

Populism and Political Trust: Evidence from Latin America

Leonardo Baccini (McGill)

John Hicks (UW–Madison)

Paula Retzl (Harvard Business School)

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- ▶ This paper focuses on the **positive** consequences of populism.

Argument

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Incumbency of populist left → ↑ trust in institutions
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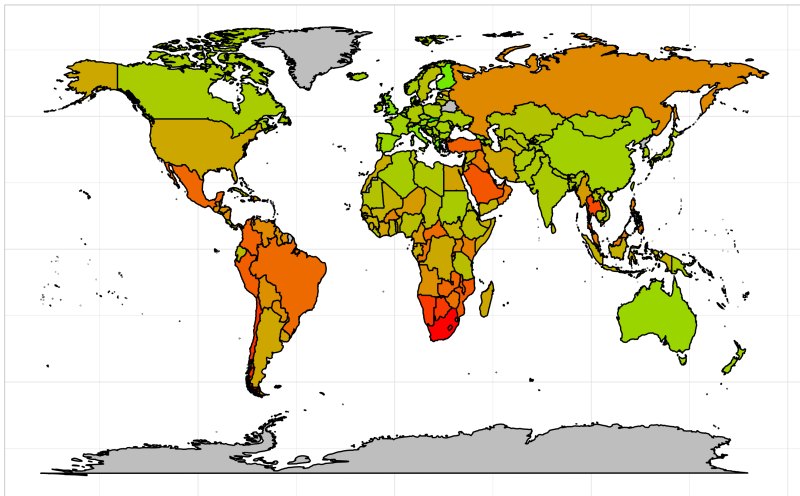
Implication 1

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(*among their voters*)

Implication 2

Incumbency of populist right → no change in trust in institutions
(*among their voters*)

Inequality Around the World



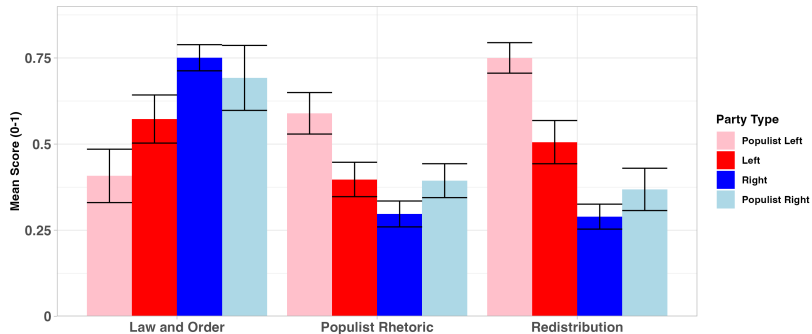
Share of Net Personal Wealth Held by the Top 1% (1990-2010)

20% 30% 40% 50%



Source: World Inequality Database

Parties and Policy Position: Latin America



Source: Chapel Hill Expert Survey (2020)

Observational Study: Data

- ▶ Latinobarómetro data in 17 countries (1995-2020)

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- ▶ V-Dem Party Data

Empirical Strategy (Static DiD)

$$Y_{it} = \beta_1 \text{Affiliation}_{it} + \beta_2 \text{Affiliation}_{it} \times \text{Incumbency}_{ct} + X'_{it} \\ + X'_{it} \times \text{Incumbency}_{ct} \lambda + X'_{it} \times \text{Affiliation}_{it} \psi + \sigma_{jt} + \varepsilon_{ict}$$

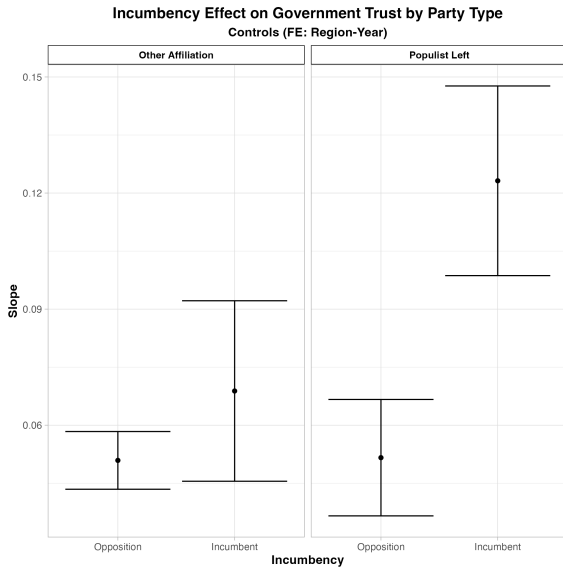
Y_{it} : Trust in government (and alt. outcomes)

