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Populist Leaders and the Economy

By MANUEL FUNKE, MORITZ SCHULARICK, AND CHRISTOPH TREBESCH*

Populism at the country level is at an all-time high, with more than 25% of nations currently governed by populists. How do economies perform under populist leaders? We build a new long run cross-country database to study the macroeconomic history of populism. We identify 51 populist presidents and prime ministers from 1900 to 2020 and show that the economic cost of populism is high. After 15 years, GDP per capita is 10% lower compared to a plausible non-populist counterfactual. Economic disintegration, decreasing macroeconomic stability, and the erosion of institutions typically go hand in hand with populist rule.

The anti-establishment rhetoric of populist politicians has been exceptionally successful in the past decade. Since 2010, politicians that are described as populist in the political science literature have been in power in various countries, including in Brazil, Hungary, India, Poland, Turkey, and in the United States. What economic consequences can we expect from the global surge of populist politics in recent years? How do economies fare under populist rule in the short and medium run?

A widespread academic view is that populist leaders are bad for the economy and “self-destruct” quickly. Influential work by Sachs (1989) and Dornbusch and Edwards (1991) on Latin American populism in the 1960s, 1970s, and 1980s identified a “populist cycle.” Populist leaders generate a short-lived boom using expansionary fiscal policy that ultimately ends in an economic and political crisis. Dornbusch and Edwards (1991) state that the “self-destructive feature of populism is particularly apparent from the stark decline in per capita income.” After an initial sugar rush, output collapses under the weight of unsustainable macroeconomic policies, and the populist loses office. More recent contributions have often embraced this view, stressing that populism is economically costly

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(e.g., Acemoglu, Egorov, and Sonin, 2013), whereas financial analysts and central bankers have issued warnings about the economic risks of populism.¹

However, beyond the Latin American example there is very little rigorous work on the macroeconomic consequences of populism, in particular in advanced economies. Populism, not unlike financial crises, was assumed to be a phenomenon that only occurs in developing countries. Most work on the consequences of populism since the 1990s has been narrative and focuses on political outcomes (e.g., Mudde and Rovira Kaltwasser, 2012; Müller, 2016). Quantitative evidence from economic history is scarce. This paper aims to fill that gap by studying the economic and political history of populists in power since 1900. We compiled a comprehensive new dataset of populist leaders back to the early 20th century, which allows us to study their economic performance.

A core empirical challenge is to identify populist leaders. Our database on populists in power is the most ambitious exercise to classify populist leaders to date, spanning more than 100 years and 60 large countries. Our sample covers more than 95% of world GDP (both in 1955 and 2015). We document when and where populists have come to power at the central (or federal) level, including their length of tenure, political orientation (left vs. right), and mode of exit. To do so we took advantage of the extensive body of case study research on populism, particularly by political scientists.

We benefited greatly from the fact that the academic literature of recent years converged on a consensus definition of populism that is easily applicable across space and time and for right- and left-wing populists alike. According to today's workhorse definition, populism is a political style centered on the supposed struggle of "people vs. the establishment" (Mudde 2004). Populists place the narrative of "people vs. elites" at the center of their political agenda and then claim to be the sole representative of "the people." This definition has become increasingly dominant, and is now also widely used by economists (see Section I, and the recent survey paper by Guriev and Papaioannou, 2020). Populist leaders claim to represent the "true, common people" against the dishonest "elites," thereby separating society into two seemingly homogeneous and antagonistic groups.² However, populist leaders should not be confused with autocrats. As we discuss below, populism and authoritarianism are distinct phenomena, with only few populists becoming full-fledged dictators.

We apply this modern consensus definition of populism back to history, starting in the year 1900, and classify almost 1,500 leaders since then as populist or non-populist. Our coding can be described as a "big literature" approach. We

¹Deutsche Bank Research asks, "Who is afraid of populists?" (EU Monitor, March 2017), and Fitch Ratings sees populism as a major threat to macroeconomic stability (Risk Radar Global Q1 2017). Similarly, the ECB, in its Financial Stability Review of May 2016 suggests populism to be detrimental to public debt sustainability and sovereign risk.

²This definition is broader than the classic "economic definition" of populism of the 1980s and 1990s in the tradition of Dornbusch and Edwards (1991), which mainly focused on left-wing policymakers in Latin America. We do *not* use ex-post criteria and policy outcomes to define populism, such as expansionary social policies. See Section I for a detailed discussion.

gathered and digitized 770 books, chapters, and articles on populism from all social sciences, comprising more than 20,000 pages of case studies on populist politicians. Our populism research archive allows us to search for each country leader to code whether he or she can be classified as a populist, that is, whether the political strategy matches the workhorse definition of populism, particularly the people-centrist and anti-elitist rhetoric. This procedure also allows us to distinguish between left- and right-wing populism, based on whether the populist discourse is predominately framed in economic or cultural terms. Classifying populists inevitably entails some degree of subjectivity. We therefore intentionally set a high bar on who is coded as populist and only include the most clear-cut cases. We also cross-check our results with populist leader classifications of others. Appendix D summarizes our coding decision leader by leader.

The dataset reveals new stylized facts with respect to the rise of populism: (i) Populism at the level of central governments reached an all-time high in 2018, following a 30-year secular trend increase. (ii) Populism is of a serial nature. Countries that had a populist leader in history have a significantly higher likelihood of witnessing another populist leader or party rise to power (recent examples include Italy and Mexico). (iii) Many populists enter office in the aftermath of a macroeconomic crisis or recession, consistent with Funke, Schularick, and Trebesch (2016). (iv) Many populists are successful at surviving in office and shape their country's political fate for a decade or more. On average, the number of years in power of populists is twice as high as for non-populists (eight years vs. four years). (v) Few populists exit in regular ways, for example, by being elected out of power. The modes of departure often involve a good dose of political drama: major scandals that lead to impeachment or resignations, constitutional crises and refusals to step down, as well as coups, suicides, or deadly accidents. (vi) Left- and right-wing populist leaders show similar patterns of entry, survival, and exit, and their share in the sample is about even.

Equipped with these data, the second part of the paper studies the economic effects of populism. We embark on a comprehensive quantitative reassessment of the seminal work on the macroeconomics of populism by Dornbusch and Edwards (1991), considerably expanding the number of cases and variables covered. Our analysis suggests that not all populist leaders “self-destruct” after a few years in office and that the economic damage from populist rule is typically severe.

When it comes to estimating the causal effects of populist leadership on the economy, no perfect strategy exists. In the empirical analysis, we use a variety of different empirical strategies that all paint a similar picture: populism has large economic costs.

Because government changes are not randomly drawn with respect to the economy, we compare the outcomes after populist governments come into power to those of a plausible counterfactual. We start with an event study approach by estimating dynamic local projections and controlling for selection on observables, particularly the economic and social conditions under which populists enter gov-

ernment. In a second step, we turn to a propensity-score approach, estimating the probability of a populist coming to power in a first stage and then giving greater weight in the second stage to observations that were hard to predict and hence come closer to the random allocation benchmark. These inverse-propensity weighted local projections also point to substantial economic costs of populism.

However, our main tool for the estimation of causal effects is the construction of a synthetic counterfactual for each individual populist episode, following the synthetic control method outlined in Abadie, Diamond, and Hainmueller (2010). We use recent advances in synthetic control methods for multiple treated units with partly staggered adoption (Abadie and L'Hour, 2021) and estimate a partially pooled synthetic control model following Ben-Michael, Feller, and Rothstein (2021), combining a weighted average of the separate synthetic controls for each treated unit with a pooled synthetic control estimation for the average treated unit. In further robustness tests, we show the predictor balances across other important variables and match simultaneously on real GDP, pre-treatment institutional quality, and crisis history to construct the synthetic doppeleganger. Simulation-based confidence intervals following Cattaneo, Feng, and Titiunik (2021) and Cattaneo, Feng, Palomba, and Titiunik (2022), time and country placebo tests, and end-of-sample instability tests (Hahn and Shi, 2017) a causal interpretation of the measured effects.

Our analysis points to significant medium- and long-term economic costs of populism. Over 15 years, real GDP per capita is 10% lower compared to the non-populist counterfactual, i.e., compared to a synthetic control economy that does not receive a populist “treatment.” Declining economic fortunes under populists can be observed regardless of the region, era, and also ideology. The GDP decline is primarily driven by left-wing populists that emphasize distributional and social issues, but it is also observable for right-wing populists, whose rhetoric typically focuses on cultural and religious topics. For additional robustness, we cross-checked our core findings using different populist leader lists, in particular those by Hawkins, Aguilar, Castanho Silva, Jenne, Kocijan, and Rovira Kaltwasser (2019); Edwards (2019); Kyle and Meyer (2020) and Magud and Spillimbergo (2021). Our core results are independent of specific classifications and also hold in various subsamples (historical vs. today, Latin America vs. the rest of the world).

Finally, we look at other outcomes and present evidence that economic disintegration, unsustainable macro policies, and the erosion of institutions typically go hand-in-hand with populism. Trade and financial integration decline, suggesting that populists often deliver on their promises of fostering economic nationalism and protectionism as discussed by Rodrik (2018) and Guiso, Herrera, Morelli, and Sonno (2018). Debt burdens and inflation tend to increase under populist rule, similar to the original discussion of Dornbusch and Edwards (1991). Moreover, democratic checks and balances erode, as do judicial and press freedoms. This suggests that populism corrodes the economic advantages of democratic in-

stitutions (Acemoglu, Naidu, Restrepo, and Robinson, 2019; Papaioannou and Siourouni, 2008).

Previous literature: Our paper stands in the tradition of work that examines the role of politics and institutions for economic outcomes. Jones and Olken (2005); Snowberg, Wolfers, and Zitzewitz (2007) and Blinder and Watson (2016) study whether leaders or the party in power (e.g., Democrats vs. Republicans) matter for economic outcomes. We follow a similar approach but focus specifically on populist leaders. Our paper also relates to a growing body of work on the economic drivers of populism, such as Funke, Schularick, and Trebesch (2016); Algan, Guriev, Papaioannou, and Passari (2017); Becker, Fetzer, and Novy (2017); Guiso, Herrera, Morelli, and Sonno (2018); Guriev (2018); Rodrik (2018) and Colantone and Stanig (2019). Guriev and Papaioannou (2020) and Rodrik (2020) provide excellent recent surveys of this literature. They also cover the (conflicting) strands of the literature with respect to cultural and economic factors (e.g., Margalit, 2019; Norris and Inglehart, 2019). Less work explores the economic consequences of populist leaders (e.g., for the U.S., see Born, Müller, Schularick, and Sedlacek, 2019a, and on Brexit, see Born, Müller, Schularick, and Sedlacek, 2019b).³

The paper is structured as follows. In Section I we introduce our new database on populists in power, outlining our definition of populism, the sample, and the coding procedure. This section also summarizes new stylized facts on populist leaders. Section II introduces our data and presents descriptive findings for the output path under populists. Section III estimates the effect of populism on economic performance using synthetic control methods. In Section IV, we study other outcomes such as inequality, trade and financial integration, debt and inflation, and institutional quality. Section V concludes.

I. Populists in power, 1900-2020: a new database

We created a new global database of populism at the level of national leaders since 1900.⁴ This section describes the construction of the database.

A. Defining populism

Defining and measuring “populism” is challenging, but so is defining other political concepts such as “institutions,” “polarization,” or “democracy,” which are widely used in the social sciences.⁵ The term populism first emerged in

³Further work includes Houle and Kenny (2018) and Ball, Freytag, and Kautz (2019), who both study economic outcomes under a selected set of populist governments in Latin America in the 1990s and the 2000s, and Rode and Revuelta (2015), who focus on the evolution of the Economic Freedom of the World indices during populist leader spells. There is also case study evidence on populists in office for individual countries (on Italy and Switzerland by Albertazzi and McDonnell, 2015, and on Austrian populist mayors by Doerr, Potrafke, and Roesel, 2019). Compared with these contributions, we use a newly coded, consistent dataset of populist leaders worldwide and conduct the first long-run quantitative analysis on economic outcomes under populist rule using modern econometric techniques.

⁴We found no evidence of a populist government leader between 1870 and 1900.

⁵“Democracy” or “institutions” are now widely accepted concepts, also among economists. However, this was not always the case. Mulgan (1968), for example, summarized the debate and literature after

the late 19th century and has since been adopted in a variety of historical and geographical contexts and by various disciplines, ranging from sociology, political science, history, and anthropology to economics. This variety has naturally led to a great number of conceptualizations.⁶ The term is also often used in the press, typically without a clear definition and in derogatory terms.

Our goal is to use a definition of populism that is clear, builds on established research, and is applicable to a large sample of countries and years. For this purpose we benefited from the advances that research on populism has made over the past 20 years. In particular, recent years have brought about a new consensus on how to define populism, namely as a political style that centers on an alleged conflict between “the people” and “the elites.”⁷ This definition is associated with Mudde (2004) and is now used by most leading populism researchers (e.g., Moffitt, 2016; Müller, 2016; Hawkins and Rovira Kaltwasser, 2017).

This definition, or at least its central element, anti-establishment rhetoric, is now also used by the majority of economists working on populism today (e.g., Algan, Guriev, Papaïannou, and Passari, 2017; Dustmann, Eichengreen, Otten, Sapir, Tabellini, and Zoega, 2017; Boeri, Mishra, Papageorgiou, and Spilimbergo, 2018; Eichengreen, 2018; Rodrik, 2018). Rodrik (2018), for example, explained that the unifying theme of populist leaders is that they share “an anti-establishment orientation, a claim to speak for the people against the elites.” Relatedly, Rovira Kaltwasser (2018) proposes using the consensus definition in political science to examine the economic consequence of populism, which is exactly what we do here.

Definition: Building on the workhorse definition in political science, we define a leader as populist if he or she divides society into two artificial groups – “the people” vs. “the elites” – and then claims to be the sole representative of the true people. Populists place the alleged struggle of the people (“us”) against

World War II, stating that “the word ‘democracy’ is so vague, democracies are so varied, that there is little chance of substantial agreement.” Moreover, no systematic dataset on democracies existed prior to the late 1990s, when the Polity IV project started to code a global democracy index back to the early 19th century.

