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Transcript

00:00:00 Speaker 1

We see suboptimal outcome when it comes to that complexity, cause OK at your level you need to reach an agreement.

00:00:08 Speaker 1

You need to have a broad and ambiguous directive, but then when it comes to the national bureaucrat that needs to implement that.

00:00:16 Speaker 1

In that case it becomes a problem, and that's where.

00:00:20 Speaker 1

We see one.

00:00:21 Speaker 1

Of the direct consequences of bad complexity.

00:00:38 Speaker 2

Hello and welcome to the Code podcast, a podcast brought to you by the quality of Government institute at the University of Gothenburg in this show.

00:00:48 Speaker 2

We have conversations with well known experts to try to make sense of politics and governments around the world hosting this show is Professor Victor Lapuente.

00:00:58 Speaker 2

And in this episode, he is joined by Matthia Vanoni, senior lecturer in public policy in the Department of Political Economy, Kings College London.

00:01:08 Speaker 2

Maclean's research covers several topics, including the business and government in the European Union, public policy and public opinion in tobacco control, and the representation and transparency in local democracies. In this episode, we'll focus on Matthias Research on what explains the increase in regulations.

00:01:28 Speaker 2

In contemporary democracy and its consequences, we hope you enjoyed the episode.

00:01:34 Speaker 2

Don't forget to like, share and subscribe.

00:01:36 Speaker 2

If you do.

00:01:42 Speaker 3

Welcome to the podcast of the Quality of Government Institute, where we have conversations with well known experts to try to make sense of politics and governments all over the world.

00:01:50 Speaker 3

Then in the podcast, we have the pleasure of having Mattia Vanoni, senior lecturer in public policy in the Department of Political Economy at Kings College London.

00:01:59 Speaker 3

His research focuses on the relationship between businesses and government, and in particular to what explains the increase in regulation, which in contemporary democracies and which consequences it has.

00:02:09 Speaker 3

Welcome to our post Mattia and honor to.

00:02:12 Speaker 3

You here?

00:02:13 Speaker 1

Thanks a lot. It's really.

00:02:14 Speaker 1

Great pleasure to be here with you.

00:02:16 Speaker 3

Let's start with this with a description of what's going on in the world in terms of regulation, because on the one hand, it seems that we have more.

00:02:23 Speaker 3

We actually at the university we have to fulfill more paperwork every time we need to go to a conference.

00:02:29 Speaker 3

For example, in the public sector as well, many people asking for a public subsidy.

00:02:33 Speaker 3

Or or so.

00:02:34 Speaker 3

But on the other hand, up to which is then that's a myth or usual complaint.

00:02:39 Speaker 3

The term red tape comes from the Middle Ages regarding the papers of of the papacy, so maybe we have already that stereotype that dealing with public officials is always a lengthy process and like used to be said in the US, No politician has ever lost an election criticizing the bureaucracy, so they are all against regulation.

00:02:59 Speaker 3

Or let's say 40.

00:03:00 Speaker 3

50 years. So up to which extent one can think that maybe just middle age people complaining about red tape the same way that we complain about the laziness of young generations and this has been a a common theme since Babylonian times 3000 years ago.

00:03:14 Speaker 3

So at, to which extent we are in the world, we have an increase or of regulation or or?

00:03:19 Speaker 1

Not that's really a good question.

00:03:21 Speaker 1

So I'm in my mid 30s and I do complain a lot about about the regulation red tape, so also I don't think it's a cohort effect, it's generation effect that there is a lot to it.

00:03:32 Speaker 1

It's really a topic that is hotter nowadays because we have a lot of uncertainty, so the perception is that you need more regulation, more complexity, more legislation.

00:03:43 Speaker 1

So you have a lot of example in the past 10 to 20 years of like big rules. So we have like 400 pages of the FCC.

00:03:52 Speaker 1

See regulation on net neutrality. We have the 2000 and something pages of a dot, Frank Heck, and so on.

00:03:58 Speaker 1

But this is not something new. Like if you look at the comedy, that there's a comedy, what he does, he emphasizes the simplification of the code done by Justinian well the 1st as one of his main contribution. What he says and UN quote.

00:04:12 Speaker 1

Like, well, Caesar, I was.

00:04:14 Speaker 1

And I am a Justinian who removed the vein and need less from the law.

00:04:18 Speaker 1

So there's always been this tension by like, the level of complexity that we need and what is too much or bad.

00:04:26 Speaker 1

So in our research, what we do, we look at the causes and consequences of complexity and then we have a discussion more about what is good complexity, what is bad complexity, as you said, in recent decades, we have seen an increase in complexity.

00:04:40 Speaker 1

More legislation, more regulation. Think about the US financial legislation. We move from the 20 pages of the Federal Reserve Act and the 37 of the Glass elect to the almost 100 pages of the Dodd Frank.

