Populism and inequality: Does reality match the populist rhetoric?

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A R T I C L E   I N F O

A B S T R A C T

Populists since the Roman Republic have argued for redistribution from an elite to ordinary people and depicted themselves as the true representative of the 'people'. However, very little research has explored whether populists actually affect the distribution of income or consumption when in power. The present paper therefore asks, whether populists administrations actually achieve redistribution. After a short theoretical discussion, our empirical strategy combines new data on populism in Latin America and the Caribbean with information on income and consumption inequality since 1970. Estimates suggest that populist governments in the region generally have achieved no redistribution, leading us to conclude that the redistributive aims of populists are mainly empty rhetoric.

1. Introduction

As a political phenomenon, populism has been known since the days of the Roman Republic, where a political faction known as the *Populares*, the Latin expression for 'favouring the people', stood in opposition to the *Optimates* who mainly represented the landed economic elite. A focal point of the Populares and its representatives, ranging from the Gracchi brothers to Julius Caesar and Octavian, was redistribution, based on the argument that a privileged elite grew rich by exploiting the people. Exploring populist movements in the 20th and 21st century, Eichengreen (2018, 1) likewise emphasises that populist politicians typically represent themselves as "anti-elite, authoritarian, and nativist" and "divide society into elites and the people". Bjørnskov (2019) notes that populists still, as two millennia ago, depict themselves as the true representatives of an imagined 'people'. They therefore typically aim to attract voters by offering redistribution from an unfairly wealthy and powerful elite to ordinary people, and this seems to be the case across practically all types of modern populist parties.

Given the persistent claims and many examples of an association between populism and inequality, one would expect that populist politicians and parties – once they come to power – have strong incentives to rectify the allegedly unjust situation. In other words, one would expect that populists implement substantial redistribution and other policies that would

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lead to visible changes in the income distribution. Bolivia's Evo Morales was known to refer to his supporters as *hermanos* (brothers) and insisted after the fraudulent election in 2019 that "it's for them [the poor] that we have won the elections" (Balch, 2019). Yet, little research has focused whether populists actually affect the distribution of income and consumption once they are in positions of political power. As one of the few, Houle and Kenny (2018) empirically investigate this question using Gini coefficients, finding no association between inequality and populism across 19 democratic Latin American countries. Related, Stankov (2020) finds no systematic long-run pattern of far-right and far-left governments for real consumption per capita in a panel of EU and OECD countries. Similar to these authors, and unlike much other literature in the field, our paper looks at what populists do about inequality once they assume power, not how economic and social inequality may drive them to power.

In the present paper, we turn to this highly relevant question in a setting of 22 Latin American and Caribbean countries, for which detailed data on the distribution of income and consumption are available from the Global Consumption and Income Project (Lahoti et al., 2015). This data is combined with a newly developed populism index by Sáenz de Viteri and Bjørnskov (2018), which covers all chief executives in the region for the period since 1970, controlling also for a relevant set of other political and macroeconomic variables. Findings from a set of error-correction estimates suggest that populists in Latin America and the Caribbean have not had any consistent effect on the distribution of income or consumption. Our results are further robust to a series of different checks and model specifications.

The remainder of the paper is organized as follows: Section 2 reviews briefly the relevant literature in light of our theoretical considerations. Section 3 describes the data and the different control variables. Section 4 describes the estimation procedures employed and comments on the empirical results. In two sub-sections, we outline our results for all observations in our dataset and all observations from fully democratic countries, respectively. Finally, Section 5 concludes.

2. Theory

2.1. A definition of populism

Although it is difficult to provide a specific definition of the populism phenomenon, most recent research agrees that all populists share several basic characteristics. Following Norris (2020), these characteristics can be divided into "first-order" and "second-order" items. First-order items strictly characterize the central concept of populism. Second-order items reflect a variety of political positions that are often strongly connected to populism, while also determining its different varieties.

As a first-order item, Rovira Kaltwasser (2019) emphasises in his work on Latin American populism that most populists actively create an impression of rival groupings in society, or attempt to make such groupings politically salient. A mainstay of populist strategy thus is, in other words, to create a political discourse of us-versus-them situations in which they pretend to represent the 'true people'. The Turkish President Recep Tayyip Erdoğan, for example, famously asked his political opponents at a rally in Ankara: "We are the people. Who are you?" (cited in Sáenz de Viteri and Bjørnskov, 2018). Along these lines, Hawkins (2009), Mudde and Rovira Kaltwasser (2017), and Müller (2017), all define populism as a policy style or "thin ideology", where a charismatic leader or party organization defines itself as the embodiment of *the people* and their supposed will, which is immersed in a type of cosmic struggle with a corrupt and subversive elite. In this so-called ideational definition of populism, the people and their interests are morally superior, making the first-order characteristic of populism into a combination of anti-elitism and people-centrism, where the assumed homogeneity in each group allows for no pluralism or diversity of opinions.

As an important second-order characteristic, Eichengreen (2018, 5) emphasises as a common characteristic of populists that they are typically "distinctive in the direction with which they speak of popular concerns about growth and distribution" and tend to distrust experts. Along this line, also Levy et al. (2022) describe the defining features of recent populism movements as anti-expert, anti-science, and as directed against the rule of law. As such, populists often pay no heed to expert warnings of economic or social consequences of their policies, or the costs of policy choices. They instead characterize those experts as representatives (and occasionally as lackeys) of the very elite that they attempt to combat. The intense focuses on popular will as the sole basis for politics thus essentially leads to a rejection of any internal or external constraints on popular decision-making.

Finally, another important second-order characteristic is a stated lack of respect for the institutions of liberal democracy and the rule of law, as also described above by Levy et al. (2022). Populist politicians often perceive established institutions as the products of corrupt elites, which unjustly protect the latter. In April 1992, the Peruvian president Alberto Fujimori, for example, justified his 'autogolpe', in which he unconstitutionally closed Congress with a "need for unencumbered, effective leadership, a renewal of the political and administrative elite, and a moralization of political life" (Weyland, 2000, 487). Following Müller (2017), populism is therefore essentially anti-pluralist, because it interprets opposition to its ideas as being in opposition to the people itself. As Hawkins (2009) highlights, this is also the reason why most populist leaders usually call for some type of "revolution", in order to make the will of the people prevail.

Taken by itself, this type of discourse obviously cannot provide answers to many everyday policy questions, such as the problem of economic inequality. For this reason, populism usually comes in combination with some type of host ideology. As Eichengreen (2018, 1) notes, an archetypical populist is "anti-elite, authoritarian, and nativist", but especially the latter may not necessarily be representative of all types of populism. Following Mudde and Rovira Kaltwasser (2017), environmental conditions largely determine the saliency of the host ideology: While in Europe and North America this is largely some type

of right-wing, nativist, anti-immigration worldview; in Latin America it is a denunciation of economic inequality and general injustice, coupled with some loose notion of socialist ideas and policy positions. At the same time populism in Latin America is also much more personalist, focused principally on some charismatic figure, rather than on a populist party organization, as it is mainly the case in Europe.

The discussion above further makes clear that it may sometimes be difficult to clearly distinguish between the second-order characteristics of populism itself, or its political outcomes (cf. Rode and Revuelta, 2015). Most prominently, Dornbusch and Edwards (1990) identify economic populism as a set of shortsighted policies that emphasises growth and income redistribution, while deemphasising the risk of inflation, deficit finance, and external constraints. Along these lines, also Campos and Casas (2021) recently focus on the macroeconomic implications by governments in Latin America, in order to determine ex post to which extent the economic populism characterization holds. Both studies, among others, place redistributive objectives (and their real-world policy failure) at the center of their populism definition, making these an integral part of the concept itself. Here, populism is defined mainly by its policies, not its discourse or thin ideology characteristics. In contrast, our approach follows the more limited ideational definition of populism, focusing mainly on the rhetoric and declarations of populist politicians, where we then investigate the consequences for income and consumption inequality empirically.

