The Global Retreat of the Regulatory State? The Populist Challenge and the Future of Regulatory Governance

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Abstract

The regulatory state is under severe stress. The rise of populism, at times with authoritarian tendencies, is challenging the very fundamentals of the regulatory state and regulatory governance. Populist leaders do not simply politicize and undermine regulatory governance, but they tend to transform the regulatory state. Despite the rich and ever-expanding debate about the impact of the populist ascent and democratic backsliding on public administration, bureaucracy, and public policy, research on the effect of populist rule on regulatory governance and the regulatory state is still scant. In this paper, we show how to address this gap and present two major contributions to guide future research agenda. First, we revisit the populist ascent and map out the current state of our (limited) knowledge. Second, we discuss five avenues scholars could follow in order to develop empirical and/or conceptual insights in order to better understand the transforming regulatory state: populist strategies for controlling regulatory agencies, the politics of regulatory design, market responses to regulatory instability, the role of transgovernmental networks and international constraints, and regulatory agency responses and adaptation to the populist ascent.

Introduction

Regulatory state has long been regarded as the dominant paradigm in the governance of modern economies. Contrary to expectations that neoliberal globalization would lead to large-scale deregulation and a retreating state, the rise of independent regulatory agencies (IRAs) instead refined state intervention. Rather than exercising direct control over markets, the state assumed a regulatory role, characterized by the delegation of authority to independent agencies, the proliferation of new regulatory mechanisms, and the institutionalization of technocratic policymaking (Levi-Faur, 2005; Levi-Faur & Jordana, 2005). This model was reinforced by international economic and political integration, the emergence of transnational policy networks, and the need for credible commitments in market regulation (Majone, 1994; Thatcher, 2002; Gilardi, 2005). Regulation became a key pillar of economic governance, with IRAs playing a crucial role in ensuring market transparency, competition, and economic stability. Over time, regulatory governance expanded beyond economic oversight into areas such as environmental protection, consumer safety, and digital policy, further solidifying its role in modern statecraft. In this process, regulatory state was increasingly framed as a global norm, essential for maintaining economic order in a rapidly evolving world.

At the core of this transformation was the belief that regulatory independence was necessary to insulate policymaking from short-term political pressures and signal credibility to markets (Kydland & Prescott, 1977; Elgie & McMenamin, 2005). Governments worldwide embraced this model, adopting institutional designs that prioritized expert-driven decision-making over electoral responsiveness. Yet, while the regulatory state was once perceived as a self-reinforcing and irreversible institution, its raison d'être and resilience is now under question. The central challenge comes from the ascendancy of populist movements, which have increasingly sought to re-politicize regulatory governance, depicting independent agencies as unaccountable bureaucratic elites that obstruct the "will of the people":

> "Out of conviction or as a strategy to win over public opinion, it is nowadays common to see populist political leaders framing experts as undemocratic actors driven by pernicious particular interests […] At the same time, the rise of populism has enhanced the image of technical bureaucratic bodies as limits to populist will" (Dargent Bocanegra & Lotta, 2025: 5.2; see also Norris & Inglehart, 2019; Mudde, 2019; Levitsky & Roberts, 2011).

A stark recent example is the Trump administration's efforts to expand presidential authority over IRAs—through executive orders mandating White House review of agencies' decisions and asserting greater control over agency leadership (NYT, February 18, 2025; Moynihan, 2022; 2025). Similar patterns have emerged elsewhere: in Hungary, Viktor Orbán has subordinated regulatory bodies to direct government oversight; in Poland, the Law and Justice (PiS) party has weakened institutional checks on executive power, including regulatory agencies (Mazur, 2021); in Brazil, Jair Bolsonaro's administration undermined environmental and financial regulators to consolidate executive authority (Bersch & Lotta, 2024); in Turkey Tayyip Erdogan's executive aggrandizement has subordinated or sidelined IRAs (Apaydin & Coban, 2023; Ozel 2012). Such assault on IRAs, and more broadly the regulatory state, once thought to be a stable and self-reinforcing institution, can survive the rise of populism.

At the same time, the study of the effects of populism and democratic backsliding on the regulatory state is still an under-researched area. Despite growing attention to populism and democratic backsliding, research on regulatory agencies remains significantly underdeveloped. Existing studies largely focus on populism's impact on the policy process, civil service, core executive, and bureaucratic autonomy (Bauer & Becker, 2020; Bauer et al., 2021; Morais de Sá e Silva & Gomide, 2024; Peters & Pierre, 2019; Schuster et al., 2022; Lotta, Piotrowska & Raaphort, 2024; Story, Lotta & Tavares, 2023; Yesilkagit et al,, 2014). In these studies, attention is given to how populist leaders pressure central government departments, politicize ministries, and erode civil service neutrality, from top appointees down to the level of frontline workers. However, the fate of IRAs under populist rule remains largely unexplored, despite their critical role in economic governance, market stability, and transnational regulatory coordination. Unlike ministerial bureaucracies, which rely on hierarchical relationships with elected officials, IRAs function at arm's length from government and depend heavily on credible commitments and reputational legitimacy to maintain autonomy.[1]

Therefore, this paper addresses specifically *the impact of globally rising populist movements on the design, functioning and theoretical underpinnings of the regulatory state*. Its purpose is to unfold a research agenda for the field of regulatory governance that is now in a time of democratic erosion under increasing pressures to review its core attributes. We argue

[1] Thatcher, Sweet & Rangoni (2023) examine to what extent politicization leads elected officials to reverse delegation to non-majoritarian institutions. However, contributions in that Special Issue largely focus on the supra- or transnational level and only tangentially addresses the impact of populist political forces. Understanding whether regulatory agencies can withstand populist pressures—and how they respond to political interference—requires moving beyond existing frameworks focused on ministerial civil servants and toward an approach that specifically examines the vulnerabilities and resilience of IRAs.

that the regulatory state was never fully embedded beyond elite policymaking circles, leaving it susceptible to shifts in political ideology. While regulatory agencies were established to provide for credible commitment, that is stability and predictability in policymaking, their authority often rested on a technocratic rationale that lacked deep societal anchoring. Populists' policy and leadership style relies by contrast on "the promotion of the interests of ordinary people against the oligarchy and the valorization of popular common sense" (Borriello, Pranchère, & Vandamme, 2023: 8). Two among the core features of the populist worldview are particularly relevant to understand populists' malaise with independent authorities: anti-elitism and immediacy (Baume & Papadopoulos, 2024). In such a view, institutional checks and balances, non-majoritarian, and technocratic bodies operating at arm's length from government are all impediments to popular sovereignty, embodied in an unmediated relationship between the people and the leader. All this stands in direct opposition to regulatory governance, whose legitimacy is grounded on the capacity to make impartial decisions based on accurate knowledge. Consequently, IRAs are increasingly framed as obstacles to "unconstrained majoritarianism" (Pappas, 2019: 45), where leaders claim to represent the people without institutional constraints (Enli, 2024). In this view, regulatory governance is vulnerable not simply because of shifts in political ideology but because it represents a structural contradiction with populist demands for direct political control over policy.