00:04:55 Speaker 1

And the same.

00:04:56 Speaker 1

At the international level, we move like from bezel one, which was 30 pages basis to 300 bases three 600.

00:05:04 Speaker 1

So there is a lot of complexity, a complexity how we conceive it is not only in the volume of legislation, but also in the content and the language.

00:05:13 Speaker 1

In our research we use computational linguistic.

00:05:16 Speaker 1

Natural language process techniques and what we do, we look at how rules are written at the language we look at the lexical and syntactic structure, and we see that, for instance, the FCC rule that we mentioned like above, we see that there are more sentences.

00:05:34 Speaker 1

With model verbs, so we're looking at the median for the FCC of like 10% of sentences with model verb, you shall do that.

00:05:43 Speaker 1

You will do that. You cannot do that, and the FCC rule is like 44%. Not only are they longer, but they are more complex in how they're written. And that is also what we're into.

00:05:55 Speaker 1

You did.

00:05:56 Speaker 3

That's a good distinction that I think normally people just look at the at the quantity that doesn't care so much about the quality of that regulation, and correct me if I am wrong.

00:06:06 Speaker 3

But among many economies, they would say that this lengthy legislation in regarding financial institutions has had bad consequences.

00:06:15 Speaker 3

Everyone is complaining about.

00:06:16 Speaker 3

How long is the Dodd Frank act that you have been referring to?

00:06:20 Speaker 3

So one would think that this is gonna have negative consequences for economic growth.

00:06:26 Speaker 3

And we hear that, well, actually the the complexity in the US tax code, for instance, cost taxpayers in the US many millions of.

00:06:35 Speaker 3

But then in your research you show clearly that when you first look at the correlation between at the the state level within the US, the legislative output of the different U.S.

00:06:46 Speaker 3

states, and the GDP of those states, or big surprise, there is a positive correlation both at the beginning of your.

00:06:55 Speaker 3

Analysis in 1966.

00:06:56 Speaker 3

And at the end of your analysis in 2012, so states that produce more regulations have higher levels of GDP. So what happens? Do we have regulation that can be good sometimes?

00:07:08 Speaker 1

Yes, indeed, that's a really nice assist.

00:07:10 Speaker 1

Thanks a.

00:07:11 Speaker 1

Lot so because.

00:07:12 Speaker 1

We do have a distinction between good complexity and bad complexity.

00:07:17 Speaker 1

On one side we can see that the world has become more complex, more uncertainty, so more complexity is needed.

00:07:24 Speaker 1

If you take the economic policy uncertainty index by Baker at all, they look at the newspaper coverages of crisis, uncertainty and so on, and they find that economic uncertainty is stable.

00:07:36 Speaker 1

From the mid 90s to the mid 2000, then it tripled. So in the last two decades.

00:07:43 Speaker 1

We have a lot of.

00:07:46 Speaker 1

We need complex regulation that addresses complex issues and the complex environment crisis and the COVID and so on.

00:07:54 Speaker 1

That's what we do in our our issues.

00:07:57 Speaker 1

We focus on the 50 U.S. states and we look at the effect of complexity on economic growth. We have something like 600,000 documents.

00:08:06 Speaker 1

Which amounts to 2 billion words.

00:08:09 Speaker 1

All the statutes that have been enacted in the 50 U.S.

00:08:12 Speaker 1

states from the mid 60s to today.

00:08:15 Speaker 1

And we measure complexity, meaning not only with the volume, but also with the lexical and syntactic feature of that legislation.

00:08:25 Speaker 1

And what we find, surprisingly, is that the complexity when is needed is good for the economy.

00:08:31 Speaker 1

So when it's needed is when you have low previous regulation.

00:08:35 Speaker 1

On the topic or when you have high uncertainty in those cases when you have more complexity is good.

00:08:42 Speaker 1

For the economy, other cases when high uncertainty is low, more complexity is bad for the economy.

00:08:48 Speaker 1

So we do find those negative effects.

00:08:52 Speaker 1

What the people are looking for, it's only in certain circumstances or circumstances is is when we don't need more regulation, we don't need more more.

00:09:02 Speaker 1

Complexity in those cases, when we have complexity, complexity is bad.

00:09:08 Speaker 3

This distinction is puzzling.

00:09:09 Speaker 3

It's very interesting, but I guess it's very difficult to empirically track down.

00:09:14 Speaker 3

Could you put some real world example of how this contingency in in a law represents a a good complex regulation or a bad regulation from the US?

00:09:24 Speaker 3

I don't know.

00:09:25 Speaker 3

Maybe California has good regulations, although.

00:09:28 Speaker 3

Which here always that they have too many regulations and maybe Florida or Texas have too little regulations and they should have more.

