatory arbitration of labor disputes (which businesses wanted) in exchange for their acquiescence to legislation for social insurance and other welfare programs. *Nationalist* because he opposed foreign diplomatic and economic influences and promoted economic autarky through import substitution. Above all he was pragmatic about staying in power, making bargains with the left, right and center. This flexibility had the downside of leaving the party without a stable policy program and without strong institutionalization (McGuire 1998).

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<sup>6</sup> Spending for these programs without commensurate tax revenue led to large government deficits and bouts of high inflation in the 1950s and 1970s.

Although the institutions of government and rule of law in Argentina deteriorated after Perón came to power, the deterioration (and reversal of several decades of progress) started earlier, when the military led a coup against the democratically elected Radical government in 1930, and then the Conservative government installed by the military used electoral fraud to stay in power through the Great Depression (Alston and Gallo 2009). Although the *Justialist* party also used questionable means to suppress opposition and push through their policy agenda, the military coups in 1930, 1955 and 1976 against the Peronists probably did more to set back institutional progress of the limited access order in Argentina.

After Carlos Menem's victory for the *Justicialistas* in the presidential race in 1990, he dropped a lot of the populist style and left-wing policy agenda. This rightward expansion of the policy message brought about the demise of most other political parties at the national level. Nonetheless, unsustainable policies led to severe a fiscal and financial crisis and political collapse in 2000–01. In the 2003 election the leading candidates were all *Justicialista*, running with what were essentially little successor parties. Nestor Kirchner won and assumed power representing his personal party – Front for Victory – as well as the *Justicialitas*. In 2007 he passed the *Justialist* mantle to his wife Cristina, and she won two terms as president. She pursued populist economic policies as long as the money from a commodity boom lasted, but then to stay in power she increasingly resorted to fiscal tricks and repression of economic statistics as well as political opposition. Menem, Duhalde and the Kirchners were all careful to keep the military adequately funded and at least some of the business leaders happy. In any case, after 1990 the Argentine military had lost interest in cleaning up economic policy messes.

Recent episodes of Latin American populism in Venezuela, Ecuador and Bolivia, combined the redistributive economic populism of Peronism and other leftist policy positions with appeals to indigenous identity. The combination succeeded politically and electorally because the indigenous were typically the poorest of the poor, too poor to mobilize politically in the past and suffering from stark ethnic discrimination.

In Venezuela, the United Socialist Party (initially the Fifth Republic Movement) with Hugo Chavez and then Ernesto Maduro, hand-picked to succeed when Chavez died in office, went badly because economic policy made the economy entirely dependent on oil exports, broke down the productive capacity in the oil sector, and did not adjust when the price fell for what oil they could export. The resulting shortages of goods and high inflation made the political situation increasingly dependent on outlawing political opposition and suppressing opposition with violence.

The populist experiences in Bolivia with Evo Morales's *Movement for Socialism* and in Ecuador with Rafael Correa's *PAIS Alliance* have been more

sustainable economically and thus politically than in Venezuela. In Ecuador a previous (right-center) government had completely dollarized the monetary system, making inflationary financing for the government almost impossible technically and politically. The rigidities of dollarization caused some economic distortions but also prevented the excess deficit financing that has frequently caused problems in Latin America. In Bolivia, a socially populist but fiscally conservative finance minister built up foreign exchange reserves that, in combination with some fiscal discipline, carried the country through the drop in export prices (natural gas) during the Great Recession. In both countries the government let opposition parties exist, and in Ecuador the ruling party made a peaceful transition in 2017 to another president.

## 4.2 Europe

European populism in the late 20<sup>th</sup> and early 21<sup>st</sup> centuries has been mostly of the right-wing variety, arising from economic insecurity and from agitation against ethnic or immigrant minorities.