Indeed, despite its institutional expansion, the regulatory state has not developed the broad societal legitimacy necessary to shield it from political contestation. While the regulatory state was framed as an efficient and credible governance model, it remained largely technocratic in nature, relying on expertise, economic rationality, and insulated decision-making processes rather than broad democratic participation. This created a legitimacy gap, making IRAs susceptible to populist contestation that they serve elite interests rather than the broader public good (Busuioc & Lodge, 2016; Schillemans et al., 2021). Unlike courts or central banks, which have cultivated strong reputational legitimacy over time, many IRAs lack a visible constituency that actively defends their autonomy. Without a large social and political bases to reinforce their role, IRAs are more vulnerable to populist attacks that depict them as unaccountable and disconnected from the democratic process. With the absence of a broad coalition to isolate the regulatory state from the ever-expanding populist clout, populists find it easier to politicize regulatory governance and dismantle, repurpose, or undermine IRAs. In this sense, the crisis of regulatory governance is not merely one of institutional fragility but also one of democratic legitimacy, leaving IRAs increasingly exposed to political capture and executive interference (Carpenter, 2001; Maor, 2016).

The next section provides a brief historical overview of the factors that led to the diffusion of the model of the regulatory state. We then show the distinctiveness of the challenges that populism poses to independent regulatory authorities, by examining to what extent the regulatory state can survive the ascendancy of populism, and how populist attacks adjust to the particularities of the regulatory governance model. We then outline a research agenda to study the question of the populist challenge to regulatory governance from five key angles. These angles are: (1) *Populist strategies for controlling regulatory agencies*: Populist governments seek to weaken regulatory autonomy through de-delegation, legal restructuring, and politicized appointments, yet the extent and variation of these strategies remain underexplored; (2) *the politics of regulatory design*: Institutional features such as appointment rules, funding structures, and legal mandates shape agency resilience, yet populists frequently alter these safeguards to consolidate control; (3) *market responses to regulatory instability*: Business actors may either defend regulatory autonomy to ensure stable market conditions or exploit populist-led deregulation for agency capture to ensure political or economic gain; (4) *transgovernmental networks and international constraints*: IRAs embedded in global or regional regulatory frameworks may leverage international support to maintain independence, although populist governments often attempt to sever these ties; and (5) *regulatory agency responses and adaptation*: Unlike ministerial bureaucracies, IRAs rely on de facto autonomy—using reputational legitimacy, coalition-building, and transnational ties—to resist political interference, but the effectiveness of these strategies requires further investigation. These angles provide a framework to assess whether regulatory governance can endure the populist challenge. In this contribution

2. The Rise and Institutionalization of Regulatory state

The regulatory state emerged as a defining transformation in the governance of modern economies, shifting the state's role from direct intervention to rule-making, oversight, and enforcement. Contrary to expectations that neoliberal globalization would lead to large-scale deregulation and the retreat of the state, regulatory governance expanded as an alternative to direct state control. Rather than withdrawing from markets, governments reorganized their economic functions, delegating authority to IRAs and establishing institutional frameworks that prioritized predictability, stability, and market efficiency (Levi-Faur, 2005; Levi-Faur & Jordana, 2005). This shift was not merely a corrective to market excesses, but rather an intentional transformation of state-market relations, ensuring that economic liberalization was accompanied by mechanisms of oversight and enforcement. In this section, we will review the drivers of regulatory state before we discuss the fragility of this institution. The rise of the regulatory state can be attributed to three key forces: (1) the need for credible commitments, (2) globalization and policy diffusion, and (3) shifts in public administration models.

A key driver of regulatory governance has been the need to establish credible commitments in economic policymaking. Governments delegate authority to IRAs to protect property rights and insulate decision-making from electoral pressures in order to enhance policy stability and credibility (Best, 2018; Majone, 1994; Kydland & Prescott, 1977; Fawcett et al., 2017; Roberts, 2009). This model was particularly critical in sectors such as finance, telecommunications, and energy, where investor confidence depends on predictable regulatory environments (Gilardi, 2005). However, the degree of independence of regulatory agencies varies in practice, as agencies operate in a gray zone between formal autonomy and informal political pressures (Verhoest et al., 2004; Hanretty & Koop, 2012). Some agencies enjoy strong insulation through fixed-term appointments, budgetary autonomy, and legal constraints on political intervention (Thatcher & Stone Sweet, 2002), while others remain vulnerable to executive interference (Elgie & McMenamin, 2005; Papadopoulos, 2018). The contestation of central bank independence illustrates this tension, as politicians periodically challenge central banks' autonomy for short-term economic gains (Goodhart & Lastra, 2018). These dynamics highlight that regulatory independence is never absolute but reflects strategic trade-offs between autonomy and political control.

Secondly**,** the diffusion of regulatory governance was reinforced by global economic integration and the role of international institutions such as the European Union (EU), International Monetary Fund (IMF), and World Bank, which conditioned financial aid and trade agreements on regulatory reforms (Jordana & Levi-Faur, 2011). Beyond formal institutional pressures, the rise of transnational regulatory networks facilitated the spread of best practices, policy coordination and the emancipation of regulators from their political superiors "at home" (Slaughter, 1997; Raustiala, 2002; Danielsen & Yesilkagit, 2014). These networks allowed regulators to develop global standards without direct political oversight, embedding domestic agencies within international policy frameworks (Picciotto, 1996). The EU has played a particularly strong role in shaping regulatory regimes through its supranational governance structures, influencing national regulators in areas like competition law, financial markets, and environmental policy (Coen & Thatcher, 2008; Eberlein & Newman, 2008). The Brussels Effect further illustrates how EU regulatory standards, such as the GDPR, influence global markets beyond its jurisdiction (Bradford, 2020). Meanwhile, emerging economies also adopted the principle of agency independence in their regulatory frameworks to align with international investment and trade requirements (Jordana & Levi-Faur, 2005). However, globalization has also created tensions, as regulatory agencies must balance national policy autonomy with transnational regulatory obligations.

