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# The 'Affaire' between Technocracy and Populism

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## **Citizens should know the real costs of their wishes**

For a populist, it is the market alone that is responsible for the crisis so the solution necessarily lies in increasing political control of the economy. Since a populist believes that political will can be imposed on economic constraints, the aim is not only to correct failures in the market but to actually supplant it.

Many technocrats believe they are defending the market but what they actually do is serve the populists by discrediting it. Both follow similar recipes in politics which they believe will function better if, according to the populists, different representatives are elected or, according to the technocrats, if certain institutional rules are changed. In neither case are citizens required to make even the slightest effort.

But this fundamental convergence is disguised. Populists cultivate resentment. Technocrats criticize the government for not properly regulating the economy. They accuse it of serving the private interests of the elite from which they exclude, as do populists, not only the masses but also themselves. In their analysis, they compare an imperfect market made up of self-centered entrepreneurs and uninformed decision-makers, with regulation that assumes the opposite—in particular, benevolent, wise regulators who are able to correct market failures and improve market functioning.

This approach is fallacious because the information difficulties making it necessary to regulate a market subsist and often worsen after the

market is regulated; and regulators are neither better nor worse than entrepreneurs. However, when regulatory efforts fail, far from acknowledging the limitations that are intrinsic in regulation, technocrats blame the regulators because they were neither as benevolent nor as wise as the technocrats think they should be. This allows technocrats to continue promising that they can regulate the market better. And decades pass with more and more regulation, but with no sign of success. Our proven regulatory incompetence suggests we should regulate less, reducing the massive political, regulatory and judicial discretion involved but it is in their interests to insist that better regulation is still possible. Regulation brings power.

### **Information difficulties often worsen after markets are regulated**

Nor do technocrats take into account the fact that, with today's macroeconomic restrictions, our political system responds faithfully to what the majority of the population wants. In essence, our governments have deregulated late, badly or not at all. They have minimally cut back public spending and many of their members have lined their pockets whenever they have been allowed to do so by citizens who are not interested in being informed or using their votes as punishment.

By criticizing both markets and institutions, technocrats turn into useful travelling companions for populists as they help them subvert the market and change institutions. Yet their goals are different. At best, technocrats want to change institutions to increase competition among politicians. They believe this will bring them closer to those in power, leading to more sensible policies, more competition in markets and improved regulation, all of which might prove painful and unpopular but would be socially profitable in the long term. Populists, meanwhile, want to change institutions in order to gain power and introduce policies that would reduce competition and worsen regulation; such policies receive ample support because, though disastrous, they seem pleasing in the short term.

With such divergent goals, when a populist government comes into power, the technocrats feel frustrated, the same today as they did in 1931, because the policies adopted move even farther away from what they recommended. However, such distancing between them is the likely result of more intense political competition and uninformed citizens. And technocrats just aggravate this lack of information when they criticize the elites and institutions, forgetting that citizens are also partly responsible.

In order to prevent greater political competition from degenerating into

populism, which is already happening at both regional and national levels in Spain today, we should improve the quality of the information provided to citizens. The radical, democratic solution is for citizens to be better informed and for their preferences to be more consistent. I am not referring to more formal education, the value of which in this connection is debatable. What is required is that citizens should not be able to avoid knowing what the real costs of their desires are and should know how much tax they pay. Ideally, they should know how much they pay for health care, scholarships, high-speed trains and public television services. They should know that the State education their children receive is much worse than that received by other citizens. They should be aware they will never receive the pension that they have been contributing to for most of their lives at a much higher rate than their wage slip indicates.

Unless there is such a change in the information structure of taxation and public services, institutional changes that only increase competition between parties and representatives will condemn us to frustration, if not populism. Improving information would be a much more radical solution but it would also be safer and even easier as it hurts fewer vested interests. Here, obviously, there are two exceptions. Populists and technocrats differ in that the former want to supplant the market and the latter to improve it, but they both want to achieve their goals without involving citizens. This places them on the same moral ground, as enlightenment can never justify despotism.

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