In Western Europe, although populist candidates usually came short of winning and taking the reins of government, they have done better than ever before in recent elections. In Italy, a coalition of populist parties formed the government after the spring 2018 election. Marine Le Pen of France boasted in her “concession” speech that the populist National Front had won a larger share than ever, had helped chase the two main traditional parties off the field, and was now the leading party of the opposition. In Britain, populist sentiment and campaigning were key to the vote for Brexit, although the original leaders of that movement are not in the government and their UKIP party shrank to insignificance. PM Theresa May and her Tories, who intend to implement Brexit, are the very antithesis of populists, but the populist wing of the Labor Party has gained strength. So, it is premature to talk of populism having passed its peak.

In Eastern Europe, Hungary and Poland offer examples of populist parties coming to power in open access settings, brought about as part of their accession to the EU. Anxieties about national identity are particularly strong in the former Communist countries, which were subjugated by the Soviet Union and have only recently regained sovereignty. They are eager to remain part of the European Union as a protection against Russia and as a generous source of regional aid and jobs for those willing to travel within the EU. At the same time they are anxious about the principle of shared governance – following EU as well as national rules – and do not like taking orders from Brussels.

In Hungary, Victor Orbán (prime minister 1998–2002 and 2010–present) won office with a blend of Euroscepticism, populism, and nationalism. The economic crisis and subsequent rebound during his term and the influx of Middle East refugees, against which Hungary was on the front line, strengthened

his popular appeal. The 2011 constitutional changes enacted under his leadership centralized legislative and executive power, curbed civil liberties, restricted freedom of speech, and weakened the Constitutional Court and judiciary. These actions and his view that the community – the people – and not the individual is the basic political unit put Orbán and his party in the populist category. Orbán and his party have challenged the EU's rules of democratic governance, creating what he calls an "illiberal democracy." With changes to the electoral system that he pushed through, Orbán won re-election to another term in April 2018. With his increased political dominance, he has promised to use the law to punish his critics.

Even though Poland avoided a recession after 2008 and has had relatively few immigrant workers – indeed Poles have benefitted notably from opportunities to go work in Western Europe – the populist Law and Justice Party (PiS) is now the largest party and holds the Presidency. Although PiS won only 38% of the vote in 2015, it has leveraged this into a parliamentary majority, insisting on "ruler's freedom of action" and pushing aside checks and balances. Since taking office in 2015, it has purged the upper ranks of the bureaucracy, military, and courts and has packed them with its supporters. Tampering with the courts violated EU treaties, which depend on courts to uphold packed laws for a single market. In 2017 the European Commission invoked Article 7, for the first time, calling for an assessment of whether one of its members is systematically undermining the rule of law. How far the attack on rule of law will go remains unclear, as the president vetoed two bills in August 2017 that would have even more severely compromised judicial independence. Also, civil society remains stronger in Poland than Hungary, and the government has thus far refrained from promoting extreme nationalism or strong anti-EU positions. As France and the other core EU countries contemplate fast-tracking further integration and harmonization for a subgroup, Poles do not want to be left behind. The Polish experience will test, among other things, the extent to which international organizations and commitments can temper the populist inclinations in individual countries.

Turkey, like the Latin American cases noted above, has remained a limited access order, but since the 1980s and long before it has gone forward and back relative to having the preconditions for a transition to open access. In the early 1990s it was campaigning to gain entry in to the EU and was putting together its resume of political and economic reforms to make that possible. The constraint seemed to be the threat of military intervention in the government, as had happened in the past.

In the 16 years since the Justice and Development Party came to power with President Recep Tayyip Erdogan, it has taken a strongly populist turn. Prior to coming to power in 2002, following a severe economic crisis, the JDP and its predecessor parties faced severe constitutional and legal discrimination because they advocated for traditional communal and Muslim practices that the governments led by secular parties or intervening military regimes had suppressed.

Military coups at the end of the 1950s, 60s and 70s (with returns to civilian rule after an interlude) and other threats from the military since then allowed Erdogan to present a narrative of his defending the rights and informal networks of the majority against a secularizing undemocratic elite. Erdogan has overseen a crackdown on lawyers, judges, civil servants and journalists and a purge of the upper military ranks under a state of emergency declared after a failed coup in 2016 (Gall 2018). To consolidate his power, he has put through major revisions of the constitution, changing the form of government from parliamentary to presidential. Erdogan's sweeping electoral victory in June 2018 confirmed all this. Behind this large formal change, the tone of political discourse in Turkey has increased its reference to communal and religious (Muslim) values. The goal of joining the EU has slipped out of the agenda, due to anti-Muslim sentiment in the EU as well as developments in Turkey.