Finally, the New Public Management (NPM) movement reshaped regulatory governance by promoting decentralization, performance-based accountability, and agency-based governance (Hood, 1991; Osborne & Gaebler, 1992). IRAs were positioned as technocratic bodies insulated from direct political control, allowing governments to separate policy implementation from political oversight (Busuioc, 2013; Pollitt & Bouckaert, 2011; Papadopoulos 2013: 171-191). However, NPM-driven delegation created tensions between independence and accountability (Majone, 1997). While IRAs were expected to operate free from political interference, concerns over their legitimacy and democratic oversight have grown (Busuioc & Lodge, 2016). Moreover, regulatory capture—where agencies become too aligned with industry interests—has emerged as a key challenge, undermining their impartiality (Carpenter & Moss, 2014). As reliance on independent regulators expanded, questions arose about whether regulatory governance was an irreversible policy regime or politically contingent (Lodge, 2008), depending on changing coalitions of societal and political actors, policy beliefs, and institutional arrangements, particularly in light of populist attacks on regulatory independence.

3. Populism as a Challenge to Regulatory Governance

Unlike civil servants and frontline administrators, regulatory authorities operate with greater institutional distance from direct political control, making their relationship with populist governance uniquely contentious. This section reviews the existing literature on populism and public administration, examines how populism interacts differently with regulatory authorities compared to other bureaucratic institutions, and identifies the specific threats that populism poses to regulatory governance.

3.1 Public Administrations Facing Populist Attacks: Vulnerable or Resilient?

As already noticed, the relationship between populism, democratic backsliding, and public administration has been extensively explored in the literature, particularly concerning the effects on the civil service. Waves of democratic erosion have reshaped governance structures, weakened the autonomy of public sector institutions, and shifted power toward elected executives (Levitsky & Ziblatt, 2019). Populists usually justify these transformations by presenting the bureaucracy as an extension of the corrupt elite or as a source of unaccountable technocratic power, thereby undermining its legitimacy and paving the way for administrative restructuring (Mudde, 2019).

Recent studies have shown that populist governance has increasingly politicized civil service, replaced expert-driven policymaking with loyalty-based appointments, and weakened meritocratic structures (Christensen, 2024). The literature has also documented how bureaucratic resistance, compliance, or sabotage shape the implementation of populists' pressure on bureaucracy (Schuster et al., 2022). Furthermore, a growing body of research has also examined the implications of populism for frontline workers who interact directly with citizens and implement policies on the ground (Lotta et al., 2024). This scholarship highlights the ways in which populist governments apply pressure to frontline workers, either by co-opting them into their political projects or marginalizing those perceived as obstacles to their agenda (Dussauge-Laguna, 2022; González-Vázquez et al., 2024). The findings indicate that while bureaucracies can be reshaped through formal institutional changes, the specific group of street-level bureaucrats are often subjected to more direct forms of control, such as public vilification, budgetary constraints, and ideological reorientation of their work (Peci et al., 2023).

However, much of this research has focused on central government bureaucracies rather than IRAs, and there remains a significant gap in understanding how populist politics affect regulatory governance. Unlike street-level bureaucrats, who may resist political interference through discretion in service delivery, or civil servants, who may engage in quiet forms of administrative resistance (Bauer et al., 2021), regulatory agencies operate in a complex legal and transnational environment that both insulates and constrains them. The distinct institutional design and functional role of IRAs set them apart from traditional civil service structures, making them both less susceptible to direct political control and, paradoxically, more vulnerable to targeted delegitimization efforts. Their expertise-based legitimacy, reliance on international networks, and specialized mandates make them uniquely positioned to resist political interference but also expose them to aggressive delegitimization campaigns (Busuioc & Jevnaker, 2022; Maggetti & Verhoest, 2014). Moreover, IRAs often lack the direct electoral accountability that populist leaders emphasize, making them an easy target for accusations of elitism and technocratic overreach (Borriello et al., 2023).

3.2. Populists Facing Independent Regulatory Authorities: A Distinct Action Repertoire

IRAs are specifically designed to function outside of direct political control, with legal mandates that insulate them from short-term political pressures (Gilardi, 2005; Majone, 1994). These agencies—responsible among others for competition policy, financial regulation, environmental oversight, food safety, management of the utilities sector, etc.—derive their legitimacy from their expertise, neutrality, and stability. Yet their institutional design contrasts sharply with populist governance, which emphasizes majoritarianism, direct democratic control, and executive dominance (Pappas, 2019; Baume & Papadopoulos, 2024).

Because of this fundamental tension, populist leaders often view IRAs as illegitimate obstacles to their political agendas. Unlike civil servants at all levels, who are subject to direct control and supervision by their superiors and ultimately by political 'principals', IRAs operate with formalized legal independence, making them harder to co-opt. IRAs are nevertheless vulnerable to populist assault targeting their autonomy, as research suggests that populists can employ various alternative strategies to undermine the authority of IRAs. One common approach is *legal restructuring and de-delegation*, where populist governments revoke or weaken the statutory independence of regulators, transferring their authority back to ministerial departments to increase direct political oversight (Ozel, 2012; Thatcher, Sweet & Rangoni, 2023). Another strategy involves *political appointments and institutional capture*, in which key regulatory positions are filled with politically aligned figures to ensure compliance with the executive's agenda, effectively subordinating regulatory agencies to partisan. Beyond personnel changes, populists also employ *resource reallocation and budgetary control*, deliberately weakening regulators by cutting funding, reducing staff, or shifting regulatory responsibilities to agencies with less institutional independence, thereby limiting their capacity to enforce rules effectively (Busuioc, 2020; Cunha & Silva 2024).

