

Understanding Contemporary Populism Through the Latin American Experience

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This paper discusses how the Latin American experience can help us understand contemporary populism and its management. This topic starts from the assumption that structural change and social contexts help us explain the evolution of populism in the same way they helped explain the evolution of violence and management. To do so, we look at the state of the literature on populism, its relation to the Latin American experience, the evolution of the approach to populism, and the conclusions we can draw from these different perspectives. We conclude that contemporary populism is also limited in the same way the contextual approach to Latin American populism was limited. This also helps us understand why we still do not have a shared definition of populism. Overall, we lack the balance between generalisable and local definitions to help leaders manage the contemporary violence of populism.

Keywords: populism, Latin America, management, institutions

Introduction

One of the main lines of research related to violence and management is concerned with the difference between old and new patterns of violence.² However, not much has been said about an equally important topic, which is the relation between the old and new patterns of populism. The lack of research on this topic is one of the two main reasons why it is worth exploring it. The second one is because violence, management and populism are strictly connected in Latin America. Therefore, talking about the evolution of one of these three elements can help us shed some light on their relation today.

The reason for the lack of scientific interest in this context is that populism today is mainly defined as a “thin-centred ideology that considers society to be ultimately separated into two homogenous and antagonistic groups, ‘the pure people’ versus ‘the corrupt elite’, and which argues that politics should be an expression of the *volonté générale* (general will) of the people”, as expressed by Cas Mudde.³ This became the mainstream definition

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² Carlos Vilalta, ‘Violence in Latin America: An Overview of Research and Issues’, *Annual Review of Sociology* 46 (2020), 693–706.

³ Cas Mudde, ‘The Populist Zeitgeist’, *Government and Opposition* 39, no 4 (2004), 543.

because of its capacity to encompass very different manifestations of populism across the world. This in turn led researchers to focus more on what makes voters attracted to populist parties rather than on populist leaders in power.⁴

The fact that the literature focuses more on what causes populism rather than its consequences also created a paradoxical problem. Because of the lack of a framework to study a variety of manifestations across the planet, we have less research about whether the policies implemented by populist leaders can have negative effects on the policymaking of the countries where they are in power. Paradoxically, this is a global problem as well.⁵ Bolsonaro, the leader of Brazil since 2019, is a notable example.⁶ Likewise in Hungary and Poland, which are defined as “on the brink of sliding back into authoritarian rule” by Egorov et al. in *The Political Economics of Non-Democracy*,⁷ it is of fundamental importance to discuss the consequences of populism and the characteristics of populist leaders in power.

Of course, some attempts have been made to try to close this gap.⁸ Nonetheless, this paper specifically aims at overviewing the research on Latin American populism in relation to the recent literature. To do so, we organise the paper in four major sections. First, we overview the contemporary concept of populism. We summarise the evolution of the literature regarding populism and all the related conceptual approaches, taking mainly into consideration that the Latin American concept has always been at the forefront of this phenomenon. Second, we review the concept of populism considering the Latin American experience. We dig more into the economic understanding of populism, the one focused on the consequences of populism, and the Latin American experience. Third, we look at the relation and evolution between different theories for analysing social phenomena and populism. In other words, we conceptualise the external and internal influences that shaped this understanding, and how to discern the context from the substance. Last, we look at how these different perspectives help us analyse populism today and the way we can understand it in relation to violence and public management. We show how this insight regarding populism can help us understand the policymaking of contemporary populist countries. We elaborate on the main theories that originated from the Latin American experience, as a background for the ones that still apply to populism today. Last, we conclude by summarising what still applies to contemporary experiences of populism around the world.

⁴ Luigi Guiso et al., *Populism: Demand and Supply* (Rochester, New York: Social Science Research Network, 2017).

⁵ Anibal Quijano, ‘Paradoxes of modernity in Latin America’, *International Journal of Politics, Culture and Society* 3, no 2 (1989), 147–177.

⁶ Jordan Kyle and Limor Gultchin, *Populists in Power Around the World* (Tony Blair Institute for Global Change, 2018).

⁷ Georgy Egorov and Konstantin Sonin, ‘The Political Economics of Non-Democracy’, *NBER Working Paper*, no 27949, October 2020, 1.

⁸ Cristóbal Rovira Kaltwasser and Paul Taggart, ‘Dealing with Populists in Government: A Framework for Analysis’, *Democratization* 23, no 2 (2016), 201–220.