2.2. Voting for populists

There is a long history of research that explores economic inequality as a determinant of populism. Although this literature is, strictly speaking, not the topic of our paper, we find it important to briefly review it in this context, before laying out the redistributive incentives faced by populist politicians in power. The rationale for inequality as a driver of populism is given by the seminal theoretical model in Meltzer and Richard (1981), who note that growing income inequality implies a growing economic divide between the median voter and the average voter. This development therefore results in stronger preferences for redistribution among median voters, which in a competitive democracy would result in more income redistribution. If populists are either particularly focused on appealing to median voters, or particularly good at it, we would expect them to be associated with declining inequality to the extent that their redistributive policy choices are effective.

Guriev (2018) discusses these types of mechanisms, including populism as a reaction to crises that affect the middle class and the relatively poor differently than richer segments of society. Similarly, Pastor and Veronesi (2018) develop a model along the lines of Meltzer and Richards, which includes populist politicians. In their model, a populism backlash to the economy is more likely when growth is strong and the country is financially developed, as these factors arguably lead to increasing disparities. Their model thus yields contrary implications to the simpler Meltzer-Richards framework as well as Lipset's (1959) original claims about economic insecurity and 'working-class authoritarianism' as explanations of populism.

However, the support for income inequality as an explanation for a rise in populism and populist votes is decidedly mixed.[1] First, Kaufmann and Stallings (1991, 19), who explored the phenomenon in a specific Latin American context, noted that "objective disparities in income rarely constitute a very satisfying explanation for the mobilization of such pressures." They instead suggested that sectoral divisions instead of class conflict or broader inequality may be a better explanation for the rise in populism. Although inequality measures may reflect these sectorial divisions, the mechanism connecting them to demands for redistributive policy are not driven by individual voter preferences, but by sectoral special interests. Second, Norris and Inglehart (2019) discuss a cultural backlash theory as an alternative to Lipset's economic insecurity ideas and the Meltzer-Richards mechanism, arguing that it better fits the American context in the early 21st century. In this aspect, perceptions of relative deprivation may also be particularly important to explain the rise of populism in affluent countries during good economic times (Mols and Jetten, 2016), as they capture a belief that one's group receives relatively less than members of other groups (Marchlewska et al., 2018). From this perspective, it is not de facto inequality that accounts for the political rise of populism, but rather perceptions of inequality that are mixed with crude ideas of group identity and culture, as well as perceptions of conflict between those groups. Third, this latter idea is also consistent with empirical cross-country evidence in both Stankov (2018) and Bergh and Kärna (2021, 2023), which does not suggest any clear association between measures of economic inequality and subsequent voting for either left-wing or right-wing populist parties.

2.3. Populism as a driver of inequality and redistribution

However, whether or not inequality objectively affects how individuals vote for populists or the degree to which special interests may prefer a populist government, if populists actually affect inequality and introduce redistributive policies remains a different question. If inequality, perceptions of inequality, or sheer claims about increasing inequality affect the likelihood of the election of populist politicians and parties, once in power, these movements should, at least theoretically, make swift movements to reduce inequality.

However, as we note in the following, such policies may collide with the regular political desire to cater economically to the segment of the population that has put them into power. Before embarking on her presidential campaign in Brazil in

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[1] The same applies to evidence for the Melzter-Richards model, which is also very mixed (cf. Borge and Rattsø, 2004; Gouveia and Masia, 1998). Subsequent literature has, for example, emphasised imperfect information and the importance of voters' beliefs about social mobility (e.g., Bredemeier 2014).

2010, Dilma Rousseff stated that "our government … does not accept a path that does not have development with redistribution of income" (Reuters, 2010). She won the elections and subsequently presided over a substantial economic downturn that halted the decline of poverty in Brazil. Rousseff was removed from power by the Senate in 2016 after being involved in a corruption scandal that affected large parts of Brazilian politics. Similar examples of clear rhetorical support for extensive redistribution accompanied by private involvement in furthering the economic interests of a political elite abound in, e.g., Argentina, South Africa, and the US south.[2]

Whether populists actually affect inequality and the distribution of income and consumption remains, in many ways, an empirically open question: As mentioned above, Houle and Kenny (2018) inquire into this issue employing Gini coefficients for a sample of 19 Latin American countries, while Stankov (2020) uses data for real consumption per capita for 37 EU and OECD countries. Both papers do so in the context of looking at a variety of other dependent variables, but find no systematic association between different forms of inequality and populism. Regarding the latter concept, Houle and Kenny (2018) expand a pre-existing binary indicator of populist executives by Doyle (2011), while Stankov (2018) employs a classification of government parties and chief executives derived from Döring and Manow (2016). Both these measures capture political populism in a non-continuous and quite rudimentary fashion.

Generally speaking, the literature on the outcomes of populism in power is at present comparatively smaller than studies on its determinants. As we are not aware of any formalised theory that connects populism in power with economic inequality, our following considerations must therefore be read as a conceptual inquiry into relatively unexplored territory. We start by distinguishing between populists' willingness to introduce effective, redistributive policies, and their ability to do so, i.e., the effectiveness of policies intended to affect the distribution of income and consumption possibilities.

It first remains unclear whether populists, once in power, have unambiguous incentives to implement policies, which they believe would be redistributive. In order to stay in power, they need to attract not just a protest vote, which may partly disappear once populist parties become part of the established political landscape after coming to power, but also other voters that may usually vote for non-populist parties. Doing so would require moving towards the policy positions of non-populist parties that are not specifically redistributive. Along these lines, Morelli et al. (2021) recently attempt to explain the simplicity of populist policies with a new theory: Their model contrasts populist candidates, who strongly commit to policies that are easy to understand or monitor, with a traditional trustee model of political agency, where politicians promise to choose the ex-post optimal policy for the voter. An electoral dynamic favouring the populist strategy will eventually lead to a dynamic of sub-optimal policy choices, as Morelli et al. (2021) argue. In the case of economic inequality, it is easy to see how populist politicians may promise and implement ineffective policies that are, nonetheless, easy to monitor for voters, such as increased market regulation and protectionist trade policy (Dornbush and Edwards, 1990; Edwards 2010; Rode and Revuelta, 2015).

Second, as any other politician or party, populists must attract special interests in order to fund political campaigns, the party organization, etc. (e.g., Congleton 1989). Whether those special interests represent voters with below-median incomes and consumption possibilities is uncertain. Indeed, it is commonly assumed that most special interests in established democracies defend existing privileges and thus presumably defend the interests of voters with above-median incomes (cf. Olson, 1982; Coates et al., 2010). Once populists gain actual political influence, they may arguably become influenced by special interests with an incentive to block further redistribution. Similarly, they may also have strong incentives to redistribute resources towards their particular political supporters, personal friends and families, as most politicians do. The particular disrespect for ordinary constraints and established institutions may even make personal enrichment a potentially larger problem with populist governments.

Third, even if populists retain sufficiently strong incentives to introduce redistributive policies, it is unclear whether their attempts prove effective. Populists typically do introduce substantial changes to institutions and economic policy, some of which are officially intended to be pro-poor and thus redistributive (Dornbusch and Edwards, 1991; Rode and Revuelta, 2015; Saénz de Viteri and Bjørnskov, 2018). These changes range from strongly progressive taxation and direct transfers to increased market regulation and protectionist trade policy. As emphasised by, e.g., Rode and Revuelta (2015) and Edwards (2010, 2019), although these policy changes may reduce inequality in the short run, it is likely that they have no effect or a directly inequality increasing effect in the long run, when the negative economic consequences of doubtful economic policies become apparent. As such, Absher et al. (2020) find that in three of the four cases of populist government in Latin America, which they study, policy changes with very substantial economic costs offered no countervailing effects in terms of decreased levels of income inequality or overall better health outcomes.