These strategies allow populist leaders to undermine regulatory governance without formally dismantling IRAs. Agencies remain in place but may be subject to "conversion" or "drift" (Streeck & Thelen, 2005): instead of functioning independently they operate in ways that align with political priorities, or they even lose part of their reason for being as a result of the reallocation of tasks to other, more directly controlled, bodies. By increasing executive oversight over regulatory decisions, populist leaders constrain IRAs' ability to enforce rules, often requiring direct government approval for major policy actions (Moynihan, 2022; 2025). Addressing these questions is essential for understanding the broader consequences of populist strategies to target and erode IRAs' autonomy, as well as the resilience of political-administrative arrangements against the rise of populism.

4. A Research Agenda for Regulatory Governance in the Age of Populism

The increasing politicization of regulatory governance under populist rule demands a systematic research agenda that examines how populist governments engage with regulatory institutions, how these institutions respond, and what the broader consequences are for markets and democratic governance. While research on populism and public administration has provided insights into civil service politicization, regulatory agencies remain an underexplored object in this debate. To address this gap, we argue that future scholarship should particularly focus on five key dimensions: (1) populist strategies to control regulatory agencies; (2) the politics of regulatory design under populism; (3) populist politics, regulatory capture and business interest; (4) transgovernmental networks and the constraints on populist interventions; and (5) strategies of adaptation and resistance by regulatory agencies. The five areas for further research are summarized in Table 1 and further described below.

Table 1: Summary of Research Agenda on Populism and Regulatory Governance

Agenda	Key Focus	Research Questions	Expectations
Populist Control Strategies (4.1)	Examining how populist governments attempt to weaken regulatory autonomy through de-delegation, legal restructuring, and politicized appointments.	What strategies do populists use to control regulatory agencies? Under what conditions do these strategies succeed?	Populist governments will attempt to weaken regulatory independence but may face legal and institutional barriers.
Politics of Regulatory Design (4.2)	Analyzing how populist-led changes in institutional design (e.g., appointment rules, funding structures) impact regulatory independence.	Do populist-driven de-delegation efforts fundamentally alter regulatory governance, or are they reversible?	Regulatory design changes may vary in permanence; some may be reversed by post-populist rule.
Regulatory Capture & Business Interests (4.3)	Exploring how populist regimes leverage regulatory institutions to form alliances with business actors, leading to selective deregulation and capture.	How do populists employ regulatory capture to consolidate power? Do business elites support or resist these efforts?	Business actors will have mixed reactions—some benefiting from deregulation, others resisting instability.
Transgovernmental Networks (4.4)	Assessing how transgovernmental regulatory networks function as constraints on populist-led regulatory dismantling.	To what extent do transgovernmental networks reinforce regulatory independence? Can they act as buffers against populist influence?	Transgovernmental networks will serve as constraints, but their effectiveness will depend on the level of international cooperation.
Regulators' Responses (4.5	Investigating strategies used by regulators to maintain autonomy, including reputational capital, international alliances, and selective compliance.	What tactics do regulators use to resist political interference? Which strategies are most effective in maintaining regulatory autonomy?	Regulators will employ various resistance tactics, but their success will depend on institutional and political contexts.

4.1 Populist Control Strategies and the Problem of Credible Commitments

The independence of regulatory agencies has long been regarded as a mechanism to ensure credible commitment in economic governance. Unlike central government departments, which are embedded in the broader political system and likely to be closely impacted by shifts in political priorities, IRAs are explicitly designed to function at arm’s length from executive control (Gilardi 2002). Their institutional autonomy is not simply an administrative feature but a critical guarantee of policy stability, particularly in areas such as financial regulation and competition policy. By insulating regulatory decision-making from short-term electoral incentives, IRAs provide markets with predictability, reassuring investors and firms that policies will not be arbitrarily reversed to serve political expediency (Gilardi, 2002; Keefer & Stasavage 2003).

The formal independence of regulatory agencies forms a prime focus of attack by populist governments. Agency independence is depicted as an illegitimate insulation of technocratic elites from the will of the people and framed as an obstacle to democratic oversight. This institutional insulation makes agencies less susceptible to immediate political interference but also more vulnerable to targeted delegitimization efforts. Populist leaders, who emphasize unmediated executive authority and responsiveness to "the people", frequently seek to undermine the autonomy of regulatory agencies by questioning their legitimacy, politicizing their leadership, or curtailing their authority through legal and institutional reforms.

A fundamental challenge for populist control over IRAs, we contend, is the principle of credible commitment—the notion that regulatory stability is intimately connected to institutional independence from political interference (Elgie & McMenamin, 2005; Miller & Whitford, 2016). The ability of IRAs to maintain this perception is essential for market confidence, particularly in sectors where regulatory decisions shape long-term investment strategies. However, politicians in general, and populist leaders in particular, often struggle with time-inconsistency problems: their short-term electoral incentives frequently conflict with the long-term stability required for effective regulatory governance. While some populists may initially pledge to respect regulatory autonomy, they frequently reverse course when regulatory agencies block discretionary economic interventions or enforce market rules that constrain executive authority. This pattern erodes market predictability, deters foreign investment, and weakens the credibility of IRAs, creating broader instability in economic governance (Coban, 2023).

The economic consequences of populist-led regulatory interventions can be profound. Markets rely on regulatory consistency to assess risks and allocate capital (Koop & Lodge, 2020; Onoda 2024); and when populist governments interfere in IRAs' daily policy processes, the response from investors and economic actors can be swift (Mathieu & Valenzuela, 2023). Regulatory instability also accelerates policy volatility, weakening state capacity and disrupting long-term economic planning (Coban, 2023; Ozel, 2024). Despite the pressure on IRAs and the regulatory state, not much is known whether markets can act as a check on populists' assault on IRAs and the regulatory state. While financial pressures may eventually constrain populist leaders, the extent to which economic actors can counterbalance regulatory capture remains an open question for future research.