00:09:35 Speaker 1

And then that's another really good question. So what we take a step back and we say, well, OK, if you're looking over time, 50% of the states of the world will require more complexity.

00:09:47 Speaker 1

And overall at the aggregate level, 50% would not require low complexity. So when we want to look instead at what drives that bad complexity you are talking.

00:09:58 Speaker 1

About that complexity, that is not necessary and what we look at are the political missing incentives of complexity.

00:10:05 Speaker 1

So in our case, we look at the US federal rule making.

00:10:10 Speaker 1

And here we see that there is a systematic variation.

00:10:14 Speaker 1

We see some patterns.

00:10:16 Speaker 1

More importantly, we see that more complex rules are proposed by the agency, like the FCC, the FDA, the EPA and so on, that are distance from the President to avoid scrutiny and to add.

00:10:31 Speaker 1

Exemption and exception to favor their interest groups and the president interest groups.

00:10:36 Speaker 1

So think about the EPA that proposes rule on fracking to try.

00:10:43 Speaker 1

And they say we don't want fracking in natural reserves.

00:10:48 Speaker 1

That rule will never be accepted.

00:10:50 Speaker 1

So what they do, they will do that and they will put some exemption.

00:10:53 Speaker 1

So no fracking in natural reserves.

00:10:56 Speaker 1

But you can do it.

00:10:57 Speaker 1

If the governor agrees, or if the two chambers of the state agrees, so they have.

00:11:03 Speaker 1

Those exception an exception so that what the President feel had is with that rule, even though he comes from an ideological distant agency and what they do, that's a good way to get your.

00:11:16 Speaker 1

Past specific, we look at the FCC and net neutrality. In 2014, the FCC was directed by Tom Wheeler, who was a was a Democrat, but was really far from Obama like Obama was really in favor in November during his campaign on net neutrality.

00:11:36 Speaker 1

That was really something that could boost their economy, American innovation and so on.

00:11:41 Speaker 1

When the White House realised that the FCC was about to propose a rule that would stop that, that would allow for those pay for play fast lane.

00:11:51 Speaker 1

What they say they issue a statement say the FCC is an independent agency.

00:11:56 Speaker 1

But we will carefully review their proposal.

00:11:59 Speaker 1

We will watch closely and I'm quoting here.

00:12:02 Speaker 1

And Obama, back in the days, was almost really close to fire.

00:12:05 Speaker 1

Tom Wheeler.

00:12:06 Speaker 1

But the firing didn't happen, but the result was one of the longest and most complex regulation in the FCC history because they knew that a simple regulation that would be against net neutrality would not be.

00:12:22 Speaker 1

Sit well with the present, so that is what we mean with the bad complexity is complexity that is not needed and that it comes as a consequence of those political disincentive.

00:12:35 Speaker 3

You have talked about the case of the US, where we can think that more regulation can be good as.

00:12:42 Speaker 3

You have shown.

00:12:43 Speaker 3

But but this hold outside the US because we can think the US is at early stages of development of regulation if in the far West there was no regulation at all.

00:12:52 Speaker 3

If you compare their free economy with the more.

00:12:54 Speaker 3

Highly intervened, heavily regulated economy in Europe.

00:12:58 Speaker 3

Do you think the same results, let's say on the positive consequences of complex regulation, would hold for a country like?

00:13:07 Speaker 1

That has to be seen.

00:13:09 Speaker 1

Yet I come from Italy and I know how it looks like to deal with heavy regulation, red tape and so on.

00:13:16 Speaker 1

I'll tell you a funny story.

00:13:17 Speaker 1

When I was applying for the habilitation to become a professor in Italy, I had.

00:13:23 Speaker 3

That sounds familiar to me.

00:13:25 Speaker 1

Indeed, I had to deal with one of the most complex body of legislation and regulation I've ever.

00:13:33 Speaker 1

What I ended up doing is looking at the text in English, so I had the chance to look at the text in Italian, which was my own language at the first language there.

00:13:43 Speaker 1

What I did, I chose proposing the English because at least the translation allowed for the language to be easier, plainer, or understandable.

00:13:52 Speaker 1

Well, and so on.

00:13:53 Speaker 3

It's interesting because for my habilitation as professor in Spain, I chose the Catalan agency instead of the national Spanish Agency, because also their regulations were much customer friendly, let's say.

00:14:07 Speaker 3

But it's not only a country level at supranational level.

00:14:10 Speaker 3

This happens and especially we can be concerned about.

00:14:14 Speaker 3

Has been the problems with the European Union, where the European Commission, in order to reach some agreement on on a directive, as you also have studied, includes more and more instances, increasing the complexity of that direct.

00:14:27 Speaker 3

And your research has actually found that the complex directives are more difficult to implement for Member State and hence less effective.