⁶Prior to today’s consensus definition, populism has been defined in at least four other ways (Hawkins, 2009). First, as a mass movement across classes, for example, to promote land reforms, higher tariffs, or import-substituting industrialization (see Di Tella, 1965; Germani, 1978). Well-known movements with these characteristics include the Populist Party in the U.S., the Russian *Narodniki*, and Peronism in Argentina. Second, populism has been described as an institutional phenomenon with specific organizational features, such as a charismatic leader, grassroots mobilization, and a demand for more direct democracy (e.g., via referenda). Third, there is the traditional “economic definition” of populism, most famously proposed by Dornbusch and Edwards (1991) and used by Acemoglu, Egorov, and Sonin (2013), among others. In this view, populist governments adopt shortsighted fiscal, social, and monetary policies to appeal to (poor) voters. The results are excessive debts, high inflation, and, more often than not, macroeconomic crises, so that the population is worse off eventually. The fourth definition emerged in the European context in the 1990s, where populism is typically associated with right-wing parties and politicians that are xenophobic or exclude minority groups (e.g., Ignazi, 1992; Betz, 1994).

⁷More precisely, the definition of populism as a political style that focuses on anti-establishment rhetoric first developed in the late 1970s and early 1980s in seminal contributions of Laclau (1977) and Canovan (1982). Their definition carried on over into the 1990s (e.g., Knight, 1998; Canovan, 1999) and the 2000s (e.g., de la Torre, 2000; Mudde, 2004; Hawkins, 2009), and has since become increasingly dominant.

the elites (“them”) at the center of their political campaign and governing style. More precisely, populists typically depict “the people” as a suffering, inherently good, virtuous, authentic, ordinary, and common majority, whose collective will is incarnated in the populist leader. By contrast, “the elite” is an inherently corrupt, self-serving, power-hoarding minority, negatively defined as all those who are not “the people”.

This definition has several advantages: it can be applied across time and regions (e.g., in the 1940s in Latin America and in the 2010s in Europe); it does not depend on institutional features (e.g., presidential vs. parliamentary systems); and it does not depend on the stage of economic or social development (it works for both emerging and advanced economies).

Moreover, the definition applies to populists on the left and the right. In particular, it is not constrained to left-leaning leaders that pursue a redistributive agenda, as often found in Latin America. To be clear, policy outcomes, such as social policies or a soaring budget deficit, are *not* used to classify a leader as a populist or not. The approach is therefore broader than that of Dornbusch and Edwards (1991), who defined populism as “a policy perspective on economic management that emphasizes economic growth and income redistribution and deemphasizes the risks of inflation and deficit finance.” Here, leftist politicians are only coded as populists if they adopt a populist anti-establishment discourse. Similarly, we code right-wing leaders that follow a fierce “people vs. elites” script as populists, even if they adopt orthodox economic policies (Rodrik, 2018). Examples include Recep Tayyip Erdoğan in Turkey (in the early years), Alberto Fujimori in Peru, or Viktor Orbán in Hungary, who all pursued business-friendly economic policies and oversaw extended spells of macroeconomic stability.⁸

Moreover, the focus on “people vs. elites” also helps to distinguish full-blown populists (who emphasize the conflict between these two groups) from charismatic politicians who use simplifying or confrontational rhetoric to appeal to the masses. Examples include Tony Blair and Margaret Thatcher in the UK, Vladimir Putin in Russia, Ronald Reagan in the U.S., and Nicolas Sarkozy in France. These leaders are coded as non-populists, since the conflict between people and elites is not at the center of their political agenda. While appealing to the people, they rarely, if ever, use anti-establishment or anti-elite rhetoric.

The definition sometimes overlaps with other leader characteristics that have been used to define populists in earlier work, for example: (i) a personalistic/paternalistic style and charisma; (ii) an outsider image; (iii) the claim to lead a “movement” beyond traditional politics; (iv) the tendency to oversimplify complex problems; (v) the use of aggressive, polarizing, and provocative language; (vi) the willingness to openly exploit cultural or economic grievances; (vii) authoritarianism; (viii) the appeal to nationalist/rural/inward-looking (sometimes nostalgic) worldviews and nativism and identity; (ix) demands for direct democracy via

⁸See Roberts (1995) and Weyland (1996) for the two classic works on the compatibility of political populism and market-oriented economics.

referenda; (x) the sympathy for conspiracy theories; (xi) direct voter communication/linkage, particularly through mass/social media; (xii) clientelism/patronage; and (xiii) strongmanship/masculinity. Another important feature of populism that many authors stress is anti-pluralism (e.g., Mudde, 2004; Müller, 2016, cf. Guriev and Papaioannou, 2020). Although many populists in our sample show several of these features, they are not used for coding purposes also because they are hard to quantify rigorously across cases.

Left-wing and right-wing populism: To distinguish between right-wing and left-wing populists we again follow research in political science and political economy (see for example van Kessel, 2015; Kriesi and Pappas, 2016; Rodrik, 2018). In short, the difference is whom the populist attacks: economic elites or foreigners and minorities, and the political elites protecting them.

The defining feature of *left-wing populists* is that their anti-elitism is predominantly framed in economic terms. Left-wing populists frequently attack financial, capitalist, oligarchic elites that supposedly plunder the country at the expense of the people (van Kessel, 2015; Mudde and Rovira Kaltwasser, 2017). They often rally against globalization, banks and hedge funds, multinational companies, and international financial institutions, such as the International Monetary Fund (IMF) or the World Bank.⁹ Moreover, they tend to demand policies of state interventions and a return to economic nationalism (Mudde and Rovira Kaltwasser, 2017). Their polarizing rhetoric therefore centers on the financial and economic dimensions, while in cultural terms, left-wing populists tend to be inclusive and in favor of multiculturalism (Mudde and Rovira Kaltwasser, 2013).

By contrast, *right-wing populists* predominantly frame their populist discourse in cultural terms and target a third group – foreigners and ethnic and religious minorities, who supposedly threaten the national identity and culture (Rodrik, 2018). They often accuse “the elites” (which are first and foremost political elites) of protecting these minorities against the will of “the people” (Mudde and Rovira Kaltwasser, 2017). In doing so, right-wing populists, just like their left-wing counterparts, cultivate anti-elitist sentiments, opposition to the system, and defense of the common man. Right-wing populists often foster ethno-nationalist xenophobia, emphasize the supposed decline of traditional values, and appeal to conservative and law and order policies (Betz 1994). Moreover, right-wing populists often (but not always, specifically regarding some aspects of globalization and/or finance) promote liberal economic policies, advocating business-friendly regulation, low taxes, and a limited welfare state (Betz, 1994; Mudde, 2007).

⁹To be clear, conflicts with the IMF or anti-IMF rhetoric are not used to classify leaders as populist or non-populist. However, these signals are useful when classifying a populist into either left- or right-wing. Left-wing populists frequently target the IMF and other financial organizations as part of the financial elite. This is less the case for right-wing populists.

B. Sample of countries and leaders

We include all major advanced and emerging market economies (EMEs), including all current OECD and/or European Union (EU) members (41 countries). To broaden the geographic coverage, we also added the nine largest South American states, as well as ten main emerging markets from Asia and Africa. The resulting sample covers 60 countries representing more than 95% of world GDP (both in 1955 and 2015).¹⁰

The level of analysis is the central government. We code populist leaders of these countries, focusing on the person heading the government. For country-specific leader chronologies, we exploit the widely used Archigos dataset (Version 4.1) by Goemans, Gleditsch, and Chiozza (2009). This database contains information on the date of entry and exit of leaders from 1875 or independence.¹¹ In parliamentary regimes, the prime minister is coded as the primary ruler, and in (semi-)presidential systems, it is the president.¹² The Archigos data cover all 60 countries in our sample but ends in December 2015. We extended their coding to December 2020 using government websites and Wikipedia. The resulting sample comprises 1,482 leaders (with 1,853 leader spells) from 1900 (or independence) until 2020.

C. Coding populism – a “big literature” approach

Using our definition of populism, we can now bring the definition to the data. For each of the 1,482 leaders in our sample, we assigned the value of “1” if the leader is a populist, and “0” if the leader is not a populist (non-populist), and then distinguished between left or right-wing populism in the second step. Our main source for coding is the rich qualitative academic literature on populism and populist governments, including dozens of careful, in-depth case studies on individual leaders.¹³ We gathered 770 research articles, chapters, and books on the topic of populism over the past 50 years.¹⁴ More precisely, we collected all scientific

¹⁰Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Cyprus, the Czech Republic, Denmark, Ecuador, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mexico, the Netherlands, New Zealand, Norway, Paraguay, Peru, the Philippines, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, the United Kingdom, the United States, Uruguay, and Venezuela.

¹¹Goemans, Gleditsch, and Chiozza (2009) build on the classification of independent states in Gleditsch and Ward (1999). As a consequence, we only consider leaders in independent sovereign countries. Periods of foreign occupation are excluded.

¹²See also the Goemans, Gleditsch, and Chiozza (2009) codebook for more controversial cases.

¹³Moffitt (2016) and Rodrik (2018) also rely on existing research to classify populist leaders or parties, albeit using a smaller body of literature and a smaller sample of cases. Another example is Kyle and Gultchin (2018) and its recent addition (Kyle and Meyer, 2020), using a similar approach to ours, but a smaller time period under scrutiny (since 1990) and a smaller body of literature (an unknown number of populism-related articles in 66 selected academic journals and one handbook).

¹⁴We include publications between 1969 (and a few earlier ones) and 2020. One could say that populism research in the modern sense started in 1969 with the edited volume *Populism – Its Meaning and National Characteristics* by Ionescu and Gellner (1969), which also served as a starting point for our literature exploration.

contributions that feature “populism” or “populist” in the title or subtitle, which leads us to more than 25 edited volumes, 10 single-authored books, and approximately 340 articles from all social sciences. The overwhelming majority of this archive consists of articles in peer-reviewed academic journals and books. However, we also considered a few policy reports and recent working papers that have not (yet) been published. In sum, approximately 95% of our literature pool has been peer-reviewed or edited, whereas 5% has not. We only considered papers by scholars with at least a PhD degree to assure the quality of this non-peer-reviewed work. We generally excluded online sources (e.g., blogs) and contributions solely released in the press or other media. Appendix E provides a list of sources used.

In the next step, we scanned and machine-encoded each of these contributions using optical character recognition (OCR) software to make them searchable. This process allowed us to look up the name of each of the 1,482 leaders in our sample and collect all sentences and quotes referring to her or him. Our main focus is on how the literature describes the leader, in particular whether the description fits the definition of populism we use.

Third and last, we classified each leader as populist (or not) based on the information extracted from the literature. We intentionally set a high bar for our coding of populist leaders and only included clear-cut cases. Specifically, a leader is coded as populist only if he or she relied heavily on an anti-elite and people-centrist discourse and if the anti-establishment rhetoric dominated their campaign and term in office. If the description of a leader is not in line with our definition, or if he/she does not appear in the 770 contributions, then he/she is coded as a non-populist. Every coding decision is explained and backed up in Appendix D. Despite the systematic approach, some element of judgment in coding populists remains unavoidable. We therefore cross-check our coding results with those of others in Section I.E.

We did not code coalition governments as populist if the head of state is not herself/himself from a populist party. This is relevant for a small number of cases in which a non-populist leader governs in coalition with a populist party, for example, the Freedom Party of Austria, which governed twice (first in the Schüssel 2000-2007 administration and recently in the Kurz administration) but never led the government.¹⁵ Similarly, in some cases, the party of the leader is not heavily populist, but the leader’s rhetoric is (e.g., Indira Gandhi and the Congress Party in India in the 1960s or Jacob Zuma of the ANC in South Africa). Here, we based our coding on the leader.¹⁶

¹⁵Analogously, we excluded cases where non-populist leaders depend on the parliamentary support of populist parties (e.g., Mark Rutte in the Netherlands, Anders Fogh Rasmussen and Lars Løkke Rasmussen in Denmark, Kåre Willoch and Kjell Magne Bondevik in Norway).

¹⁶Classify populist governments as left vs. right is not straightforward when two parties of opposing ideologies coalesce. We generally coded the ideology of the head of state, which is also the case for mixed coalitions. For example, the Syriza/Anel government in Greece is coded as left-wing, given the description of Tsipras in the literature pool. In one special case the leader was independent, namely Conte in Italy, backed by the Lega (right ideology) and the Five Star Movement (ideology unclear). We classified this government as right-wing based on the literature.

We do not use autocracy or authoritarianism as a criterion to classify populists. Nevertheless, there are a few cases in which populists turn into dictators, especially in history (see Section IV). Relatedly, some Communist rulers blended in populist rhetoric, but populism according to our definition was clearly not their core political strategy. Examples include Salvador Allende of Chile or Mao in China.

Our coding is time-varying across spells. Leaders can be populist during their first power spell and become non-populist in their second or later spells (e.g., Alan García in Peru, whose last spell in power 2006-2011 is not in our list of populist cases), or vice versa (e.g., Viktor Orbán in Hungary, for whom we drop the first spell in power 1998-2002). However, we disregard shifts within the same spell in the office. As documented by Hawkins, Aguilar, Castanho Silva, Jenne, Kocijan, and Rovira Kaltwasser (2019), some leaders become less populist after coming to power, meaning that they tone down their populist rhetoric. In our sample, that is true for Borisov in Bulgaria, Fico in Slovakia, and Tsipras in Greece. In other cases, leaders adopt an increasingly divisive, anti-elite rhetoric, thereby becoming increasingly populist. In our sample, this applies to Erdoğan in Turkey, Shinawatra in Thailand and Orbán in Hungary since 2010. The main results of our analysis are unchanged if we drop these cases of decreasing/increasing populism.

D. Stylized facts on populists in power

We coded a sample of 1,482 leaders with 1,853 leader spells in 60 countries from 1900 (or from the year of independence) to 2020 based on the Archigos database (Goemans, Gleditsch, and Chiozza, 2009). Of the 1,482 leaders, we identified 51 populist leaders (3.4% of leaders) with 72 leader spells (3.9% of leader spells), as shown in Panel A of Table 1.

The 72 populist leader spells are divided evenly between right- and left-wing populist spells (37 and 35 respectively). The populist leaders come from 28 countries, which implies that approximately about half of the countries in our sample ever had a populist in government. Latin America and Europe clearly dominate the sample of populists in power, both in history and today, with left-wing populists playing the main role in Latin America, and right-wing populists in Europe. We also identified several populist leaders in Asia and relatively isolated cases in North America, Africa, and Oceania.