A critical overview of the concept of populism

If right now we wanted to describe a person, what would be his or her most relevant dimension? Would it be the cultural, economic, ideological or political one? Or maybe they would all be relevant according to the context? This example summarises the debates over populism as they are presented in the current literature. Even if the concept consists of different aspects, several authors have been trying to argue that only one of these truly represents populism. In contrast, this work believes that populism is a complex phenomenon that can be understood differently according to the purpose. Within this mindset, it will be argued that it is still relevant to talk about political and economic populism. Similarly, it is important to summarise what the political, discursive, and economic dimensions of populism bring to the current understanding of the concept. So that we can better understand why today's scholars "avoid to specify their own understanding of populism".⁹ First, the paper will briefly outline the evolution of the concept. It is important to know the main milestones of the history of populism because there is still no final agreement over the concept itself. Also, this summary gives this work the ground for arguing the best definition to use in the following chapters. To keep it short, the concept of populism can be summarised in six main historical phases.

Nineteenth Century. The term populism was first used in the United States at the beginning of this century. The interesting thing is that the concept was born at the same time of the concept of 'sovereign people'. From this century on we will have a new source perceived as the political authority: "A unified entity able to act and to retrieve power from government officials: the sovereign people."¹⁰ 'The people' are not only supposed to keep the source of power in check, but they also assume that they could get back that power in case the source in question would do something that goes 'against them'. The legal implications of such claim are equally fascinating and outside the scope of this work. What matters is that such assumption becomes so implicitly valid that it quickly spreads across the world, from Russia to France. These two countries are also the first two notable examples of populist movements after the United States. Second interesting thing: in all three countries the sources of power were widening the already existing and topical rural–urban divide. As history shows, the transition towards an urban society was inevitable at all three places.

Early Twentieth Century. Populism flourishes in Latin America in a first wave (1920–1925), and then in a 'classic' wave (1940–1950). There is a "wide consensus that with the onset of the Great Depression of the 1930s, Latin America underwent a period of significant economic decline that sparked a legitimacy crisis and demands for political incorporation",¹¹ which led to iconic leaders such as Perón, Vargas and de la Torre. Some¹² even argue that populism happened because of the sudden modernisation process experienced by these countries.

⁹ Cristóbal Rovira Kaltwasser et al., *The Oxford Handbook of Populism* (Oxford: Oxford University Press, 2017), 30.

¹⁰ Ibid. 18.

¹¹ Ibid. 21.

¹² Gino Germani, *Authoritarianism, Fascism, and National Populism* (Abingdon: Routledge, 1978).

During the 1960s. The phenomenon is so widespread in Latin America that two very interesting things happen. First, during this time we have a boom of famous political economy theories (contractionary evaluation theory, dependency theory, and import-substitution strategy among others). Second, the academia tried for the first time to reflect on the concept of populism per se.¹³ After all, populism does seem to exist, and political economy can help explain its dynamics.

1970s. Ideologies start to die in mainstream western politics, and economic determinism dies with them. Not by chance Ernesto Laclau publishes his book *Politics and Ideology in Marxist Theory: Capitalism, Fascism and Populism* in 1977. The book harshly criticises Marxism and economic determinism while paving a way for understanding the world in a confrontational and discursive manner.

1990s. The literature on populism explodes and when everything seemed sorted out, populism changes face. As always, Latin America is first in line for this new turn. Now leaders like Menem and Fujimori advocate for neoliberal policies, and the literature starts to debate whether populism is threatening democracy.

Since the 2000s. Populism reappears again in its left forms both in Latin America and Europe. Some of the discussed possible causes for this change are the silent revolution (or the advance of post-material values), identity politics and the loss of post-war settlements. Some say there is a new political cleavage based on culture at the horizon, while others argue with remarkable success that populism is simply a new 'layer' that can be both left and right.¹⁴ The literature on populism is now mainstream and everything and nothing is populist at the same time.

This summary brings us to the present day and the most used definitions on populism. Today, there are four main ways of conceptualising populism.¹⁵ The most mentioned definition is known as populism as an ideology, and it states that populism is a "thin-centred ideology that considers society to be ultimately separated into two homogenous and antagonistic groups, 'the pure people' versus 'the corrupt elite', and which argues that politics should be an expression of the *volonté générale* (general will) of the people".¹⁶ Ideology is here defined as a bundle of loosely interrelated ideas or as an interpretive framework that emerges because of the practice of putting ideas to work in language as concepts.¹⁷ This definition is famous because it accepts its historical and ideological variations: populism can change according to the socio-political context where it appears, the cultural resources in each population and the culture of common sense. In practical terms, if populism is a bundle of ideas, it then means that scholars need to find and analyse the main ideas expressed by their leaders. However, as we discuss later, this definition

¹³ Ghița Ionescu and Ernest Gellner (eds.), *Populism: Its Meaning and National Characteristics* (New York: Macmillan, 1969).