Affiliation_{it} : Voter of party family

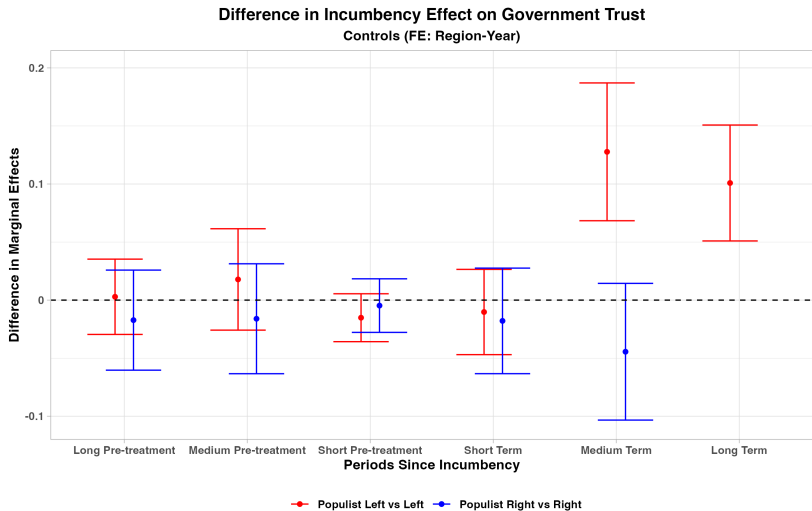
Incumbency_{ct} : Party family in power

X'_{it} : Age, socioeconomic status, gender, education

Results (Static DiD)

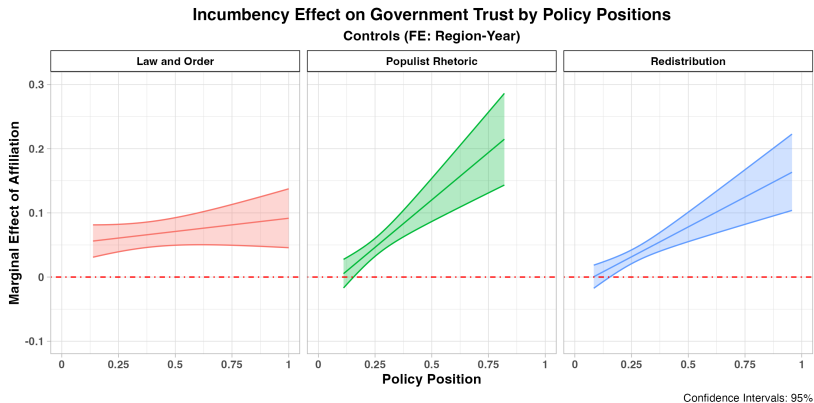


Results (Event-study)



CI: 95%

Results (Policy Positions)



Experimental Evidence

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 - ◇ T3: Pro-redistribution populist candidate

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 - ◇ Credibility of policy pledges

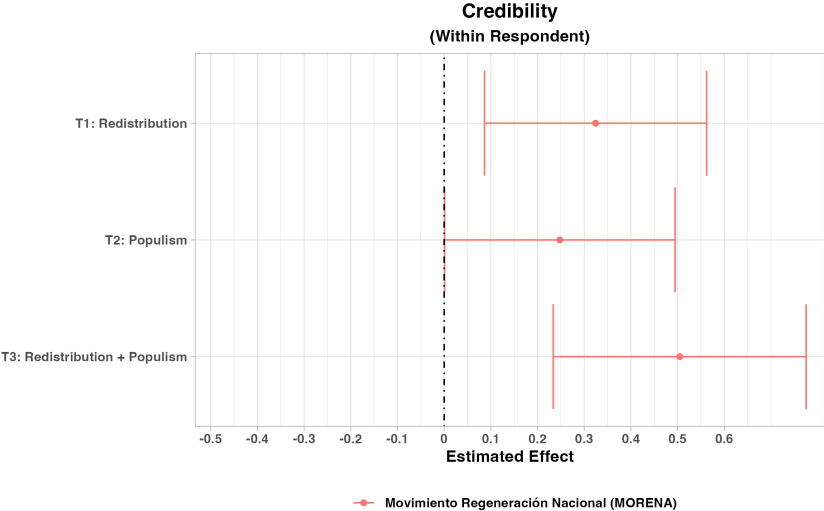
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 - ◇ Trust (Congress, Government, Police)