#### 4.3 United States

In the US, populism has had more varied policy orientations than in Latin America and Europe. The People's Party, or Populists, in the 1890s and early 1900s was mainly agrarian, revolting against the influence of banks, railroads, and generally urban big business – Robber Barons – and against the deflationary effects of the gold standard. Although it was clearly left wing and had some ties with the labor movement in the US, it steered clear of socialism. It joined with the Democratic Party at the national level in supporting William Jennings Bryan as their common presidential candidate in 1896 and 1900; then it lost its independent identity and withered after 1900. In the South, the People's party had little in common with the planter-dominated Democratic Party and therefore allied with Afro-Americans and with what remained of the Republican Party in the region after the end of Reconstruction in 1876. This alliance only had small and brief electoral success in North Carolina, and was soon smothered by strong racist counterattacks in the regional movement toward Jim Crow segregation. The reversal of long-term deflation after 1900 (which had fueled the crusade against the gold standard) and the mainstream parties' support for the anti-corruption and anti-trust agenda took away key issues that had distinguished the Populists.

The Great Depression revived the populist urge from the Left in the 1930s, especially in the person of Governor and then Senator Huey Long of Louisiana. As governor from 1928–32 he expanded state spending and services – rural roads, health care, schools, etc. He dealt ruthlessly with opposition and created a political machine under his control within the Democratic Party. He created the Bureau of Criminal Identification, a special force of plainclothes police answerable only to the governor. Elected to the US Senate in 1932, he promoted his proposals for Share Our Wealth by heavy taxation of the rich and redistribution to the poor at the national level. He vehemently criticized Eastern urban elites

and posed a serious threat on the left wing in the Democrat Party; according to some historians, Roosevelt adjusted his program leftward in response. Long continued to maintain effective control of Louisiana while he was a U.S. Senator, blurring the boundary between federal and state politics. Though he had no constitutional authority to do so, Long continued to draft and press bills through the Louisiana State Legislature, which remained in the hands of his followers in the Democratic Party of Louisiana. Long was assassinated in 1935.

When American populism arose again after World War II, it was of the right-wing variety, drawing on xenophobic and racist sentiments that had been at the margin of populism in earlier years. Nixon and Reagan used these themes, often with messages coded for particular audiences, to draw many whites from the once solidly Democratic South into the Republican Party.<sup>7</sup> They were mainstream politicians, however, and not populists. Since the 1990s, the populist right wing developed on talk radio and in local primary elections, where small turnouts and gerrymandered districts let extreme voices rule. The Tea Party and other alt-right groups within and from outside the Republican Party used populist anti-elite anti-science rhetoric to attract voters from a wide range of income levels, although the big funders were from the economic elite and often wanted mainly reduced taxes and reduced regulations, which would benefit themselves.

When Donald Trump became US President in 2017, it was the first time that a populist candidate won the top political office in a long-established open-access order. Only two years into his (first) term, one cannot say what all will happen, although already he has made clear violations of rule of law and American norms of governance – attacking the judicial branch and law enforcement agencies and undermining freedom of the press. Nonetheless, there remain many separations of power within the national government, between the national and state/local levels of government, and within the party structures. Thus one cannot say yet that the US is experiencing a populist government.

### **5. Conclusion: How Do Populist Parties Rate in Terms of Limited/Open Access and Counter-Majoritarian Criteria?**

What do the lenses of the political-economy frameworks summarized above tell us about recent populist episodes? Using these examples, this section concludes by examining the effect of populism on a) the rule of law, b) the establishment of permanent organizations, c) civilian control of the military and other

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<sup>7</sup> Blacks in the South, newly enfranchised by the civil rights legislation and court rulings of the 1960s, went almost exclusively into the Democratic Party. This contributed to the motivation for some Southern whites to switch to the Republican Party.



organizations with violence capacity, d) open access to form organizations, and e) limits on the benefits from victory in electoral and market competition.

