

Elena Cossu

**Essays on Conceptualising Policies Linked to Populist Rhetoric in Europe
and Measuring Their Effects in Hungary**

Institute of Global Studies
Department of World Economy

Supervisors:

Prof. Dr. István Benczes DSc

Prof. Dr. Peter Gedeon CSc

Corvinus University of Budapest

Doctoral School of International Relations and Political Science

World Economy Subprogram

**Essays on Conceptualising Policies Linked to Populist Rhetoric in
Europe and Measuring Their Effects in Hungary**

Doctoral Dissertation

Elena Cossu

Budapest, 2023

TABLE OF CONTENTS

1	COMPREHENSIVE INTRODUCTORY STUDY	12
1.1	INTRODUCTION	12
1.2	COHERENCE.....	14
1.2.1	<i>Research Question</i>	14
1.2.2	<i>Single Theoretical Framework</i>	16
1.2.3	<i>Single Conceptual Framework</i>	35
1.2.4	<i>Coherence of the Conceptual Framework with the Examined Topic</i>	38
1.3	RELEVANCE	39
1.3.1	<i>Relevance of the Theoretical Ambition</i>	39
1.3.2	<i>Relevance of the Research</i>	39
1.3.3	<i>Place of the Problem in the Relevant Academic Literature</i>	39
1.4	DIFFERENCE.....	40
1.4.1	<i>Synergies of the Theoretical Approaches</i>	41
1.4.2	<i>Synergies of the Empirical Approaches</i>	42
2	UNDERSTANDING CONTEMPORARY POPULISM THROUGH THE LATIN AMERICAN EXPERIENCE	45
2.1	INTRODUCTION	45
2.2	A CRITICAL OVERVIEW OF THE CONCEPT OF POPULISM	47
2.3	LATIN AMERICA AND POPULISM.....	50
2.4	DISCERNING THE CONTEXT FROM THE SUBSTANCE	52
2.5	AFFINITIES BETWEEN LATIN AMERICAN AND CONTEMPORARY POPULISM	56
2.6	CONCLUSION.....	59
3	CLUSTERING AND ANALYSING RELEVANT POLICY DIMENSIONS OF POPULIST, LEFT-WING, CENTRIST, AND RIGHT-WING PARTIES ACROSS EUROPE	61
3.1	INTRODUCTION	62
3.2	LITERATURE REVIEW.....	65
3.3	METHODOLOGY.....	67
3.4	DATA	68
3.5	EXPLORATORY ANALYSIS AND DESCRIPTIVE STATISTICS.....	70
3.6	CLUSTER ANALYSIS.....	73
3.6.1	<i>Cluster 1: “The Central and Eastern European Populists”</i>	75
3.6.2	<i>Cluster 2: “The Left and Moderate Centre”</i>	76
3.6.3	<i>Cluster 3: “The Pro Europe and Pro Liberalism Centre”</i>	76
3.6.4	<i>Cluster 4: “The Identity Politics and Intersectional Left”</i>	76
3.7	CONCLUSIONS	77
3.8	APPENDIX.....	78
3.9	SUPPLEMENTARY FILES	79
4	THE ECONOMIC EFFECT OF POPULIST RHETORIC IN HUNGARY	84

4.1	INTRODUCTION	84
4.2	POPULIST RHETORIC AND ECONOMIC PERFORMANCE IN EUROPE AND HUNGARY.....	89
4.3	DATA AND METHODOLOGY.....	93
4.3.1	<i>Data</i>	93
4.3.2	<i>Methodology</i>	94
4.4	ANALYSIS	96
4.5	TRANSMISSION CHANNELS.....	100
4.6	CONCLUSION.....	102
4.7	SUPPLEMENTARY FILES	104
5	CONCLUSION	110
5.1	INTRODUCTION	110
5.2	INTEGRITY	110
5.2.1	<i>Synthesis of the Results</i>	110
5.2.2	<i>Findings of the Various Chapters</i>	111
5.2.3	<i>Results in Relation to the Elaborated Conceptual Framework</i>	112
5.3	CONSISTENCY	112
5.3.1	<i>Resolution of the Contradictions Between the Articles</i>	112
5.3.2	<i>Justification of the Difference in the Research Results on Theoretical and/or Methodological Grounds</i>	112
5.4	NOVELTY	112
5.4.1	<i>Demonstration of the novelty of the research</i>	112
5.4.2	<i>Contribution to Addressing the Question and to Enriching Academic Literature</i>	112
5.5	FUTURE RESEARCH	113
6	REFERENCES	114