¹⁴ Mudde, 'The Populist Zeitgeist'; Octavio Rodríguez Araujo, *Derechas y ultraderechas en el mundo* (México: Siglo XXI Editores, 2004), 248.

¹⁵ Noam Gidron and Bart Bonikowski, 'Varieties of Populism: Literature Review and Research Agenda', *Weatherhead Working Paper Series*, no 13-0004, 2013.

¹⁶ Mudde, 'The Populist Zeitgeist', 543.

¹⁷ Michael Freedon, *Ideology: A Very Short Introduction* (Oxford: Oxford University Press, 2003), 3.

also suffers of the main problems of conceptual stretching, and it does not do justice to the understanding of specific spatial and temporal characteristics.

The second definition, populism as a discursive style, sees populism as a rhetoric that constructs politics as the moral and ethical struggle between the people and the oligarchy.¹⁸ In this case and the previous one, populism is a costume that can be worn whenever appropriate in a classical right–left ideological divide. Third, populism is defined as a form of political strategy, mainly focused on Latin America. This definition has three main components: policy choices, political organisation and forms of mobilisation. This includes forms of economic policies: “Populist policies thus emerge as a way for politicians to signal that they will choose future policies in line with the interests of the median voter.”¹⁹ This definition mainly accounts for the relationship between the actors and the constituents, or between the leader and the follower. Its main critique is that it does not account for historical variation. This is because its further elaborations are clearly but not explicitly focused on Latin America (e.g. consolidation of strong labour unions, partisan structures, etc.). Last, in the socio-cultural approach, populism is defined as the flaunting of the low.²⁰ Populism is a two-way relationship between the leader and the supporters, where the former creates content about identities rather than world views. The definition is fascinating in the way it can put populism in two antagonist perspectives for what concerns Europe and the Americas: while in the former it is considered a completely undesired phenomenon; it is perceived as a good one in the latter. This view was later taken over by Rodrik as well, when saying that an unconventional measure like Roosevelt’s New Deal might be considered both populist and desirable.²¹

As we can see, the four definitions influenced each other and have some points in common. All these things considered, we can now understand why Mudde’s definition is the most popular, as it made it possible to coherently bridge the gap between the different historical contexts and their variations. However, understanding populism is about “how culture and context shape politics and how populism in turn affects political change”.²² Conversely, the ideological and discursive definitions are way too silent on the second part, while populism as a political strategy is too much focused on the first one. However, these areas of study sometimes tend to forget that the main point about the study of populism is the understanding of reality in all its aspects. For this reason, in the next section this work will further explore populism in Latin America, as it is the main example in the literature where these links between aspects have been explored. In fact, *The Oxford Handbook on Populism* deliberately excluded the economic definition of populism and the ones focused on Latin America. The handbook states that the economic understanding of populism “does not provide clear criteria for conceptualizing populism as such” and that “this type

¹⁸ Carlos de la Torre, ‘Populism and Democracy: Political Discourses and Cultures in Contemporary Ecuador’, *Latin American Perspectives* 24, no 3 (1997), 12–24.

¹⁹ Daron Acemoglu, Georgy Egorov and Konstantin Sonin, ‘A Political Theory of Populism’, *NBER Working Paper*, no 17306, August 2011.

²⁰ Pierre Ostiguy, ‘The High–Low Divide: Rethinking Populism and Anti-Populism’, November 2009.

²¹ Dani Rodrik, ‘Is Populism Necessarily Bad Economics?’, *AEA Papers and Proceedings* 108 (2018), 196–199.

²² Gidron and Bonikowski, ‘Varieties of Populism’, 3.

of definition limits populism to leftist or inclusionary forms”.²³ In the following sections we argue that the first is not true when we understand the context of Latin America, and that the second could also change when we consider these elements.

Latin America and populism

The study of Latin America is not at the centre stage of the current academic debates. However, whenever a researcher pays his or her attention to it for a moment, he or she discovers that it is not only an extremely fascinating area but also the laboratory for many of today’s political economy theories and phenomena. This section will study the reasons behind exploring Latin America’s theories connected to populism.