A complicating factor nevertheless is that many of the recent examples of populist governments in Latin America are embedded in a strongly left-wing host ideology, including those of Evo Morales in Bolivia and the economically disastrous Chavez-regime in Venezuela (Grier and Maynard, 2016). Sáenz de Viteri and Bjørnskov (2018), among other studies, therefore argue that one may need to distinguish between left-wing and right-wing populists. Indeed, recent research by Stöckl and Rode (2021) suggests that while left-wing populists create financial insecurity, the electoral success of right-wing populists actually reduces financial risk assessments. The authors argue that these patterns are consistent with frequent anecdotes

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[2] Former South African President Jacob Zuma stated in 2017 that his government was "busy amending all the laws and policies to enable faster land reform, including land expropriation without compensation as provided for in the constitution" (News 24, 2017). He resigned after losing a vote of no confidence in 2018, and at the time of writing, Zuma is being prosecuted for extensive corruption after the Zondo Commission found compelling evidence of corrupt deals with several private firms (Commission of Inquiry into State Capture, 2022).

about the regular association between right-wing populists and 'big business'. As such, they may mirror the differences sometimes found across more regular parties in Latin America where left-wing governments are associated with lower levels of inequality (cf. Huber et al., 2006).

Overall, it remains entirely possible that populists achieve what they officially aim to do: To substantially redistribute economic resources and possibilities to the relatively poor. However, as we outline above, there are also good reasons to suspect that these efforts fail, due to the fact that the political incentives of populists are actually quite similar to those of ordinary politicians, potentially making the economic consequences of populist policies particularly harmful to vulnerable groups in society. Although we therefore cannot provide systematic, unambiguous theoretical expectations, we now proceed to discussing how to test whether a systematic association exists between populism and inequality in Latin America and the Caribbean.

3. Data and empirical strategy

3.1. Data

The analysis covers 22 countries, all located in the Latin America and Caribbean region for the period 1971 −2014, for which we have full data; Table A1 lists all countries.[3] We employ two outcome variables, income and consumption in the percentual shares of consumption and total income for quintiles of the population to measure inequality, since they provide different bases for empirical inference concerning material living standards (Lahoti et al., 2015). The methodology of the Global Consumption and Income Project dataset allows not only for comparable inequality data presented as quintile and decile shares, but additionally the chance to identify possible differences between income and consumption inequality. In general, we remain agnostic about the question which measure provides the more precise indicator, and consequently employ both in the following. On one hand, income measures ideally capture redistribution of income – the intended effect - while consumption measures are also likely to capture behavioural reactions. If, for example, progressive redistribution allows the poor to save more and undertake productive investment, a beneficial effect would be picked up by income measures but be less visible in consumption measures. On the other hand, consumption measures offer the benefit of including possible non-monetary factors and unregistered production in the shadow economy, which is often considered a main problem in Latin America (Schneider and Enste, 2000). Consumption measures should also provide higher accuracy as reported income may be imprecise because of tax evasion or valuable privileges for which a political elite does not pay (cf. Henderson et al., 2005).

Our main explanatory variables are the degree of populist preferences, government ideology, and the domestic political environment measured as the quality of political institutions. In order to capture the extent to which the incumbent executive is populist, we employ a newly developed continuous indicator distributed between 0 and 1, where the highest scores denote strongly populist heads of government from Sáenz de Viteri and Bjørnskov (2018). This populism indicator is based on a wide search of indications in leading US and British newspapers of executive leaders associated with populism. The index, therefore, relies on a set of indirect assessments of populism and is not affected by the domestic political environment.[4] Sáenz de Viteri and Bjørnskov (2018) calculate this index by dividing the total number of newspaper publications resulting from a manual search of the following entry: "executive leader's name + the country where he/she carries administration + the term populist (or populism)" by the number of all articles resulting from a more general search: "leader X + Country Y". While no leader in the sample has a perfect 1, the highest index value at 0.62 pertains to Hugo Chavez, and other heads of government that are broadly viewed as strongly populist, such as Christina Kirchner, Alberto Fujimori, and Evo Morales also pertain substantial, positive populism scores.

When compared with other populism measures which are commonly used, Sáenz de Viteri and Bjørnskov find strong evidence of association with their index. A key advantage of using this measure compared to other available ones is the large extent of countries and leaders of leaders it covers: the index covers all 44 years (1971–2014) and all 22 countries within our sample. In addition, we note that the index is with certainty not coded on the basis of specific policies or policy outcomes, which always remains a possible worry when using measures that are coded retrospectively (see, e.g., Ruth-Lovell and Grahn, 2022).

Data on government ideology comes from Berggren and Bjørnskov (2017), as updated and expanded by Sáenz de Viteri and Bjørnskov (2018). Ideology is included as a control, because Huber et al. (2006) argue that stable democracy and left-leaning parliaments are associated with lower inequality in Latin America and the Caribbean. The measure is obtained by coding all parties in parliament on a five-step scale, where −1 corresponds to communist and unreformed socialist parties; −0.5 to modern socialist parties; 0 represents modern social democrat and non-ideological parties; 0.5 signifies conserva-

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[3] The data source that restricts our sample to 22 countries, although the region includes 43 countries that are either sovereign or have extensive home rule, is the Global Consumption and Income Project. This source nevertheless provides us with the largest sample of comparable, high-quality data. Our sample restriction thus reflects the relative dearth of income data from some of the small Latin American and Caribbean countries.

[4] While one may arguably suspect that the populism data reflect a particular Anglo-American perspective or political preference, Sáenz de Viteri and Bjørnskov (2018) show that an alternative index based on reports in leading Spanish newspapers produces an almost identical pattern over time and countries.

Table 1
Descriptive statistics.

Variable	Mean	Standard deviation	Observations
Consumption quintile 1	5.042	0.535	968
Consumption quintile 2	8.977	0.710	968
Consumption quintile 3	13.50	0.875	968
Consumption quintile 4	20.40	1.031	968
Consumption quintile 5	52.09	2.880	968
Income quintile 1	3.665	1.043	968
Income quintile 2	7.776	1.438	968
Income quintile 3	12.63	1.692	968
Income quintile 4	20.26	1.687	968
Income quintile 5	55.67	5.521	968
Consumption Gini	0.454	0.0279	968
Income Gini	0.501	0.0570	968
Consumption 80/20 ratio	10.52	1.946	968
Income 80/20 ratio	17.07	7.207	968
Populism index	0.0626	0.0912	968
Investment price level	1.218	0.346	968
Log of GDP per capita	8.990	0.495	968
Government ideology index	0.0269	0.534	961
Log of population	1.913	1.522	968
Trade (share of GDP)	0.407	0.260	968
Judicial accountability index	0.228	1.213	968
Communist country	0.0269	0.162	968
Successful coup	0.0258	0.171	968
Multi-party autocracy	0.127	0.333	967
Democracy	0.780	0.415	967

tive and Christian-democratic parties; and 1 denotes parties with a classical liberal background. The government ideology measure is therefore the seat-weighted average ideological position of all parties in government.

With respect to political institutions, we rely on data on the degree of democracy and whether a country was officially communist from Bjørnskov and Rode (2020) as our measure of political institutions. First, we use the 'electoral' variable from the dataset, which allows us to distinguish between four very broad types of institutions: (1) periods without any elections; (2) periods in which a country is a single-party autocracy; (3) countries that are electoral autocracies, defined as having regular multi-party elections, but where the elections are either rigged or the incumbent in other ways ensures that they are unlikely to lead to a loss of power; and (4) countries that have fully democratic institutions. As the number of observations is very low, we collapse categories 1 and 2. From the same dataset, we include an indicator capturing whether the country was officially communist or unreformed socialist in any year. Finally, we proxy for the stability of political institutions by including a set of dummy variables for whether a successful coup took place.

