The American-engineered international economic system that dominated the non-Communist world in the aftermath of World War II privileged multilateralism internationally and the Keynesian welfare state domestically. Outside the developed world, the system supported statist-developmental and economic nationalist policies. Economic nationalism encouraged the very populist coalitions promoted by the United States in the Middle East and elsewhere to demand a fundamental change of the economic rules of the game. Their opportunity came with the economic crisis of 1971 and the oil price revolution of 1973, which created the opportunity for advancing the call for a New International Economic Order. Economic policy-makers in the United States viewed the NIEO as a direct challenge to the American-led international economic order and adopted a strategy that would not only subdue the economic nationalism responsible for the oil crisis, but would help dismantle populist coalitions legitimated by economic nationalism. The United States succeeded in large measure as a result of a second economic crisis in 1979-80, which raised debt servicing costs, and collapsed commodity prices. It also used its weighted voting powers to “bust” the populist state through IMF imposed conditionalities and structural adjustment programs.

Although populations in the Middle East initially resisted the new dispensation, by the 1990s the austerity-induced riot was mostly a thing of the past, a result of a fundamental restructuring of state-civil society relations: The populist Middle Eastern state had created categories of collective identity through which organized interests might be represented to the state. It also laid out a framework of rights and privileges of citizenship. In the post-populist age, where mobilizational parties linking populations and governments are merely representational, smaller, discrete rights-directed and service-providing associations have taken their place—not to connect populations to their governments, but to fill the gaps separating the two.