Stylized fact 1: populist governments reached an all-time high in 2018

Figure 1 summarizes the historical evolution of populism, by plotting the share of countries ruled by populists in each year since 1900 (bold red line), based on the 72 populist spells in Panel A of Table 1. The first populist president was Hipólito Yrigoyen, who came to power in the general election of Argentina in 1916. Since then, there have been two main peaks: during the Great Depression of the 1930s and in the 2010s.

The year 2018 marked an all-time high, with 16 countries ruled by governments that the political science literature described as populist by the end of the year

TABLE 1— POPULIST GOVERNMENT EPISODES 1900-2020

A. Populist leader spell (coded dataset)					B. Populist episodes (for econometric analysis)			
No.	Country	Years	Leader	Left/right	No.	Leader	Episode	Sample
1.	Argentina	1916-1922	Yrigoyen	Left-wing	-	Yrigoyen	1916-1922	-
2.	Argentina	1928-1930	Yrigoyen	Left-wing	1.	Yrigoyen	1928-1930	Extended
3.	Argentina	1946-1955	Perón	Left-wing	2.	Perón	1946-1955	Core
4.	Argentina	1973-1974	Perón	Left-wing	3.	Perón-Martínez	1973-1976	Core
5.	Argentina	1974-1976	Martínez	Left-wing				
6.	Argentina	1989-1999	Menem	Right-wing	4.	Menem	1989-1999	Core
7.	Argentina	2003-2007	Kirchner	Left-wing	5.	Kirchner-Fernández	2003-2015	Core
8.	Argentina	2007-2015	Fernández	Left-wing				
9.	Bolivia	1952-1956	Estenssoro*	Left-wing	6.	Estenssoro-Zuazo	1952-1964	Core
10.	Bolivia	1956-1960	Zuazo*	Left-wing				
11.	Bolivia	1960-1964	Estenssoro	Left-wing	7.	Morales	2006-2019	Extended
12.	Bolivia	2006-2019	Morales	Left-wing				
13.	Brazil	1930-1945	Vargas	Left-wing	8.	Vargas	1930-1945	Extended
14.	Brazil	1951-1954	Vargas	Left-wing	9.	Vargas	1951-1954	Core
15.	Brazil	1990-1992	Collor	Right-wing	10.	Collor	1990-1992	Core
16.	Brazil	2019-	Bolsonaro	Right-wing	11.	Bolsonaro	2019-	Extended
17.	Bulgaria	2009-2013	Borisov	Right-wing	12.	Borisov	2009-	Extended
18.	Bulgaria	2014-2017	Borisov	Right-wing				
19.	Bulgaria	2017-	Borisov	Right-wing	13.	Alessandri-Ibáñez	1920-1938	Extended
20.	Chile	1920-1924	Alessandri	Left-wing				
21.	Chile	within 1925	Ibáñez	Left-wing	14.	Ibáñez	1952-1958	Core
22.	Chile	within 1925	Alessandri	Left-wing				
23.	Chile	1927-1931	Ibáñez	Left-wing	15.	Velasco	1934-1935	Extended
24.	Chile	1932-1938	Alessandri	Left-wing				
25.	Chile	1952-1958	Ibáñez	Left-wing	16.	Velasco	1944-1947	-
26.	Ecuador	1934-1935	Velasco	Right-wing	17.	Velasco	1952-1956	Core
27.	Ecuador	1944-1947	Velasco	Right-wing	18.	Velasco	1960-1961	Core
28.	Ecuador	1952-1956	Velasco	Right-wing	19.	Velasco	1968-1972	Core
29.	Ecuador	1960-1961	Velasco	Right-wing	20.	Bucaram	1996-1997	Core
30.	Ecuador	1968-1972	Velasco	Right-wing	21.	Correa	2007-2017	Extended
31.	Ecuador	1996-1997	Bucaram	Right-wing	22.	Hitler	1933-1945	Extended
32.	Ecuador	2007-2017	Correa	Left-wing	23.	Tsipras	2015-2019	Extended
33.	Germany	1933-1945	Hitler	Right-wing	24.	Orbán*	2010-	Extended
34.	Greece	2015-2019	Tsipras	Left-wing	25.	Gandhi	1966-1977	Core
35.	Hungary	2010-	Orbán*	Right-wing	26.	Modi	2014-	Extended
36.	India	1966-1977	Gandhi*	Left-wing	-	Sukarno	1945-1966	-
37.	India	2014-	Modi	Right-wing				
38.	Indonesia	1945-1948	Sukarno	Left-wing	27.	Widodo	2014-	Extended
39.	Indonesia	1949-1966	Sukarno	Left-wing				
40.	Indonesia	2014-	Widodo	Left-wing	28.	Netanyahu	1996-1999	Core
41.	Israel	1996-1999	Netanyahu	Right-wing	29.	Netanyahu	2009-	Extended
42.	Israel	2009-	Netanyahu	Right-wing	30.	Mussolini	1922-1943	Extended
43.	Italy	1922-1943	Mussolini	Right-wing	31.	Berlusconi	1994-1995	Core
44.	Italy	1994-1995	Berlusconi	Right-wing				
45.	Italy	2001-2006	Berlusconi	Right-wing	32.	Lega/M5S ^(a)	2018-	Extended
46.	Italy	2008-2011	Berlusconi	Right-wing				
47.	Italy	2018-	Lega/M5S ^(a)	Right-wing	33.	Koizumi	2001-2006	Core
48.	Japan	2001-2006	Koizumi	Right-wing	34.	Cárdenas	1934-1940	Extended
49.	Mexico	1934-1940	Cárdenas	Left-wing	35.	Echeverría	1970-1976	Core
50.	Mexico	1970-1976	Echeverría	Left-wing	36.	López Obrador	2018-	Extended
51.	Mexico	2018-	López Obrador	Left-wing	37.	Muldoon	1975-1984	Core
52.	New Zealand	1975-1984	Muldoon	Right-wing	38.	García*	1985-1990	Core
53.	Peru	1985-1990	García*	Left-wing	39.	Fujimori	1990-2000	Core
54.	Peru	1990-2000	Fujimori	Right-wing	40.	Estrada	1998-2001	Core
55.	Philippines	1998-2001	Estrada	Left-wing	41.	Duterte	2016-	Extended
56.	Philippines	2016-	Duterte	Right-wing	42.	Kaczyński/PiS	2005-2007	Extended
57.	Poland	2005-2007 ^(b)	Kaczyński/PiS ^(a)	Right-wing	43.	PiS (J. Kaczyński)	2015-	Extended
58.	Poland	2015- ^(b)	PiS (J. Kaczyński) ^(a)	Right-wing	44.	Mečiar	1990-1998	Core
59.	Slovakia	1990-1991 ^(b)	Mečiar	Right-wing				
60.	Slovakia	1992-1994 ^(b)	Mečiar	Right-wing	45.	Fico	2006-2018	Extended
61.	Slovakia	1994-1998	Mečiar	Right-wing				
62.	Slovakia	2006-2010	Fico	Left-wing	46.	Zuma	2009-2018	Extended
63.	Slovakia	2012-2018	Fico	Left-wing	47.	Roh	2003-2008	Core
64.	South Africa	2009-2018	Zuma	Left-wing	48.	Chen	2000-2008	Core
65.	South Korea	2003-2008	Roh	Right-wing	49.	Shinawatra	2001-2006	Core
66.	Taiwan	2000-2008	Chen	Right-wing	50.	Erdoğan	2003-	Core
67.	Thailand	2001-2006	Shinawatra	Right-wing	51.	Johnson	2019-	Extended
68.	Turkey	2003-	Erdoğan	Right-wing	52.	Trump	2017-	Extended
69.	United Kingdom	2019-	Johnson	Right-wing	53.	Chávez-Maduro	1999-	Core
70.	United States	2017-	Trump	Right-wing				
71.	Venezuela	1999-2013 ^(b)	Chávez	Left-wing	53.	Chávez-Maduro	1999-	Core
72.	Venezuela	2013- ^(b)	Maduro	Left-wing				

Note: Panel A: Dates/names from Archigos (Goemans, Gleditsch, and Chiozza, 2009) until December 2015 and own coding based on Wikipedia (using the same leader definition) from January 2016 to December 2020. (a) Coding ruling parties, we depart from Archigos procedure. (b) We extended/changed the existing Archigos dating. * Leaders had earlier/later spells coded as non-populist (Estenssoro 1985-1989, Zuazo 1982-1985, Orbán 1998-2002, Gandhi 1980-1984, García 2006-2011). Panel B: For statistical analysis, spells 2 years or closer together by the same populist (or by two populists with similar ideology) are connected. “-” = episode excluded because it starts during world war (1914-1918 or 1939-1945). The remaining episodes form a core sample (starting years 1946-2004) and an extended sample (starting years 1919-1938 or 2005-2019). Years/Episode blank = spell/episode was still ongoing in December 2020.

(more than 25% of the sample): Boyko Borisov in Bulgaria, Benjamin Netanyahu in Israel, the Lega/M5S government in Italy, Rodrigo Duterte in the Philippines, Recep Tayyip Erdoğan in Turkey, Robert Fico in Slovakia, Nicolás Maduro in Venezuela, Narendra Modi in India, Evo Morales in Bolivia, Jacob Zuma in South Africa, Andrés Manuel López Obrador in Mexico, Viktor Orbán in Hungary, the PiS government in Poland, Donald Trump in the United States, Alexis Tsipras in Greece, and Joko Widodo in Indonesia.

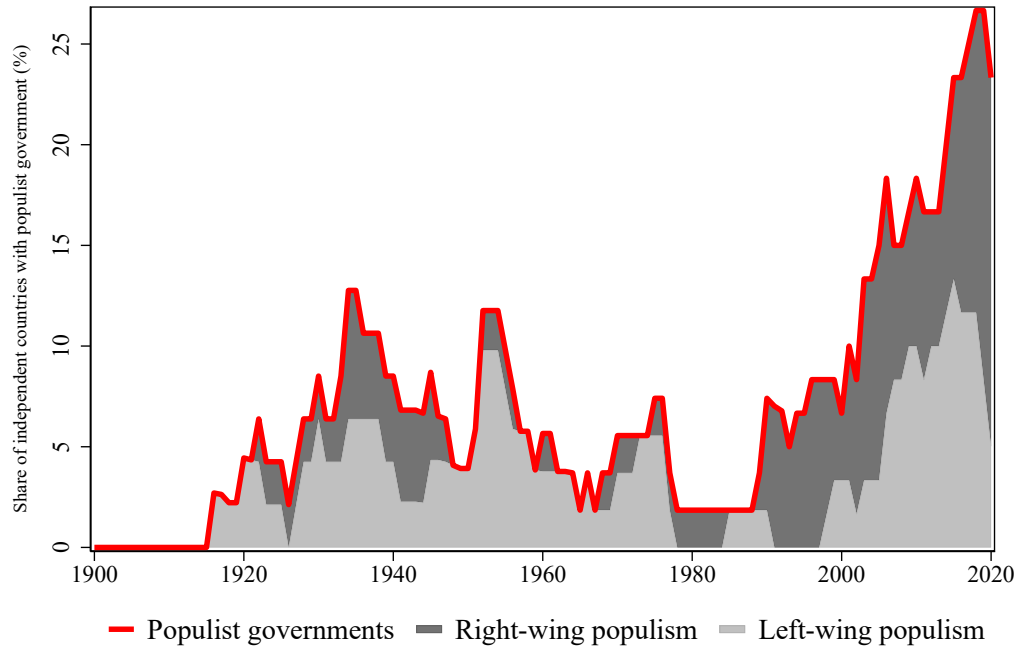


FIGURE 1. POPULISTS IN POWER – SHARE OF COUNTRIES IN SAMPLE

Note: Share of populist governments in all governments in sample of (up to) 60 independent countries, 1900-2020. We consider any country-year in which a populist was the effective ruler (i.e., president, prime minister, or equivalent).

The 1980s was the low point for populists in power. However, after the fall of the Berlin Wall, from 1990 onward, populism made a comeback. The recent increase can mainly be attributed to the emergence of a new populist right in Europe and beyond.

Stylized fact 2: populism can become serial

An interesting new insight from our long-run data is the recurring patterns over time, which are particularly pronounced in Latin America. Figure 2 shows the 28 countries (out of our 60-country sample) with a history of populist leadership

(i.e., at least one populist government since 1900 or independence). For each country, the gray bars represent its populist leader spells as reported in Panel A of Table 1. Some countries have spent a substantial proportion of years since WW1 under populist rule, with the highest shares in Argentina (39% of years), Indonesia (32% since independence in 1945), Italy (29%), Ecuador (23%), and Brazil (21%). Slovakia, a much younger country, shows 57% under the populist rule since independence in the early 1990s. This indicates that populism can become a serial phenomenon.

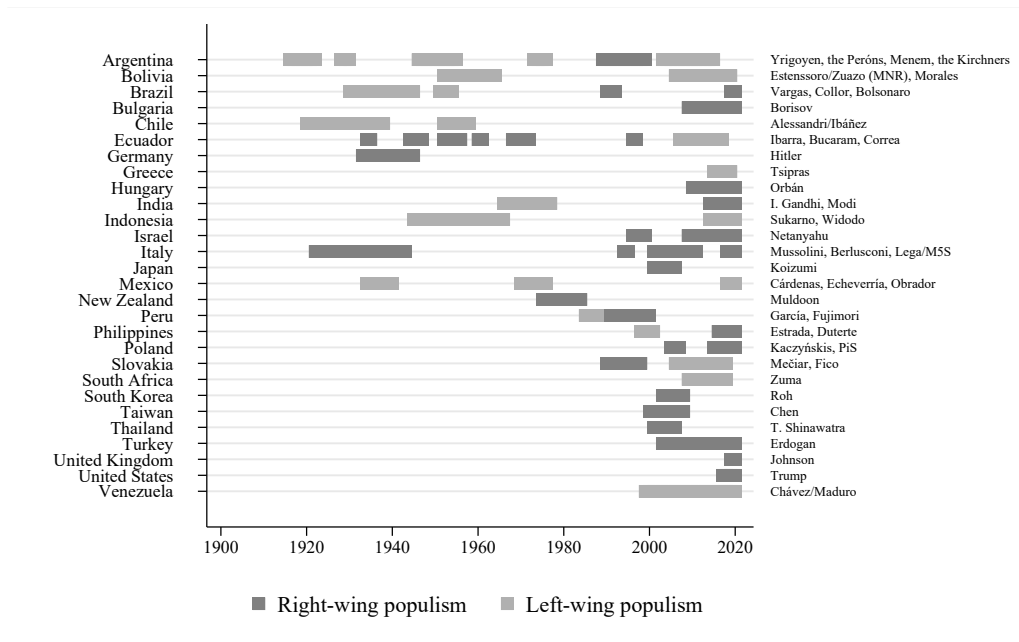


FIGURE 2. POPULIST LEADER SPELLS BY COUNTRY

Note: The figure includes those 28 countries of our 60-country sample that had a populist in power at least once since 1900 or independence, that is, the countries that are also featured in Table 1. The gray bars refer to the populist spells given in Panel A of Table 1.