00:14:35 Speaker 3

I would like to ask you about this and actually this is really important because one of the reasons one of the many justifications or excuses for Brexit actually was let's get rid in Britain of that excess or regulation that they have in the continental Europe that they have the.

00:14:51 Speaker 3

Russian or the French administrative mentality, full of regulations and we are here On the contrary, based on oral agreements and and gentlemen's agreements and not so much based on our laws on written law.

00:15:03 Speaker 1

Indeed, indeed, we honestly didn't think that there would be like an asset for Brexit, but that's a really good.

00:15:10 Speaker 1

Point what we find is sort of the complexity that they come from this need for reaching an agreement among all the Member States and what we find is that, like the Commission, when proposing a directive.

00:15:23 Speaker 1

They tend to ready to include the different instances of the Member States.

00:15:28 Speaker 1

They know they would not agree to make them.

00:15:31 Speaker 1

But the result is a more complex regulation, with more more contingency exemption, and so.

00:15:37 Speaker 1

On and also more ambiguous in the lexicon.

00:15:41 Speaker 1

So they use a lexicon that is more ambiguous, is not clear, and so on.

00:15:46 Speaker 1

And obviously Member States will like that and they are more likely.

00:15:51 Speaker 1

To pass that they're active, but when it comes to the nation state and the administration there, what we find is that like those directives are then less likely to be properly implied.

00:16:02 Speaker 1

And so we see suboptimal outcome when it comes to that complexity, because OK, at your level, you need to reach an agreement, you need to have a broad and ambiguous directive.

00:16:15 Speaker 1

But then when it comes to the national bureaucrat that needs to implement that.

00:16:19 Speaker 1

In that case it becomes a problem.

00:16:22 Speaker 1

And that's where we see one of the direct consequences of bad cop.

00:16:29 Speaker 3

Do you dare to extract some policy implications for the European Union?

00:16:33 Speaker 3

Although that's a big issue in terms.

00:16:34 Speaker 3

Of what do?

00:16:35 Speaker 3

You think that for having a more optimal rule, making more ultimate regulation in Europe, should we move towards a decision making in the European Union more based on the majority rule instead of Unani?

00:16:49 Speaker 3

80 or whether these ideas from core European countries that maybe we should have a 2 speed Europe with a core of countries and France, Germany in a few more, that take more decisions, more directives on some issues, because we will easily agree on some common grounds and we will make a most efficient regulation.

00:17:09 Speaker 3

And then for either for the common market, we can expand until Turkey, which would be your policy implication for out of your research for the future and debate about the European Union.

00:17:19 Speaker 1

First of all, what we find is that there are clear guidelines on how to write legislation in the European Union, as in a Member State, the House of Commons as clear.

00:17:29 Speaker 1

Drafting rules in the UK same in Italy ironically, and also in the UK, but what we find is that like they're not followed because of the.

00:17:38 Speaker 1

Reason, we said.

00:17:39 Speaker 1

So on the other side, then we want to think about what some policy implications when it comes to that.

00:17:46 Speaker 1

And you know, like one way to think about it is.

00:17:49 Speaker 1

Again, a clear division of labour will between what the Member States and the EU, so I am fine to a certain extent.

00:17:57 Speaker 1

If EU deals with certain issues that are important, then the all the Member States need to agree.

00:18:04 Speaker 1

And at that level we have some optimal outcome as long as, well, the Member States are in charge of other issues that require less regulation.

00:18:14 Speaker 1

So one of the things that came to mine is attention between regulating and distributing, redistributing, which is also something that you worked on.

00:18:24 Speaker 1

A lot.

00:18:25 Speaker 1

In that case, I think that at the European level, I don't say we have a Pareto optimal or division of Labor, but like.

00:18:34 Speaker 1

It's close, so we focus on those standards, the harmonization and so on, which require a lot of details, require negotiation, require compromises and so on.

00:18:45 Speaker 1

And to me, if sometimes things don't go well at the state level, is still better than the other option.

00:18:52 Speaker 1

That would be all the competencies.

00:18:54 Speaker 1

At the national level, or all the company?

00:18:58 Speaker 1

At you super national level.

00:19:00 Speaker 3

I think that deals with particular debates that we have on whether to move at supranational level or, On the contrary, to go more at subnational level and try to make a regulation closer to the citizens and in all your research there is this idea that.

00:19:18 Speaker 3

Standard abuse in political science about the bureaucrats are, as mayor executors of the will of the politicians.

00:19:26 Speaker 3

You talk clearly and you do research on the ideologies of agencies.

00:19:31 Speaker 3

And this on the one hand also could be seen as a violation of of impartiality, because they should be neutral bureaucrats, but we know from Donald Trump that he was complaining about the the deepest state constantly, how deep and scary was were some federal agencies against his will.