LIST OF FIGURES

FIGURE 1. DIRECTED ACYCLIC GRAPH (DAG) OF CONCEPTUAL FRAMEWORK/POPULISM IN EUROPE	38
FIGURE 2. DISTRIBUTION ACROSS THE POLICY DIMENSION OF “IMMIGRATION POLICY” AND “IMPROVING PUBLIC SERVICES VERSUS REDUCING TAXES” FOR IDEOLOGICAL FACTIONS IN 2014.	72
FIGURE 3. DISTRIBUTION ACROSS THE POLICY DIMENSION OF “IMMIGRATION POLICY” AND “IMPROVING PUBLIC SERVICES VERSUS REDUCING TAXES” FOR IDEOLOGICAL FACTIONS IN 2019.	72
FIGURE 4. DISTRIBUTION ACROSS THE POLICY DIMENSION OF “IMMIGRATION POLICY” AND “IMPROVING PUBLIC SERVICES VERSUS REDUCING TAXES” FOR GEOGRAPHICAL DIVISION IN 2014.....	73
FIGURE 5. DISTRIBUTION ACROSS THE POLICY DIMENSION OF “IMMIGRATION POLICY” AND “IMPROVING PUBLIC SERVICES VERSUS REDUCING TAXES” FOR GEOGRAPHICAL DIVISION IN 2019.....	73
FIGURE 6. AVERAGE GDP PER CAPITA PER EUROPEAN UNION REGION, 1995-2020. DATA SOURCED FROM WORLD BANK OPEN DATA, ACCESSED 2 APRIL 2023. HTTPS://DATA.WORLDBANK.ORG	90
FIGURE 7. DISTRIBUTION OF PARTIES IN EUROPE BY POLITICAL SIDE AND REGION IN 2014 AND 2019. DATA SOURCED FROM CHAPEL HILL EXPERT SURVEY AND THE POPULIST, ACCESSED 4 APRIL 2023. HTTPS://WWW.CHESDATA.EU AND HTTPS://POPU-LIST.ORG	91
FIGURE 8. <i>THE COST OF THE FIDESZ GOVERNMENT ON GDP (VERTICAL AXIS), 2010-2020 (HORIZONTAL AXIS). DATA SOURCED FROM WORLD BANK OPEN DATA, ACCESSED 2 APRIL 2023. HTTPS://DATA.WORLDBANK.ORG.....</i>	98
FIGURE 9. COMPOSITION OF THE DONOR POOL TO CONSTRUCT THE SYNTHETIC HUNGARY. DATA SOURCED FROM WORLD BANK OPEN DATA, ACCESSED 2 APRIL 2023. HTTPS://DATA.WORLDBANK.ORG	99
FIGURE 10. <i>HUNGARY VS CEE AVERAGE FOR SELECTED MACROECONOMIC VARIABLES. DATA SOURCED FROM WORLD BANK OPEN DATA, ACCESSED 2 APRIL 2023. HTTPS://DATA.WORLDBANK.ORG</i>	101
FIGURE 11. COVARIATE BALANCE	107
FIGURE 12. REGRESSION DISCONTINUITY DESIGN VISUAL REPRESENTATION	109

