

The Style of Populist Governance

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Abstract

Governance by elected populist leaders has been shown to harm economic growth. What causes this pattern? One explanation may be that when populist leaders are in power, they implement a set of costly policies. Another explanation may be that populist leaders have a style of governance that is generally disruptive, but their policies do not differ significantly from those of non-populist leaders. In this paper, we investigate whether the power of populist leaders affects the policies they implement. To measure power, we develop a continuous measure based on party size and how pivotal the populist party is for the coalition. To measure policies, we analyze Wikipedia entries for heads of government records. In this first draft, we focus on analyzing to what extent populists implement different policies from non-populist governors. Analyzing cross-national data since 1945, we find that populists are not evenly different from non-populists on economic-related policies. Populists are related to negative impact on property and social rights, as well as on poverty alleviation. However, our results suggest that there is no significant distinction in taxes and overall economic policies. For the next step of this project, we hypothesize that when populist power in cabinets increases, they are more likely to implement non-populist policies, which also correlate to different effects on economic growth.

Gov2020 Project

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1 Introduction

The rise of populism has inspired a large branch of research to explain populist electoral appeal (Ansell, Hjorth, Nyrup, and Larsen 2021; Gidron and Hall 2017; Kurer and Van Staaldin 2022). An emerging area of research has been to understand the political effects of when populists get in power (Funke, Schularick, and Trebesch 2023; Bellodi, Morelli, and Vannoni 2024). Funke, Schularick, and Trebesch 2023 construct a global dataset of populist leaders from 1870 to 2020 and analyze the 52 cases with a populist leader. Averaging across these cases, they document a negative relationship between populism and economic growth. While the discussion is to be on Funke, Schularick, and Trebesch (2023) estimates, their results invite a new question: why do populists harm economic growth?

In this paper, we seek to distinguish between two distinct pathways in which populists can affect economic growth. One is a set of stated policies, such as taxes, price control, interference in monetary policy or regulation, which could affect economic performance. A second pathway could be that populist leaders are less efficient at governing, and therefore deliver worse economic performance. These two factors are not mutually exclusive, and may, in fact, rather be understood as reinforcing forces. Analyzing Italian municipal politics, Bellodi, Morelli, and Vannoni (2024) shows how populist politicians get elected by making costly policy commitments, which secure electoral victory. But, after the election, and the policies have to be implemented, high-skilled bureaucrats resist. To get the policy implemented, populist leaders fire high-skilled bureaucrats, and replace them with bureaucrats who will implement the policy, who in turn have lower skills than the preexisting bureaucrats. In this view, populists come in with a distinct set of costly policies, which then also affect the quality of governance.

We use data from Wikipedia and available indicators to assess how populist leaders compare to non-populist leaders in terms of policy and governance. We thereby approach the same global approach as Funke, Schularick, and Trebesch (2023), and apply to same observational approach as them to assess the effect of populism on policy and governance. We also contribute to Bellodi, Morelli, and Vannoni (2024) study by expanding the scope from local elections to global elections. This increase of

the extensiveness of the study comes at the cost of its intensiveness, as we do not have an as efficient strategy as Bellodi, Morelli, and Vannoni (2024) to identify the effect of populism. Here, are study is more analogous to Funke, Schularick, and Trebesch (2023), in using the best applicable tools to see the impact of populism on governance and policy.

2 The Effect and Style of Populist Governance

Below, we replicate the documented effect of populism on the economy. This is Funke, Schularick, and Trebesch (2023) main finding, which is derived by using a synthetic control method, where the election of a populist leader in a given year. The synthetic control method creates a "doppelganger country", a hypothetical scenario where one tries to recreate the country in a case where the populist leader was not elected. This is a matching exercise of sorts, where one constructs a doppelganger by matching on observable characteristics (Abadie, Diamond, and Hainmueller 2015).

It might be helpful to have axes labeled here, as well as a brief caption. It is great, though, that you try to interpret some parts of the figure in the paragraph below.