00:19:49 Speaker 3

But also that has affected.

00:19:51 Speaker 3

Liberal President, you have mentioned the the issue that Obama had with Tom Wheeler at the head of the Federal Communications Commission regarding the the rule on net neutrality.

00:20:00 Speaker 3

Team and I would like to ask you because you have explored an original data set of more than 70,000 rules issued by 122 federal agencies on the ideology of these agencies, which agencies are more liberal, more to the left, and which ones are more conservative? We tend to think, I guess.

00:20:21 Speaker 3

EPA Environmental Protection Agency as as towards the left and some agencies may be regarding security or or difference on the right following both previous research and also previous empirical mappings of agencies like those by David Luiz.

00:20:37 Speaker 1

We use for political campaign donation done by individuals.

00:20:42 Speaker 1

So in the US when you want to donate for a campaign or a candidate, you enter a register where you also have to add your employer.

00:20:53 Speaker 1

What we have, we have all those donation.

00:20:58 Speaker 1

That are made by those people that work in those agencies.

00:21:01 Speaker 1

So we know that in that year in the FCC 50%.

00:21:06 Speaker 1

Of the bureaucrats there.

00:21:08 Speaker 1

We have made a donation to some Republican campaign candidates or in some way, so this is a really nice way to have a measure of ideology at the agency level that vary over time because as you know, there are a lot of surveys that ask the expert.

00:21:28 Speaker 1

In a field in a country, say OK, how would you rate the EPA or how would you rate the EPA with respect to the FCC, OK, they they may be recurrent.

00:21:38 Speaker 1

So like every five to 10 years, I don't remember.

00:21:41 Speaker 1

But what we have here is like a more.

00:21:44 Speaker 3

Our data.

00:21:46 Speaker 1

Yeah, a more fine grained measure and it varies over time.

00:21:50 Speaker 1

And indeed, what we find is that there are some agencies that are consistently more on the left than others.

00:22:00 Speaker 1

As you say, the EPA is one of them.

00:22:03 Speaker 1

The FDA too, and then we see order as readily said more on the defense, the security side or trade, commerce and so on that are more on the right side.

00:22:14 Speaker 1

The interesting thing here is that that vary also according to the President, cause the EPA is always on the liberal side, but he becomes slightly less liberal when George W Bush or Trump is in power.

00:22:30 Speaker 3

OK.

00:22:31 Speaker 3

That's interesting.

00:22:32 Speaker 3

The effect of the political theology.

00:22:34 Speaker 3

Is there also across agencies phenomena similar that what we see within the American Society that is due to detect an increasing polarization of the agencies, some agencies more leaning towards the left and some others more towards the right?

00:22:50 Speaker 3

So it's America being split also at federal level at the.

00:22:54 Speaker 3

Agency level.

00:22:55 Speaker 1

We don't look at that specifically in our paper, but like we have some evidence that would suggest that things go in that direction, especially under Trump, because if we plot the distribution of the ideology of agency, we see more variation under Trump.

00:23:16 Speaker 1

But the problem with Trump is the like is relatively recent.

00:23:19 Speaker 1

We're still getting some data, so we need to have more to be sure about it.

00:23:23 Speaker 1

But the expectation is met.

00:23:25 Speaker 1

We see more polarization when it comes to the overall society, but also more polarization at the ages.

00:23:33 Speaker 1

Level and the reason is also the selection and self selection of bureaucrats, because we know in the US, especially at the top of those agencies, those are political appointees, right?

00:23:48 Speaker 1

It is up to the head of the agency and in turn, while the President to some extent.

00:23:54 Speaker 1

Which shows who sits.

00:23:55 Speaker 1

But also if you work at the FDA and you really believe in what to do, then you tend to change job leave or move when your head is in line with what Trump would do.

00:24:09 Speaker 1

So we see some sort of polarization in agency in the US we don't have.

00:24:15 Speaker 1

Definitive heaviness on it, but like we see some suggesting heaviness and the idea is again this selection and sales selection of managers in those.

00:24:26 Speaker 1

It would be.

00:24:27 Speaker 3

Very interesting to see what has been going on with Joe Biden because, as you have said, both newspapers like The Economist and also researchers like David Lewis, they pointed out that the problem with Donald Trump was not the excess of politicization of those agencies, but the lack of politicization in the sense that sometimes.

00:24:47 Speaker 3

He would not appoint people to some agencies and it's not that the Donald Trump is trying to colonize the agencies, but basically that he's detaching from them and that's increasing the problem.

00:24:58 Speaker 3

So have you.

00:25:00 Speaker 3

Look what could.

00:25:01 Speaker 3

Be going on between them in the recent developments with Joe Biden in the in this sense.