To elaborate on the first point, it is better to repeat something again and again: this work believes that the connections between ideology, discourse and political strategy should be highlighted, especially to understand an elusive concept like populism.²⁴ In this context, understanding what happened in Latin America is almost obligatory because most of the interdisciplinary definitions of populism are based on this continent. These definitions are indeed mainly focused on inclusionary forms of populism (e.g. consolidation of strong labour unions, partisan structures, etc.) but this, as this and the last section will argue, does not limit the current understanding of populism. The articles mentioned in this section describe how social characteristics in Latin America contribute to the pressure for certain macroeconomic policies. They also usually demonstrate how some policies are doomed to have the opposite intended effect based on standard economics, which is also the reason why these works are often neglected in the literature. However, the main reasons why it is important to look at Latin America is mainly methodological. The works based on this topic are exceptional in identifying the chain of causation, connect the main elements of the context (socio-cultural and historical), and then make it a valid theory. Also, Latin America is the only place where multiple populists came to power and completed their political trajectory, therefore providing us a way to understand the consequences of populism, given the necessary context adaptations.

But how did these leaders come to power? Latin America (here defined as the Spanish and Portuguese speaking countries of the American continent, except for the Caribbean ones) is in the common conception a peripheral part of the world with an explicable long tradition of economic crisis and irrational political decisions. In reality, it is “a laboratory of competing strategies for promoting growth and development”.²⁵ The instability of such laboratory is given by its history and its contingent circumstances. If we briefly elaborate on those, it becomes clear what is the lowest common denominator between Latin America’s and contemporary populism. To sum it up, Latin America’s socio-economic and populist misadventures started in the 1920s. During this time, the continent underwent a massive

²³ Rovira Kaltwasser et al., *The Oxford Handbook of Populism*, 38.

²⁴ Dani Filc, *The Political Right in Israel. Different Faces of Jewish Populism* (Abingdon: Routledge, 2009).

²⁵ Peter Kingstone, *The Political Economy of Latin America. Reflections on Neoliberalism and Development after the Commodity Boom* (Abingdon: Routledge, 2019), 16.

number of abrupt changes, including the end of colonialism, massive industrialisation, and dealing with the changes in prices of commodities in the world market. These changes provoked a nationalist and populist backlash, also known as ‘the first wave of populism’. With the Great Depression we arrive to the ‘classical wave’ in the 1930s. The policies implemented by these leaders (e.g. Perón, Allende, Sarney and Alan García) are so similar, repetitively bad, and ‘fake inclusionary’ that at the end of the century they led to two interesting reactions. On the one hand, we started to see the first examples of ‘neoliberal’ populism (e.g. Fujimori). On the other hand, the rising debt and the desperate situation brought the infamous Washington Consensus. The logic behind it was very simple: if a state-led economic model is so bad, then a very theoretical and “economists approved” one should solve all the problems. It did not happen. Saying that the results of the Washington Consensus are debated is an extreme oversimplification. Despite the good intentions, the International Monetary Fund and World Bank programs known as “Washington Consensus” did not solve the situation. On the contrary, the Washington consensus is often quoted as one of the main causes of the resurgence of populism in the continent at the end of the 20th century.²⁶ Between the 1990s and the early 2000s, in fact, eleven countries in Latin America turned again to the left. This change of course is also known as the ‘Pink Tide’ (pink because it was portrayed as a lighter version of socialism, which is often associated with the colour red). Five among these nations have been led by populist leaders and showed authoritarian tendencies (namely Argentina, Brazil, Chile, Mexico and Venezuela). In the mid-2010s the authoritarian and populist element reappeared in a new form, the blue tide, which revived the same elements under a conservative layer in Argentina, Brazil, Guatemala, Honduras, Paraguay and Peru.

Discerning the context from the substance

All of this helps us understand how authoritarian and populist tendencies in the contemporary world are not that unique. As mentioned by Rodrik,²⁷ we should rather look at the internal and external constraints that a country might experience to understand its policy outcomes. In the case of Latin America, looking at the institutions could be a potential way to understand why economic populism usually equals to disaster. When we look at the history of the continent, in fact, we usually have a sense that its uncertainty for the future leads to the “take it all and leave” attitude. In the Latin America example, and to expand the usual definition, economic populism is usually a way to captivate the masses and to promise modifications to cushion the shocks of growth.²⁸ It is a promise to address popular grievances and to build social solidarity in the continent extremely heterogeneous in terms of income and lifestyle. If you must address an urban and poly class society, you will “flatten” your message by using popular culture and charisma. They were not

²⁶ Sebastian Edwards, *Left Behind. Latin America and the False Promise of Populism* (Chicago: The University of Chicago Press, 2010).