These proxies for differences in political institutions are supplemented with a variable from the Varieties of Democracy database that captures the quality of judicial institutions (Coppedge et al., 2016). The variable refers to 'judicial accountability' and is defined as the degree to which the judicial system reacts to and rectifies problems and misbehavior in the judicial institutions. Finally, we add a number of control variables often found in the recent inequality literature, including trade as the share of GDP, as well as the logarithm to the real GPD per capita., both from the Penn World Tables (Feenstra et al., 2015). Table 1 summarises all data.

3.2. Empirical strategy

In the following, this data is employed to estimate an error correction model (ECM) for a panel of yearly observations using OLS with two-way fixed effects. Following De Boef et al. (2008), we argue that since ECM is a generalization of several specifications, its results provide more robust results. ECM is for example robust to stationarity problems and contemporaneous correlation. At the same time, the method offers a way to estimate long-term and short-term effects separately, which substantially eases the interpretation of our results. Estimating annual changes in income inequality, such as Houle and Kenny (2018) solves the potential stationarity problem but mainly yields short-run effects. Further, if policy changes or their consequences occur with a significant lag, or if such changes are subject to J-curve adaption, annual changes may provide misleading estimates. Applying an ECM approach therefore allows us to get longer-run estimates of the full equilibrium effects of populist governments – if any – without such problems.

We estimate the following model:

$$\Delta Y_{i,t} = \alpha_i + \alpha_1 Y_{i,t-1} + \beta_0 \Delta X_{i,t-1} + \beta_1 X_{i,t-2} + \beta_3 \Delta C_{i,t} + \beta_4 C_{i,t-1} + \varepsilon_{i,t}$$

where Y is the share of a particular income (or consumption) quintile of a country, X is the populism index, and C denotes a set of controls. In contrast to standard ECM specifications, we lag the populism variables by one period. As our intention
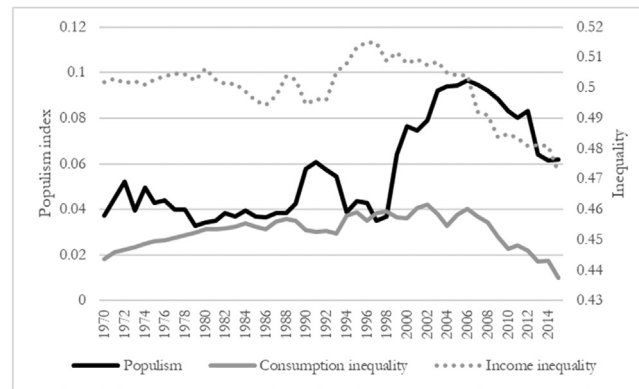
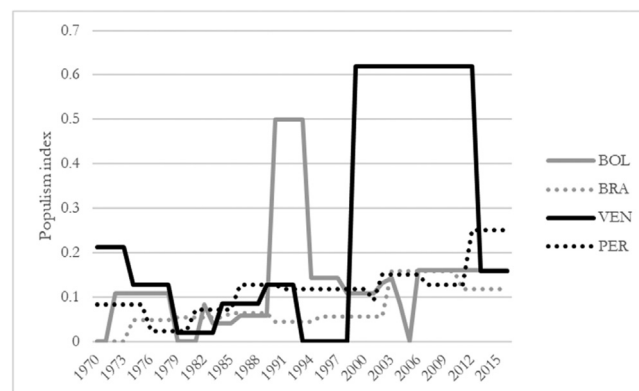**Fig. 1.** Populism and inequality 1970–2015.

Fig. 2. Populism, four countries 1970–2015.

is to identify a possible effect of populism on inequality, this lag ensures that we alleviate potential problems of reverse causality and simultaneity bias. However, we note that recent findings in Bergh and Kärnä (2021) reject this reverse causality relation of inequality leading to populism. While we acknowledge that we cannot unequivocally establish causality between populism and inequality, the lag structure (in addition to the inclusion of a lagged level of the dependent variable in ECM) goes some way to making a causal interpretation likely.

Since our data consists partly of categorical and dummy variables, we construct new dummy variables to categorize the changes in these. In particular, for each such variable, we identify all possible changes (e.g. 0 to 1, 0 to 2, 1 to 2, 1 to 0, 2 to 1, 2 to 0) and code these into dummy variables, which are all included in our regressions as $\Delta C_{i,t}$. Regime changes are therefore explicitly not treated as symmetric, but allow for heterogeneous persistence. Given the well-known regime instability in Latin America and the Caribbean, this approach is more flexible and more necessary than in studies of, e.g., the more robust regime transitions in Central and Eastern Europe.

4. Main results

4.1. First impressions

Before turning to the formal empirical results, we provide three impressions of the structure of our data and the raw association between populism and inequality in the dataset. Fig. 1 first illustrates the average development of our three central variables: income and consumption inequality (as Gini coefficients) and the populism measure. The figure shows the major increase in populism in the 2000s with the elections of such different populists as Hugo Chavez, Evo Morales, Vicente Fox and Nestor Kirchner. It also shows how the populism increase approximately coincides with a decrease in inequality although the decrease in income inequality evidently starts some years earlier.

Fig. 2 provides four examples of the within-country development over time. It first of all shows how the index changes as two of the most outright populist leaders of Latin America – Jaime Paz Zamora in Bolivia and Hugo Chavez in Venezuela
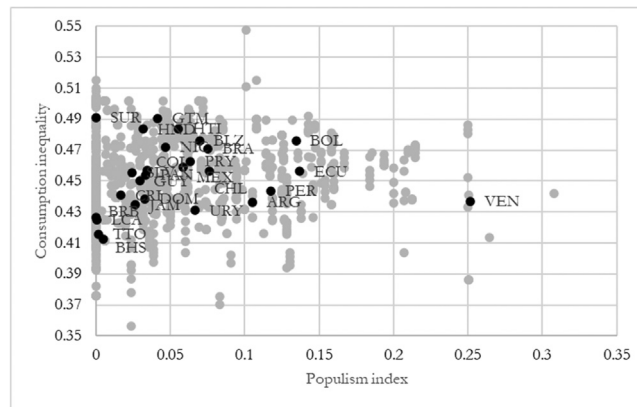
Fig. 3. Populism and consumption inequality.
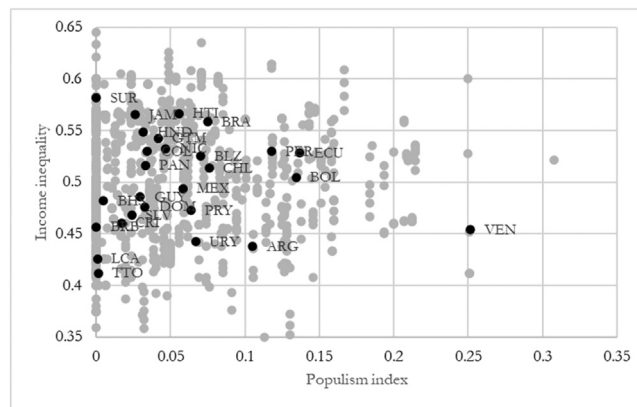
Fig. 4. Populism and income inequality.

– came to power. However, it also illustrates the substantial variation over time outside of these extremes, as well as the general drift towards more populist presidents in Peru. As such, the figure illustrates that a substantial share of the variation employed in the following derives from within-country changes and not simply stable cross-country differences that could reflect broader cultural or historical differences.