LIST OF TABLES

TABLE 1. MAIN RESEARCH QUESTIONS AND SUB QUESTIONS FOR THE DISSERTATION AS A WHOLE AND FOR EACH CHAPTER OF THE DISSERTATION	15
TABLE 2. THEORETICAL FRAMEWORK SUMMARY AND MAIN SOURCES	17
TABLE 3. V-DEM LIBERAL DEMOCRACY INDEX, 2000-2022	23
TABLE 4. SUMMARY OF POPULIST CONFIGURATIONS AND DRIVERS ACROSS EUROPEAN REGIONS	24
TABLE 5. PARTIES CHARACTERISED BY POPULIST RHETORIC IN CENTRAL AND EASTERN EUROPE IN 2019, CHES DATA AND THE POPULIST	25
TABLE 6. TABLE 3. PARTIES CHARACTERISED BY POPULIST RHETORIC IN SOUTHERN EUROPE IN 2019, CHES DATA AND THE POPULIST	28
TABLE 7. PARTIES CHARACTERISED BY POPULIST RHETORIC IN NORTHERN EUROPE IN 2019, CHES DATA AND THE POPULIST	28
TABLE 8. PARTIES CHARACTERISED BY POPULIST RHETORIC IN WESTERN EUROPE IN 2019, CHES DATA AND THE POPULIST	29
TABLE 9. SUMMARY OF THEORETICAL PROBLEM AND EMPIRICAL APPROACH FOR EACH CHAPTER.....	41
TABLE 10. ESTIMATES OF THE WORLD BANK WORLDWIDE GOVERNANCE INDICATORS (WGI) FOR LATIN AMERICAN COUNTRIES, OLDEST AND MOST RECENT YEAR. THE RANGE GOES FROM -2.5 (WEAK) TO 2.5 (STRONG) FOR ALL INDICATORS.	58
TABLE 11. DIVISION BETWEEN CENTRE, RIGHT, LEFT AND POPULIST PARTIES IN 2014 AND 2019.....	70
TABLE 12. NUMBER OF PARTIES PER POLITICAL SIDE IN EUROPE IN 2014 AND 2019.	70
TABLE 13. FACTOR LOADINGS (ROTATED COMPONENT MATRIX).	74
TABLE 14. DISTRIBUTION OF CLUSTERS BY POLITICAL SIDE AND REGIONS.	75
TABLE 15. ESTIMATES OF THE COST OF THE FIDESZ GOVERNMENT ON GDP, 2010-2020	98
TABLE 16. REGRESSION DISCONTINUITY DESIGN COEFFICIENTS	100
TABLE 17. COUNTRIES IN THE DIFFERENT POOLS FOR SELECTING THE DIFFERENT COUNTERFACTUAL UNITS	104
TABLE 18. VARIABLES USED, DEFINITION, AND SOURCE.....	105
TABLE 19. LIST OF POOL COUNTRIES WITH PERCENTAGES	105
TABLE 20. SUMMARY OF BALANCE FOR ALL DATA.....	106
TABLE 21. SUMMARY OF BALANCE FOR MATCHED DATA	106
TABLE 22. STANDARD PAIR DISTANCE BETWEEN MATCHES	106
TABLE 23. MATCHES SAMPLE SIZES	107
TABLE 24. FULL LIST OF MATCHES	107
TABLE 25. SUMMARY OF FINDINGS.....	110

LIST OF ABBREVIATIONS

Abbreviation	Definition
ADR	Alternative Democratic Reform Party
AfD	Alternative for Germany
ANO2011	Action of Dissatisfied Citizens
ANOVA	Analysis of Variance
ARG	Argentina
Ataka	Attack Party
AUT	Austria
BEL	Belgium
BGR	Bulgaria
BN.CAB.XOKA.CD	Current account balance (BoP, current US\$)
BOL	Bolivia (Plurinational State of)
BoP	Balance of Pay
BRA	Brazil
CEE	Central and Eastern Europe
CHES	Chapel Hill Expert Survey
CYP	Cyprus
CZE	Czech Republic
DAG	Directed Acyclic Graph
DEU	Germany
DF	Danish People's Party
DiD	Difference-in-Differences
DLF	France Arise
DNK	Denmark
DP	Democratic Party
ECU	Ecuador
EEA	European Economic Area
EK	Estonian Centre Party
EKRE	Conservative People's Party of Estonia
EL	National Party - Greeks
ESP	Spain
EST	Estonia
FdI	Brothers of Italy
FDIs	Foreign Direct Investments
FI (Italy)	Forward Italy
FI (France)	France Unbowed
Fidesz-KDNP	The Alliance of Hungarian Solidarity
FIN	Finland
FP.CPI.TOTL	Consumer price index (2010 = 100)
FP.CPI.TOTL.ZG	Inflation, consumer prices (annual %)
FPO	Freedom Party of Austria
FRA	France
FrP	The Progress Party