²⁷ Rodrik, ‘Is Populism Necessarily Bad Economics?’

²⁸ Paul W. Drake, ‘Conclusion: Requiem for Populism?’, in *Latin American Populism in Comparative Perspective*, ed. by Michael L. Conniff (Albuquerque: University of New Mexico Press, 1982).

only seeking national integration through state activism and redistributive measures (as mentioned for the ‘classic wave’ and the ‘Pink Tide’), but also measures concerned with social welfare and distribution rather than simply economic growth. The problem was not the aim of the policies but the way they were implemented. Such irresponsibility has only two possible origins. First, that the different leaders in question did not have any person with an average understanding of economics around them or did not want to believe them and, therefore, they were just unaware of the unsustainability of their choices. The second option is that they were conscious of the consequences of what they were doing, but they just did it anyway. Considering the average length of the average political mandate and the widespread ‘take it all’ attitude, the second option is much more likely.

The lesson learned is that theories that consider the specificity of the context and the generalisable elements of populism are useful for research purposes. Here are the main theories that are useful to keep in mind also for the contemporary world.

Structuralism. Even if it is often omitted, populism was first defined in structuralist terms in mainstream academia.²⁹ Even if the definition has been completely discarded because of its low generalisation potential and its very specific setting, it is interesting to see where it comes from. Structuralism is a sociological theory that implies that social phenomena can be understood mainly by their context and structure. Like all the following theories, structuralism has been discarded in the study of populism because it makes it hard to understand populism besides the specific Latin American instances.

Dependency Theory. As we can guess by the title of the book *Dependency and Development in Latin America*,³⁰ there is often an implied link between economic dependency theory and the rise of populism. It was born specifically to understand the governments of Juan Domingo Perón in Argentina and Getulio Vargas in Brazil,³¹ and it defines populism as “a specific regime type controlled by strong leaders who build heterogeneous class alliances favouring excluding sectors through the implementation of a state-led economic model”.³² The economic version of the dependency theory, or Prebisch-Singer Hypothesis,³³ states that manufactured-goods economies are better off in the long-term than commodity-based economies, and that you should prefer policies that consolidate the domestic market and industrialise. It therefore implies that it is impossible for developing economies highly dependent on commodities (such as the ones in Latin America) to “catch up” with developed countries. Even if the theory has some statistical underpinning,³⁴ it has a neo-Marxist and post-colonialist foundation and it can be linked to the import substitution model as its practical application, as described in the next section.

²⁹ Jeffrey Sachs, ‘Social Conflict and Populist Policies in Latin America’, *NBER Working Paper*, no 2897, March 1989, 137–169.

³⁰ Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America*, trans. by Marjory Mattingly Urquidí (University of California Press, 1979).

³¹ Guillermo O’Donnell, *Bureaucratic Authoritarianism. Argentina, 1966–1973, in Comparative Perspective*, trans. by James McGuire in coll. with Rae Flory (University of California Press, 1988).

³² *Ibid.* 80.

³³ Rabah Arezki, Kaddour Hadri, Prakash Loungani and Yao Rao, ‘Testing the Prebisch-Singer Hypothesis since 1650: Evidence from Panel Techniques that Allow for Multiple Breaks’, *IMF Working Papers*, no 13/180, August 2013.

³⁴ *Ibid.*

This approach can also be linked to the fact that the convergence between CEE and the rest of Europe is slowing down,³⁵ while populism is on the rise. Even if this link has not been empirically tested, it is important to acknowledge that there are some similarities between the development dependence in Latin America and Central and Eastern Europe.

Economic determinism. This theory has the post-Marxist coating par excellence. It states that economic relationships are the basis upon which all other societal characteristics depend. Argentina's Juan Perón system, based on "economic growth and social justice" is the perfect example of how populism can be understood this way.³⁶ Even today, saying that the substrate you are born into influences your life is a common conception. As I will explain later, economic growth theories sometime apply some sort of economic determinism in stating that part of the 'unexplainable' factor behind a country's economic growth might be its location or its luck.

Contractionary devaluation. A devaluation is the downward adjustment of a currency. In a fixed exchange rate regime, it can as well be used as a political tool. The contractionary devaluation of the definition comes from the fact that in the cases it has been used in Latin America it often resulted in a slow export response, a credit crunch, and a contraction of the output. More generally, it refers to the frequent manipulation of the continent's currencies and foreign reserves (e.g. the Argentinian crisis). Even if their long-term effects are debated,³⁷ it is also important for Europe to note the use of monetary policy as a political tool in the populist framework.