00:25:06 Speaker 1

There was a lot of talk, indeed, when Trump was in power, that he really didn't manage to keep up with the public administration.

00:25:14 Speaker 1

He had a lot of political appointees.

00:25:17 Speaker 1

He didn't have time or resources to appoint.

00:25:21 Speaker 1

Take care of that.

00:25:22 Speaker 1

Could be one of the effect of the Trump presidencies.

00:25:26 Speaker 1

He's actually leaving a vacuum of power in those agencies.

00:25:31 Speaker 1

Well, that probably has been picked up by some manager, some bureaucrats there and so maybe the effect of Trump has not been as strong as that of previous presidents for the simple reason that he lacked the time, the resources or the competence even to appoint who he wanted.

00:25:51 Speaker 1

In the.

00:25:52 Speaker 1

Press place.

00:25:52 Speaker 1

So now we buy.

00:25:54 Speaker 1

Then we see that it is really active at the federal level when it comes to agency as well.

00:26:00 Speaker 1

So my expectation is that yes, we could have this sort of unexpected will affect that under Biden, we see more politicization because they took advantage of.

00:26:12 Speaker 1

Those political appointees that Trump didn't have the resources, the time or the.

00:26:16 Speaker 1

Competencies to do.

00:26:18 Speaker 3

We are gonna move now continent with the same issue.

00:26:21 Speaker 3

The relationship between populist politicians and regulation and the effects those populist politicians might might have on the administration.

00:26:31 Speaker 3

There is this discussion in political science on what explains populism.

00:26:36 Speaker 3

There are some people who emphasize more economic factors.

00:26:38 Speaker 3

Other people, cultural factors.

00:26:40 Speaker 3

But we have had here recently in the podcast Catherine.

00:26:43 Speaker 3

The risk showing that there is also an another aspect that is public services the the outputs of public administration.

00:26:50 Speaker 3

So the electoral support for far right parties is linked to geographies of discontent in the sense that citizens in some places that feel that there is a public service deprivation define as poor access to.

00:27:03 Speaker 3

In public services at a local level, they might support far right candidates.

00:27:09 Speaker 3

So local public services could be a cause of populism and what you have been doing is changing a little bit that causal arrow and noting that populism is not only the result of certain type of bureaucracy, but has an effect on the bureaucracy and the quality of bureaucracy and economic performance, of course.

00:27:29 Speaker 3

Cross country level, we could just point out an example that you have been talking now Donald Trump or.

00:27:35 Speaker 3

This trust we have had very clearly anecdote to the very least that how a populist politician actually lasts for two weeks because the stock market actually accurately predicts probably that's gonna be an economic disaster.

00:27:48 Speaker 3

So we can see that at the cross national level, but what you do is to look at the effects of populism.

00:27:56 Speaker 3

Within country level, exploring more than 8000 Italian municipalities, first of all, why do you go at municipal level?

00:28:06 Speaker 1

This is the idea we had, because at least in Italy, that's where the Populist party started to be in power.

00:28:15 Speaker 1

So it is very interesting because there they are not only see as the newcomers and so on.

00:28:21 Speaker 1

So they manage to establish a policy platform then that setting is very interesting.

00:28:27 Speaker 1

Because in Italy, at the municipality level, what we have is a sort of division of the bureaucracy.

00:28:34 Speaker 1

We have a spoil system with the top managers and the civil service, with the rank and file employees.

00:28:40 Speaker 1

So we wanted to see at the effect of appointing a populist mayor on bureaucracy and on.

00:28:48 Speaker 1

The economic performance of the municipality and we thought that the Italian case was was particularly interesting because we do have a lot of populist party in Europe.

00:29:00 Speaker 1

We are one of the top countries when it comes to the number.

00:29:04 Speaker 1

Populist party and the municipality level is very interesting because what the mayor has a lot of power when it comes to the fiscal management, the personnel management, they have like strong competency when it comes to schooling, waste management and so on.

00:29:20 Speaker 1

So we start in there and we say OK, we want to look at the consequences of puppet.

00:29:25 Speaker 1

What we will remain agnostic on the.

00:29:28 Speaker 1

So we know that there are cultural, economic, technological causes to populism.

00:29:34 Speaker 1

But what we're interested in is the erosion of trust in traditional representative democracy.

00:29:41 Speaker 1

And our argument is that, OK, what populism?

00:29:46 Speaker 1

Pick that up and they use it in a strategic.

00:29:49 Speaker 1

Way they shield the mode of politics from a trusted delegated one.

00:29:55 Speaker 1

Someone that tells you I'm good.

00:29:57 Speaker 1

I'm competent.

00:29:58 Speaker 1

I've been in government for ages.

00:29:59 Speaker 1

This is my policy platform, but if something happens, I am allowed to change.