A particularly salient example of the tension between populism and credible commitment is the case of central bank independence (CBI), where populist leaders have repeatedly sought to reassert political control over monetary policy. While central banks, like other regulatory agencies, were historically insulated from direct political influence to ensure price stability and market confidence (Jones & Matthijs, 2019), populist governments frequently challenge this insulation by pressuring central banks to pursue short-term economic expansion, lower interest rates, or accommodate fiscal deficits (Apaydin & Coban, 2023; Coban & Apaydin, 2025; Gavin & Manger, 2023). Central banks wield significant influence over macroeconomic stability, making them a primary target for populists who seek to bypass monetary discipline in favor of electoral incentives (Baerg, Gray, & Willisch, 2020). Empirical evidence suggests that when populists undermine CBI—whether through politicized appointments, public attacks, or legal reforms—markets react swiftly, often resulting in currency depreciation, capital flight, and increased borrowing costs (de Haan & Hag, 1995; Lim, 2021). However, some research also indicates that not all populist interventions are inherently destabilizing, as central banks in certain contexts may require greater democratic accountability to balance technocratic policymaking with public responsiveness (Guzzo & Velasco, 1999). To be sure, the case of central banks provides a crucial testing ground for understanding the broader dynamics of populist interference in IRAs and the economic consequences of weakening credible commitments in governance. However, it is necessary to check if the dynamics stemming from populist pressure on central banks are similar when other IRAs are the targets of such pressure.

Indeed, the growing tension between populist governance and the principle of credible commitment raises fundamental questions about the future of the regulatory state and IRAs. At the core of this issue is the dilemma faced by populist governments: how to pursue short-term political objectives while also coping with the long-term regulatory stability that independent agencies are designed to uphold? While populists often seek to reassert executive control over IRAs, doing so undermines the very credibility that markets rely on for investment decisions and economic predictability. In this regard, we need to scrutinize how populists navigate the tension between their short-term political objectives and the long-term credible commitments embedded in IRAs, and the consequences for regulatory stability and economic governance.

To address this broader issue, and in light of the earlier discussion of populist strategies, the strategies highlighted so far in the existing literature illustrate how populism poses a distinct challenge to regulatory governance compared to its effects on the traditional civil service. Despite emerging empirical and theoretical contributions about various populist strategies so far, the effects of populism on regulatory governance require deeper investigation: first, these strategies might not be employed alone, as populists may resort to mixed strategies, but we do not know whether and why one (or more) strategy is resorted and what determines the choice of strategies. Second, and relatedly, not much is known about the density and/or the intensity of these strategies which shape the extent populists might seek to dismantle or co-opt IRAs. This is a crucial area of inquiry because these strategies could primarily be legal and institutional, involving direct restructuring of agencies and reallocation of tasks, or they may rely more on informal pressure, such as politically motivated appointments and the threat of budgetary cuts. Third, there is scant research about how IRAs are responding to populists' strategies, and whether, how, and to what extent IRAs can adapt to the pressures of political interference? And, under what conditions do regulators successfully maintain their autonomy?

4.2 Populism and the Politics of Regulatory Design

Regulatory governance operates on the basis of an implicit public service bargain between elected officials and independent regulators, in which agencies are granted formal autonomy in exchange for politically neutral, expertise-driven decision-making (Hood & Lodge, 2006). This arrangement is designed to insulate IRAs from short-term political pressures while ensuring policy credibility and market stability. However, populist governments challenge this framework by redefining the relationship between politics and regulatory governance, often seeking to reclaim control over agencies they depict as unaccountable elites detached from the will of the people. By portraying independent regulators as unelected bureaucracies that undermine national sovereignty, populists seek to re-politicize regulatory decision-making, replacing expert-driven governance with direct political responsiveness. This shift represents a fundamental challenge to the institutional logic of regulatory governance, as it weakens the autonomy necessary for stable economic oversight and long-term policy commitments.

To achieve this, populist governments deploy various institutional strategies to erode regulatory autonomy. One of the most direct methods is *de-delegation*, where regulatory authority is transferred back to politically controlled ministerial departments enabling greater executive influence over regulatory decisions (Thatcher, Sweet & Rangoni, 2023; Ozel, 2012). Another common approach is the *politicization of public service bargains through strategic appointments,* allowing populist leaders to replace independent regulators with political loyalists who align with their policy objectives (Benoît & Szilâgyi, 2021). By modifying selection criteria or expanding executive control over appointment processes, populists can gradually reshape regulatory agencies from within, turning them into instruments of partisan governance rather than neutral enforcers of market rules.

While scholars have examined the broader dynamics of regulatory delegation and de-delegation, existing research has not fully explored the populist-specific dimension of these trends. A special issue recently co-edited by Thatcher, Sweet and Rangoni 2023) highlighted how politicization and de-delegation are increasingly shaping regulatory governance. The contributions have pointed to some crucial outcomes, such as the fact that, although politicians have the tendency to politicize IRAs, politicization does not trigger long-lasting or institutionalized de-delegation. Put differently, public service bargains (i.e., formal or informal independence) may not simply collapse but instead evolve to accommodate new political dynamics. However, the contributions in Thatcher, Sweet and Rangoni (2023) do not specifically address how such processes unfold under populist rule. It remains unclear whether populist interference in regulatory design constitutes a fundamental transformation of governance structures or merely a temporary disruption that regulatory agencies can recover from once political conditions change.

In some cases, populist governments do not seek the outright dismantling of regulatory institutions but rather their strategic reconfiguration to serve political ends: a typical strategy of institutional change through conversion. Rather than abolishing agencies, populists may seek to reshape their mandates, aligning them with nationalistic economic policies or state-led development agendas, as seen in Hungary, Turkey, and elsewhere (Coban & Apaydin, 2025; Johnson & Barnes, 2025; Piroska 2022). This suggests that the relationship between populists and regulators is not purely one of destruction but of instrumentalization—where regulatory agencies are repurposed as mechanisms of political control rather than remaining independent arbiters of market governance.

Given this evolving landscape, future research should explore how populist governments attempt to renegotiate public service bargains in regulatory governance. A key question is whether populist-driven de-delegation follows the patterns of previous waves of regulatory reform or represents a distinct, populist-specific mode of dismantling agency independence. Investigating how populists frame their attacks on IRAs—whether through nationalist rhetoric, economic justifications, or direct critiques of technocracy—is essential to understanding the broader political logic behind these interventions. Additionally, research should assess what factors contribute to the resilience of regulatory agencies under populist rule. Institutional path dependencies, legal constraints, and transgovernmental regulatory networks may provide regulators with tools to resist direct political control, raising the question of whether populists ultimately succeed in shifting governance structures or whether the changes that they initiate prove reversible. Finally, scholars should examine the long-term consequences of populist interventions in regulatory design: does the weakening of regulatory independence lead to lasting institutional decline How do economic actors respond to regulatory politicization, and whether and how could markets impose limits on populist-driven institutional redesign? Addressing these questions will clarify whether populist strategies of control represent a temporary disruption in regulatory governance or a structural transformation with long-lasting effects on state capacity and democratic stability.