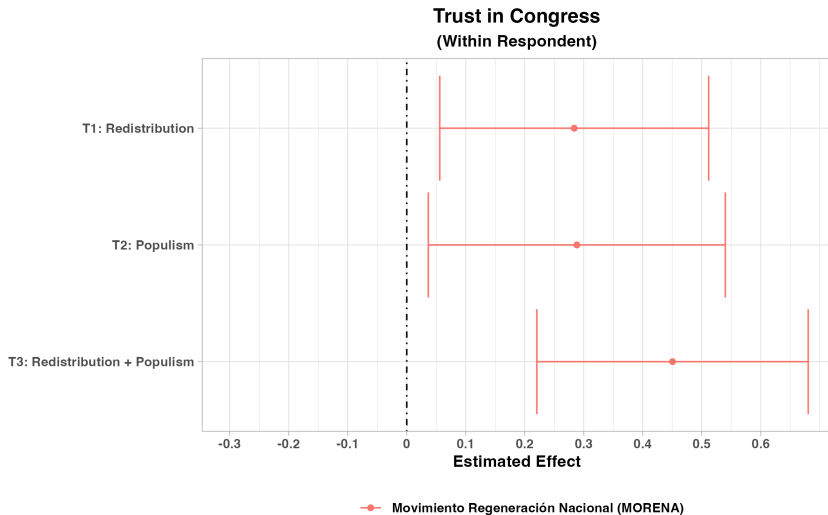
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- ▶ Specification: OLS with individual FE

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Contribution:

We show that populism can increase the legitimacy of democratic institutions.

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Takis Pappas. *Populism and liberal democracy: A comparative and theoretical analysis*. Oxford University Press, 2019.

Treatments

T1 (Redistribution): *"When elected, I will implement generous anti poverty programs, block the privatization of our public companies, and use their profits to create affordable housing and good jobs for working communities. I will tax large corporations to pay for this welfare expansion. I will create a more equal Mexico!"*

T2 (Populist Rhetoric): *"When elected, I will serve the people of Mexico, not the corrupted economic and political elites who have failed to deliver on their promises to Mexicans for generations. The government must work for the people and not the people for the government. I will always put the people first!"*

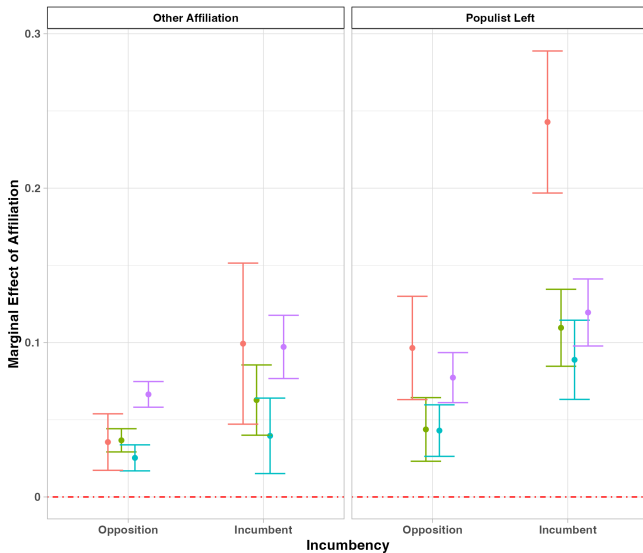
T3 (Redistribution + Populist Rhetoric): *"When elected, I will implement generous anti poverty programs, block the privatization of our public companies, and use their profits to create affordable housing and good jobs for working communities. I will tax large corporations to pay for this welfare expansion. I will create a more equal Mexico! When elected, I will serve the people of Mexico, not the corrupted economic and political elites who have failed to deliver on their promises to Mexicans for generations. The government must work for the people and not the people for the government. I will always put the people first!"*

Control (Centrism): *"When elected, I will increase the government's spending without running a government deficit and without upsetting international investors. I will ensure citizens' safety, but I will never threaten civil liberties. It is time to put our difference aside and create a better Mexico!"*