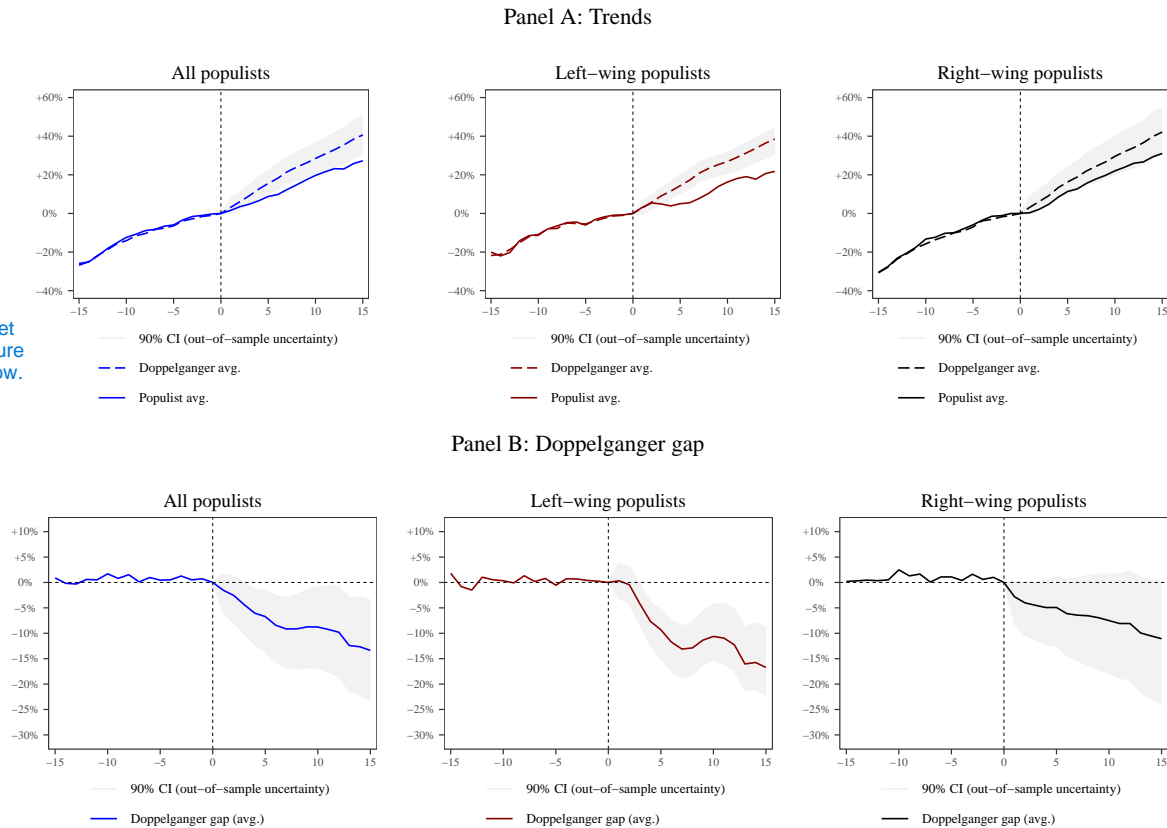


Figure 1: Main result from Funke, Schularick, and Trebesch (2023)

As seen above, Funke, Schularick, and Trebesch (2023) distinguish between left- and right-populist, and there seem to be some differences in the growth between the two situations. Left-wing populist seem to experience slightly lower growth relative to the right-wing populist. This may be suggestive of policy differences between left and right wing populists, where left-wing populists implement more costly redistributive policies than their right-wing counterpart. Below, we depict a simple way of thinking of this relationship. We can think of the populist as having a certain set of policies that they can implement and a style of governance, which affects economic growth. Naturally, they may be exogenous events, such as oil crises or war, which affect economic growth independently.