FvD	Forum for Democracy
GAL	Green-Alternative-Libertarian
GC.DOD.TOTL.GD.ZS	Central government debt, total (% of GDP)
GC.TAX.GSRV.RV.ZS	Taxes on goods and services (% of revenue)
GC.TAX.TOTL.GD.ZS	Tax revenue (% of GDP)
GDP	Gross Domestic Product
GERB	Citizens for European Development of Bulgaria
GRC	Greece
HDSSB	Croatian Democratic Alliance of Slavonia and Baranja
HRV	Croatia
HUN	Hungary
IDN	Hungary
IND	India
IRL	Ireland
ISR	Israel
ITA	Italy
JOBBIK	Movement for a Better Hungary
JPN	Japan
KPV LV	For a Humane Latvia
Kukiz	Kukiz'15
LCU	Local Currency Unit
LDA	Linear Discriminant Analysis
Levica	The Left Party
LINKE	The Left Party
LMS	List of Marjan Šarec
LN	Northern League
LRGEN	Left-Right Ideological Stance
LTU	Lithuania
LUX	Luxembourg
LVA	Latvia
M5S	Five Stars Movement
MEX	Mexico
MLT	Malta
Most	The Bridge Party
MR25	The European Realistic Disobedience Front
NB	New Right Party
NFSB	The National Front for the Salvation of Bulgaria
NLD	Netherlands
NPISHs	Non-profit Institutions Serving Households
NY.GDP.MKTP.PP.CD	GDP, PPP (current international \$)
OLaNO	Ordinary People and Independent Personalities
PCA	Principal Component Analysis
PER	Peru
PHL	Philippines
PiS	Law and Justice

Podemos	We Can Party
POL	Poland
pop	Population, total
PPP	Purchase Power Parity
PRT	Portugal
PS (Slovakia)	Progressive Slovakia
PS (Finland)	Finns Party
PVV	The Party for Freedom
QCA	Qualitative Comparative Analysis
RDD	Regression Discontinuity Design
RN	National Rally
ROM	Romania
SC	Synthetic Control
SCM	Synthetic Control Method
SD	Sweden Democrats
SDS	Social Democratic Party of Slovakia
SEM	Structural Equation Modelling
SF	We Ourselves Party
SL.TLF.TOTL.IN	Labor force, total
Smer-SD	Direction – Social Democracy
SNS (Slovakia)	Slovak National Party
SNS (Slovenia)	Slovenian National Party
SP	The Socialist Party
SPD	Freedom and Direct Democracy
SVK	Slovak Republic
SVN	Slovenia
SWE	Sweden
SYM	Democratic Rally
SYRIZA	The Coalition of the Radical Left
t-SNE	t-Distributed Dtochastic Neighbor Embedding
TAN	Traditional-Authoritarian-Nationalist
TT	Order and Justice
TUR	Turkey
TWN	Taiwan
USA	United States of America
V-Dem	Varieties of Democracy"
VB	Flemish Interest
VEN	Venezuela (Bolivarian Republic of)
Volya	Volya Movment
Vox	Voice Party
ZAF	South Africa

1 COMPREHENSIVE INTRODUCTORY STUDY

1.1 Introduction

Populism is a contested and extremely popular concept (Hunger and Paxton, 2021). In its minimal and most used definition, populism implies the use of rhetoric by a political actor that antagonizes groups of people inside a society (Mudde, 2004a). It is a ‘thin layer’ that can be applied to different regimes and political configurations. In its cultural definition, it emphasises the “real people” in a nativist sense against a group that is perceived as threatening, and in its economic meaning, it implies the use of inflationary or devaluation policies that lead to economic disaster (Dornbusch and Edwards, 1989a). Consequently, populism’s definition and its relation between ideological components and political and economic practices also remains contested (Rinaldi and Bekker, 2020; Bergmann, Hackenesch and Stockemer, 2021; Destradi, Cadier and Plagemann, 2021; Feldmann and Popa, 2022).

This collection of papers tries to fill the research gap that concerns populism’s relation between ideological components and political and economic practices in Europe. It does so by conceptualising how we define populism in terms of political and economic practices in Europe (first and second paper) and by measuring its consequences (third paper). Even if populism is a fundamentally anti-pluralist concept (Müller, 2016), it manifests differently in Europe compared to other parts of the world. Governments characterised by populist rhetoric in Europe are often associated with illiberalism (Zakaria, 1997; Buzogány, 2017). Illiberalism implies the absence of the rule of law, separation of powers, and the protection of basic liberties of speech, assembly, and religion (Laruelle, 2022). In its economic meaning, illiberalism implies the lack of policies that protect individual rights, including those of property and contract, and it creates a framework of law and administration. Within this framework, this work tries to look at (i) how we can understand populism in terms of the literature, (ii) how we can conceptualize its practices in Europe, and (iii) what are its consequences in a representative case of government characterised by populist rhetoric such as the Hungarian one.