The long and repeating spells of populist rule are reminiscent of the “serial default” phenomenon identified by Reinhart, Rogoff, and Savastano (2003). They show that the same countries suffer from crises and default repeatedly and throughout their history. Just like in the case of defaults, it seems that some countries witness populist rule again and again. Against this backdrop, it remains to be seen whether the current wave of populist rule is a precursor for more populism in the years ahead.

Stylized fact 3: populists are successful at surviving in office and often exit in dramatic ways

Populist leader spells are different from those of non-populist leaders. Here, we compare the 72 populist leader spells since 1900 to 1,781 non-populist spells since 1900, as taken from the Archigos database. The average populist spell is 5.5 years (using December 2020 for incumbent populists). Left-wing and right-wing populists show similar average spell lengths, with 5.8 and 5.1 years, respectively. These numbers are considerably higher than those of non-populist spells, which have an average length of 3.3 years.¹⁷

Moreover, populists have a significantly higher probability of returning to power. In total, 16 out of the 51 populist leaders show two or more spells in office, a share of 31%.¹⁸ By contrast, non-populists return to power with an average probability of only 16%. The populists with the most (populist) spells are Velasco Ibarra in Ecuador (five times), Vladimír Mečiar in Slovakia, Boyko Borisov in Bulgaria, Arturo Alessandri in Chile, Carlos Ibáñez in Chile, and Silvio Berlusconi in Italy (three times). In total, the average populist leader spends more than eight years in office during his or her career, which is twice as high as the average of four years in office for non-populist leaders. Even in countries that are characterized by high leader turnover rates, such as Argentina or Italy, populists have remained in power for long spells.

Another distinguishing feature of populists is their often irregular mode of exit. Among the 58 (of 72) populist spells in our dataset that had ended by December 2020, only 20 ended in regular ways, meaning that the mandate ended because of term limits or an election. Another 18 spells ended because of impeachment or military takeover (domestic or foreign), with impeachment occurring in the case of Fernando Collor of Brazil in 1992, Alberto Fujimori of Peru in 2000, and Joseph Estrada of the Philippines in 2001. Three spells ended because of ill health or accidents leading to death (Hugo Chávez in Venezuela, Juan Perón in Argentina, and Lech Kaczyński in Poland) and two leaders committed suicide (Adolf Hitler in Germany at the end of WW2 and Getúlio Vargas in Brazil). The remaining 15 spells ended with (often very complicated) resignations.

E. Benchmarking our coding results

Our coding approach is systematic, transparent, and relies on expert knowledge (in our literature pool). Nevertheless, our coding involves some degree of subjectivity as we treat populism as a political style that has to be interpreted. This raises the concern of misclassification of leaders, which could reduce the confidence in the overall exercise. In this section, we discuss how we address this concern.

¹⁷Historically, the three longest populist spells are Benito Mussolini in Italy (21 years), Sukarno in Indonesia (his second spell was 17 years), and Getúlio Vargas in Brazil (his first spell was 15 years). Recep Tayyip Erdoğan has now been ruling Turkey for almost two decades. The three shortest spells were Carlos Ibáñez in Chile (his first spell was two months), Abdalá Bucaram in Ecuador (six months), and Arturo Alessandri in Chile (his second spell was seven months).

¹⁸To be conservative, we **did not** count the second PiS government as a return of the Kaczyński leader team in Poland.

Let us start with an overall observation: The scope of agreement in the 770 contributions on populism is surprisingly high. Despite varying definitions, much consensus exists on the identity of the main populist leaders of the past 100 years. In fact, there seems to be more disagreement on the definition of populism in the literature than on who the populist leaders actually are. That said, the best way to assess the reliability of our coding is to benchmark our results to those of others, which we do next.

Benchmarking exercise: We compare our results to existing lists of populist leaders to assess the potential scope of leader misclassification. In particular, we benchmark our coding results to:

- The Global Populism Database by Hawkins, Aguilar, Castanho Silva, Jenne, Kocijan, and Rovira Kaltwasser (2019), also referred to as the “Team Populism” database. They focus on the period between 2000 and 2019 and used a very similar definition of populism (“a discourse in which the putative will of the common people is in conflict with a conspiring elite”, p. 2). Rather than relying on case studies and academic literature like we do, they classify populist leaders based on leader speeches (four per term) and textual analysis techniques. Specifically, the speeches are classified by human coders who grade each speech on a populism scale from 0 to 2 using a standardized procedure “to measure diffuse, latent aspects of texts such as tone, style, and quality of argument” (p. 3). The database covers 215 leaders with 280 terms, in 66 countries worldwide (no detailed explanations per case are shown). For benchmarking, we followed their classification of leaders as “weakly populist” (score 0.50-0.99), “populist” (score 1.00-1.49), or “very populist” (score ≥ 1.50). Note that we did not choose textual analysis ourselves, because we did not want to code everything from scratch. As shown in the Appendix, we preferred to let others speak and to leverage the rich treasure trove of case study literature, thereby relying on existing in-depth knowledge and case narratives. Moreover, we chose this approach because of its feasibility in the context of a global, long-run project. Implementing convincing textual analyses for a 120-year sample is challenging, if not impossible, given the major changes in political language, keywords, and linguistic tone over the course of modern history.
- The Populism in Power database by Kyle and Meyer (2020), which provides a list of 48 populist leaders (with 58 spells) worldwide (1990-2020). They also use a similar definition (“populists argue that the political arena is a moral battleground [...] between a country’s true people and the elites”, p. 6) and, like us, draw on a pool of academic literature for coding (specifically: 66 academic journals and the Oxford Handbook of Populism). The dataset is not publicly available, the country sample is not evident, and no detailed sources and leader explanations are given. Nevertheless, this is a useful source for benchmarking since the approach is similar. We thus used the

list shown in their paper, assuming that unlisted leaders of countries that are included are coded as non-populists.

- A list on Latin American populist leaders by Magud and Spillimbergo (2021). The authors “do not take a stand over the definition of populism, and draw on the classification of populist governments made by others” (p. 2), specifically by Dornbusch and Edwards (1991) and Hawkins, Aguilar, Castanho Silva, Jenne, Kocijan, and Rovira Kaltwasser (2019). Their list includes 19 “populist events” in Latin America 1951-2018. No detailed case explanations or underlying data are given. For benchmarking, we assume that Latin American leaders not listed in the paper are classified as non-populists.
- A list on Latin American populist leaders by Edwards (2019) covering 22 populist episodes, 1931-2019. This list adds seven modern cases to the classic sample of Dornbusch and Edwards (1991), without details on country samples or coding.

We find much agreement when comparing our results to these case lists, particularly with the first two, which use the same consensus definition of populism as a political style (see Appendix A for details). Specifically, we agree with Hawkins, Aguilar, Castanho Silva, Jenne, Kocijan, and Rovira Kaltwasser (2019) in 86% of the cases that both of us cover (we come to the same classification in 113 leader spells out of 132). There is a similarly large agreement of 91% with the binary classification of Kyle and Meyer (2020). The coding results differ somewhat more from Magud and Spillimbergo (2021) and Edwards (2019), with an agreement in only 68% and 61% of cases, respectively. The larger differences of our coding with the latter two sources are likely because they use a different definition of populism that also considers economic outcomes (with unsustainable macro policies being populist in nature).

The benchmarking results are overall reassuring, but wrong classifications could nevertheless bias the results. For example, in the modern sample, we include the government of Roh 2003-2008 in South Korea, which is not listed in any of the other sources (but, given the lack of documentation, it is not fully clear whether that is because South Korea was not covered in those sources in the first place). Similarly, in the historical sample, we include a few Latin American populists not listed by others, such as Arturo Alessandri in Chile.

To address this concern of false positives, we create a consensus sample that only includes populists on which we and others agree on. Specifically, we identify 40 leaders that we classified as populists and at least one of the four benchmarking sources. Owing to the limited time/country scope of existing lists, this is a “consensus” and “minimum” sample, which includes only modern cases plus a few historical Latin American ones. Despite this time bias in coverage, the minimum sample is nevertheless useful for robustness checks.

A related issue are false negatives, as we could wrongly classify a leader as a non-populist when in fact she or he clearly is a populist.¹⁹ To address this concern, we create an “other datasets sample,” which only includes cases listed by other researchers but no entries by us. In sum, we check results with three additional populist leader samples:

- a “consensus” case list that includes 40 episodes on which we and other classifications agree on. Given the more limited scope of existing lists, this sample only covers the modern period, including a few historical Latin American cases. See Table A1 in the Appendix.
- an “extended” sample, which contains all 51 populists from our database and coding procedure since 1900 (including all “consensus” cases as well as leader spells with attrition). See Table 1 above.
- an “other datasets” sample that only includes cases listed by other researchers (in the four sources discussed above) but no entries by us. Similar to the “consensus sample” this is again a restricted sample with almost no historical entries.

As we will show below, our core findings hold in each of these three samples.

Recency bias and spotlight effects: Our “big literature” approach helps reduce potential recency bias and spotlight effects, which are likely to arise when using other coding methods, such as expert interviews. Appendix E shows just how large the literature has become, with hundreds of case studies on populist parties and leaders, modern and historical, covering all regions worldwide. Unsurprisingly, modern populists have motivated the most work in recent years, with dozens of papers written on leaders such as Erdoğan or Trump alone. However, historical populists also received considerable attention. In fact, historical references have long been a central to the populism literature, starting with the seminal book of Ionescu and Gellner (1969) and continuing with rich collections of historical case studies such as Conniff (2012) or Abromeit, Chesterton, Marotta, and Norman (2016). When evaluating our literature pool, 577 out of 770 contributions discussed historical and modern cases (a share of 75%), whereas 25% focused on modern (post-2000) populists only. There are also no strong regional biases. One might expect, for example, that the literature is dominated by populism in Latin America, but that is not true for our literature pool, which contains more contributions on populism in Europe than on Latin America.²⁰

¹⁹The benchmarking exercise revealed a few leaders that others include as populists but we do not. For example, Edwards (2019) and Magud and Spillimbergo (2021) included João Goulart and José Sarney in Brazil and Salvador Allende in Chile. Beyond Latin America, Hawkins, Aguilar, Castanho Silva, Jenne, Kocijan, and Rovira Kaltwasser (2019) and Kyle and Meyer (2020) regarded Janez Janša in Slovenia and Traian Băsescu in Romania as populists, but we do not.

²⁰The word “Latin” appears in 474 of the 770 contributions, whereas “Europe” appears in 645 documents and “Asia” in 331 documents. The only region that is underrepresented is Africa, but our sample only includes two African countries, Egypt and South Africa, which are well documented.

In addition, we checked for these biases in the quantitative analysis. We show that the results are similar without Latin America and for Latin America only (see Appendix Figure B4). We also split the sample into historic and modern (cutting in 1990, see Appendix Figure B5, but we also tried other time cuts). As stated, recency bias may result in false negatives, so that we do not include a number of historical populists on which too little research exists. To understand how this bias may affect our results we ran a robustness check that overweights historical cases. For this purpose, we artificially enlarge our historical populist case sample and find that results are robust.²¹

II. Populism and economic outcomes

We now turn to the macroeconomic outcomes of populists in power. Our main focus is on aggregate measures of economic outcomes, in particular GDP growth, but we also look at distributional and institutional effects of populist rule. We start by introducing the data and our empirical strategy, present descriptive statistics and event studies, and then turn to causal inference.

A. Data and empirical strategy

Our sample consists of 53 populist leaders from 60 countries (Panel B of Table 1).²² The start years of these populist episodes serve as treatment events for the statistical analysis. For the empirical analysis, we use all episodes with fully balanced data coverage in a 15 year window before and after the event. This balanced core sample provides the basis for the quantitative analysis. However, we also study the “consensus” and “extended” samples defined above that consider different codings of populist politicians. Our key findings regarding the economic outcomes of populism will be consistently observed across the different samples and are independent of particular coding choices.

Data: The historical GDP and consumption data come from the Macrohistory Database by Jordà, Schularick, and Taylor (2017) and Barro and Ursúa (2010), and in rare cases, from Bolt, Inklaar, de Jong, and van Zanden (2018). For recent years (2005-2019), we use data from the World Bank (2019, 2021) and chain-link these series to the historical ones. The series on CPI and inflation are from Jordà, Schularick, and Taylor (2017), supplemented with data from Reinhart and Rogoff (2009b and updates), IMF-WEO (International Monetary Fund, 2018), IMF-IFS

²¹More specifically, we check results with our extended sample (53 leaders) but added an additional 29 leaders (pre-1990) that have only rarely been classified as populists in the literature (including disputed historical cases like FDR, see Appendix Table D1). The results with this inflated historical sample were similar to our baseline results.

²²We transform the 72 populist leader spells identified in Panel A of Table 1 into the set of 53 populist episodes in Panel B. We do so by combining sequential spells of the same populist or populists of the same party. For example, for Argentina we combined the spells of Juan Perón (1973-1974) and Isabel Martínez de Perón (1974-1976) and those of Nestor Kirchner (2003-2007) and Cristina Fernández de Kirchner (2007-2015). We also bridge short-term interruptions of populist leadership if they are two years or less, for example, for Vladimír Mečiar in Slovakia between May 1991 and July 1992 and between March 1994 and December 1994.