Fig. 3 depicts the simple association between populism and consumption inequality; the gray dots represent all observations in the dataset while the black dots represent country averages. For exposition, the figure excludes two percent of the full dataset that are obvious outliers: 24 observations with extreme populism scores and five observations with extreme inequality scores. The figure illustrates the almost perfect absence of a simple association: the correlation between populism and consumption inequality is 0.08; using the alternative Gini coefficient of income inequality as in Fig. 4, it drops to −0.01. Exchanging the consumption Gini coefficient for the share of all consumption enjoyed by the first quintile of the consumption distribution also yields a correlation of −0.01. As such, regardless of which exact measure we use, the association in the raw data is practically non-existing. However, the simple pattern in the figure does not necessarily imply that there are no consequences of electing a more populist executive.

4.2. Main estimates

Based on the data depicted in the figures, we present our main results in Tables 2 and 3. Each of the five columns represents a single ECM estimation for a respective income or consumption quintile share as a dependent variable. Across our models for inequalities, we find significant estimates for lagged dependent variables, indicating the existence of a long-term autoregressive process in the time series. Hence, it appears that choosing ECM is appropriate.

First, across both tables we find that population size, the investment price level, and our measure of government ideology are all significantly associated with inequality while we find no effects of changes to political institutions. The estimates thereby replicate and support previous findings in the literature (cf. Bjørnskov, 2010; Chong, 2004; Gradstein and

Table 2
Income inequality.

	(1) ΔQ 1	(2) ΔQ 2	(3) ΔQ 3	(4) ΔQ 4	(5) ΔQ 5
Lagged dependent variable	0.188***	−0.173***	−0.157***	−0.233***	−0.159***
	(0.052)	(0.033)	(0.031)	(0.045)	(0.030)
Δ populism	−0.211	0.035	−0.088	−0.334	0.294
	(0.365)	(0.2494)	(0.449)	(0.862)	(1.394)
Lagged populism	−0.469	−0.009	−0.015	0.022	0.105
	(0.525)	(0.429)	(0.481)	(0.526)	(1.670)
Δ Investment price	−0.067	−0.051	0.023	0.158	−0.034
	(0.053)	(0.094)	(0.089)	(0.094)	(0.302)
Lagged investment price	0.032	0.146*	0.153**	0.161**	−0.495**
	(0.062)	(0.076)	(0.071)	(0.075)	(0.234)
Δ government ideology	−0.054	−0.119*	−0.092**	−0.009	0.302**
	(0.047)	(0.057)	(0.041)	(0.057)	(0.138)
Lagged government ideology	0.035	−0.123***	−0.132***	−0.116**	0.417***
	(0.039)	(0.038)	(0.041)	(0.049)	(0.129)
Δ population size	0.130	−0.386**	−0.330*	−0.371	1.327**
	(0.133)	(0.169)	(0.185)	(0.379)	(0.615)
Lagged population size	0.001	0.001	0.002	0.003	−0.004
	(0.002)	(0.002)	(0.002)	(0.003)	(0.007)
Δ GDP per capita	0.264	0.166	0.153	0.167	−0.847
	(0.241)	(0.285)	(0.406)	(0.477)	(1.222)
Lagged log GDP per capita	0.055	0.105	0.060	−0.089	−0.219
	(0.046)	(0.076)	(0.091)	(0.132)	(0.281)
Δ trade volume	0.006	0.027	0.015	0.022	−0.085
	(0.049)	(0.057)	(0.062)	(0.078)	(0.193)
Lagged trade volume	−0.030	0.132	0.191**	0.307**	−0.639**
	(0.069)	(0.083)	(0.084)	(0.119)	(0.267)
Δ judicial accountability	−0.054	−0.067	−0.025	0.076	0.077
	(0.069)	(0.066)	(0.056)	(0.051)	(0.202)
Lagged judicial accountability	0.035	−0.039	−0.037	−0.017	0.109
	(0.023)	(0.039)	(0.038)	(0.038)	(0.128)
Δ to communism	−0.072	−0.081	−0.069	−0.074	0.308
	(0.132)	(0.111)	(0.162)	(0.278)	(0.569)
Δ from communism	0.298*	0.114	0.339	0.756	−1.328
	(0.165)	(0.211)	(0.293)	(0.470)	(1.039)
Lagged communism	0.221	−0.152	−0.148	−0.096	0.456
	(0.202)	(0.122)	(0.142)	(0.196)	(0.494)
Δ from coup	0.114	−0.106	−0.064	0.116	0.206
	(0.108)	(0.108)	(0.133)	(0.229)	(0.441)
Δ to coup	0.104**	0.074	0.068	0.013	−0.260
	(0.043)	(0.059)	(0.084)	(0.120)	(0.281)
Lagged coup	0.095	−0.088	−0.020	0.186	0.123
	(,.092)	(0.089)	(0.119)	(0.226)	(0.396)
Lagged multi-party autocracy	−0.108	0.091	0.109	0.191*	−0.402
	(0.091)	(0.084)	(0.078)	(0.103)	(0.284)
Lagged democracy	−0.016	0.063	0.083	0.122	−0.275
	(0.078)	(0.061)	(0.061)	(0.084)	(0.205)
Δ from multi-party autocracy	0.093	0.102	0.082	0.043	−0.315
	(0.096)	(0.064)	(0.063)	(0.121)	(0.202)
Δ from democracy	−0.029	0.137*	0.159***	0.151**	−0.596***
	(0.045)	(0.067)	(0.054)	(0.068)	(0.207)
Δ to multi-party autocracy	0.074	−0.226**	−0.216*	−0.155	0.766*
	(0.073)	(0.093)	(0.116)	(0.188)	(0.418)
Δ to democracy	−0.081	−0.144	−0.158*	−0.100	0.487
	(0.127)	(0.087)	(0.085)	(0.110)	(0.287)
Observations	919	919	919	919	919
Number of countries	22	22	22	22	22
Adjusted R-squared	0.078	0.087	0.077	0.103	0.079

Notes: Country fixed effects; standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 3
Consumption inequality.