4.3 Regulatory Capture and the Role of Business Interests under Populist Pressures

Populist leaders do not merely seek to control state institutions; they also extend their influence over economic actors, leveraging regulatory institutions as instruments of political authority and as channels for strategic alliances with powerful business interests. A notable example is the Bolsonaro administration's coalition with agribusiness in Brazil, which facilitated deregulation in forestry and environmental governance in the Amazon region (Milhorance, 2022). However, populist encroachments into regulatory governance do not uniformly benefit businesses. Clientelist ties between populist regimes and economic elites create political obligations, compelling firms to align with government priorities in exchange for regulatory favors. Businesses may face direct pressure to contribute to employment generation, increase investment, or adjust their operations to accommodate populist agendas aimed at consolidating electoral support (Apaydin, Piroska, & Coban, 2025; Culpepper, 2021; Feldmann & Morgan, 2023; Hartwell & Devinney, 2024; Sallai et al., 2024).

Unlike conventional regulatory capture, which typically arises as an indirect consequence of business lobbying and economic influence, populist leaders actively weaponize regulatory institutions as a means of consolidating power. Empirical research demonstrates that in countries such as Hungary, Turkey, and Malaysia, patrimonial and kleptocratic networks between political elites and business actors have enabled populist governments to restructure regulatory agencies in ways that benefit their economic allies (Abadi, 2021; Apaydin & Coban, 2023; Kutlay & Yildirim, 2024; Milhorance, 2022; Rupnik, 2018). By appointing industry insiders and political loyalists to key regulatory positions, populist administrations are able to steer regulatory decisions in favor of particular firms, weaken enforcement mechanisms against strategic allies, and marginalize businesses that challenge or resist government policies (Guidi, Guardiancich, & Levi-Faur, 2020).

The relationship between populism and business interests, however, is far from uniform. While certain firms benefit from reduced regulatory oversight, others—particularly those dependent on stable regulatory frameworks, open markets, and international trade regimes—frequently resist populist interventions (Kinderman, 2020). In Germany, for instance, business associations actively mobilized against right-wing populism, citing the economic risks posed by protectionist and nationalist trade policies (Kinderman, 2020). Conversely, some industries—most notably Big Tech—have leveraged populist governance to secure strategic advantages. The emergence of Elon Musk's Department of Government Efficiency (DOGE) in the United States illustrates how regulatory restructuring under populist influence can empower politically connected firms to exercise disproportionate influence over executive decision-making (Financial Times, 2024). This reflects broader trends in which technological advancements have enhanced the infrastructural power of Big Tech, enabling it to penetrate core state functions and, in some cases, facilitate the dismantling of state capacity through regulatory capture and deregulation.

Beyond direct business capture, populist governments indeed frequently engage in the restructuring or outright dismantling of regulatory agencies to centralize control over key industries. This process, often justified as a means of enhancing efficiency or reducing bureaucratic inertia, blurs the traditional boundaries between political authority and market governance, shifting regulatory decision-making away from neutral enforcement and toward partisan economic management (Chesterley & Roberti, 2016). Empirical studies on Latin America illustrate that once populist leaders weaken the rule of law, they develop strong incentives to cultivate corrupt linkages with economic elites willing to align with their agendas (Carrión & Korman, 2023). This raises critical questions regarding the extent to which regulatory governance can function as a safeguard against populist encroachment or, conversely, as an enabler of clientelist economic policies.

To advance the study of populist interference in regulatory governance, future research should explore the specific mechanisms through which populist leaders capture, restructure, or dismantle independent regulatory agencies. A key question is whether populists primarily rely on formal institutional changes—such as altering agency mandates and appointment processes—or whether they achieve regulatory control through informal channels, including selective enforcement, discretionary rulemaking, and patronage networks. Additionally, the extent to which business elites align with or resist populist interference in regulatory autonomy varies across sectors and industries, necessitating further comparative analysis. Finally, research should assess what institutional safeguards, if any, can protect regulatory agencies from absorption into populist patronage systems, and under what conditions these safeguards fail. Cross-national comparative studies could provide valuable insights into whether specific legal frameworks or institutional designs enhance resilience against populist interference or, alternatively, render regulatory agencies more vulnerable to capture.

4.4 Transgovernmental Regulatory Networks and Insulation from Populism

Regulatory governance has increasingly transcended national borders, with IRAs forming part of transgovernmental networks that facilitate cross-border coordination, harmonization, and standard-setting (Coban, 2020; Newman, 2010; Papadopoulos, 2018; Raustiala, 2002). These networks, embedded in supranational organizations such as the EU, the World Trade Organization, and the IMF, have created a multi-level regulatory order that constrains domestic political interventions by imposing internationally agreed-upon regulatory norms and practices. Within the EU, the institutionalization of transgovernmental regulatory networks has played a crucial role in harmonizing competition law, financial regulation, environmental policy, and data protection (e.g., GDPR), making it increasingly difficult for national governments to unilaterally dismantle regulatory regimes (Mastenbroek & Martinsen, 2018; Eberlein & Newman, 2008). The primary function of these networks is to insulate regulatory decision-making from short-term political pressures, ensuring long-term economic stability and policy continuity by fostering rule-based governance and peer accountability mechanisms.

However, populist governments actively challenge the legitimacy and autonomy of transgovernmental regulatory networks, as well as international organizations, portraying them as unaccountable technocratic structures that impose constraints on national sovereignty (Blatter & Schulz, 2022; Hopewell, 2021). Populists often frame regulatory networks as cosmopolitan elites that dictate policies without democratic legitimacy, leveraging nationalist rhetoric to back their attempts to put into question existing regulatory arrangements.. This strategy not only seeks to undermine international regulatory institutions but also erodes the institutional safeguards that protect independent regulators from direct political control. As such, populists frequently seek to reclaim national control over regulatory decision-making, either by withdrawing from international regulatory frameworks, sidelining agencies that maintain deep ties to transnational bodies, or deliberately undermining compliance with international norms. In Hungary and Poland, for example, governments have sought to politicize national regulators and limit their engagement with EU regulatory networks, weakening their ability to enforce competition and rule-of-law provisions (Van Osch, de Ruiter, & Yesilkagit, 2021). Brexit also exemplifies how a national-populist “mood” advocates for severing institutional ties with supranational regulatory bodies, reframing regulatory independence as a means of reclaiming national sovereignty (Clarke & Newman, 2017).