Intermediate Outcomes

Incumbency Effect on Voter Attitudes

Controls (FE: Region-Year)

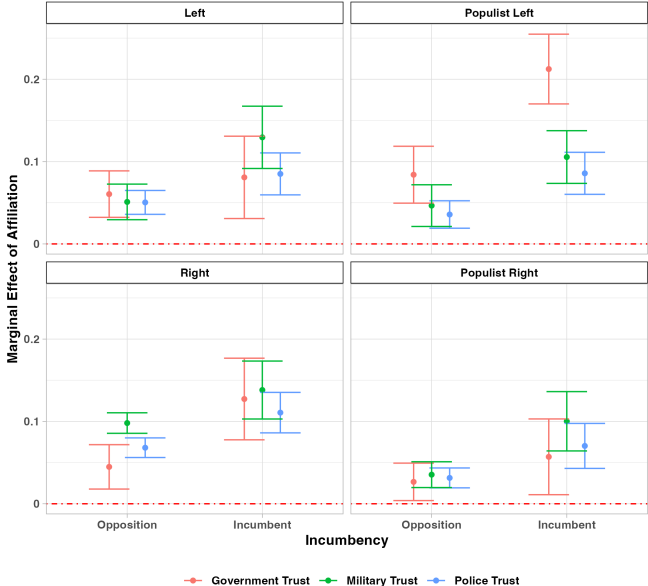


Country for All Democratic Satisfaction Economic Satisfaction Party Trust

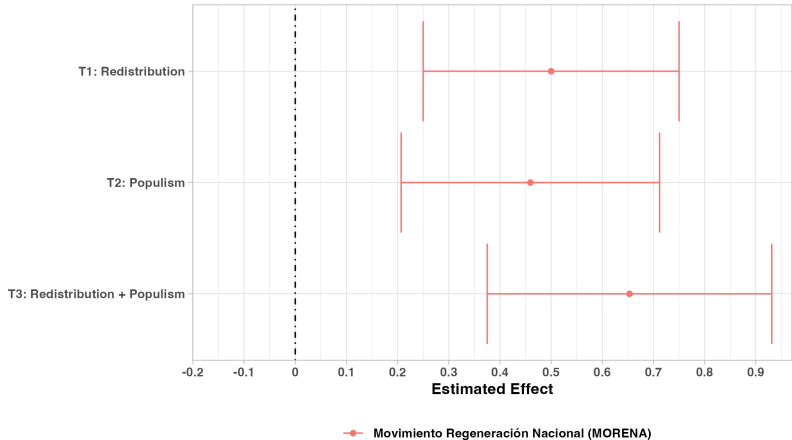
Alternative Outcomes

Incumbency Effect on Voter Attitudes

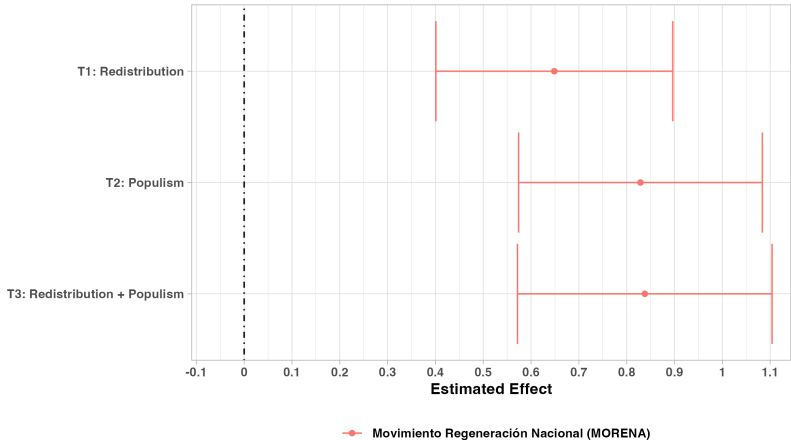
Controls (FE: Region-Year)