(International Monetary Fund, 2019), and a few country-specific sources (see Appendix B). Furthermore, as control variables, we draw on the chronologies of systemic banking crises by Jordà, Schularick, and Taylor (2017), Reinhart and Rogoff (2009a), and Laeven and Valencia (2020). Table B1 in the appendix shows all variables used, their definition, measurement and scaling, and the sources.

Empirical strategy: Allocation into the populist treatment is not random and we are confronted with a substantial identification challenge. No perfect strategy exists for estimating the causal effects of populism on economic variables. Similar to other studies on the impact of institutions on growth, we combine different strategies and rely on evidence from a variety of methodological approaches. We will start by presenting basic statistical associations and event studies and then turn to causal inference in the second step. Our main empirical tool for this will be the synthetic control method (SCM), proposed by Abadie and Gardeazabal (2003), Abadie, Diamond, and Hainmueller (2010), and Abadie (2021), including recent advances in SCM methods with multiple treated units and staggered treatments.

B. Growth performance

We start by presenting descriptive statistics for the growth differential between populist and non-populist governments. Following Blinder and Watson’s (2016) analysis of the Democrat-Republican president performance gap in U.S. postwar data, we test for a performance gap in annualized real GDP growth after populists come to power. We subtract the average growth rate of the respective country (white bars) and the contemporaneous average global growth rate, using our 60-country sample (gray bars), from the annual growth rate of the country under populism. Such a gap exists, as shown in Figure 3. Countries underperform after a populist comes to power, both compared to their long-run growth path and relative to global growth. This is true both in the short term (5 years) and the longer term (15 years) after a populist comes to power. In all four specifications, the gap to the benchmark annual growth rate is *negative*, ranging from approximately -0.5 to -1.0 percentage points.

In the next step, we turn to a panel event study. We construct a dummy that takes the value of 1 in the 5 (15) years after the starting year of a populist episode, and 0 if otherwise. The dependent variable is the real annual GDP per capita growth rate.

$$(1) \quad g_{it} = \beta_P \text{Populist}_{i,t-k} + \delta X_{i,t-1} + \alpha_i + \alpha_t + \epsilon_{it}$$

where $\text{Populist}_{i,t-k}$ is the year a populist leader came into power, considering $k \in \{5, 15\}$ years after on GDP per capita growth rate g_{it} , whereas $X_{i,t-1}$ denotes a set of (lagged) institutional and macroeconomic controls. Additionally, α_i and α_t are country and year fixed effects, respectively. The coefficient of the “populism dummy” captures the percentage points growth gap after populists take power.

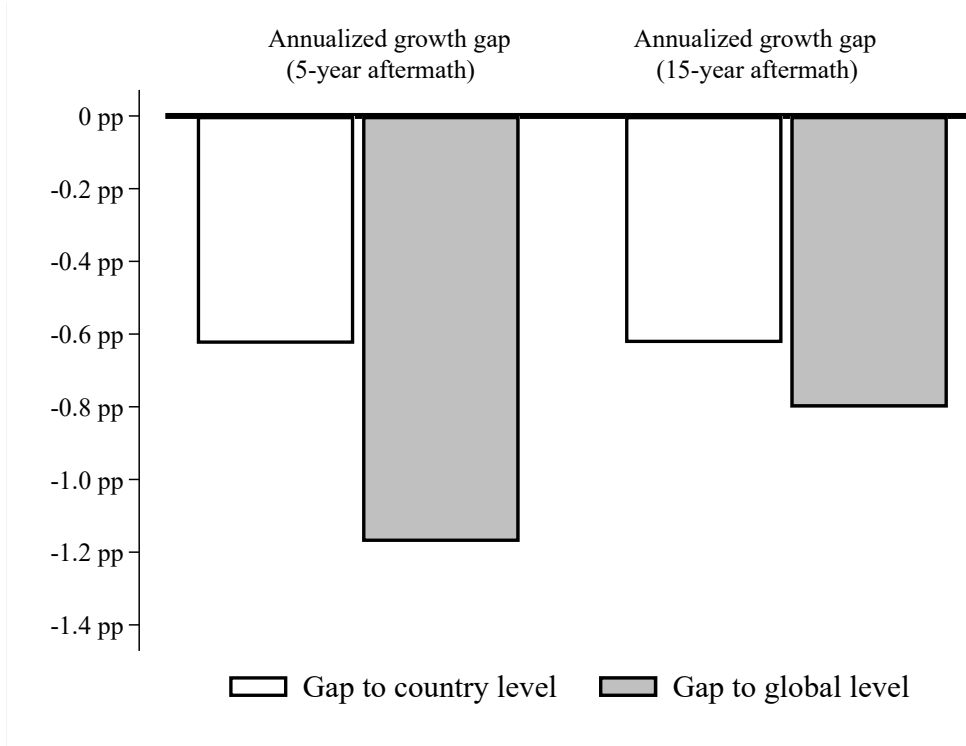


FIGURE 3. AVERAGE ANNUALIZED GROWTH GAP AFTER POPULISTS COME TO POWER

Note: The figure shows performance gaps in real annual GDP per capita growth. The data are from Jordà, Schularick, and Taylor (2017), Barro and Ursúa (2010) and in rare cases, from Bolt, Inklaar, de Jong, and van Zanden (2018). For data for 60 countries since 1945 for the core sample of populist episodes, see Table 1.

Table 2 displays the results. In all specifications, the growth gap amounts to approximately 1 percentage point per year and is highly significant. These results are robust to controlling for the quality of institutions and democracy, inflation, and trade openness, as well as banking, currency, and sovereign debt crises. Appendix Table B3 displays the detailed results. Across these additional event study specifications, the populist leader dummy remains statistically and economically significant with an annual growth penalty of approximately 80-100 basis points.

C. Local projections

For insights on the dynamic effects of populist takeovers we turn to the local projections approach of Jordà (2005), allowing us to compute impulse responses tracing the dynamic path of GDP per capita after a populist comes to power. To be precise, we plot the cumulative change of real GDP per capita after the start

TABLE 2— GROWTH RATE – YEARS AFTER POPULISTS COME TO POWER VS. NORMAL YEARS

	(a) Simple OLS	(b) CFE & YFE	(c) Macro controls
5-year aftermath			
Populist leader	-0.97** (0.41)	-1.01** (0.41)	-0.96** (0.43)
R^2	0.001	0.174	0.189
Observations	4249	4249	3205
15-year aftermath			
Populist leader	-1.04*** (0.22)	-0.81*** (0.25)	-0.72*** (0.26)
R^2	0.004	0.174	0.189
Observations	4249	4249	3205

Note: This table compares real annual GDP per capita growth rate after populists come to power to the non-populist average. Robust standard errors are shown in parentheses. *** Significant at .01. ** Significant at .05. Column (c) includes country and year fixed effects as well as controls for institutional quality, financial crises, inflation and trade. Detailed information and results for additional specifications with control variables are shown in Table B3 in the Appendix. For data for 60 countries since 1945 for the core sample of populist episodes, see Table 1.

of a populist leadership episode, compared with the path after a non-populist government changeover. More specifically, for each period k , after the beginning of a populist leadership spell, we estimate the following local projection model:

$$(2) \quad \Delta_k Y_{i,t+k} = \beta_P^k * Populist_{i,t} + \mu_i^k + \sum_{j=1}^l \gamma_j^k * X_{i,t-j} + \varepsilon_{i,t}^k; \quad k = 1, \dots, 15$$

where Y is our outcome variable GDP per capita, $Populist_{i,t}$ is a treatment variable which turns 1 when a populist government enters into office and 0 if otherwise; β_P^k captures the response of variable Y for periods k after the populist government change; μ_i^k are country fixed effects, and $\varepsilon_{i,t}^k$ represents the error term. Importantly, we will condition the effects of a populist episode with a vector of control variables $X_{i,t-j}$. We include five lags of the real annual GDP per capita growth rate, annual global GDP per capita growth rate, inflation, indicators for institutional quality (V-Dem Dataset by Coppedge et al., 2022), and democracy (Polity by Marshall and Gurr, 2020), including controls for recent banking and sovereign debt crises. In other words, we control for the conditions under which populist (and non-populist) governments come to power, and we consider the most obvious sources of endogeneity, such as country-specific and global growth trends, inflation, institutional and democratic decay, as well as crises.

Figure 4 plots the estimated GDP dynamics after a populist leader comes to

power. Real GDP per capita declines significantly relative to the non-populist baseline. The temporal dynamics are worthy of being highlighted. For the first 3 years – close to an entire term in many political systems – populist leaders do not perform worse than others. The negative effects become visible after year three, increase over time, and become economically substantial and statistically significant. Moreover, differentiating between right-wing and left-wing populists only shows minor differences.

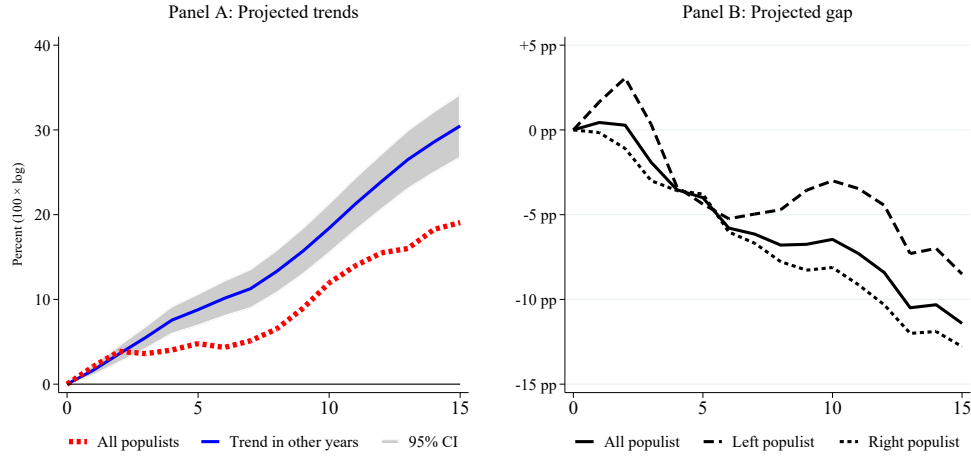


FIGURE 4. REAL GDP PATHS AFTER POPULIST GOVERNMENTS ENTER INTO OFFICE – LOCAL PROJECTIONS

Note: Local projections for the GDP path following populist and non-populist governments entering into office. All regressions include country fixed effects and five lags of the of real GDP per capita growth, global growth, inflation, banking and sovereign debt crisis controls, and an institutional/democracy quality index given by the first principal component of the V-Dem indices on judicial independence, election fairness and media freedoms (Coppedge et al., 2022) and the Polity IV democracy score (Marshall and Gurr, 2020). For data for 60 countries since 1945 for the core sample of populist episodes, see Table 1.

D. Inverse propensity weighted local projections

We now turn to an inverse-probability-weighted regression-augmented local projection (IPWRA-LP) estimator, following Angrist, Jordà, and Kuersteiner (2017) and Jordà and Taylor (2016). This estimator controls for observables twofold, directly through the regression mean and via reweighting by the inverse probabilities of treatment obtained in a first stage regression for the likelihood of receiving treatment.

In the first stage, we estimate that a new government is of the populist type $p(d_t = 1 | \{Y_{t-l}\}_{l=0}^L)$. Here Y_t denotes a vector of observable macroeconomic and political controls observed before the new government enters into power. This

probability will be called the propensity score, and we denote its estimate as \hat{p}_t . The propensity score model is estimated using a logit estimator. This model uses country fixed effects and the following predictor variables: (1) an institutional quality proxy, (2) a banking crisis dummy, (3) macroeconomic controls, that is, real GDP growth and inflation (log change in the CPI), and (4) a world GDP growth control. The variables are taken in deviation from their country-specific means, and the country effect dummies are centered so that we can evaluate the effects for the average country. Appendix Table C1 presents the results of the first-stage logit prediction model, and Appendix Table C2 shows the estimated probability for each individual populism case. In line with Funke, Schularick, and Trebesch (2016), we find that financial crises and recessions are significant predictors of populists coming to power (Appendix Table C1). The outbreak of a banking crisis increases the probability of a populist entry by more than 40 percentage points, and a one standard deviation drop in economic growth by 2 percentage points. Building on these results, the left panel of Figure 5 plots the empirical densities of the predicted probabilities of the populist (and non-populist) takeovers. The model shows considerable overlap between the two distributions, and the identification of the effects will rely on this overlap region where selection into treatment is closest to the random allocation benchmark.

Turning to the second stage, the local projections are now estimated with an inverse propensity weighted estimator where low propensity populist spells receive greater weights:

$$(3) \quad \Lambda_{IPW}^h = \sum_{d_\tau=1} \frac{\Delta_h y_{\tau+h}}{\hat{p}_\tau} - \sum_{d_\tau=0} \frac{\Delta_h y_{\tau+h}}{1 - \hat{p}_\tau} \quad \text{for } h = 0, 1, \dots, H$$

Λ_{IPW}^h can be estimated using a weighted least squares estimator with w_τ weights, where $w_\tau = d_\tau/\hat{p}_\tau + (1 - d_\tau)/(1 - \hat{p}_\tau)$, saturated with additional controls:

$$(4) \quad \Delta_h y_{\tau+h} = \theta_n^h + \Lambda^h d_\tau + \sum_{l=0}^L Y_{\tau-l} \Gamma_l^h + \epsilon_{\tau+h}$$

The right panel of Figure 5 shows the results from the doubly robust inverse-propensity weighted local projection with regression adjustment. The figure plots the cumulative responses for real GDP per capita from the start of the new government as a function of the set of controls and the type of the new government (non-populist versus populist), using weights given by the inverse of the probabilities predicted by the logit model.

The blue line shows the estimated GDP response after a non-populist enters into power with a 90% error band. The dashed line confirms that the populist growth path is substantially weaker than the non-populist one in 15 years after coming into power. The mean estimate for the performance gap stays above 10% toward the end of the projection horizon and is statistically different from the

non-populist one. Appendix Table C3 shows the coefficients of the regressions at each horizon and the statistical difference of the two paths estimated using inverse probability weighted local projections.