Import substitution strategy. The strategy is also known as the Import Substitution Model or ISI (Import Substitution Industrialisation). It provides the rationale for the change of a country's import and export structure to foster its industrialisation. It was of course developed in the context of structuralism, and it aims at looking at a country's specific characteristics to build internal industries rather and foster development. In theory, the model was a way to prevent the infant industry problem in a continent that just ended colonisation, had no high wages or labour specialisation, and was too dependent on the prices of commodities. In practice, it has been used as an excuse to implement unreasonable protectionism, subsidies, and to give populists a framework to temporarily fulfil the demands of their electorate. All the countries that undertook the ISI model grew exponentially, but also none of them remained democratic for the entire period. On a side note, it is important to notice the theoretical origins of the model. The ISI model was an economic model based on state-induced economic development, like the Soviet one and many others that took place around the world almost at the same time. However, the Latin American one is the only one that failed so astoundingly, mainly for the unsustainability of the implemented policies. The way it has been implemented is the reason why it ended that way. In this framework, the Dornbusch and Edwards definition is the modelling of a state-induced model based on the Latin America characteristics.

³⁵ Cristina Batog et al., 'Demographic Headwinds in Central and Eastern Europe', *IMF Departmental Paper*, no 19/12, July 2019.

³⁶ Michael L. Conniff, 'Introduction', in *Populism in Latin America* (Tuscaloosa–London: The University of Alabama Press, 1999).

³⁷ Edwards, *Left Behind*.

The Populist Policy Cycle. When we look at the economic theories of populism born in Latin America, two authors were able to create an interesting generalisation inside this case specific approach. Both Sachs³⁸ and Dornbusch and Edwards³⁹ detach themselves from the other authors by describing a more generic populist cycle. The first step in this “detachment” is the one from Sachs.⁴⁰ The author’s model is quite simple. Let us hypothesise a model with only an export-based and a labour-based sector. Let us also assume fixed exchange rates and capital controls. With a monetary expansion, families now have more money, and the interest rates drop. There is now a higher demand for non-tradable goods and consequently higher demand for labour. The nominal wages increase. The prices of everything now increase and the exchange rate appreciates. Exports become more expensive and therefore decline. It looks like a happy ending (you now have higher wages and “punished” the natural resources oligarchs), but it is not the end of the story. The trade deficit increases, and it must be financed by a loss of foreign exchange reserves and/or a higher foreign debt. To prevent the devaluation of the currency (the model has fixed exchange rates) the country now runs out of reserves (people sell their currency and the country decides to buy the extra currency on the market) or runs out of borrowing capacity (foreign creditors are not willing to make new loans). The exchange rate collapses (you now have floating exchange rates) and the natural resources become cheaper. The country is back to the starting point and now the local currency is worth less (because you must go back to trade balance without being able to make new loans). Also, the wages are now lower than the starting point. If the government does not reverse your initial policies, the country will end up with floating exchange rates and an expansive fiscal policy, which will bring inflation as well. If the government gets stubborn and gets out of control, it will get a black market, too.

Macroeconomic Populism. In a similar way to the populist policy cycle, Dornbusch and Edwards define economic populism as “an approach to economics that emphasizes growth and income redistribution and deemphasizes the risks of inflation and deficit finance, external constraints, and the reaction of economic agents to aggressive non-market policies”.⁴¹ The authors focus mainly on the macroeconomic elements of populism as its main and recurrent elements (divided into the categories “initial conditions”, “no constraints” and “policy prescriptions”). They also generalise that the fundamental elements triggering these policies (the initial conditions) are a persistent dissatisfaction with the economy’s performance or moderate growth, stagnation or depression and uneven income redistribution. For what concern the policy prescriptions, a populist leader usually embarks on policies with popular support but that ultimately hurt the population by ignoring the existence of any constraint (no constraints and policy prescriptions). This system is summarised by the “Reactivation, Redistribution and Restructure” approach, which usually implies some of the following: higher real wages with no higher prices, focus on growth and redistribution, disregard of inflation, deficit finance, expansive fiscal and

³⁸ Sachs, ‘Social Conflict and Populist Policies’.

³⁹ Rudiger Dornbusch and Sebastian Edwards (eds.), *The Macroeconomics of Populism in Latin America* (Chicago, The University of Chicago Press, 1991).

⁴⁰ Sachs, ‘Social Conflict and Populist Policies’.