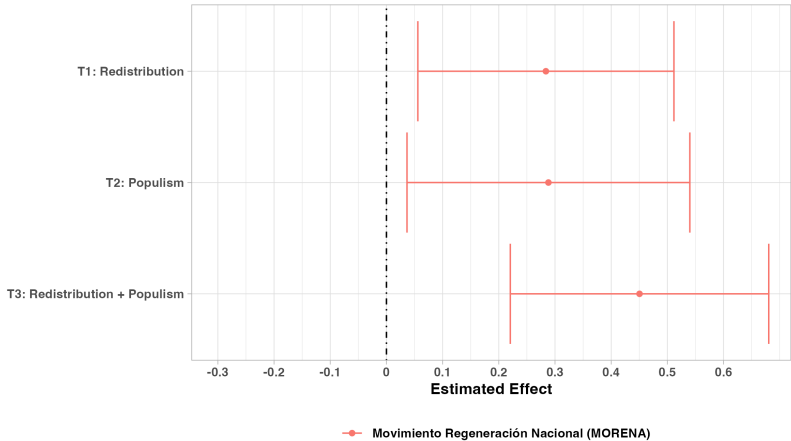
Future Economic Condition (Within Respondent)



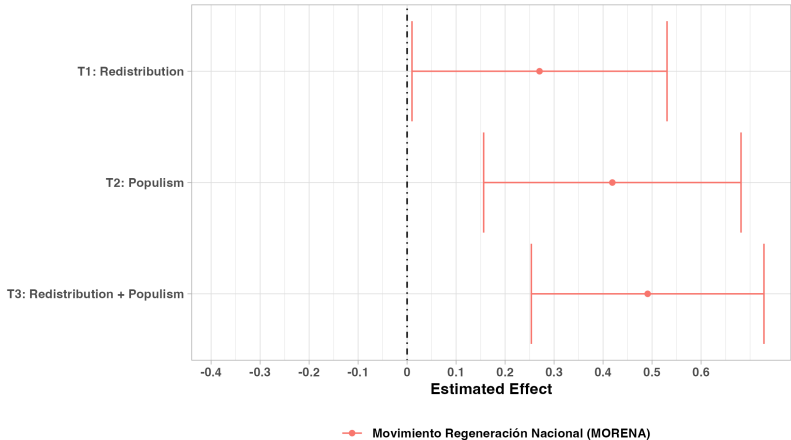
Voice in Government (Within Respondent)



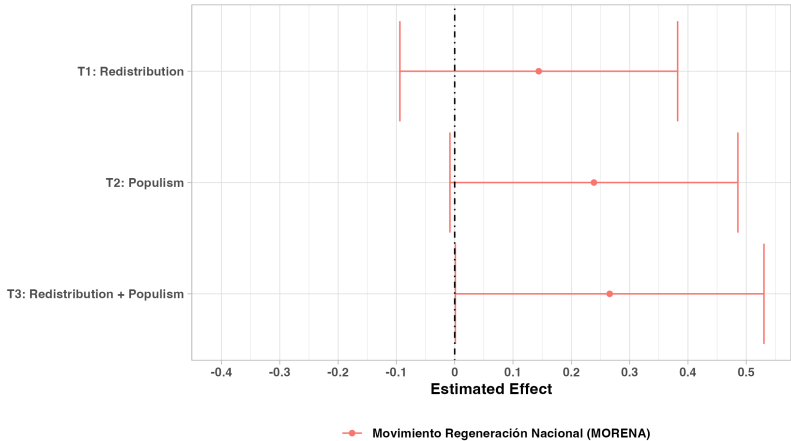
Trust in Congress (Within Respondent)