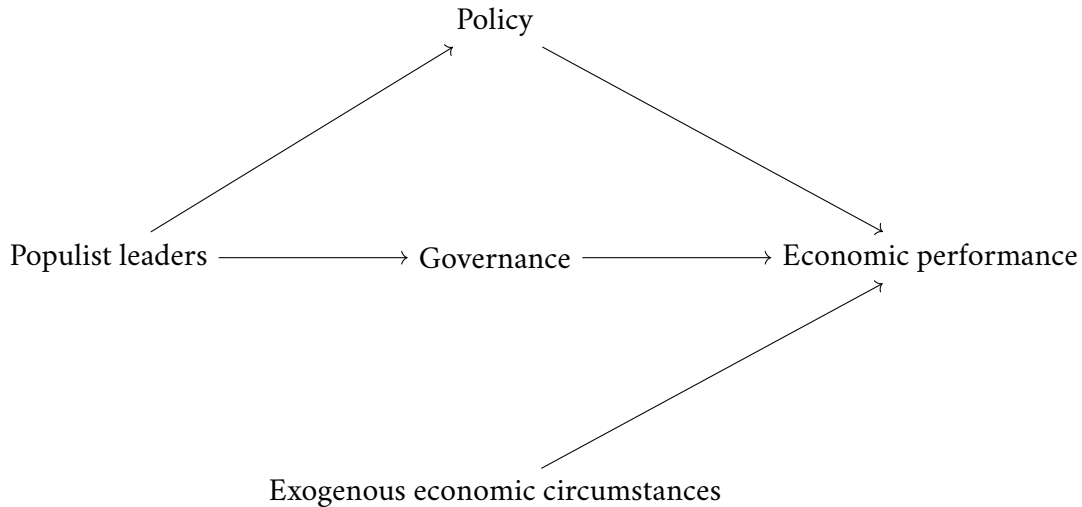


Figure 2: The Relationship Between Populism, Governance, and Economic Performance

Although we have drawn the above in the direction of populists affecting policy, which then affects growth, this is a theoretical depiction, **not a claim of how the relation is truthfully running**. For instance, it may be the case that the anticipation of certain economic circumstances leads to the implementation of certain economic policies or that certain economic circumstances themselves are the reason why populist leaders get elected. These problems of inference are analogous to Funke, Schularick, and Trebesch (2023), and highlight reasons for why to be cautious about claiming estimates to be causal.

Wonder if you could incorporate some of these ideas into the figure itself.

2.1 Defining Populism, Policy and Governance

Let us define in more concrete terms what we mean by populism, policy and governance.

Populism: Populism is an essentially contested concept, where definitions latch on to ideology, political strategies, or policies (Bellodi, Morelli, and Vannoni 2024). A focus on ideology centers on populism being a "thin" ideology, where the organizing thought is that populism rhetorically emphasizes **divisions between "them" and "us"** (Mudde 2004). In this view, populism is an expressive act where leaders, through their speech, can be defined as populist. Next, populism can be understood as a strategic behavior to win and exercise power **by committing to certain unfulfillable policies which secure the electoral majority** (Weyland 2001). Finally, there is an economic view that focuses on poli-

cies that favor a minority of the population but hurt the economic welfare of the majority (Acemoglu, Egorov, and Sonin 2013; Dornbusch and Edwards 1992).

We adopt the first definition, the ideational view of populism. This definition has the advantage of traveling better through time and space, i.e., being both applicable in the Latin American or European case (Funke, Schularick, and Trebesch 2023). Substantively, our interest is also in understanding how parties and politicians expressing a populist ideology affect policies, and hence, we want to understand whether expressed ideas convert into tangible policies.

Defining Policy: We are interested in observing how economic policy changes when populists gain power. This is a broad category. We are agnostic to which policies are conducive to growing an economy, but we use the notion of Washington Consensus policies as ones that create meaningful dimensions through which we can observe changes in economic policy. We reproduce the definitions of Rodrik 2008 below as a heuristic to systematize policy changes.

The Augmented Washington Consensus	
Original Washington Consensus	“Augmented” Washington Consensus <i>the previous 10 items, plus:</i>
1. Fiscal discipline	11. Corporate governance
2. Reorientation of public expenditures	12. Anti-corruption
3. Tax reform	13. Flexible labor markets
4. Financial liberalization	14. WTO agreements
5. Unified and competitive exchange rates	15. Financial codes and standards
6. Trade liberalization	16. “Prudent” capital-account opening
7. Openness to DFI	17. Non-intermediate exchange rate regimes
8. Privatization	18. Independent central banks/inflation targeting
9. Deregulation	19. Social safety nets
10. Secure Property Rights	20. Targeted poverty reduction

Is there overlap in what each of these points represent?