00:30:05 Speaker 1

Policy then we see a move to a more trusty one. Think about Berlusconi in 2001, in May, when he signed the contract with the Italian, he was one of the first one to use the sort of strategic device. What he did, he signed a contract with the Italian, saying I'm going to do this.

00:30:25 Speaker 1

Five things, pension, crime, employment.

00:30:28 Speaker 1

And so if I don't meet four out of five, I'm not gonna run for reelection in five years, which is fine.

00:30:35 Speaker 1

But think about we have a financial crisis, a COVID crisis.

00:30:39 Speaker 1

Something happened.

00:30:40 Speaker 1

You need to be able to adopt your policy.

00:30:43 Speaker 1

But this is what we are seeing nowaday, an erosion of trust and this use of specific commitment.

00:30:50 Speaker 1

I'm going to build a wall, I'm going to do Brexit and so on.

00:30:54 Speaker 1

So those are commitment that are very specific on the policy, which voters can easily monitor.

00:31:02 Speaker 1

So this is how we define.

00:31:04 Speaker 1

What the populist agenda in this sort of strategic way in the use of this specific commitment type policy, and then we ask ourselves, what are the consequences of this shift?

00:31:17 Speaker 1

Well, the consequences first of all are going to be a mismanagement of the economy of the municipality because obviously if something happens, you don't have the money to build the wall, it doesn't make sense to build the wall.

00:31:29 Speaker 1

You have a river there and so on.

00:31:31 Speaker 1

You're not supposed to do, but instead you need to stick to those commitments to make sure.

00:31:37 Speaker 1

But the voters see what they're doing.

00:31:38 Speaker 3

I see your point, but if a catastrophe happened, my intuition would be that a populist leader would be the first one to try to provide a very visible policy solution to the citizens, even if it is the least efficient.

00:31:51 Speaker 3

Intuitively, I could think of the populist as a person who changes to provide what is most visible to the population, but that is not the argument of your paper, and that's what I think is is innovative.

00:32:04 Speaker 3

But could you argue against that intuitive view of of populist as people who deliver populist short sighted?

00:32:11 Speaker 3

Let's say and shifting policies.

00:32:14 Speaker 1

That is really a good point, because I there has been some research on how populist governments have reacted to COVID and what we find that the research group in Bocconi University in Italy and what they find is that the those countries with populist government have been slower and less effective in putting.

00:32:34 Speaker 1

In places where the necessary measure to tackle COVID for a variety of reasons, but what we think one of the reason is this one because you know, once you made a commitment, you have to stick to it no matter what happens.

00:32:48 Speaker 1

Otherwise, voters will be.

00:32:50 Speaker 1

Years, especially in a country like Italy with coalition government and so on, voters will be confused about who does what.

00:32:57 Speaker 3

So at the extreme of population, we.

00:32:59 Speaker 3

Would have China.

00:33:00 Speaker 1

Indeed, in the case of China, what they did, they quickly and strongly.

00:33:05 Speaker 1

Some people say too strongly adapted to the new context, but that would be the idea.

00:33:11 Speaker 1

The idea is more how this shift towards those specific commits.

00:33:18 Speaker 1

And our research, what we try to do, we try also to move away to the classical political economy view of poplins, which is just mismanagement of the economy.

00:33:28 Speaker 1

So we don't wanna say that populists are bad for the economy because they're populist, which is one of the assumptions in the literature.

00:33:35 Speaker 1

But, for instance, a lot of evidence in Latin America.

00:33:38 Speaker 1

What we want to do in our work is to track down that link that goes for being a popular.

00:33:46 Speaker 1

A change in your agenda and then the consequences and the consequences are not only on the economy but also, and interestingly, on the bureaucracy, because what we see is that once they are in power, the mayor gets rid of the good workers, so they get rid of the expert.

00:34:07 Speaker 1

They replace them with their own, or at least with non expert bureaucrats.

00:34:12 Speaker 1

And the reason again is in line with our argument.

00:34:16 Speaker 1

If you want to put in place the commitment type policies, you don't accept criticism.

00:34:22 Speaker 1

You don't accept the expert assessment, and so on, and that is why you get rid.

00:34:28 Speaker 3

Of people and a policy.

00:34:29 Speaker 3

Implication of that would be that maybe.

00:34:32 Speaker 3

We should foster the adoption of some institutional change to tie the hands of the mayor in appointing bureaucrats, and actually you have emphasized now that Italy has this model of a strong mayor where the mayor, when he's elected, basically is the Chief Administrative officer of the local municipality, like strong mayors in Chicago or many.

00:34:53 Speaker 3

cities in the 19th century, until they adopted this city manager model in which they they separated politics from administration administration, was in hands of a professional administration of equivalent of CEO.

