

Perceptions of populism

Kurt Lieberman is CEO of Magni Global Asset Management. He can be contacted at kliieberman@magniglobal.com.

Over the last several years, many political candidates have claimed to either be a populist or have been labeled as one. The term is used often, yet it is not defined. The implicit definition of a populist is someone who represents the people and denounces the elite. More recently, there is a de facto negative connotation in many uses of the word 'populist' as the persons making the allegations of populist seek to delegitimize their target or the target's causes.

Our company, Magni Global Asset Management, measures governance. We have started looking at the connection of populism to governance.

Until a few years ago, governance within the major countries of the world was improving slowly.

The average Magni Country Governance Score of these countries was increasing at about 1% per year.

This did not mean that every country was improving; rather, it meant that some countries did more to offset the impact of countries that had deteriorating governance.

Five years ago, the rate of improvement slowed, with the average increasing by closer to 0.5% per year.

Given the increasing use of 'populism' in the media, is populism a contributing factor to the slowing improvement in governance? If so, what elements of populism harm governance?

Answering these questions requires a few prerequisites. For example, we need a clear definition of populism. We also need a set of objective criteria for assessing a country's leader to determine whether the person is a populist.

The bygone definition has a certain visceral appeal.

Every day, people have a leader who listens to their issues and represents them. But before we leave that definition, let us address one of the vaguest parts of it: 'the elite'.

Depending on who is included in the definition of the elites, and depending on what the populist seeks to do to the elites in the name of populism, a leader who is deemed to be a populist may be doing good or bad things.

Dictators like Stalin, Mussolini, Hitler and Mao have killed their citizens, and justified the actions as attacking elites.

After looking at several definitions and

reviewing how the term is used in modern media, Magni developed a list of characteristics to determine whether someone is a populist leader:

- Claims to represent the people — this characteristic is common to every definition of populism
- Identifies an 'elite' as corrupt or self-serving — this characteristic is common to most definitions
- Identifies 'the people' as a subset of the country, often along some mix of class, ethnic and/or tribal lines — such an effort can be unifying and inclusive or, conversely, the identification can be polarizing and divisive
- Describes 'the elite' as a combination of people who are part of the political, economic, cultural, academic and media establishments — some historical populists have included people with limited power and authority, where stereotypes are used to ostracize and even demonize segments of society
- Explains policies with references to the people — the leader says things along the lines of "I am doing this for you"
- Dismisses most criticism as coming from the elites — a useful tool for delegitimizing criticism
- Uses 'ends justify the means' logic — the elites have done the same or worse to help themselves, so the populist justifies breaking the rules as the elites did, and
- Proposes simple solutions where core elements of the simple solutions are inconsistent with the problem — as opposed to establishing a fact-based policy.

In future commentaries, I will discuss what we learned as we score country leaders on the aforementioned characteristics and assess the changes in governance under their corresponding leadership. ☺

