Covert Participation: How Populists Engage with International Organizations

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October 23, 2021
Populists Target IOs
“We reject globalism and embrace the doctrine of patriotism [...] The U.S. will always choose independence and cooperation over global governance.”

1President Trump speech at UNGA, September 2018
Populists Target IOs

“We sent the muzzle back to Brussels and the leash back to the IMF.”

\(^2\)PM Orban speech, February 2018
Project Overview

- **Question:** Does populism really sound the death knell for IOs?
- **Theory:** Populists participate in IOs in order to benefit from their resources and expertise, albeit less publicly than other leaders.
- **Data:** Original data on behind-the-scenes participation by member states at the IMF.
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Populists Decry International Cooperation

- Populists take a public anti-elite stance (Muller 2016; Mudde and Kaltwasser 2017)
  - Prefer “outsiders” to globalists / lifelong bureaucrats (Busby et al. 2019)
  - Anti-elite stance pleases constituents who dislike experts and prefer simplistic messaging (Gauchat 2012)
- IOs staffed by members of untrustworthy global elite, making them an ideal target (Copelovitch and Pevehouse 2019; Voeten 2020)
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But Populists Gain from IOs and Vice Versa

- IOs provide public goods, furnish advice, supply economic assistance, and help resolve disputes \((\text{Keohane 1984; Chapman 2007})\)
- Populists want these benefits, but look weak and unresolved if engage publicly \(\longrightarrow\) turn to less public forms of participation
- IOs benefit from larger membership and populists’ participation
- IOs engage populists, fearing “zombie status” and competitor organizations \((\text{Lipscy 2017; Gray 2018; Clark 2021})\)

**Hypothesis:** Populist leaders should participate covertly in IOs more often than non-populist leaders.
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Focus on IMF

- New measure of covert participation: submission of **Grays**, statements IMF Executive Directors submit ahead of Board meetings
  - States can influence policy agenda — loan agreements, reforms, etc.
  - Statements only declassified after 3–5 years
- Data contain 55,000 documents spanning 99 countries over the period 1987–2017
- Despite hostile public rhetoric, many Grays from Trump, Chavez, and other populists

*EDs attempt to “gloss over differences” and “try not to make enemies with staff or management” in Grays.*

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3 Interview with IMF Official, August 24, 2021
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3Interview with IMF Official, August 24, 2021
Main Analysis

- Average number of Grays filed by populist governments is 20.5; average number for non-populists is 6.9 ($p = 0.00$)

- **Dependent variable**: Logged number of Grays

- **Independent variable**: Indicator for populist leadership 1990–2018
  - Blair Institute for Global Change
  - BYU populism database

- **Specification**: OLS; country FEs; robust SE clustered by country

- **Covariates**: Reserves; Constituent; IMF program; Polity2; GDPPC; Right-wing; UN voting distance
Main Results

DV: Number of Grays

- Populism
- GDPPC
- Constituent
- Polity2
- UN voting (ideal pt dist)
- IMF program
- Reserves
- Right wing government

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Sentiment Analysis

- Ensure that leaders do not simply echo criticisms of the IMF in private
- Identify positive and negative terms in the Grays, subtract negative from positive for each country-year
- Replicate main model with sentiment as our DV
- Find populists’ Grays are at least as positive as those of non-populists
Article IV Robustness Check

DV: Article IV Completion

- Populism
- GDPPC
- Constituent
- Polity2
- UN voting (ideal pt dist)
- IMF program
- Reserves
- Right wing government

Populist leader is 8 points more likely to complete Article IV

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Additional Robustness Checks

- Negative binomial specification
- Additional covariates
- Imputed/non-imputed data
- Time controls
- Random effects
  - Placebo test using public IMF program participation
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Summary and Contributions

Populists engage with IOs covertly despite their hostile rhetoric

Theoretical:
- Refines conventional wisdom that populists disengage from IOs (Copelovitch and Pevehouse 2019; Voeten 2020)
- Contributes to study of secrecy in IR, when leaders act “offstage” (McManus and Yarhi-Milo 2017; Carson 2020)

Empirical:
- Data can be used to test salience of different economic issues, types of engagement, etc.

Practical:
- LIO may remain robust despite mounting populist rhetoric (Colgan and Keohane 2017; Farrell and Newman 2021), though concerns about public trust and legitimacy remain
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Topics Over Time

- Global Financial Markets
- Reports and Staff Papers
- Staff Policy and Performance
- Access to Financing
- Taxes and Fiscal Policy
- Program Implementation
- Surveillance
- Exchange Rates and Monetary Policy
- Labor and Employment

Year

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Covert Participation
October 23, 2021
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