	(1) ΔQ 1	(2) ΔQ 2	(3) ΔQ 3	(4) ΔQ 4	(5) ΔQ 5
Lagged dependent variable	−0.257***	−0.195***	−0.176***	−0.199***	−0.180***
	(0.053)	(0.034)	(0.039)	(0.043)	(0.036)
Δ populism	0.300**	0.130	−0.016	−0.232	−0.122
	(0.127)	(0.229)	(0.361)	(0.471)	(1.131)
Lagged populism	0.205	0.125	0.037	−0.098	−0.160
	(0.183)	(0.232)	(0.244)	(0.214)	(0.853)
Δ Investment price	−0.037	−0.003	0.044	0.097	−0.090
	(0.049)	(0.047)	(0.053)	(0.069)	(0.171)
Lagged investment price	0.070*	0.083*	0.081	0.073	−0.283
	(0.036)	(0.046)	(0.052)	(0.056)	(−169)
Δ government ideology	−0.024	−0.006	−0.008	−0.017	0.053
	(0.046)	(0.039)	(0.033)	(0.052)	(0.115)
Lagged government ideology	−0.025	−0.039	−0.056	−0.078	0.189
	(0.031)	(0.037)	(0.042)	(0.047)	(0.147)
Δ population size	0.052	−0.029	−0.117	−0.293	0.359
	(0.127)	(0.182)	(0.226)	(0.308)	(0.752)
Lagged population size	0.000	0.000	−0.001	−0.004	0.003
	(0.007)	(0.002)	(0.002)	(0.003)	(0.007)
Δ GDP per capita	0.267	0.241	0.274	0.283	−1.109
	(0.162)	(0.186)	(0.198)	(0.203)	(0.660)
Lagged log GDP per capita	0.052	−0.018	−0.066	−0.156*	0.156
	(0.056)	(0.057)	(0.059)	(0.079)	(0.195)
Δ trade volume	0.011	−0.042	−0.022	0.042	0.036
	(0.029)	(0.063)	(0.063)	(0.055)	(0.171)
Lagged trade volume	0.102	0.080	0.087	0.109	−0.326
	(0.059)	(0.093)	(0.109)	(0.109)	(0.332)
Δ judicial accountability	−0.043	−0.063	−0.069	−0.061	0.238
	(0.032)	(0.044)	(0.056)	(0.062)	(0.188)
Lagged judicial accountability	0.002	−0.003	−0.002	−0.002	0.005
	(0.021)	(0.021)	(0.022)	(0.023)	(0.075)
Δ to communism	−0.071	−0.051	−0.000	0.058	0.053
	(0.055)	(0.062)	(0.081)	(0.100)	(0.266)
Δ from communism	−0.056	−0.025	0.058	0.153	−0.175
	(0.082)	(0.095)	(0.138)	(0.191)	(0.441)
Lagged communism	−0.143**	−0.159*	−0.152	−0.133	0.513*
	(0.066)	(0.081)	(0.089)	(0.086)	(0.295)
Δ from coup	−0.014	−0.005	−0.000	0.014	−0.004
	(0.053)	(0.065)	(0.085)	(0.110)	(0.275)
Δ to coup	0.040	0.044	0.075***	0.105**	−0.262***
	(0.036)	(0.028)	(0.025)	(0.039)	(0.083)
Lagged coup	−0.038	−0.017	−0.024	−0.019	0.085
	(0.043)	(0.054)	(0.084)	(0.114)	(0.260)
Lagged multi-party autocracy	−0.025	−0.043	−0.043	−0.027	0.146
	(0.057)	(0.055)	(0.052)	(0.052)	(0.188)
Lagged democracy	0.030	0.009	−0.022	−0.068*	0.052
	(0.030)	(0.033)	(0.033)	(0.039)	(0.112)
Δ from multi-party autocracy	−0.033	−0.016	−0.007	0.008	0.030
	(0.034)	(0.032)	(0.040)	(0.057)	(0.127)
Δ from democracy	0.031	−0.033	−0.100	−0.167	0.286
	(0.045)	(0.069)	(0.099)	(0.119)	(0.324)
Δ to multi-party autocracy	−0.053	−0.006	0.017	0.034	−0.028
	(0.059)	(0.068)	(0.095)	(0.122)	(0.309)
Δ to democracy	−0.020	−0.038	−0.062	−0.074	0.203
	(0.044)	(0.041)	(0.039)	(0.051)	(0.133)
Observations	919	919	919	919	919
Number of countries	22	22	22	22	22
Adjusted R-squared	0.112	0.085	0.075	0.083	0.077

Notes: Country fixed effects; standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 4
Income inequality, democratic subsample.

	(1) ΔQ 1	(2) ΔQ 2	(3) ΔQ 3	(4) ΔQ 4	(5) ΔQ 5
Lagged dependent variable	−0.254***	−0.210***	−0.189***	−0.291***	−0.197***
	(0.056)	(0.042)	(0.039)	(0.047)	(0.037)
Δ populism	0.117	−0.118	−0.268	−0.536	0.992
	(0.335)	(0.271)	(0.493)	(1.023)	(1.431)
Lagged populism	−0.196	−0.033	0.120	0.440	−0.110
	(0.392)	(0.623)	(0.797)	(1.060)	(2.698)
Δ Investment price	−0.144	−0.122	−0.027	0.162	0.156
	(0.124)	(0.129)	(0.123)	(0.133)	(0.421)
Lagged investment price	0.077	0.135	0.152	0.188	−0.501
	(0.075)	(0.096)	(0.094)	(0.111)	(0.312)
Δ government ideology	−0.110*	−0.147**	−0.115**	−0.032	0.388**
	(0.064)	(0.065)	(0.044)	(0.068)	(0.153)
Lagged government ideology	−0.108**	−0.147***	−0.151***	−0.139**	0.496***
	(0.042)	(0.048)	(0.049)	(5.058)	(0.159)
Δ population size	−0.616**	−0.549*	−0.362	−0.098	1.562
	(0.277)	(0.310)	(0.347)	(0.567)	(1.198)
Lagged population size	−0.006	−0.000	0.004	0.010	−0.006
	(0.004)	(0.005)	(0.005)	(0.009)	(0.018)
Δ GDP per capita	0.368*	0.203	0.149	0.280	−0.853
	(0.213)	(0.405)	(0.584)	(0.727)	(1.769)
Lagged log GDP per capita	0.190***	0.128	0.040	−0.185	−0.213
	(0.066)	(0.097)	(0.119)	(0.175)	(0.362)
Δ trade volume	0.010	0.021	0.022	0.041	−0.106
	(0.062)	(0.073)	(0.074)	(0.097)	(0.232)
Lagged trade volume	0.035	0.103	0.188*	0.364**	−0.615*
	(0.096)	(0.105)	(0.096)	(0.148)	(0.309)
Δ judicial accountability	−0.046	−0.062	−0.007	0.145*	−0.023
	(0.066)	(0.084)	(0.071)	(0.072)	(0.244)
Lagged judicial accountability	−0.021	−0.030	−0.037	−0.006	0.083
	(0.062)	(0.060)	(0.055)	(0.066)	(0.193)
Δ to communism	−0.466*	−0.315	−0.058	0.410	0.526
	(0.264)	(0.3281)	(0.371)	(0.481)	(1.332)
Δ from communism	–	–	–	–	–
Lagged communism	0.078	−0.104	−0.263	−0.485	0.587
	(0.230)	(0.302)	(0.378)	(0.553)	(1.321)
Δ from coup	0.233	0.105	0.078	0.280	−0.533
	(0.193)	(0.227)	(0.252)	(0.241)	(0.850)
Δ to coup	0.462***	0.459**	0.539*	0.567	−1.943*
	(0.138)	(0.197)	(0.300)	(0.369)	(0.959)
Lagged coup	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Observations	728	728	728	728	728
Number of countries	22	22	22	22	22
Adjusted R-squared	0.122	0.102	0.089	0.133	0.095

Notes: Country fixed effects; standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Milanovic, 2004; Huber et al., 2006). Conversely, as illustrated in Table 2, estimates of the populist index are insignificant for all income share quintiles. Similarly, the results in Table 3 pertaining to consumption inequality also show no significant effect of populism except the first quintile that shows a short-term positive association between populism and consumption of this quintile. However, the size of this effect is negligible.[5] As such, we find neither short-term nor long-term variation in inequality associated with changes in the populism index. To the extent that the relation between populism and inequality is not strongly endogenous – i.e., that initial inequality does not substantially affect the likelihood that populists win elections in Latin American and the Caribbean – we can therefore also rule out any causal relationship and argue that there is no effect of populism on inequality. In the light of our previous theoretical considerations, the particularly relevant interpretation of this finding is that populism does not reduce inequality.

In the Appendix, we show that this result is robust to our choice of inequality measure by replicating the results for Gini index and 80/20 ratios (Table A2). Furthermore, Tables A3 and A4 show that our findings are also valid under an alternative (non-ECM) specification.

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[5] A one-standard-deviation increase in the populism index results in an increase of 0.027% of Q1 consumption.

Table 5
Consumption inequality, democratic subsample.