### **5.1 In an OAO, Rule of Law Applies to all Citizens and Organizations and is Enforced Impartially by the Government and the Agencies it Empowers**

As LAOs mature, they improve rule of law. Populist governments, on the other hand, often claim that their rule in the name of the people justifies ignoring major aspects of the legal system or overriding them with emergency powers or with a constitutional change that grants greater discretionary power to the president. This happened in almost all the places where a populist party actually came into power: Long's Louisiana, the Latin American cases, Hungary, Poland and Turkey.

Sometimes the rule of law weakens or breaks down in the interaction between populists and their opponents. This happened repeatedly in Argentina with military coups ousting the Radical Party in 1930 (before Peron came to power) and then under the Peronists in the 1950s and 70s. In the swings of power between the *Justialistas*, the military and Conservative Party, the rule of law and judicial independence broke down, but the military and Conservatives bear much of the responsibility for that breakdown (Alston and Gallo 2008).

Governments in the EU not only have the rule of their countries' laws but also face constraints from EU laws. When Hungary, Poland and other former Soviet Bloc countries applied to join the EU, they had to pass numerous hurdles pertaining to rule of law and other aspects of an open access order. Once they were in the EU, the leverage and incentive of the EU to insist on rule of law seems to have diminished but not vanished. For instance, in 2017 the European Commission invoked Article 7 of the EU treaty, for the first time ever, calling for an assessment of whether Poland was systematically undermining the rule of law.

### **5.2 Making Organizations Permanently Lived**

A key characteristic of an OAO and a condition for its emergence are permanently lived organizations, perpetuating independently of the founder or leader. Almost all the instances of populism have depended on a charismatic individual whose direct appeal to the masses breaks through the constraints of traditional institutions.<sup>8</sup> Although Populist parties depend on the personality cult of their leader to get started, they have a mixed record in perpetuating their orga-

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<sup>8</sup> An exception, the Polish Law and Justice Party has several leaders in different roles, without obvious personality cults.



nizations beyond the life of their founder. Where the initial leader is still in power, like Orban in Hungary, Morales in Bolivia, and Trump in the US, it is too early to tell. In Ecuador and Venezuela the populist parties have survived a transition to successors to their founders. The Peronist/*Justialist* Party in Argentina continued as organizations through several leadership transitions. It has lasted since the 1940s and was even resurrected after being overthrown by military coups. Nonetheless, when the *Justicialist* Party came to power through democratic elections and remained in office under Menem and his successors, the party fragmented. The Kirchner wing won out in the 2000s and then became a personality party independent of the traditional structure of the *Justialistas*. “In the United States and other Western democracies, populist uprisings, even when they seem to come from nowhere, usually turn out to have been a long time brewing ... And just as they emerge over a long stretch of time, populist movements also dissipate slowly” (Fisher 2018).

Family connections are often important. Twice the *Justialistas* resorted to putting in power the widow of a fallen president. Marine Le Pen stepped into leadership of her father’s National Front party and even pushed him out, at least temporarily. Although Huey Long was killed before he made it to the top nationally, he did establish a family dynasty within the Democratic Party in Louisiana. In sum, the populist style of governing does not seem to doom the party automatically after the first leader departs.

### 5.3 Consolidated Control of Military and Other Organizations with Violence Capacity

Populist governments have usually done well in controlling the military and other organizations with violence capacity. This is especially important for their survival when they undermine rule of law that would otherwise protect them. Often the leader comes from a military background, as with Chavez in Venezuela, although Peron’s connections with the military did not suffice to prevent coups against him. In Turkey the open antagonism between the military and the Justice and Development Party led to purges of the military ranks after the 2016 coup.

Sometimes the populist leader created a para-military or police force that was outside the regular military and was commanded more directly by the populist leader. Huey Long created a special force of plainclothes police answerable only to the governor and also called on the Louisiana National Guard to block a political rival’s attempt to oust him from the Governor’s mansion after he was elected to the US Senate.<sup>9</sup>

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<sup>9</sup> The US Constitution forbids a senator from simultaneously holding other offices, but Long, in a legally questionable but never effectively challenged move, delayed taking his seat in the Senate until he could get a loyal follower into the governorship.