Table 1: Reproduction of Rodrik 2008

Previous studies have focused qualitatively

Bureaucratic Quality: One conjecture may be that populists do not govern in a different observ-

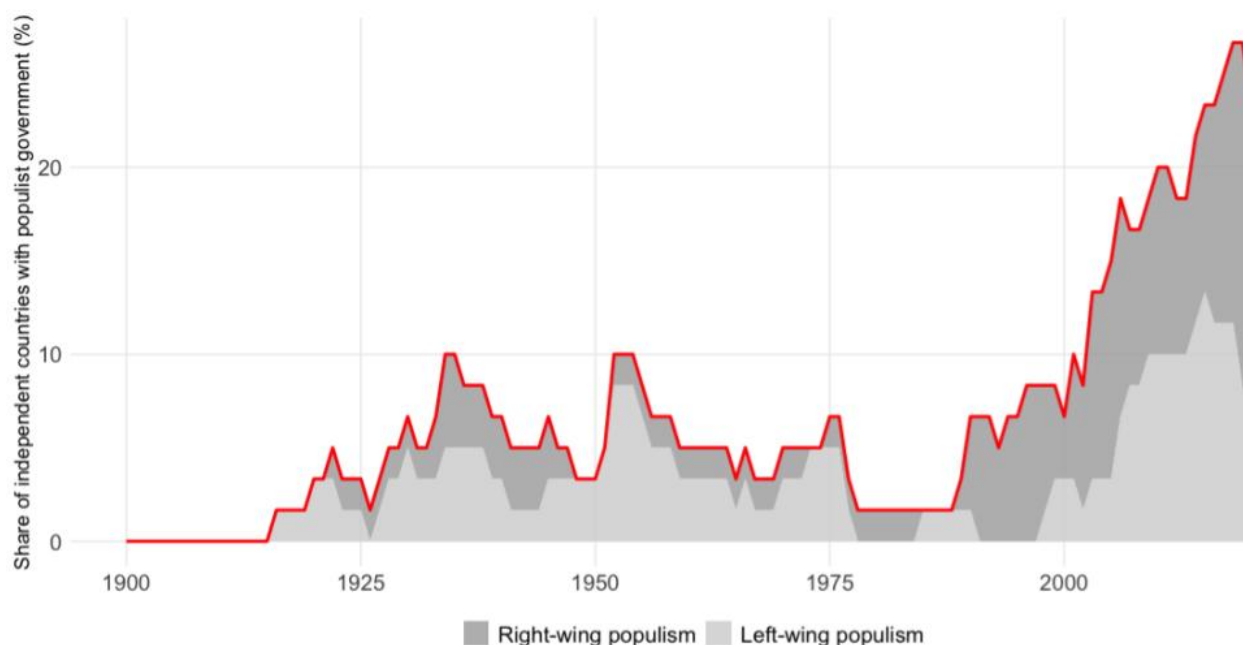
able through policy, but that they have have a disruptive effect on state governance, which impedes economic growth. Bellodi, Morelli, and Vannoni (2024) argue for instance that populist make costly policy commitments, which both negatively affect economic performance and bureaucratic quality. The mechanism is that populists replace bureaucratic experts who resist populist policy with non-experts, who do not resist the policies proposed by the populist.

3 Measuring Populist Governance and Economic Policy

In this section, we discuss how we measure populist power and what data we use.

Populism power: To measure power of populist in Governance, we first use the database created by Funke, Schularick, and Trebesch (2023). Funke, Schularick, and Trebesch (2023) measure whether a leader of government is defined as populist or not (binary). Below, we visualize and replicate the development of this measure by Funke, Schularick, and Trebesch (2023):

Figure 3: The Rise of Populist Leaders



Measuring Changes in Economic Policies: To measure changes in economic policy, we first

use the Heritage Foundation's Economic Freedom Index. This index is **in no way neutral**, but it has the advantage of covering a reasonable time period (1995-2024) and having global coverage. Hence, with this comprehensive dataset, we can apply the same approach as Funke, Schularick, and Trebesch (2023), and assess the degree to which populist leaders differ relative to normal leaders.