	(1) ΔQ 1	(2) ΔQ 2	(3) ΔQ 3	(4) ΔQ 4	(5) ΔQ 5
Lagged dependent variable	−0.315***	−0.225***	−0.191***	−0.218***	−0.198***
	(0.069)	(0.044)	(0.044)	(0.052)	(0.041)
Δ populism	0.344	0.151	−0.023	−0.256	−0.087
	(0.201)	(0.308)	(0.474)	(0.595)	(1.470)
Lagged populism	0.115	0.110	0.055	0.004	−0.091
	(0.227)	(0.357)	(0.408)	(0.388)	(1.356)
Δ Investment price	−0.054	−0.022	0.030	0.097	−0.027
	(0.072)	(0.061)	(0.063)	(0.084)	(0.208)
Lagged investment price	0.099**	0.095	0.082	0.071	−0.302
	(0.047)	(0.059)	(0.062)	(0.066)	(0.202)
Δ government ideology	−0.035	−0.013	−0.008	−0.004	0.055
	(0.054)	(0.046)	(:038)	(0.058)	(0.133)
Lagged government ideology	−0.025	−0.047	−0.070	−0.092	0.230
	(0.041)	(0.046)	(0.051)	(0.057)	(0.178)
Δ population size	0.099	−0.074	−0.189	−0.378	0.536
	(0.157)	(0.242)	(0.323)	(0.482)	(1.042)
Lagged population size	0.002	−0.001	−0.003	−0.008	0.010
	(0.004)	(0.005)	(0.006)	(0.008)	(0.188)
Δ GDP per capita	0.352	0.280	0.175	0.029	−0.849
	(0.244)	(0.287)	(0.303)	(0.300)	(1.028)
Lagged log GDP per capita	0.136*	0.036	−0.024	−0.140	−0.012
	(0.066)	(0.077)	(0.081)	(0.102)	(0.266)
Δ trade volume	0.022	−0.057	−0.035	0.035	0.071
	(0.038)	(0.085)	(0.086)	(0.068)	(0.249)
Lagged trade volume	0.102	0.053	0.068	0.105	−0.266
	(0.070)	(0.131)	(0.149)	(0.146)	(0.465)
Δ judicial accountability	−0.037	−0.072	−0.084	−0.080	0.274
	(0.039)	(0.061)	(0.082)	(0.098)	(0.267)
Lagged judicial accountability	0.011	0.009	0.021	0.020	−0.077
	(0.037)	(0.039)	(0.042)	(0.046)	(1–143)
Δ to communism	−0.311**	−0.235	−0.173	−0.017	0.754
	(0.143)	(0.192)	(0.219)	(0.237)	(0.737)
Δ from communism	–	–	–	–	–
Lagged communism	−0.063	−0.139	−0.142	−0.187	0.383
	(0.143)	(0.199)	(0.231)	(0.234)	(0.754)
Δ from coup	0.150	0.070	0.044	0.028	−0.236
	(0.101)	(0.113)	(0.114)	(0.086)	(0.399)
Δ to coup	0.152	0.150	0.187**	0.220**	−0.697**
	(0.103)	(0.090)	(0.083)	(0.085)	(0.318)
Lagged coup	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Observations	728	728	728	728	728
Number of countries	22	22	22	22	22
Adjusted R-squared	0.143	0.097	0.082	0.094	0.086

Notes: Country fixed effects; standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

4.3. Are democratic populists any different?

As noted in Section 2, it remains an option that democratically elected populists behave differently and may be subject to political constraints despite their general lack of respect for institutional checks and balances. Given the potentially different nature of populism in democratic and non-democratic countries, we therefore repeat our analysis on a subsample of democratic country-year observations. Table 4 details our ECM estimates for income shares while Table 5 reports our estimates for consumption shares.

While we continue to find strong effects of the lagged dependent variable as well as effects of government ideology, the investment price level, and successful coups (for income shares) – echoing findings in previous literature – the main findings do not differ significantly from the previous analysis. Specifically, estimates for the populism index remain very far from significance regardless of whether we focus on all regimes or only democratically elected governments.

As such, we reject that the effects of populist governments are fundamentally different with democratic political institutions. In fact, we even find that some populism estimates change signs, and none of them are even close to statistical significance. Likewise, a full set of country jackknife tests suggests that the non-results are not due to single countries affecting the overall estimates. As we outline in the final section, the conclusion must therefore be that the election of populist parties to power, in general, does not affect the distribution of income or consumption.

5. Conclusions

Populists have claimed since the time of the Roman Empire that they represent the true people and have argued for more redistribution and a change of power in favor of ordinary people. While populism is a challenge for established political parties in most Western countries today (cf. Mudde, 2017; Eichenberg, 2018; Bjørnskov, 2019), they have historically been particularly prevalent and influential in Latin American and the Caribbean (Rovira Kaltwasser, 2019). As these countries are also characterised by high levels of economic inequality, they provide a good context in which to ask the question of this paper.

This paper asks if the claim that is common to populists all over the world – that their aim is to redistribute resources away from an economic or political elite to 'ordinary' people – actually comes to be effectively reflected in their policies once they come to power. In other words, we explore whether the election of more populist governments in Latin America and the Caribbean has contributed to lower income and consumption inequality since 1970.

We begin by noting that although the political claims are unequivocal and that it is a common treat of populist rhetoric that inequality is a major problem, whether populists combat inequality is theoretically uncertain. First, successful populists may arguably aim to attract the median voter and therefore have uncertain redistributive incentives. Second, some populists may *de facto* aim for exchanging an incumbent political elite with a new elite of their own, and thereby change the particular individuals while leaving the distribution of income or consumption intact. Third, certain policies that populists may believe to be redistributive, such as business regulation or protectionist trade policy, may backfire and actually harm the relatively poor (cf. Fajgelbaum and Khandelwal, 2016; Chambers et al., 2019).

Employing data on the distribution of incomes and consumption from the Global Consumption and Income Project combined with newly developed data on populism in Latin America and the Caribbean, we test the redistributive effects of electing populists since 1970. With these data, a set of error correction models show that populism has not been associated with any changes in inequality in the region despite the substantial variation over time and countries. This result holds whether we focus on the distribution of income or consumption, and whether we explore effects in the full sample or only focus on countries that were fully democratic.

Our robust non-result holds implications for future populism research as well as a broader understanding of populism as a political and economic phenomenon. A politically influential part of populism research sees populist politicians and parties as logical reactions to increasing discrepancies in incomes and wealth in the developed world (cf., Mudde, 2017). They therefore suggest that established, non-populist parties adopt effective redistributive policies – sometimes exemplified by a traditional social democratic approach as embodied in the idea of the Scandinavian welfare state – in order to counter a threat from populist challengers (Eichenberg, 2018). While our study cannot say whether the electoral popularity of populist parties is a consequence of economic inequality, a popular claim which Bergh and Kärna (2021) reject for European countries, it can dispel the idea that populists actually pursue effective redistribution. If the non-association between populism and changes in inequality is due to a lack of effort or economic competence must remain a pertinent question for future research.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

Data will be made available on request.

Acknowledgements

Appendix

Tables A1, A2, A3, A4.

Table A1
Countries included in our study.

Country	Available from	Available to	# years
Argentina	1971	2014	44
Barbados	1971	2014	44
Bolivia	1971	2014	44
Brazil	1971	2014	44
Chile	1971	2014	44
Colombia	1971	2014	44
Costa Rica	1971	2014	44
Dominican Republic	1971	2014	44
Ecuador	1971	2014	44
El Salvador	1971	2014	44
Guatemala	1971	2014	44
Honduras	1971	2014	44
Jamaica	1971	2014	44
Mexico	1971	2014	44
Nicaragua	1974	2014	41
Panama	1971	2014	44
Paraguay	1971	2014	44
Peru	1971	2014	44
Suriname	1975	2014	40
Trinidad & Tobago	1971	2014	44
Uruguay	1971	2014	44
Venezuela	1971	2014	44

Table A2
Gini index and 80/20 ratios.