In the cases of Hungary and Poland, membership in NATO put potential constraints on the president's use of the military. In Turkey, with the second largest army in NATO, after the US, the military nonetheless deposed or pressured civilian governments on several occasions.

#### 5.4 The Limit, Consensus, and Adaptation Conditions

Open access for new political parties has been essential for a populist party to form and strive for power. Where a populist party has actually come into power, however, it has usually restricted if not completely shut down the political and economic opportunities for potential rivals – making access more limited. This is consistent with the populist belief that they alone speak for the true people, despite what is happening to their popularity ratings. This happened with Hugo Chavez's party, Peron's *Justicialista* and Long's Democratic machine in Louisiana. With Donald Trump's populist success barely two years old, it is hard to tell what will happen, although his administration has attempted to impose self-censorship on the press, as a condition for them to gain access to and recognition at press briefings. He has also encouraged the ongoing efforts by the Republican Party to restrict voting by demographic groups likely to be in opposition.

The populist governments in Poland, Hungary, Turkey and throughout Latin American violated the adaptation by using referenda to push through sweeping changes to their constitutions. The new constitutions and laws usually widened the scope for the president to get repeated terms in office and often permanently outlawed opposition group or marginalized them by limiting their access to media and allowing legal and extra-legal means to attack their leaders.

To answer the question raised in the title of this article, populism has typically endangered the institutions of democracy. On the other hand, the right-wing or military opposition to populism has often done more to set back the institutions of democracy. When the opposition to populism (especially with foreign support) has tried to assault it directly, rather than let a populist movement weaken because of its failure to deliver the promised results, then the effect has been to ratify the populist claim that sinister forces were colluding against the welfare of the people.

#### 5.5 How OAOs may Fail

Most discussions of the LAO/OAO framework have focused on the economic and political dimensions, with less attention to cultural and ethnic dimensions, on which an OAO is also open. The main danger to sustaining an OAO was presumed to be combinations of economic and political elites collud-

ing and, through some kind of merger and acquisitions process, moving the society back to limited access. This is still a danger. The counter to this was expected to be technical innovation and competition that, through a Schumpeterian process, would lead to turnover in the dominant coalition of elites and thus continue allowing open access. In both the political and economic dimensions of capitalist democracy, the mediums of exchange are relatively impersonal and fungible – votes and money. In competing for them, at least some of the players gain by widening participation and thus support continued open access. This dynamic often worked.

Populism has brought a different challenge to the perpetuation of open-access institutions and the doorstep conditions in LAOs that have them. With populist appeals to nationalist and cultural/religious identity, recent examples show that leaders from some parts of the dominant coalition have been able to mobilize political supporters behind an agenda to limit access on the cultural identity dimensions as well as parts of the political and economic agenda. Unlike money and votes, cultural and tribal identities are not impersonal and not fungible. When (authoritarian) populists gained power with this agenda, they have often pushed ahead to entrench themselves with constitutional changes that erode the institutional protections for minorities and hamper the possibilities for opposition parties to come to power in the future.

Here we see one of the fundamental issues of democracy. Rule by popular vote majority historically came to replace systems of aristocratic and monarchic rule, which tightly restricted economic and political participation, mostly on the basis of cultural norms, especially heredity and religion. Democracy in the Americas, Europe, and parts of Asia and Africa has mostly but not always evolved to widen political participation – not only letting more of the population vote but also protecting minority groups and jurisdictions from discrimination. The new populist movements are reacting to this trend and, when coming into power, are often trying to reverse it, revising constitutions *de jure* or *de facto* to limit participation on ethnic, religious and racial dimensions, which translate into political and economic dimensions as well. They are curtailing the open access or moving limited access orders further from a transition to open access. They do this by violating one or more of Weingast's conditions for sustaining liberal democracy – the limit conditions on majoritarian rule. Often these violations are not incidental but rather are explicit and conscious parts of their programs, which reject the ideal of an open access order.

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