We supplement this analysis with Wikipedia entries, **where we have scraped all wikipedia articles for heads of governments around the world from 1945 to today**. We use the *Identifying Ideologies Dataset* Herre (2023) as the baseline of leaders we aimed to collect data on. As a result, our sample contains **44 populist leaders and 2165 non-populist ones**.¹ For the analyses presented in this draft, we only adopt the populist measure of Funke, Schularick, and Trebesch (2023). In next steps, we will run our tests adopting other classifications from the literature to compare to what extent the findings are sensitive to their approach. To analyze such data, we conduct **sentiment analyses**, and see whether there are **differences in how negative/positive economic policy is described in the different entries**. Then, we implement a coarse method to investigate the purported policies that exist. To conduct the sentiment analysis, we use the Bing lexicon of sentiments created by Liu (2012). This lexicon associates words with **a positive or negative meaning** and is widely used for sentiment analysis. However, its binary classification makes it limited to dealing with sarcasm or subtle attitudes. As we are employing it to deal with Wikipedia pages, we consider that it was reasonable to adopt the tool in this first step of exploration. **Once we have the score of positive and negative words in each passage, we calculate the difference for each leader**. We repeat this procedure several times depending on the passage of interest. We start by calculating sentiments for the whole leader page and then subsetting sentences of interest based on their policy content.

I think you could explain a bit more why you chose the sentiment analysis method. Why does it matter that an economic policy is described with a negative or positive word valence?

Governance: To test whether populists affect bureaucratic quality, we choose a limited set of indicators which are relatively accessible, either from our Wikipedia data or readily available indicators. We first see **replacement rates of key public servants, such as the central bank government**. Then, we see effects **on perceived bureaucratic quality measured through surveys, and general reputation**.

¹Our dataset currently contains 2209 heads of government. There are 73 pending entries that we will collect soon.