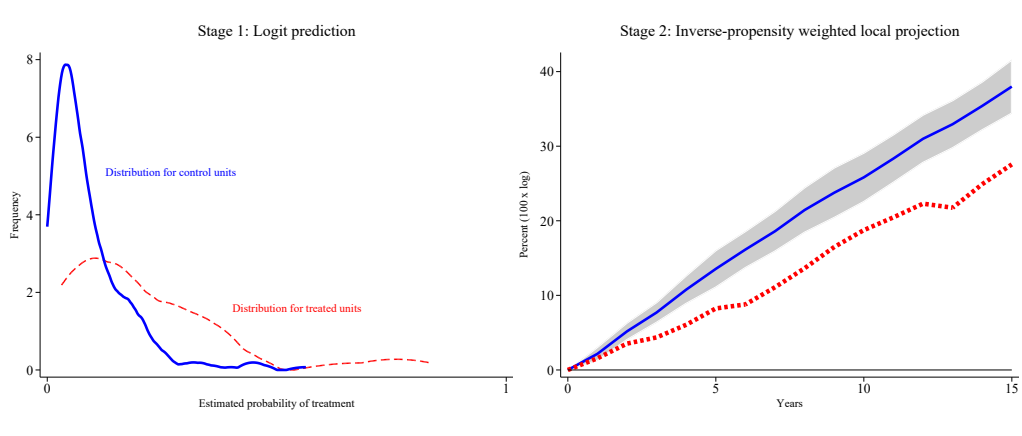


FIGURE 5. GDP AFTER POPULIST COME TO POWER – IPWRA-LPs

Note: The first stage uses a logit model to predict the probability of treatment. The second stage estimates local projections of the growth path, weighted by their inverse estimated probabilities. In this baseline, the same variables used to predict the treatments in stage one are included as controls in stage 2. The same sample of events is used in both stages and it is limited to new governments. For data for 60 countries since 1945 for the core sample of populist episodes, see Table 1.

III. Populists and the economy: synthetic control

The synthetic control method allows us to quantify the effect of populism on economic performance relative to a synthetic doppelganger economy. Identification hinges on the assumption that the synthetic doppelganger continues to evolve in the same way that the populist economy would have without the election of a populist government.

A. Method

The doppelganger is constructed by using an algorithm to determine which combination of “donor economies” matches the economic and institutional path of a country with the highest possible accuracy *before* the populist comes to power. To do this, the algorithm minimizes the distance between observed trends in the treatment country and the counterfactual in the pre-treatment period. The country weights assigned to the donor economies are purely data-driven. The better the algorithm constructs a doppelganger for the populist economy as a weighted combination of other economies before the populist comes to power, the more accurate the results will be. Comparing the evolution of this synthetic

doppelganger with actual data for the populist economy quantifies the aggregate costs of the populist “treatment.” We construct a synthetic counterfactual for each of our populist leadership episodes, considering ± 15 years of data around the start year of the populist leadership. We chose a 15-year time frame to have sufficient data both to match on and to trace the long-term effects on growth. However, all results are robust if we vary the length of the time window to 5, 10 or 20 years, for instance.

We match on the pre-treatment trends in real GDP but also document how the synthetic control balances other covariates such as institutional quality and democracy, and crisis history. More formally, for each of our populist episodes P , we let Y_p denote the vector of covariates in the treatment country and X_p the matrix of covariates for all preselected (we drop countries that also experienced populist leadership) counterfactual countries C in the donor pool. W_p denotes the vector of individual weights w_c^p , $c = 1, \dots, C$. The optimal weighting vector W_p^* is chosen to minimize the following mean-squared error:

$$(5) \quad (Y_p - X_p W_p)' V_p (Y_p - X_p W_p), \quad p = 1, \dots, P$$

subject to $\sum_{c=1}^C w_c = 1$ and $w_c \geq 0 \forall p, c$. The elements of the positive-semidefinite and symmetric matrix V_p are selected using a data-driven approach (Abadie, Diamond, and Hainmueller, 2010).

We are interested in the average effect that populist leaders have on the economy. Hence, we follow Acemoglu, Johnson, Kermani, Kwak, and Mitton (2016), take averages of the path around the populists’ entry into office, and compare them to the average estimated counterfactual path. Subtracting the synthetic control from the treated series results in the “doppelganger gap” that measures the average growth difference owing to populism. Recently, Cattaneo, Feng and Titiunik (2021) and Cattaneo, Feng, Palomba and Titiunik (2022) introduced prediction interval methods for uncertainty quantification that can stem from randomness in the construction of the synthetic control weights in the pre-treatment period (in-sample uncertainty) and from the out-of-sample prediction due to the stochastic error after the treatment (out-of-sample uncertainty). We employ their methods to derive confidence intervals using a simulation-based approach for in-sample and out-of-sample uncertainty (quantified through 200 simulations and sub-Gaussian bounds, respectively).

B. Main results

Figure 6 displays our core finding. The average real GDP path following the entry of a populist government into office (solid line) is substantially lower than that of a synthetic counterfactual without populists in office (dashed line). The cumulative difference is large, exceeding 10 percentage points after 15 years, similar to the IPWRA-LP estimates presented above. The GDP path starts to diverge visibly from the synthetic counterfactual approximately 2-3 years after populists

enter government. Interestingly, the overall result stems not exclusively from left-wing but also from right-wing populists (middle and right panels). A different presentation of these results is to plot the difference in GDP dynamics between treated and control group – the so-called “doppelganger gap.” Panel B is the mirror image of Panel A as we subtract the synthetic control average (dashed line in Panel A) from the average of the treated (populist government) group (solid line in Panel A) each year.

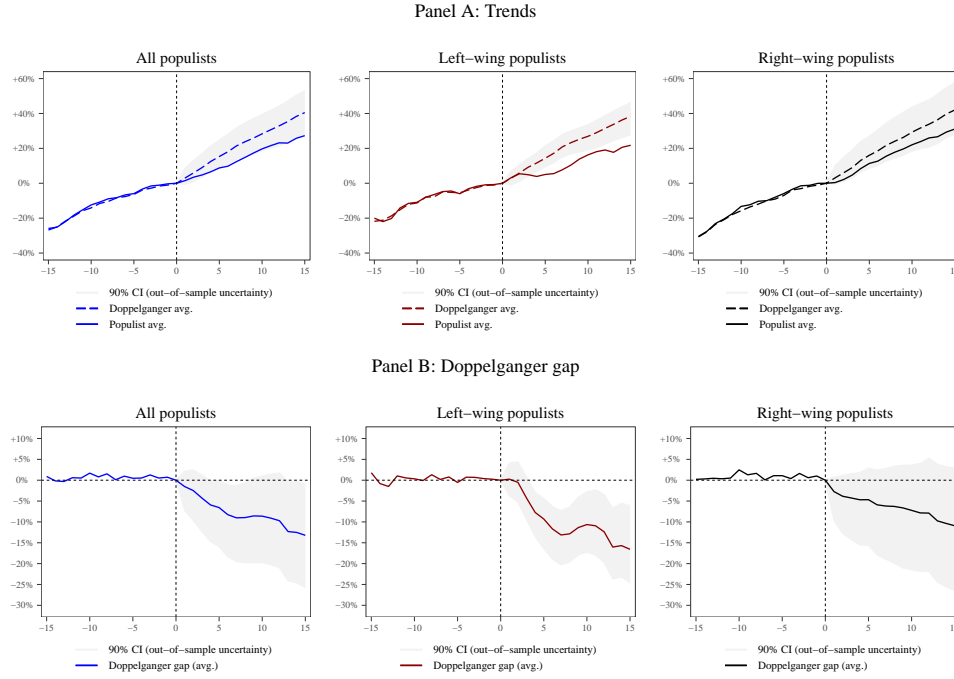


FIGURE 6. BASELINE RESULTS

Note: The figures show the effects of populism treatment on real GDP per capita. The 90% confidence intervals are based on Cattaneo, Feng and Titiunik (2021) and Cattaneo, Feng, Palomba and Titiunik (2022). Out-of-sample uncertainty bands shown as upper limit; in-sample intervals are generally tighter as can be seen in Panel A of Appendix Figure B2. For data for 60 countries since 1945 for the core sample of populist episodes, see Table 1.

Populists often enter the government in the wake of economic and financial crises when growth performance is weak (Funke, Schularick, and Trebesch, 2016). Well-known examples include Nestor Kirchner after the 2002 Argentine crisis, Recep Tayyip Erdoğan after the 2001 crisis in Turkey, Hugo Chávez after Venezuela’s banking and inflation crisis of 1995-1997, Joseph Estrada (the Philippines) and Thaksin Shinawatra (Thailand) after the 1997 Asian financial crisis, and Alan García following Peru’s sovereign default of 1982/83. In the SCM approach, such

weak pre-populist economic performance is captured in the construction of the doppelganger. We are comparing the populist leader to other economies with a comparably weak economic performance in the preceding years.²³ Our algorithm matches GDP in the 15 preceding years and picks up weak growth in the run-up to populist government changes.

However, both weak growth and populism could be the outcome of institutional weaknesses or economic mismanagement that started earlier. One way to test this is to check if the treated unit and the doppelganger that was obtained by matching on the pre-treatment growth path share similar pre-treatment trends also along other dimensions such as institutional change, inflation, or crisis histories. If this is the case, we would be reassured that we are effectively comparing economies on similar institutional and macroeconomic pathways but that differ in one important respect: the populist “treatment.”

Table 3 compares the difference in the log level of real GDP and institutional quality (in index points) in the treatment year relative to their respective average values in the preceding 15 years. It does so for the treated country, the constructed doppelganger, and the donor pool average across all populist episodes. For instance, the difference between real GDP at the time of the populist takeover and in the 15 years before was approximately 0.11 log points on average. As we match on GDP, the number is, by construction, very similar for the synthetic control unit at 0.12 log points. At 0.18 log points, the difference is larger for the entire donor pool of countries, indicating that populists tend to come to power in countries with sub-par growth performance.

Importantly, we find similar trends in the treated units and the synthetic controls as well as much larger differences between those relative to the other donor economies also for variables that we did not match on directly. In the case of institutional quality (here: the first principal component of judicial independence, electoral fairness, media freedoms and the Polity score), pre-treatment trends are comparable in the treated countries and the synthetic controls, but different for the rest of the donor pool countries. In other words, our matching on real GDP produces doppelganger units that are similar to the treated units also with respect to other characteristics. The same is true for inflation and crisis histories: treated units and synthetic control units are much more likely to have had banking or sovereign debt crises than the donor pool as a whole, and average pre-treatment inflation rates are considerably higher in the treated and synthetic control units than in the donor pool. The upshot is that we are comparing countries that have had similar pre-treatment economic and institutional trajectories going into the populist treatment.

In Appendix B.4.2, we also show results for a synthetic control unit that is created by giving lags of covariates and lags of the dependent variable equal

²³There is an ongoing debate on economic vs. cultural determinants of populist voting (see for example Guriev and Papaioannou, 2020; Rodrik, 2020). However, macroeconomic developments could possibly be important factors for populist takeovers.

importance (see e.g., Abadie and L’Hour, 2021, p. 6; Ben-Michael, Feller, and Rothstein, 2021, p. 20). This more complex matching method shows similar GDP effects of populism. The Appendix discussion also presents results for a doppelganger that is created matching on multiple pre-treatment variables and with multiple treated unit adjustment. Across these more complex matching approaches, the economic costs of populism remain large.

TABLE 3— CHARACTERISTICS OF THE TREATED UNIT, SYNTHETIC CONTROL, AND DONOR POOL COUNTRIES BEFORE THE POPULIST TREATMENT

	Treated (1)	Synthetic (2)	Donor Pool (3)
GDP	-0.110	-0.119	-0.180
Institutions	-0.637	-0.595	-0.370
Inflation	0.251	0.211	0.160
Banking crises	0.375	0.381	0.203
Sovereign debt crises	0.174	0.183	0.071

Note: Matching on real GDP. Columns show averages for all populist cases across countries and time for the treated units, the synthetic control units and the donor pool. The first three rows show differences between the level of real GDP and institutional quality (in index points) in the treatment year relative to their respective averages in the previous 15 years, as well as average pre-treatment inflation rates. The crisis variables in rows 4 and 5 show the probability of a crisis within a 5-year window before the populist event. Institutional quality is expressed as the first principal component of the V-Dem indices on judicial independence, electoral fairness, and media freedoms (Coppedge et al., 2022) as well as the Polity IV democracy score (Marshall and Gurr, 2020). Data for 60 countries since 1945 for the core sample of populist episodes, see Table 1.

The notion of “populist stagnation” that emerges from these estimates is confirmed by narrative case studies of individual populist leaders. In history, populist spells with weak GDP growth include Juan and Isabel Perón (Argentina in the 1970s), Víctor Paz Estenssoro (Bolivia in the 1950s/1960s), Velasco Ibarra (Ecuador in the 1960s), and Indira Gandhi (India in the 1960s/1970s). More recently, Silvio Berlusconi (Italy in the 1990s/2000s), Hugo Chávez and Nicolás Maduro (Venezuela over the past 20 years), Joseph Estrada (the Philippines in the 1990s), Junichiro Koizumi (Japan in the 2000s), Chen Shui-Bian (Taiwan in the 2000s), and Jacob Zuma (South Africa over the past decade) all saw low growth numbers during and after their time in power, with significant differences to a non-populist country counterfactual.

Others saw better growth rates in the first years of tenure, but a significant weakening of the economy afterward, for example, Lázaro Cárdenas (Mexico in the 1930s), Juan Perón (Argentina in the 1940s/1950s), Alan García (Peru in the 1980s), Rafael Correa (Ecuador over the past 10 years), and the Kirchners (Argentina in the 2000s/2010s). Incumbent populists Recep Tayyip Erdoğan in Turkey and Narendra Modi in India currently also see stagnation after long periods of growth. By contrast, Viktor Orbán in Hungary, the PiS government in Poland, and Benjamin Netanyahu in Israel still witness solid growth, but the

long-term outcome is unclear. Whether Donald Trump had a positive impact on the U.S. economy in his first years in office is an open question that some papers dispute (Born, Müller, Schularick, and Sedlacek, 2019a). On balance, our data suggests that only very few populists can be associated with a sustainable long-term growth path (e.g., Getúlio Vargas of Brazil in the 1950s and Evo Morales of Bolivia in the past decade).