At the same time, we have noted that transgovernmental regulatory networks serve as counterweights to populist interference, reinforcing the autonomy of domestic regulatory agencies. By embedding national regulators within international frameworks, these networks provide external legitimacy, expertise, and enforcement capacity. For instance, Papadopoulos (2018) shows how transnational fora are used by domestically threatened regulators to claim support against governmental interference, and Waisbich (2024) highlights bureaucrats' mobilization of international networks to counter pressure from Bolsonaro in Brazil. Such international embeddedness and dense network ties are likely to provide expertise, discursive leverage, and legitimacy, therefore making it more difficult for populist governments to unilaterally alter regulatory regimes. Peer coordination mechanisms and international oversight structures—such as EU regulatory agencies or WTO dispute mechanisms—act as external buffers, limiting the extent to which national governments can politicize regulatory governance. Moreover, the reputational costs associated with undermining transgovernmental networks can deter populist governments from challenging the autonomy of regulatory authorities. Even in cases where populists successfully seize control over national regulators, the persistence of transgovernmental linkages can moderate the extent of regulatory disruption, forcing governments to maintain at least a semblance of compliance with international expectations.

Empirical studies suggest that participation in transgovernmental regulatory networks can, in fact, enhance the autonomy of domestic regulatory agencies. It strengthens their learning capacity and fuels a sentiment of self-confidence that facilitates regulators' emancipation from domestic political pressure. Danielsen and Yesilkagit (2014) find that national regulators embedded within European regulatory networks gain greater decision-making discretion due to the expertise and policy legitimacy conferred by international cooperation. Similarly, Bach, Ruffing, and Yesilkagit (2015) demonstrate that membership in international regulatory frameworks provides agencies with external sources of authority, reducing their dependence on national political actors and insulating them from direct government interference. These studies indicate that rather than being weakened by international regulatory alignment, independent agencies can leverage their transnational ties to resist domestic political pressures. This suggests that populist attempts to dismantle or bypass transgovernmental networks may not only face institutional resistance from supranational organizations but also encounter pushback from regulatory agencies themselves, which benefit strategically from their embedded position within international governance structures. This is particularly significant in the EU context, where regulatory authorities function within a multi-level governance structure that binds national agencies to supranational commitments. The EU recently became increasingly assertive against domestic democratic backsliding and executive aggrandizement (Blauberger et al., 2024), and such a context makes politically costly for populist leaders to engage in radical de-delegation or regulatory dismantling, limiting thus their ability to unilaterally alter regulatory regimes.

The growing tension between populist claims of sovereignty and transgovernmental regulatory governance raises critical research questions about how independent regulators navigate political pressures in an era of nationalist retrenchment. The first key issue concerns how populist governments attempt to sideline or dismantle transgovernmental regulatory networks. While some populist leaders advocate full withdrawal from supranational governance frameworks, others pursue more subtle forms of regulatory disengagement, such as limiting agency cooperation with international counterparts or selectively ignoring compliance obligations. Future research should examine what legal and institutional strategies populist leaders use to delegitimize or politically neutralize these networks, as well as whether certain policy domains—such as financial markets, competition law, or environmental regulation—are more vulnerable to populist contestation than others. Furthermore, it remains an open question whether populist governments rely primarily on nationalist rhetoric to justify regulatory disengagement or whether their strategies are motivated by concrete economic or political interests.

A second critical question concerns how transgovernmental regulatory networks resist or adapt to populist interference. Some networks may rely on strong institutional mechanisms, peer coordination, and reputational incentives to maintain regulatory independence, while others may find themselves more vulnerable to political manipulation. Future research should further explore to what extent these networks reinforce the autonomy of domestic regulators, and whether national regulatory agencies can leverage their international linkages to shield themselves from domestic political interference. It is particularly important to assess whether these networks succeed in counteracting populist-driven regulatory changes or whether they primarily serve as symbolic constraints that populists can circumvent through alternative legal or political channels.

Finally, populist-led regulatory withdrawal has economic and political consequences that merit further investigation. A critical issue is how market confidence responds to populist attacks on transgovernmental regulatory frameworks. Do financial markets and/or business penalize populist-driven disengagement from global regulatory structures, or do certain business interests benefit from a more flexible, nationally controlled regulatory regime? Research should assess whether the economic costs of withdrawing from regulatory cooperation outweigh the perceived political benefits for populist governments, and whether the long-term consequences of regulatory isolation lead to institutional weakening, policy fragmentation, or the emergence of alternative governance models. Additionally, it remains unclear whether transnational business actors play a role in moderating or reinforcing populist-driven regulatory disengagement. For instance, in cases where firms depend on harmonized international standards, they may lobby against populist attempts to dismantle regulatory cooperation. Conversely, in industries that benefit from reduced oversight, business actors may become enablers of populist-led regulatory rollback.

4.5 Regulators' Responses to the Ascendancy of Populist Political Movements

Regulatory agencies, unlike central government departments and ministries, navigate political pressures in fundamentally different ways when faced with populist encroachment. While bureaucrats in ministries often respond through *exit*, *voice*, *and loyalty* (Hirschman, 1970) or *work, shirk, and sabotage* (Brehm & Gates, 1997), IRAs do not operate within the same hierarchical structures as civil service departments (see also Bauer et al., 2021). The conventional frameworks used to study bureaucratic responses—such as *guerilla bureaucracy* (Schuster et al., 2022)—apply primarily to institutions where civil servants can engage in internal resistance strategies while remaining embedded within the political system. In contrast, the independence of regulatory agencies means that their ability to resist populist influence is less about internal dissent and more about maintaining *de facto* autonomy despite external pressures.

The resilience of regulatory agencies, therefore, is not merely a function of legal protections but depends on their ability to strategically navigate political threats. Scholars have demonstrated that *de facto* autonomy is often cultivated through bureaucratic strategies, reputational capital, and transnational linkages (Carpenter 2001; Coban, 2024; Maggetti, 2007; Verhoest et al., 2004; Yesilkagit & Van Thiel, 2008; Danielsen & Yesilkagit, 2014). Unlike ministerial bureaucrats who can resist populist directives through informal obstruction or selective enforcement, regulatory agencies defend their independence by reinforcing their credibility as neutral enforcers of rules, embedding themselves in external governance networks, and leveraging expertise to retain influence. This distinction suggests that while ministries may respond to populist pressures through internal bureaucratic resistance, regulatory agencies may have to rely on external mechanisms of insulation to maintain their autonomy.