	(1) Δ Income Gini	(2) Δ Consumption Gini	(3) Δ Income 80/20	(4) Δ Consumption 80/20
Lagged dependent variable	−0.218***	−0.229***	−0.370***	−0.332***
	(0.039)	(0.028)	(0.105)	(0.076)
Δ populism	−0.004	−0.010	−4.271	−0.952
	(0.012)	(0.008)	(2.578)	(0.581)
Lagged populism	−0.004	−0.009	−2.864	−1.011
	(0.019)	(0.009)	(2.616)	(0.756)
Δ Investment price	−0.001	0.002	0.845	0.064
	(0.005)	(0.002)	(0.631)	(0.139)
Lagged investment price	−0.007*	−0.003*	−0.391	−0.283*
	(0.004)	(0.002)	(0.549)	(0.145)
Δ government ideology	0.001	0.001	1.001	−0.072
	(0.003)	(0.001)	(0.643)	(0.234)
Lagged government ideology	0.003**	0.002	1.151**	0.071
	(0.001)	(0.001)	(0.443)	(0.148)
Δ population size	0.018	−0.002	3.428**	0.183
	(0.014)	(0.009)	(1.577)	(0.628)
Lagged population size	−0.000	−0.000	−0.001	0.002
	(0.000)	(0.000)	(0.018)	(0.005)
Δ GDP per capita	−0.011	−0.009	−1.740	0.016
	(0.015)	(0.009)	(1.470)	(0.750)
Lagged log GDP per capita	−0.003	0.001	−0.561	0.050
	(0.004)	(0.002)	(0.548)	(0.215)
Δ trade volume	−0.000	0.001	0.229	−0.082
	(0.003)	(0.002)	(0.587)	(0.111)
Lagged trade volume	−0.007	−0.003	−0.053	−0.503
	(0.004)	(0.003)	(1.532)	(0.341)
Δ judicial accountability	0.003	0.002	0.333	0.126
	(0.003)	(0.002)	(0.423)	(0.108)
Lagged judicial accountability	0.001	0.000	0.557	−0.004
	(0.002)	(0.000)	(0.388)	(0.074)
Δ to communism	0.006	0.002	−0.055	0.169
	(0.007)	(0.003)	(0.866)	(0.192)
Δ from communism	−0.012	0.003	2.304	0.281
	(0.010)	(0.004)	(1.619)	(0.298)
Lagged communism	0.006	0.008***	2.993**	0.677***
	(0.007)	(0.003)	(1.218)	(0.229)

Table A2 (*continued*)

	(1) Δ Income Gini	(2) Δ Consumption Gini	(3) Δ Income 80/20	(4) Δ Consumption 80/20
Δ from coup	0.006	−0.000	2.271**	0.072
	(0.004)	(0.002)	(1.012)	(0.203)
Δ to coup	−0.001	−0.001	−0.477	−0.119
	(0.002)	(0.002)	(0.431)	(0.123)
Lagged coup	0.005	0.000	2.322**	0.135
	(0.003)	(0.002)	(0.966)	(0.159)
Lagged multi-party autocracy	−0.006	0.002	−1.086	−0.019
	(0.004)	(0.002)	(0.959)	(0.301)
Lagged democracy	−0.005	−0.001	−0.398	−0.058
	(0.003)	(0.001)	(0.656)	(0.091)
Δ from multi-party autocracy	−0.002	0.001	−0.531	0.101
	(0.003)	(0.001)	(0.472)	(0.089)
Δ from democracy	−0.008**	0.001	−0.901*	−0.056
	(0.003)	(0.002)	(0.459)	(0.158)
Δ to multi-party autocracy	0.011**	0.001	1.700*	0.272
	(0.004)	(0.002)	(0.852)	(0.282)
Δ to democracy	0.004	0.002	0.812	0.045
	(0.004)	(0.002)	(0.690)	(0.160)
Observations	919	919	919	919
Number of countries	22	22	22	22
Adjusted R-squared	0.098	0.104	0.172	0.144

Notes: Country fixed effects; standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A3
Income inequality, alternative non-ECM specification,.

	(1) ΔQ 1	(2) ΔQ 2	(3) ΔQ 3	(4) ΔQ 4	(5) ΔQ 5
Δ populism	0.805	0.781	0.698	0.339	−2.624
	(0.589)	(0.513)	(0.493)	(0.373)	(0.189)
Lagged populism	−0.096	−0.117	−0.090	−0.058	0.361
	(0.201)	(0.261)	(0.324)	(0.444)	(1.100)
Investment price	0.046*	0.060	0.040	−0.010	−0.136
	(0.024)	(0.038)	(0.041)	(0.042)	(0.129)
Government ideology	−0.017	−0.031	−0.026	−0.003	0.076
	(0.019)	(0.021)	(0.019)	(0.022)	(0.064)
Population size	0.000	0.001	0.002*	0.003***	−0.006*
	(0.001)	(0.001)	(0.001)	(0.001)	(0.003)
GDP per capita	0.004	−0.009	−0.028	−0.051	0.084
	(0.058)	(0.080)	(0.083)	(0.064)	(0.255)
Trade volume	−0.059	−0.057	−0.027	0.074	0.068
	(0.052)	(0.066)	(0.066)	(0.075)	(0.212)
Judicial accountability	0.003	0.006	0.010	0.026	−0.045
	(0.018)	(0.023)	(0.025)	(0.022)	(0.084)
Communism	−0.024	−0.028	−0.002	0.088	−0.035
	(0.060)	(0.076)	(0.108)	(0.165)	(0.376)
Coup	−0.052	−0.056	−0.080	−0.086	0.274
	(0.032)	(0.040)	(0.053)	(0.066)	(0.169)
Multi-party autocracy	0.003	0.017	0.048	0.100*	−0.168
	(0.037)	(0.052)	(0.055)	(0.0512)	(0.183)
Democracy	−0.007	0.017	0.056	0.104*	−0.170
	(0.407)	(0.531)	(0.592)	(0.599)	(1.987)
Observations	941	941	941	941	941
Number of countries	22	22	22	22	22
Adjusted R-squared	0.009	0.024	0.027	0.005	0.031

Notes: Country-year fixed effects; standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A4
Consumption inequality, alternative non-ECM specification,.

	(1) ΔQ 1	(2) ΔQ 2	(3) ΔQ 3	(4) ΔQ 4	(5) ΔQ 5
Δ populism	0.754*	0.633*	0.459	0.087	−1.933
	(0.437)	(0.362)	(0.272)	(0.219)	(1.143)
Lagged populism	0.104	0.094	0.061	−0.014	−0.245
	(0.122)	(0.174)	(0.220)	(0.256)	(0.736)
Investment price	0.015	0.021	0.018	0.008	−0.061
	(0.014)	(0.020)	(0.026)	(0.032)	(0.087)
Government ideology	0.010	0.003	−0.011	−0.031	0.030
	(0.029)	(0.030)	(0.035)	(0.044)	(0.123)
Population size	0.001	0.001	0.001	0.001	−0.003
	(0.000)	(0.001)	(0.001)	(0.001)	(0.002)
GDP per capita	0.049	0.032	0.007	−0.025	−0.063
	(0.045)	(0.048)	(0.046)	(0.052)	(0.159)
Trade volume	−0.046	−0.052	−0.034	0.010	0.123
	(0.031)	(0.051)	(0.052)	(0.042)	(0.168)
Judicial accountability	−0.000	0.005	0.011	0.017	−0.032
	(0.011)	(0.012)	(0.014)	(0.017)	(0.050)
Communism	−0.025	−0.026	−0.025	−0.018	0.094
	(0.049)	(0.063)	(0.079)	(0.091)	(0.274)
Coup	−0.009	−0.017	−0.040*	−0.060*	0.125
	(0.109)	(0.019)	(0.022)	(0.033)	(0.074)
Multi-party autocracy	−0.028	−0.036	−0.030	−0.012	0.106
	(0.026)	(0.028)	(0.031)	(0.039)	(0.105)
Democracy	0.002	−0.000	−0.004	−0.005	0.008
	(0.020)	(0.022)	(0.028)	(0.035)	(0.096)
Observations	941	941	941	941	941
Number of countries	22	22	22	22	22
Adjusted R-squared	0.015	0.012	0.008	−0.001	0.011

Notes: Country-year fixed effects; standard errors in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

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