00:35:06 Speaker 3

But for for the administration, something similar happened in in Spain in the 90s.

00:35:12 Speaker 3

The Olympic Games in Barcelona were actually a success as a result of this kind of change towards a more model of city manager in Italy, there have also been experiments on that.

00:35:22 Speaker 3

So do you think the solution lies on this on having?

00:35:26 Speaker 3

Stronger city managers or professional norms to block the abilities of.

00:35:32 Speaker 3

The measures to handle the human resources in the administration.

00:35:36 Speaker 1

That has already been tried like in Italy, as you said, like in Spain when it comes to big Infrastructure, Olympics, big events and so on.

00:35:45 Speaker 1

And my fear is that approach works well in other contexts, but it might be hard to make it work in Italy.

00:35:55 Speaker 1

And that is again for the reason that we've seen before in like there are some societies where for a variety of reasons that.

00:36:04 Speaker 1

You also see.

00:36:05 Speaker 1

Added, adding more complexity, more regulation like more institutions make things worse, so the idea would be that if you implemented that in Italy, especially at the municipality level, you would just add an extra layer of red tape that will actually be used as a sort of veil have even more.

00:36:26 Speaker 1

Perhaps show more clientelism and so on, because in the end this is what unfortunately, has happened in Italy, with many of the big infrastructure.

00:36:35 Speaker 1

One of the result was like mismanagement.

00:36:38 Speaker 1

Of resources, corruption, bribes and a lot of people ending up also in jail.

00:36:45 Speaker 1

But the intentions were good.

00:36:47 Speaker 1

You create a sort of board of a CEO and more like executive type, more business type of management.

00:36:55 Speaker 1

But the results were like more quantities, more corruption and so on.

00:36:59 Speaker 1

Those solutions have been really.

00:37:02 Speaker 1

Active in the US in Major City, I would be skeptical in implementing them in Italy at the municipality level because recently in Italy, for instance, there has been increase in use of external consultants, external auditors and so on.

00:37:24 Speaker 1

Again, in line with this trend, results were not as good as we might have hoped for.

00:37:29 Speaker 3

If you are, let's say, prolonging the sight of Tacitus, who said the more corrupt state is the more regulation it has, you are complementing it like the more corrupt state is, the more institutions may have.

00:37:41 Speaker 3

Let's end this conversation.

00:37:43 Speaker 3

We could be speaking for a long time on this fascinating issues with a question on a political forecast.

00:37:49 Speaker 3

Imagine a country.

00:37:51 Speaker 3

Ruled by the most prestigious Prime Minister in terms of economic development, you can imagine called Draghi, for example, and then arrives at power, a populist from a far right party called Maloney, for example.

00:38:05 Speaker 3

What is gonna be the consequences for both economic growth, let's say, and the?

00:38:11 Speaker 3

Bureaucracy of.

00:38:14 Speaker 1

Yeah, let's take this hypothetical scenario.

00:38:16 Speaker 1

When you have a shift from a good manager to a potentially bad manager, we haven't seen that yet.

00:38:23 Speaker 1

And so on.

00:38:24 Speaker 1

What the forecast like the jewelry on that is really still out cause so far what they have been doing, they have just tried to figure out who sits.

00:38:33 Speaker 1

That's where.

00:38:34 Speaker 1

So I have to try to figure out to fill in important seats for ministries, the speakers of the House and so on.

00:38:42 Speaker 1

We still know, don't know much about their agenda.

00:38:46 Speaker 1

We know the agenda of each party.

00:38:49 Speaker 1

Each group in the coalition, but we don't, and most of them are not.

00:38:54 Speaker 1

Complementary some of them, they are actually exclusive to one another, so it will be interesting to see first of all how she managed to reach an agreement, which I assume will be some sort of common denominator.

00:39:08 Speaker 1

And how she will be able to implement.

00:39:12 Speaker 1

My forecast on this is that as we have seen before, even in this conversation, when you go for the lowest common denominator.

00:39:24 Speaker 1

Then is not always good for the economy, for the political system and for society.

00:39:31 Speaker 1

And the risk here is a.

00:39:32 Speaker 1

And long term effect when it comes to the bureaucracy and the management of the state, because let's not forget that when it comes to populist in power, they have direct and immediate consequences, but they also have a long term, one that, especially in the Trump case.

00:39:52 Speaker 1

This trust doesn't really.

00:39:53 Speaker 1

Have the time to do anything but.

00:39:55 Speaker 1

Italy too.

00:39:57 Speaker 1

Then we will pay those consequences for years, if not.

00:39:59 Speaker 3

Decade. Thank you very much.

00:40:01 Speaker 3

My dear for your.

00:40:03 Speaker 3

And for this great conversation.

00:40:05 Speaker 1

Thank you. My pleasure.