⁴¹ Dornbusch and Edwards, *The Macroeconomics of Populism*, 6.

credit policies, and an overvalued currency. In general, the policies ignore the existence of any constraint, both domestic and foreign. The consequences are quite straightforward. According to the authors, we can always find three phases: an initial phase of euphoria (where the outcomes are positive and there are growth and redistribution), a bottleneck phase, and finally the economic and political collapse of the system (including high inflation, stagnation of growth and exports, capital flight and political polarisation). The authors focus only on Allende's Chile and García's Peru, instead of Perón, Allende, Sarney and García like Sachs.⁴² Through their macroeconomic indicators, the authors clearly show a typical Latin American import substitution model policy cycle, mixed with some populist elements.

Affinities between Latin American and contemporary populism

Once we dissected the theories and history of Latin American populism, what is left for the rest of the world? As Weyland⁴³ said, "the growing divergence of populist political strategies and the socioeconomic characteristics of classical populism called into question the prevailing cumulative definitions".⁴⁴ However, even if Latin America's history and the connected theories show us that structuralism is dead for this same reason, it might be useful to temporally resurrect it with the necessary precautions to understand contemporary populism. In general, structuralism is an example of how case-based research on populism still has a reason to exist, despite its historical limitations. In a historical moment where the trend in populist research is to look at the micro level (or at how people think, act and perceive the phenomenon), structuralism helps us understand that such decisions do not happen in a vacuum, but they are mediated by institutions and other constraints, which are worth generalising, as well.

Also, the Latin American experience teaches us the importance of the puzzle between social conflict, institutions and economic performance in other parts of the world. Such puzzle is not new: it has already been applied to the understanding of the European economic growth in the 1970s and it already inspired the whole literature on Latin America just summarised.⁴⁵ The continent's experience shows us that the topic of populism often gets politically charged because of its complicated and relevant nature. Reiterate and being aware of such point is what distinguish excellent political scientists and economists from the rest. Unfortunately, these ideas have often been neglected, probably because of the political science's monopoly in the discipline, even if this section's main contribution ironically proves that you cannot (and should not) treat populism only in its political dimension. In fact, the same way the literature on Latin American populism was inspired by the economic puzzle of Europe in the 1970s, it could now inspire a new puzzle for Europe today. Even if the reasons for the formulation of the chain of causation

⁴² Sachs, 'Social Conflict and Populist Policies'.

⁴³ Kurt Weyland, 'Clarifying a Contested Concept: Populism in the Study of Latin American Politics', *Comparative Politics* 34, no 1 (2001), 1–22.

⁴⁴ *Ibid.* 3.

⁴⁵ Sachs, 'Social Conflict and Populist Policies'.

could be clearer, it is central to explore the puzzle between social conflict, institutions and economic performance in Europe. Overall, the Latin American experience helps us understand how the global focus on populism has shifted from the violence characterised by local problems, ideological fights and dictatorships to democratisation problems and the associated non-state actors.⁴⁶ Some example of these can be seen in the indicators in Table 1.

Table 1: Estimates of the World Bank Worldwide Governance Indicators (WGI) for Latin American countries, oldest and most recent year