One of the most effective ways IRAs defend their independence is through reputational strategies. Bureaucratic autonomy is not solely derived from statutory protections but is also contingent upon the credibility and expertise that regulatory agencies cultivate over time (Carpenter, 2001; Gilad et al., 2015; Maor 2020). Agencies that establish strong reputational capital with economic actors, international organizations, and civil society stakeholders are better positioned to resist political interference thanks to the existence of supportive coalitions. Coordination mechanisms with multiple stakeholders can either enhance or constrain an agency's ability to retain operational discretion (Coban, 2022; Rommel and Verhoest, 2014). Regulatory bodies that successfully embed themselves within governance networks—whether through transnational cooperation, public-private alliances, or legal entrenchment—are better positioned to insulate themselves from executive overreach. By demonstrating their technical expertise and the economic benefits of regulatory stability, IRAs can mobilize external allies who exert countervailing pressure against populist attempts to erode their autonomy. This reputational shield has been particularly evident in financial regulatory bodies, where credibility among international investors is a key determinant of regulatory resilience. Moreover, reputational resilience can serve as a structural constraint on populist-driven bureaucratic change. Agencies with well-established reputations among international financial institutions or transgovernmental regulatory networks benefit from external validation, which constrains the ability of governments to arbitrarily interfere with their mandates (Bach & Ruffing, 2017).

Beyond alliances with various constituencies, IRAs also engage in strategic adaptation to mitigate political risks. Rather than engaging in outright defiance, some regulators adopt tactics of selective compliance—adhering to populist directives in less critical areas while safeguarding core regulatory functions from political influence. Maor (2020) suggests that regulatory agencies may adopt "selective engagement" strategies, complying with political pressures in low-risk areas while fiercely defending core functions. In Turkey, for example, agencies have maintained *de facto* independence through procedural adaptations and informal negotiations, even when their formal autonomy was legally constrained (Sezen, 2007). This form of strategic maneuvering allows agencies to maintain operational discretion without provoking direct confrontation with populist administrations. In some cases, regulatory agencies can even turn political attacks into opportunities to reaffirm their indispensability, as seen in instances where financial regulators responded to populist-driven market instability by reinforcing their authority through decisive interventions (Gilad, Maor & Bloom, 2015).

Despite these adaptive strategies, resistance by regulators is not always successful. In cases where populist leaders systematically target regulatory institutions, agencies may experience forced leadership changes, budgetary reductions, or outright dissolution. Research on regulatory capture highlights how politicians exploit formal appointment processes to replace independent regulators with political loyalists, thereby undermining agency autonomy from within (Ennser-Jedenastik, 2016). Moreover, the ability of regulatory agencies to resist political pressures is contingent on broader institutional constraints. In countries with strong constitutional safeguards and independent judicial review, regulatory agencies are more likely to withstand populist interference, whereas in weaker institutional contexts, populists can erode regulatory independence with greater ease (Christensen & Lægreid, 2007). In addition, the study of *de facto* autonomy is crucial for understanding regulatory resilience under populist rule. Unlike traditional bureaucracies, regulatory agencies do not have the luxury of covert resistance strategies such as slow-walking policies or selectively applying rules. Instead, they must operate in the open, relying on reputation, legal frameworks, and international partnerships to sustain their autonomy.

The extent and effectiveness of regulatory resistance remain crucial areas for future research. It should explore the following critical questions: Do some types of regulatory agencies exhibit greater resilience than others? Under what conditions do regulatory agencies successfully defend their independence? Does maintenance of regulatory autonomy vary across policy sectors, as financial regulators, competition authorities, or environmental agencies might be more resilient than others? How do courts, international organizations, and private sector actors influence the ability of regulators to resist populist pressures? Answering these questions will provide deeper insights into the long-term implications of populism for regulatory governance and state capacity.

5. Conclusion

Regulatory capitalism emerged as a response to the need for credible commitments, the pressures of globalization, and shifts in public administration models. IRAs were institutionalized to depoliticize economic governance, ensuring stability and market predictability. However, the rise of populism has placed significant strain on the regulatory state, challenging the principles of bureaucratic autonomy, evidence- and rule-based policymaking. The same structural features that enabled regulatory governance to flourish—its reliance on expertise, insulation from political cycles, and embeddedness in transgovernmental networks—have now made it a prime target for populist leaders who reject constraints on executive authority. The populist critique of regulatory governance, framing independent agencies as unaccountable elites disconnected from democratic will, has led to attempts at regulatory capture, de-delegation. This shift threatens not only the stability of regulatory institutions but also broader economic predictability and democratic governance, if we consider non-majoritarian bodies to be integral part of it. .

Despite these challenges, the resilience of the regulatory state cannot be dismissed. Empirical evidence suggests that agencies embedded in international regulatory frameworks, equipped with strong reputational capital, or supported by institutional safeguards can resist populist interference. However, these mechanisms are not universally effective, and in weaker institutional contexts, populist-led regulatory dismantling has proceeded with little resistance. Furthermore, the extent to which business actors and market forces act as counterweights to populist incursions into regulatory governance remains an open question. If populist leaders successfully capture regulatory agencies, the very mechanisms that once ensured credible commitments may be weakened, leading to long-term institutional erosion and diminished policy effectiveness.

The research agenda outlined in this paper highlights the urgent need to study how the regulatory state navigates these pressures. Future scholarship must examine the conditions under which IRAs can maintain autonomy, the role of business and political elites in enabling or resisting regulatory capture, the influence of transgovernmental regulatory networks, the politics of regulatory design, and the strategic responses of agencies to populist threats. Whether the regulatory state can survive in an era of populist ascendancy will depend on its ability to adapt, reaffirm its legitimacy, and balance independence with democratic accountability. The survival of regulatory capitalism is not guaranteed—its future will be shaped by how institutions, markets, and policymakers respond to the contestation of expertise-driven governance. Understanding these dynamics is essential for regulatory governance in an era of increasing political turbulence.

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