C. Causality

For a causal interpretation of the results, we start with falsification exercises proposed by Abadie, Diamond, and Hainmueller (2015). The first is an experiment that draws on non-treated observations from the donor pool. This means we artificially classify countries as having witnessed a populist coming into office when in fact they did not. We then run a placebo experiment in time, where the treatment is artificially assigned to an earlier starting point. The intuition behind both tests is the same. We can only be confident in capturing a causal treatment effect with the SCM estimator if similar treatment magnitudes are not estimated in cases where the intervention did not occur. In addition, we show simulation-based confidence intervals and conduct case-wise end-of-sample stability tests.

COUNTRY PLACEBOS

We start with a country placebo exercise (“in-space placebos”). We reassign the populist leader to another country from the donor pool. Thus, we run (up to) 59 new iterations of the SCM for each case, whereas the treated country shifts to the donor pool. For example, in one of the iterations we assume that instead of Turkey, Bulgaria witnessed the beginning of a populist leadership episode in 2003. From the 1,500+ new iterations we then calculate the average placebo GDP path for the treatment and doppelganger groups.

Figure 7 shows the results. The average GDP paths of the treatment and counterfactual groups look similar, both pre- and post-treatment. The difference to the doppelganger path remains very small compared with a doppelganger gap from our baseline estimation (see Figure 6), which is three to four times larger. The average effect across country placebo draws is not only smaller on average, the estimated effect sizes are also in the bottom third of the placebo distribution in the majority of cases.

TIME PLACEBOS

The second placebo experiment is a time placebo study in which we shift the start year of the populist episode 5 years back in time for each case. Thus, for example, we assume Recep Tayyip Erdoğan to have come to power in Turkey

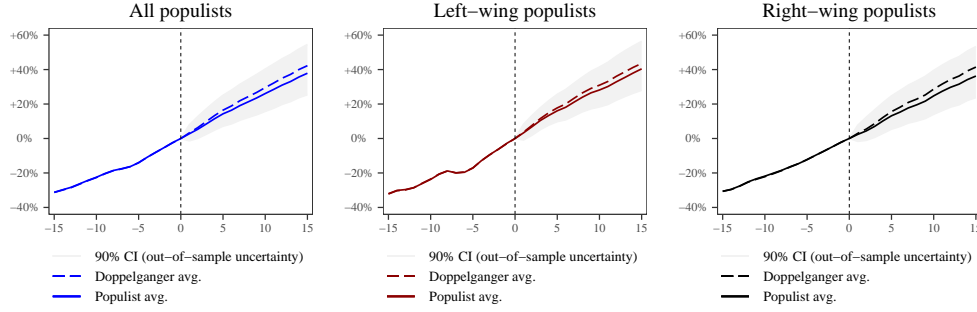


FIGURE 7. COUNTRY PLACEBO TESTS WITH REAL GDP – RANDOMLY ASSIGNING THE ENTRY OF THE POPULIST GOVERNMENT INTO OFFICE TO OTHER COUNTRIES

Note: Country placebo experiment. We assign the entering of the populist government into office to other countries in the donor pool and then re-estimate the average treatment and doppelganger GDP trend paths. See text. For data for 60 countries since 1945 for the core sample of populist episodes, see Table 1.

in 1998 instead of 2003, or that Viktor Orbán in Hungary entered office in 2005 instead of 2010.²⁴

If the treatment (starting year of populist leadership) has a causal effect, then we would not expect to observe a decline in real GDP relative to the counterfactual prior to the actual populist government spell. In this sense, the results shown in Figure 8 support a causal interpretation of our main finding. Treatment and doppelganger paths do *not* diverge visibly between the fictitious starting year and the actual starting year. In the 5-year backward shift in the treatment, the average GDP trend of treated countries looks very similar to the counterfactual until the actual treatment takes place. Average real GDP diverges from the doppelganger after year “0,” when the populists in fact entered office.

END-OF-SAMPLE INSTABILITY TESTS

For formal inference, we follow Hahn and Shi (2017) and Andrews (2003), who proposed an end-of-sample instability test to conduct inference in the context of synthetic control estimates. Intuitively, the test is a before-after comparison which quantifies whether the estimated post-treatment doppelganger gap can be considered to come from the same distribution as all the pre-treatment doppelganger gaps of the same length.²⁵ We apply the end-of-sample instability test

²⁴We use 5 years to have enough pre-event data to match on (10 years) and to avoid dropping more cases owing to missing data in the world wars and in countries that only gained independence in 1990/1991, particularly in Eastern Europe.

²⁵Although the test is technically based on stationary data, Andrews (2003) noted (p. 1681) that it is asymptotically valid under stationary errors. Hahn and Shi (2017) stressed its good size properties

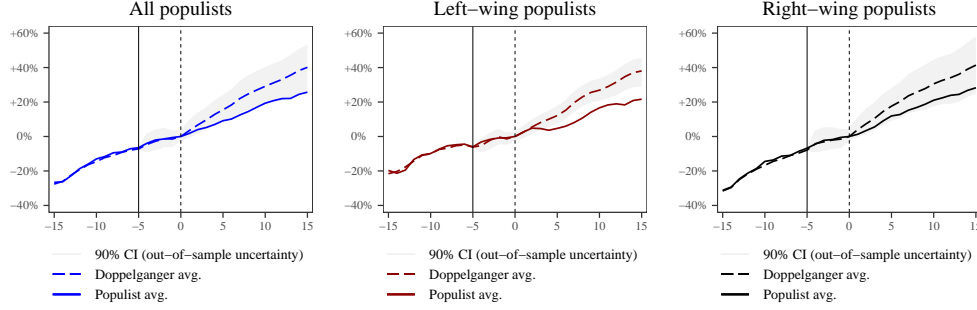


FIGURE 8. TIME PLACEBO TEST WITH REAL GDP – 5-YEAR BACKWARD SHIFT OF THE ENTRY OF THE POPULIST GOVERNMENT INTO OFFICE

Note: Placebo experiment in time. Treatment is shifted 5 years backward; treatment effect relative to the doppelganger path is then re-estimated. The black solid vertical lines mark the placebo start year, and the gray dashed lines indicate the actual treatment year. See text. For data for 60 countries since 1945 for the core sample of populist episodes, see Table 1.

to each of the individual SCM estimations underlying our baseline average result (Figure 6). In the majority of cases, we can reject the hypothesis that the path comes from the same distribution at the 10%-level of significance or higher.

D. Multiple treated units

Our setting features multiple treated units with partly staggered and partly simultaneous adoption of treatment. The standard SCM approach has so far been applied to the case of a single treated unit or, if multiple units are treated, to a single adoption time. Abadie and L’Hour (2021) pointed out that in the case of multiple treated units a unique weighting matrix for each treated unit may not exist. They developed a penalized version of synthetic control construction where bad matches get a lower weight in the overall computation of the treatment effect. The optimal penalty parameter used minimizes the root mean square error. The results, shown in Figure 9, remain very similar to the baseline. Our estimates of average treatment effects are robust to using penalized synthetic control.

E. Partially pooled SCM estimation

A further addition to the synthetic control literature comes from a recent paper by Ben-Michael, Feller, and Rothstein (2021), who proposed a “partially pooled”

in the context of SCM. To conduct the test, we run the SCM over the whole observation period and then base the test statistic on the root mean square prediction error (RMSPE), i.e., root mean square doppelganger gap, in the post-treatment period. The distribution of the test statistic is computed using a subsampling scheme. Specifically, we conduct the matching on the sample $1, \dots, T_0$, where observations $j, \dots, j + m/2 - 1$ are excluded. Here, m is the number of post-treatment observations, T_0 is the time of the treatment, and we resample for $j = 1, \dots, T_0 - m + 1$. For each iteration, the resampled test statistic is based on the RMSPE from j to $j + m - 1$.

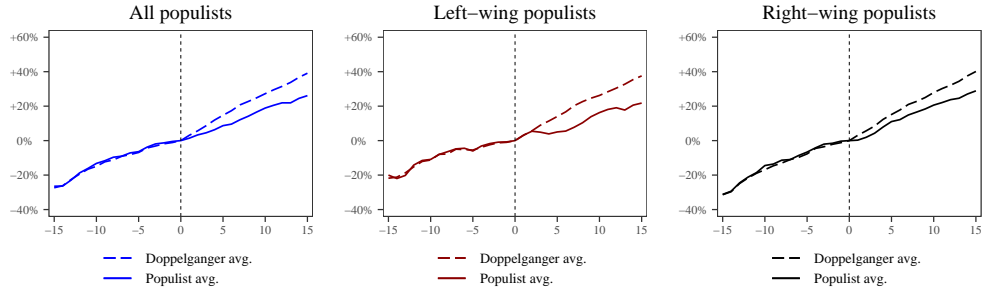


FIGURE 9. MULTIPLE TREATED UNITS ADJUSTMENT VIA PENALIZATION

Note: The figures show the effects of populism treatment on real GDP per capita. Multiple treated unit adjustment following Abadie and L'Hour (2021). The estimation uses the root mean square error-optimal penalty. For data for 60 countries since 1945 for the core sample of populist episodes (see Table 1).

synthetic control method aimed at minimizing the imbalances between control units and the single treated units (in case of separate synthetic control methods) and the average of the treated units (in case of a pooled synthetic control method). Ben-Michael, Feller, and Rothstein (2021) calculate a weighted average of separate synthetic controls determined for each treated unit and a pooled synthetic control estimation conducted for the average treated unit. We use their method to show partially pooled estimates in Figure 10. Once more, the paths are very similar to our benchmark estimates.

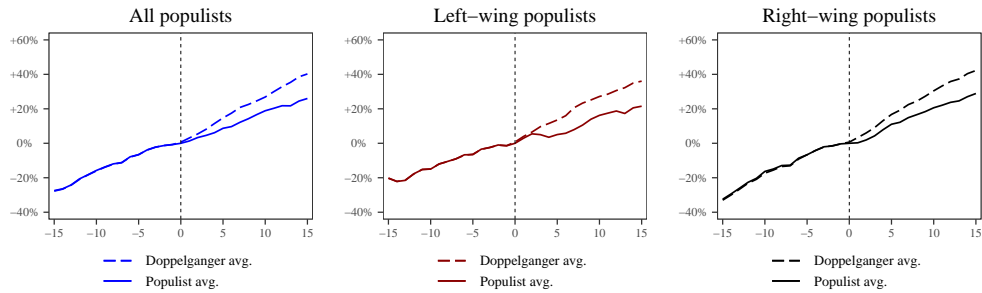


FIGURE 10. MULTIPLE TREATED UNITS ADJUSTMENT VIA PARTIALLY POOLED SCs

Note: The figures show the effects of populism treatment on real GDP per capita. Partially pooled synthetic control estimation following Ben-Michael, Feller, and Rothstein (2021). For data for 60 countries since 1945 for the core sample of populist episodes (see Table 1).

F. Restricting the donor pool

A central challenge for the SCM method is to build the doppelganger based on a suitable comparison group (Abadie, 2021) to ensure that the synthetic control has similar characteristics as the treated prior to treatment. An intuitive way is to restrict the donor pool *ex-ante* to a plausibly comparable set of countries. In our case, we can restrict the donor pool to emerging economies (EMEs) if the populist takeover occurred in an emerging economy and to advanced economies (AEs) for populists in advanced economies. We use the classification by the IMF of October 2021.²⁶ Appendix Figure B3 demonstrates that our results barely change much when donor pools are restricted.

G. Sample cuts

Recency bias could be a further concern in our setting. As a first cut, we separate our sample into “historical” (pre-1990) and “contemporary” (post-1990) cases. The results are shown in Appendix Figure B5 (trends). In a second step, we break the sample along the median of prediction for a populist takeover from the logit model from Section II.D and Appendix Table C2. The idea is to test if the SCM estimates remain similar when we build counterfactuals for more and less endogenous populist takeovers. Our baseline results are not affected. The results are shown in Appendix Figure C1.

H. Alternative codings of populist leaders

We now check whether differences in defining and classifying populists change the estimation results. Appendix A.2 presents the detailed SCM results. In Figure A1, we start with the “consensus” sample that includes all cases that we *and* at least one of the other datasets coded as populist. Figure A2 shows results for the “extended” populist sample. Furthermore, Figure A3 is restricted to cases that other datasets treat as populist. This estimation does not use our database at all and consists only of classifications done by the other four datasets. For each of these additional samples, our key finding with respect to the economic costs of populism remains clear. Disagreements on leader classification do not appear to play a major role for the central result of populist stagnation.

IV. Other outcomes

In the following, we study other economic and institutional outcomes of populist leadership. We will look at four core areas: (1) distributional outcomes; (2) foreign economic policies, particularly trade and financial integration; (3) macroeconomic policies; and (4) institutional indicators pertaining to judicial independence and

²⁶See <https://www.imf.org/external/pubs/ft/weo/2021/02/weodata/groups.htm>.

checks and balances, as well as electoral and press freedoms. As before, we match on the 15-year pre-treatment path of the outcome variable.

Inequality: Populists often rail against economic and financial elites and advocate for “social justice” for the “true people.” It might seem unlikely, but in theory, it is clearly possible that populism is negative for GDP per capita outcomes on average, but improves its distribution. As a result, the median voter could be better off.²⁷ Figure 11 (left panel) shows the estimated doppelganger gap using the after-tax income Gini index from the World Income Inequality Database (SWIID) by Solt (2019, 2020). We use the Gini based on after-tax income (i.e., disposable income) rather than market income to capture the effects of taxes and transfers and of other measures such as minimum-wage regulation and labor policy. The post-tax Gini captures the effects of redistribution policies. The main result is that although populists claim to speak for “the people,” we do not observe noticeable reductions in inequality in the SCM estimates. Populist takeovers are not followed by significant changes in the after-tax income distribution. These historical data on inequality however are far from perfect, regarding quality and coverage. We also study the effects on the functional income distribution between labor and capital. Data for the labor share come from the Penn World Table version 9.1 (Feenstra, Inklaar, and Timmer, 2015, 2020) and start in 1950. Figure 11 (right panel) shows the doppelganger gap for the labor income share. In line with the results of the Gini index, the labor share remains essentially unchanged for around a decade after the populist leader takes office.

Trade and financial openness: Economic self-sufficiency is a common feature of populist rhetoric. Populists often formulate “my country first” policies and argue against open borders and global market integration as part of an economic order serving elites only. This case often includes rhetorical attacks on international organizations such as the World Bank or the WTO. The unifying theme is the promise to shield “the people” from foreign firms, investors, organizations, and migrants.