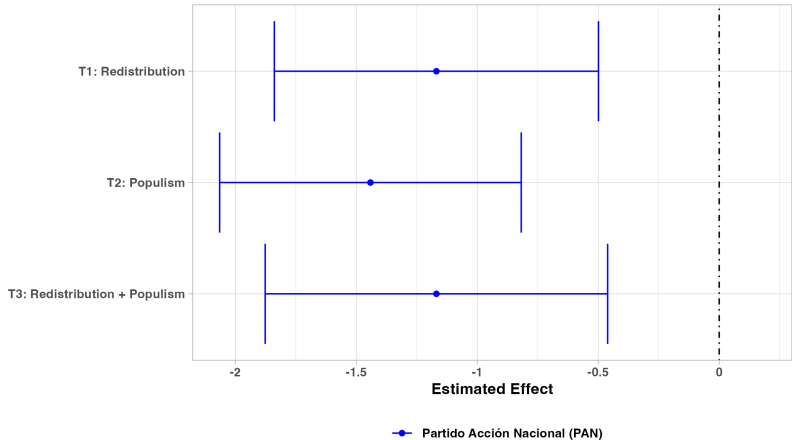
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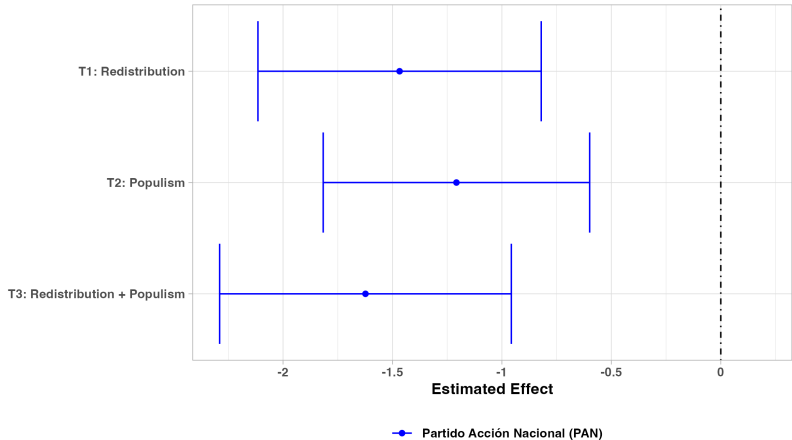
Trust in the Police (Within Respondent)



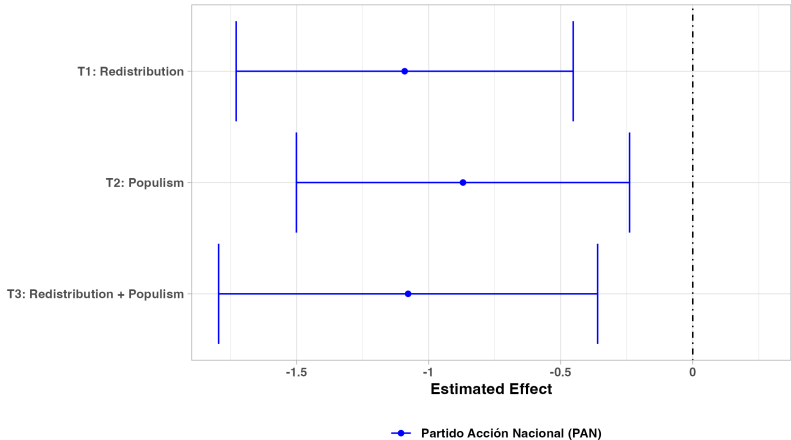
Credibility (Within Respondent)