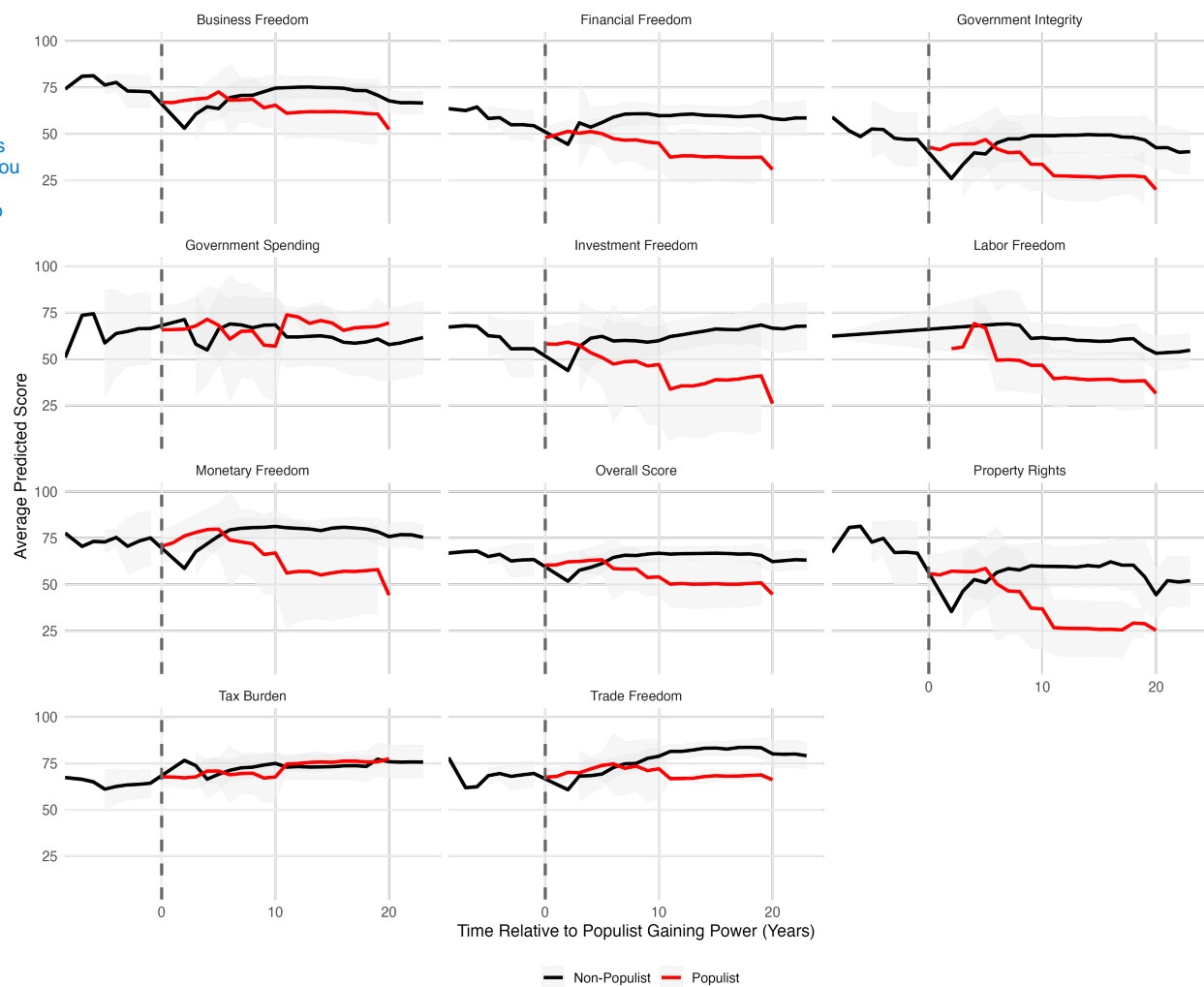
4 Results

In this section, we present very preliminary results.

4.1 How Does Populism Affect Economic Policy

4.1.1 Effects of Populism on Economic Indexes

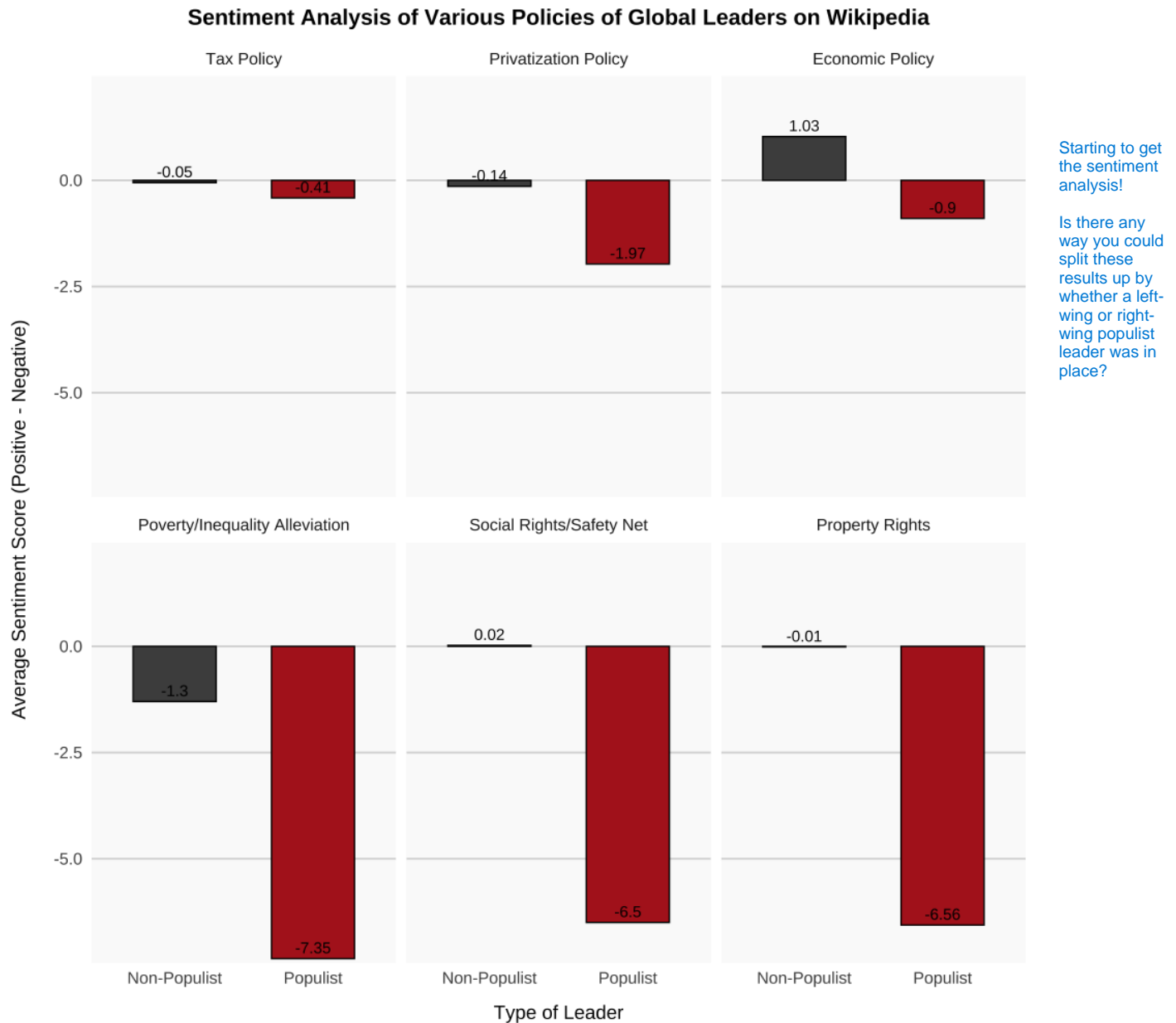
Figure 4: The Effect of Populist Leaders on Policy (Economic Freedom Index, Freedom House)