To study the effect of populism on economic integration, we use historical data on import tariff rates by Furceri, Hannan, Ostry, and Rose (2020) and link these to World Bank (2020) data. Trade openness, measured by the share of exports and imports in GDP, is a second outcome variable we look at. For financial inte-

²⁷Well-known examples of redistributive strategies include Latin America’s populists of the mid-20th century, such as Juan Perón in Argentina, Getúlio Vargas in Brazil, and Lázaro Cárdenas in Mexico. In the 2000s, populists such as Hugo Chávez in Venezuela, the Kirchner governments in Argentina, and Evo Morales in Bolivia revived this agenda in the region. Historically, the redistributive agenda in Latin America was typically financed by deficit spending and foreign borrowing (Dornbusch and Edwards, 1991). In the more recent wave, it was backed by a global commodity price boom. Examples of populists with a strong redistributive tone beyond Latin America are Indira Gandhi in India, Jacob Zuma in South Africa, and Alexis Tsipras in Greece. The picture is slightly different for right-wing populism. In Latin America in the 1990s, politicians such as Alberto Fujimori in Peru, Carlos Menem in Argentina, and Fernando Collor in Brazil departed from the redistributive approach of their populist predecessors (e.g., Roberts, 1995; Weyland, 1996). However, amid their strong pro-market agenda, they still launched highly visible programs targeted to the poor, often to the very poor in the unorganized and informal economy.

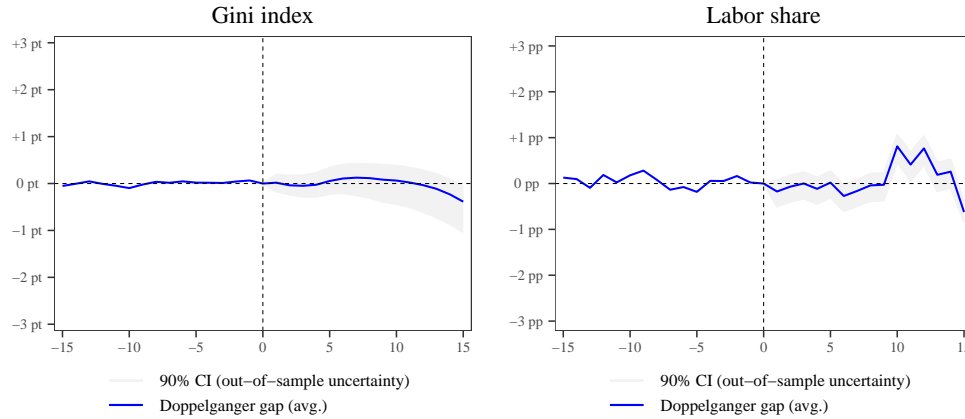


FIGURE 11. INCOME INEQUALITY AFTER POPULISTS TAKE POWER (+/- 15 YEARS)

gration, we use the KOF Financial Globalisation Index, which captures de facto and de jure measures, such as FDI, capital controls, the scale of foreign assets and liabilities, the openness of the capital accounts and international investment agreements, with data starting in 1970 (see Gygli, Haelg, Potrafke, and Sturm, 2019; Dreher, 2006). Figure 12 shows the doppelganger gaps for trade and financial integration. The graphs confirm that international economic integration suffers under populism. Import tariffs diverge significantly and fall less than in the synthetic control. The same is true for trade openness and financial integration as measured by the KOF Financial Globalisation Index. The financial globalization index declines by approximately 5 points compared with the evolution of the synthetic control.

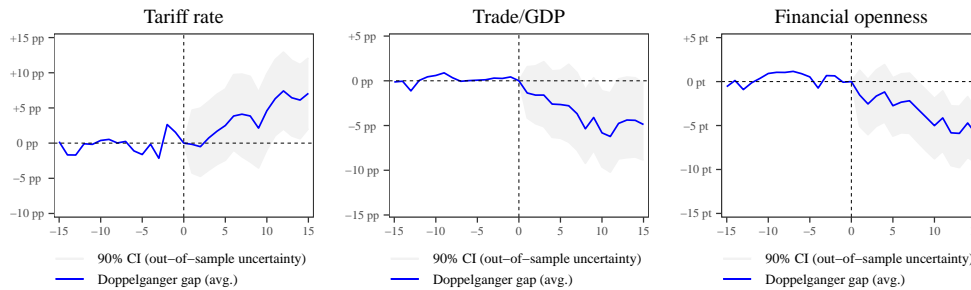


FIGURE 12. TRADE AND FINANCIAL OPENNESS AFTER POPULISTS TAKE POWER (+/- 15 YEARS)

Macroeconomic outcomes: Dornbusch and Edwards (1991) argued that un-

sustainable macro policies are a key characteristic of populist rule. crisis. As highlighted by Acemoglu, Egorov, and Sonin (2013) and Dovi, Golosov, and Shourideh (2016), the underlying explanation is the populist’s emphasis on short-term growth and a disregard for long-term sustainability. Do we also find evidence for this notion of “populist cycles” and macroeconomic mismanagement? We will study fiscal and monetary outcomes under populist leadership and, like before, benchmark these against a synthetic counterfactual path. On the fiscal side, we study the evolution of the public debt-to-GDP ratio, which is most readily available and of better quality than budget data on fiscal revenues and expenditures. Specifically, we use public debt-to-GDP ratios by Reinhart and Rogoff (2010 and updates), supplemented with data by Mauro, Romeu, Binder, and Zaman (2013) and using the IMF Global Debt Database (Mbaye, Badia, and Chae, 2018). On the monetary side, we look at inflation rates. Figure 13 (left panel) shows the doppelganger gap on the evolution of debt to GDP. After 15 years, debt levels are up to 10 percentage points higher during a populist episode and compared to the synthetic doppelganger. Our larger dataset confirms that the Dornbusch and Edwards (1991) channel of expansive fiscal policies remains a feature of populism above and beyond Latin America. Dornbusch and Edwards (1991) also pointed to another dimension of populist macro outcomes: the neglect of inflation risks. For inflation data, we rely on Jordà, Schularick, and Taylor (2017), Reinhart and Rogoff (2009b and updates), IMF-WEO (International Monetary Fund, 2018) and IMF-IFS (International Monetary Fund, 2019). We drop pre-event spells with hyperinflation, that is, cases that contain one or more years with 100% inflation or more in the 15 years before the entry of the populist into power. The SCM results for inflation are shown in the right panel of Figure 13. There is some evidence for rising inflation under populists, with inflation rates rising more in the short run, but overall, the effects are less precisely estimated.

Institutions²⁸: In this section, we study whether institutions erode (further) after populists come to power. The central argument in a series of papers by Acemoglu and coauthors (e.g., Acemoglu, Johnson, and Robinson, 2005, and Acemoglu, Naidu, Restrepo, and Robinson, 2019) or in Papaioannou and Siourouni (2008) is that democracy and legal protections for markets and investment are key for long-term economic growth. Functioning democratic institutions help foster innovation and technology adoption, investment in education, and capital accumulation. Using data on 175 countries from 1960 to 2010, Acemoglu, Naidu, Restrepo, and Robinson (2019) used panel regressions to relate democratic transitions to a GDP per capita increase of approximately 20% in the long run (over 25 years). Several earlier studies also found a positive effect of democracy on growth (e.g., Rodrik and Wacziarg, 2005; Persson and Tabellini, 2006, 2009). Other authors confirmed that populists show disdain for democratic institutions

²⁸Notably, weak institutions and a shift to authoritarianism did not enter our coding process when classifying populist leaders. As explained above, we code populist leaders based on their political style and rhetoric. In this section we study whether institutions erode (further) after populists come to power.

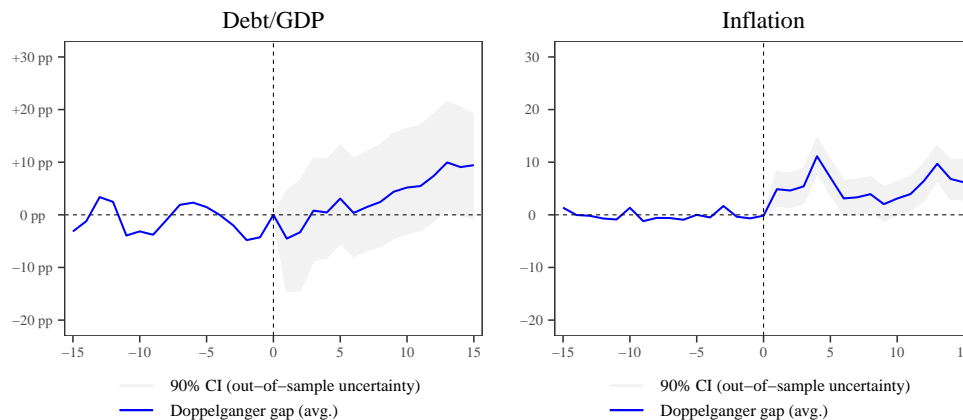


FIGURE 13. MACRO OUTCOMES AFTER POPULISTS TAKE POWER

and have a tendency toward authoritarianism (e.g., Betz, 1994; Müller, 2016; Mudde and Rovira Kaltwasser, 2017; Eichengreen, 2018). To assess the change in institutions under populists, we rely on the Varieties of Democracy (V-Dem) database (Version 12; see Coppedge et al., 2022), which has long-run coverage and is designed to be comparable both in time and across countries. We focus on three of the most important indices on the strength of democratic institutions capturing judicial independence, free and fair elections, and press freedoms.²⁹

Figure 14 shows the doppelganger gap for the three indices. After populists come to power, institutional quality declines compared with the synthetic counterfactual. The process of institutional erosion starts shortly after populists come to power and continues for more than a decade. Depending on the sample and variable chosen, the gap between the populist treatment and the synthetic control group ranges between 5 and 15 index points after 10 years.³⁰ To obtain a sense of the magnitude: this drop roughly corresponds to the difference in institutional quality between Norway and Colombia.

These results are consistent with rich case study literature in political science, which shows that populists, especially long-ruling populists, often show authoritarian tendencies. To implement the “will of the people” populists often weaken established institutions and minority rights. Populists tend to change constitutional and electoral rules in their favor and suppress political opposition.³¹

²⁹We use the “Judicial constraints on the executive index” (capturing the degree of constitutional integrity, court compliance, and judicial independence), the “Clean elections index” (capturing if elections are free and fair, i.e., the degree of fraud, irregularities, vote buying, and intimidation and violence), and the “Alternative sources of information index” (capturing media and press freedom and the population’s ability to access unbiased non-government-controlled information).

³⁰We find similar results when we use the more aggregated Polity IV democracy score (Marshall and Gurr, 2020) or comparable macro-level democracy indices from the V-Dem database.

³¹Among others, Recep Tayyip Erdoğan in Turkey, Viktor Orbán in Hungary, Evo Morales in Bolivia,

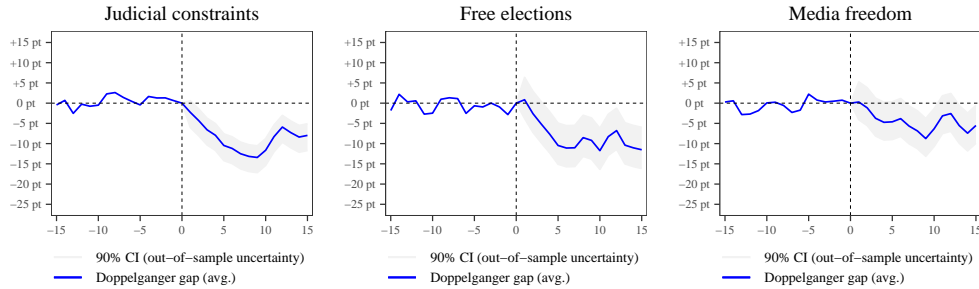


FIGURE 14. INSTITUTIONS (DOPPELGANGER GAP) AFTER POPULISTS TAKE POWER (+/- 15 YEARS)

At the same time, they initially often shy away from full-fledged authoritarianism. In the majority of cases, elections continue to be held, if only under unfair conditions and with stymied media freedoms. More specifically, in our 51-case sample, we identify 8 cases in which populists turned fully authoritarian, and most of these are historical cases. The large remainder kept some form of democratic intuitions in place, and this is particularly true for modern-day populists.³² Thus, despite some overlap, populism and full-fledged authoritarianism are, by and large, independent phenomena.

V. Conclusion

The macroeconomic history of populism since 1900 that we presented in this paper leads to one central conclusion: populist leaders are bad for the economy. Populists typically assume office as anti-establishment politicians who claim to represent “the common people” and to improve their economic fortunes. However, they typically do not deliver. On the contrary, populist leaders leave a long-lasting negative imprint on the economic and political pathways of countries. In the medium and long run, virtually all countries governed by populists witness subpar economic outcomes evidenced by a substantial decline in real GDP.

Our analysis points to a significant decline in judiciary independence, election quality, and press and media freedom, damaging the innovation friendly economic environment of democracies (Acemoglu, Naidu, Restrepo, and Robinson, 2019). The fact that populists often change the institutional “rules” of the game can help explain why, despite their subpar economic performance, populists typically

Rafael Correa in Ecuador, and Hugo Chávez in Venezuela have all rewritten their country’s constitution and replaced representative democracy and its institutions with a so-called “people-centered” or “illiberal” democracy, weakening checks and balances and expanding their powers.

³²This group of “populist turned dictator” includes Hitler in the 1930s, Mussolini in Italy in the 1920s, Fujimori in Peru of the early 1990s, Chávez/Maduro in Venezuela after 2009, Getúlio Vargas in Brazil in 1937, Velasco Ibarra in Ecuador (multiple instances), Sukarno in Indonesia in the 1950s, and Carlos Ibáñez in Chile of the 1920s.

do not quickly “self-destruct”. At the same time, populists rarely turn into dictators, so that the phenomenon cannot be understood by studying authoritarianism alone.

Looking ahead, we see the need for much more research on populist leaders. Many open questions remain. In particular, what explains when and where populists rise to power? Why are populists re-elected so often? What policies do populists adopt once in power, and how do these compare to the policies chosen by non-populist leaders, particularly with regard to the economy? More generally, is there a typical “populist playbook” that these types of leaders follow?

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