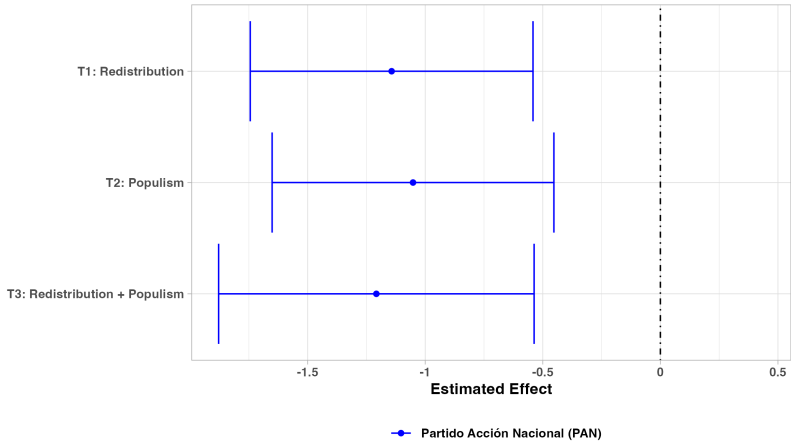
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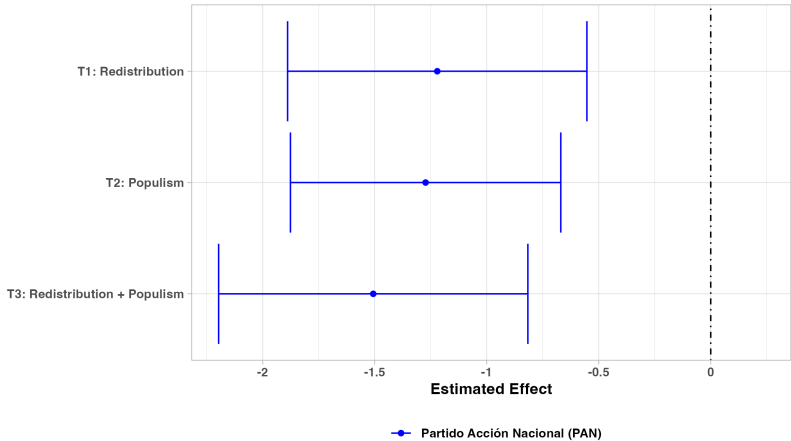
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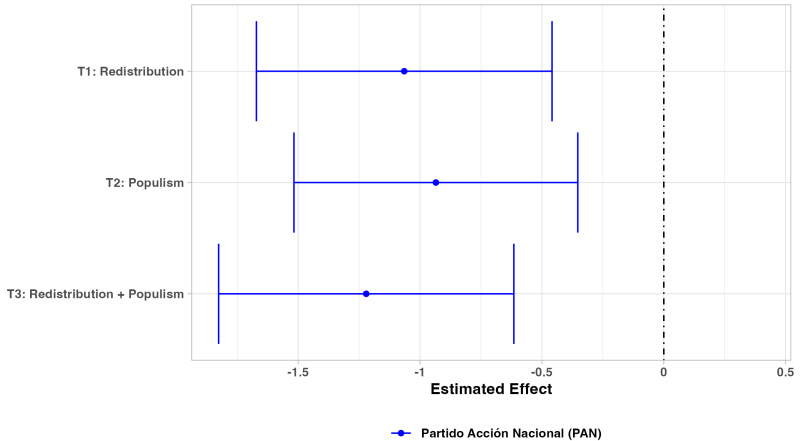
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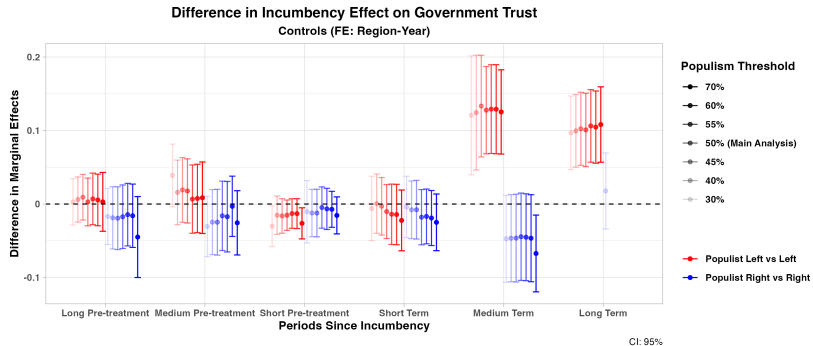
Trust in Government (Within Respondent)



Trust in the Police (Within Respondent)



Sensitivity



Party Prediction

Term	(1)	(2)	Sig. Diff from Pop. Left	(3)	Sig. Diff from Pop. Left	(4)	Sig. Diff from Pop. Left
	Pop. Left	Pop. Right		Left		Right	
Age	-0.007 (0.007)	0.022*** (0.005)	Yes	0.012** (0.004)	No	0.061*** (0.005)	Yes
Female	-0.029*** (0.002)	-0.007*** (0.001)	Yes	-0.008*** (0.001)	Yes	-0.004* (0.002)	Yes
Secondary Education	-0.014*** (0.002)	-0.003+ (0.002)	Yes	0.002+ (0.001)	Yes	0.005** (0.002)	Yes
Socioeconomic Status	-0.017*** (0.005)	0.001 (0.004)	Yes	0.015*** (0.003)	Yes	0.021*** (0.004)	Yes
Ethnicity: White	-0.013*** (0.003)	0.005** (0.002)	Yes	0.005** (0.002)	Yes	0.008*** (0.002)	Yes
Pro-US Influence	-0.135*** (0.004)	0.039*** (0.003)	Yes	0.013*** (0.002)	Yes	0.07*** (0.003)	Yes
Openness to Authoritarianism	-0.025*** (0.003)	-0.004+ (0.002)	Yes	-0.008*** (0.002)	Yes	0.008*** (0.002)	Yes
Region-Year Fixed Effects	Yes	Yes		Yes		Yes	
Observations	131992	131992		131992		131992	