4.1.2 Depictions of Populism Policies According to Wikipedia

In this section, we start to explore Wikipedia entries to depict whether and how populist leaders' governance differs from non-populist ones.

Figure 5: Sentiment Analysis of (Non)Populist Policies



This figure plots the average sentiment score of Wikipedia entries subsetting by policy issue. To build such areas, we adopted a set of keywords and expressions potentially related to each sphere.

We aimed it to be a balance between as broad as possible and topic-related expressions. Appendix A contains the keywords used for each group.²

The score on the y-axis is the average sentiment grouped for populists and non-populists. The figure is ordered from the area with the smallest difference in scores (Tax Policy) between the groups to the area with the greatest difference (Property Rights). Contrary to what one could expect, policy areas usually more directly related to the economy are the ones where the differences between populist and non-populist leaders are smaller (taxes and privatization).

This would be great to include as a caption!

Disaggregating populist governments into policy areas, we are able to analyze to what extent being a populist is correlated with the sentiment related to the Wikipedia entries. Although the results are extremely preliminary, the figure presents the estimated effects of being a populist leader on the sentiment score attributed to their Wikipedia pages according to different policy areas. The model includes fixed effects by country and year.

²We are aware that this classification is subjective and happy to receive feedback on better ways of classifying the text. In any case, the scores reported here are robust to some variation in the keywords of each group. In next steps, we will make sure we report alternative classifications as well.

Figure 6: Sentiment Analysis of (Non)Populist Policies

Would be helpful to have some labels/ caption here.



4.2 Gauging a Residual

alternative theories: more turnover in staff

5 Open reflection to readers

In this section, we list some points of ongoing or future work in which would be helpful to receive feedback on.

5.1 On the framing of the project

This project has the overarching goal of measuring how features of government may affect the policies they implement, focusing on how populist leaders may differ on how they govern: with which coali-

tions, policies, and discursive style. Our propose of extension is based on building more granular data on all of these aspects.

For this first step, we focused on exploring variances of policies of global leaders. We did that using the Freedom House Indexes and building a new measure based on how leaders are depicted on Wikipedia. Both are limited and still initial steps to measure this, but they allow us to see more disaggregate outputs of populism beyond economic growth.

For this first draft, we are working with the binary variable of populism and non-populism. For further steps, our goal is to expand to capture the variance on populism coalitions. Appendix B expands a bit on how we are approaching this measure.

In further steps, we also aim to analyze to what extent ideology interacts with populism and government coalitions to produce variance on the implemented policies.

5.2 On data collection and analysis

After the effort of collecting the Wikipedia pages, we have been thinking about which would be the optimal use of this source. Besides solving remaining issues in the scraping process and expanding the policy areas covered in the analysis, some ideas and concerns are as follow:

Capturing more accurate passages related to each policy area: at the moment, our keywords are capturing sentences from 1264 leaders' pages. It is approximately 57 percent of our sample. So either 43 percent do not report policies on the topics we tried to get data on, or (most likely) we are not capturing great part of it. One suitable path would be building a machine learning classifier, but we are not sure how to proceed from here. Should we train the sample with a manually classified subsample? Would it be worth it to ask a LLM to classify it?

Capturing different governments of the same leader: Ideally, we would like to see how the policies a populist adopted varied over time - to be able to match it with its coalition variation over time. This would be important also because some populists were heads of government for more than one period, which makes it reasonable to expect that different policies may characterize different periods.