	Voice and accounta- bility		Political stability and no violence		Government effectiveness		Regulatory quality		Rule of law		Control of corruption	
	1996	2020	1996	2020	1996	2020	1996	2020	1996	2020	1996	2020
Argentina	0.39	0.59	0.11	0.04	0.17	-0.22	0.52	-0.57	0.08	-0.47	-0.10	-0.12
Belize	0.82	0.53	0.56	0.51	0.39	-0.65	0.14	-0.54	0.08	-0.76	-0.03	-0.19
Bolivia	0.16	-0.07	-0.13	-0.47	-0.17	-0.56	0.00	-1.02	-0.26	-1.15	-0.82	-0.76
Brazil	0.24	0.26	-0.22	-0.42	-0.14	-0.45	0.30	-0.16	-0.22	-0.18	-0.02	-0.34
Colombia	-0.51	0.15	-1.64	-0.67	-0.46	0.04	-0.11	0.32	-0.75	-0.49	-0.51	-0.18
Costa Rica	1.08	1.14	0.75	0.76	0.47	0.36	0.55	0.45	0.62	0.57	0.70	0.78
Ecuador	0.01	0.02	-0.77	-0.36	-0.48	-0.44	-0.31	-0.89	-0.45	-0.55	-0.68	-0.54
Guatemala	-0.24	-0.39	-1.01	-0.43	-0.45	-0.69	-0.31	-0.17	-1.13	-1.05	-0.86	-1.10
French Guiana	0.52	1.29	0.04	0.33	0.90	1.32	1.03	1.19	0.96	1.20	0.87	0.93
Guyana	0.25	0.21	-0.27	-0.15	-0.38	-0.44	-0.17	-0.55	-0.20	-0.43	-0.14	-0.15
Honduras	-0.22	-0.60	-0.47	-0.54	-0.74	-0.60	-0.69	-0.50	-0.93	-0.96	-1.08	-0.86
Nicaragua	0.05	-1.10	-0.52	-0.65	-0.57	-0.71	-0.44	-0.66	-0.52	-1.22	-0.56	-1.25
Panama	0.13	0.57	0.12	0.23	0.22	0.07	0.65	0.32	-0.17	-0.21	-0.20	-0.51
Peru	-0.53	0.22	-1.06	-0.29	0.03	-0.24	0.49	0.53	-0.70	-0.34	-0.40	-0.49
Paraguay	-0.12	0.07	-0.46	0.02	-0.91	-0.47	-0.49	-0.20	-0.66	-0.42	-1.17	-0.87
El Salvador	-0.10	0.04	-0.21	-0.02	-0.69	-0.36	-0.19	-0.02	-0.87	-0.76	-0.87	-0.59
Suriname	-0.09	0.42	0.44	0.42	-0.69	-0.54	-0.54	-0.77	-0.08	-0.11	0.19	-0.43
Venezuela, RB	-0.09	-1.51	-0.58	-1.52	-0.54	-1.78	-0.31	-2.23	-0.75	-2.35	-0.86	-1.56

Source: Compiled by the author

Note: The range goes from -2.5 (weak) to 2.5 (strong) for all indicators.

Conclusion

The current understanding of populism could learn a great deal from the first context, from the times when it was first studied in late 20th century Latin America. More specifically, the current understanding of populism is flawed in two ways. The first way regards concept formation. In fact, contrary to the current understanding of populism, understanding something in the way it manifests itself can still be a valid way to understand it. All social

⁴⁶ Jenny Pearce, 'Perverse State Formation and Securitized Democracy in Latin America', *Democratization* 17, no 2 (2010), 286-306.

sciences, together with other ones such as cosmology and theoretical physics, deduce the existence of a phenomenon from some manifestations of it a posteriori that goes beyond our control. The second way regards concept stretching. Excluding political economic definitions because based on the Latin American experience, which is erroneously believed to be only leftist, is simply wrong. The economic definition of populism simply does not include only leftist or inclusionary forms.⁴⁷

This paper also stresses the often-dismissed importance of structural change and social contexts to explain national and subnational variations in violence in understanding populism.⁴⁸ In fact, the literature has taught us that this is the case, yet we can learn from the Latin American experience that things can be generalised only to a certain extent. Last, the discipline not only still lacks a shared definition, but also intellectual honesty to admit that the study of the field, especially in terms of helping public management and reducing any form of violence, is still at the beginning.

In general, the study of only some specific dimensions of populism shows us the limitations of some social sciences disciplines that can be hurtful for understanding contemporary important phenomenon such as populism. In other words,⁴⁹ “economists are an arrogant bunch, with very little to be arrogant about”. The real question then becomes the following: are the pictures portrayed by different European leaders matching the best possible economic performance? Most importantly: are we dealing with these perceived problems in a reasonable way? If we cannot answer this question for sure, then we cannot know if populist leaders are exploiting paranoia, or they are simply articulating an unmet need in society.⁵⁰ If we assume that the previous non-populist leaders of a current populist-led country in charge of these questions did not want or were not able to deal with these problems (it does not matter which one is true). Would the unorthodox positions of populist leaders be able to solve these problems? So far, the literature focused much more on what causes populism rather than its consequences. This work, on the other hand, believes that the Latin American study of the phenomenon teaches us to understand more critically which actions bring which results.

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⁴⁷ Dani Rodrik, ‘Populism and the Economics of Globalization’, *Journal of International Business Policy* 1 (2017), 12–33.

⁴⁸ Timothy Patrick Moran, ‘More Money, More Crime: Prosperity and Rising Crime in Latin America’, *Contemporary Sociology: A Journal of Reviews* 49, no 2 (2020), 139–140.

⁴⁹ Dani Rodrik, *One Economics, Many Recipes. Globalization, Institutions, and Economic Growth* (Princeton: Princeton University Press, 2007), 5.

⁵⁰ Chantal Mouffe, *For a Left Populism* (Verso, 2019).

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