5.3 A pivot on a pivot

There is also a path where we forget the overarching goal of focusing on policy, and instead simply focus on the Wikipedia data, and the sentiments connected to populist leaders relative to non-populist leaders. The attraction here is that one can download the edit history, and see the direction that edits go, whether they render pages more or less negative for readers. One could see 1) how contested populism is (how many edits are made), 2) how negatively is populism framed.

The motivation here is partly that we see and recognize that the data we are currently working with (and the best product we can make) is subjective, and we have no interesting design to work with it. With the Wikipedia data, we can work with a question that perhaps is more interesting (and which we constantly have thought about while working on this) which is how difficult it is to define populism, and the normative feelings associated with it.

A title on this could be "How Contested is Populism? Analyzing Wikipedia". We are thinking of working with

- Sentiment analysis: How does the description of populist leader wiki pages changes
- Edit history: How "contested" are the policy pages of populist leaders
- Source credibility: Who is cited to describe different regimes

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A Classifying Passages in Wikipedia Entries

We adopted the unit of sentences to classify Wikipedia entries. To subset a sentence as relevant for the sentiment analyses, it must fit at least one of the keywords listed. We wanted economic policy to be a broader category, so we extracted sentences that contained a mention to economy and at least one mention to a potential type of policy. Analyzing only economy/economic policy/policies reflected similar results.

Perhaps I missed this, but would you also be able to explain more how you guys defined what would count as a positive vs. negative sentiment?

Classification of Wikipedia Sentences: Dimensions of Governance

Policy Area	Keywords	n of Outputs
Economic Policy	economy or economic & at least one of the following: policy, policies, reform, reforms, tax, taxes, taxation, industrial, industry, trade, subsidy, subsidies, privatization, privatize, privatized, nationalization, nationalize, nationalized, statist, statism, statized, private sector, public sector, labor, wage, wages, budget, budgetary, deficit, spending, expenditure, infrastructure, income, finance, financial, investment, invested, market, capital, exchange rate, currency, liberalization, tariff, tariffs, public asset, public assets, state-owned, regulation, regulate, property rights, protection, land, lands, security, labor right, labor rights, health policy, health policies, insurance, inequality, social, accountability, transparency, transparent, accountable	402 (non-populists), 29 (populists)
Tax Policy	tax, taxation, taxes, taxed	479 (non-populists), 31 (populists)
Privatization Policy	privatization, private sector, state-owned, public sector, sell-off, privatize, privatized, private ownership, public asset, government assets, statism, nationalize, nationalization, statist, nationalized, state ownership, state asset, state assets, state company, state companies	521 (non-populists), 33 (populists)
Poverty / Inequality Alleviation	poverty, poor, low-income, deprivation, impoverished, income, inequality, wealth, disparity, financial aid, food stamps, low-income families, low-income households, disadvantaged, underprivileged, vulnerable groups, marginalized, anti-poverty, economic inclusion, homelessness, food insecurity, nutrition assistance, hunger, food bank, redistribution, redistributive	883 (non-populists), 37 (populists)
Social Rights / Safety Net	welfare, social safety net, social support, social assistance, social development, public assistance, labor, worker, employment, wage, wages, health, healthcare, housing, insurance, unemployment	1192 (non-populists), 41 (populists)
Property Rights	property, ownership, land, private asset, private assets, patents, copyright, trademark, real estate, expropriation, expropriated, expropriate, seizure, tenure, freehold, inheritance, zoning, trespass, legal protection	1329 (non-populists), 42 (populists)

Table 2: Keywords and Categories for Policy Analysis

B Continuous measure of populism

We nuance this approach, by using a continuous scale (Emanuele and Trastulli 2024; Bartolini 2000). The simpler approach is to simply use seat share, which is suboptimal, but the quickest way to derive results.

Governmental Power Index: Dimensions and Values

Government status of the party	Cabinet status in parliament	Party status in cabinet	GPI
In cabinet	Single-party majority	Leading	10
	Minimum winning coalition	Leading	9
	Minimum winning coalition	Junior	6
	Surplus coalition	Leading	8
	Surplus coalition	Junior	4
	Single-party minority	Leading	7
	Multi-party minority	Leading	5
	Multi-party minority	Junior	3
Necessary external support	Single- or multi-party minority		2
Necessary abstention	Single- or multi-party minority		1
In opposition			0

Table 3: Source: Adapted and revised from Bartolini (1998, 48–49).