The first paper tries to understand populism in Europe in the same way the literature used to understand populism in Latin America. Only by fulling understanding the relation between context and approach to populism we can understand and potentially

conceptualise the effects of this mixture. The paper reviews the literature on Latin America to understand how populism and context interconnect in the literature. We understand that what led to the definition of economic populism and populism in terms of policies was more the socio-economic context rather than the populist part. Consequently, the second paper tries as well to disentangle populism and policy preferences in Europe. The paper quantitatively approaches the problem given the new data and techniques available in the literature. The paper finds that there is indeed an association between populism and policies connected to illiberalism in parties that use populist rhetoric. These parties are also mostly but not exclusively located in Central and Eastern Europe.

The rise of a new European mixture of populist rhetoric and illiberalism can lead to political systems that manifest themselves as full electoral democracies where power is used to re-engineer institutions in a subtle way (Scheppelle, 2018). Populist rhetoric is one of the main tools used to achieve such goal, to make sure public power is used to get private gains, and to foster cronyism and illiberalism within this context (Martin, 2017a; Sata and Karolewski, 2019; Enyedi, 2020). In the third paper, we explore the effect of a representative case of these kinds of regimes. We look specifically at the Hungarian case. The negative effect of these kinds of regimes has been widely explored in Central and Eastern Europe (Györfy, 2021a) and in quasi-experimental terms (Funke *et al.*, 2020a). In this paper, we expand the literature by using quasi-experimental methods specifically on the Hungarian case. We find quantitative evidence that the policies implemented by the Fidesz government had a negative effect on the Gross Domestic Product (GDP) at Purchase Parity Power (PPP) of almost 10% between 2010 and 2020.

Overall, this dissertation's first goal is to define the policy preferences of parties characterised by populist rhetoric the same it has been previously done in Latin America. It then looks at the relation of policy preferences of political parties that use populist rhetoric. Last, it measures the effect of this mixture in one representative case, the one of Hungary between 2010 and 2020. In the following sections, we address the following elements in the following order: research questions, single theoretical and conceptual framework, relevance, and difference.

1.2 Coherence

1.2.1 Research Question

This work aims to answer a generic and overarching research question: What are the policies linked to populist rhetoric in Europe and what are their effects? This question is however difficult to answer because of the following:

- The complexity and lack of unique academic definition of the independent variable, policies linked to populist rhetoric.
- The complexity of translating one definition that can apply to Europe into a measurable concept.
- Statistically measuring the causal effect of the independent variable.

For these reasons, the three chapters composing this dissertation address these three points independently and use different approaches. Each chapter also has its own set of research questions and sub-questions, as summarised below and in Table 1 and the paragraphs below.

Chapter 1 research question: how can the Latin American experience with populism help us understand contemporary populism in other parts of the world? Sub questions:

- How did the academic concept of populism evolve since the concept was first elaborated in Latin America?
- What is the state of the literature on populism today in relation to the Latin American experience of the phenomenon?
- What can we conclude from the way the study of populism evolves for the present study of populism?

Chapter 2 research question: which policy configuration do political parties characterised by populist rhetoric have across Europe? Sub questions:

- Null hypothesis: policy positions of all parties in Europe in 2014 and 2019 are normally distributed (i.e., no meaningful clusters).
- Alternative hypothesis 1: policy positions of all parties in Europe in 2014 and 2019 are not uniformly distributed and form meaningful clusters that overlap with the following groups: centrists, right-wing parties, left-wing parties, and all parties characterised by populist rhetoric.
- Alternative hypothesis 2: policy positions of all parties in Europe in 2014 and 2019 are not uniformly distributed and form meaningful clusters that overlap with the following groups: Northern Europe, Western Europe, Southern Europe, and Central and Eastern Europe.

Chapter 3 research question: what is the overall effect of the policies implemented by the Fidesz government in Hungary between 2010 and 2020 on GDP per

capita at Purchase Power Parity (PPP)? Can we extrapolate its effects from its specific context? Sub questions:

- Null hypothesis: the policies undertaken by the Fidesz government in Hungary between 2010 and 2020 had no effect on the GDP per capita at Purchase Power Parity (PPP) of the country.
- Alternative hypothesis: the policies undertaken by the Fidesz government overall had an effect on GDP per capita at Purchase Power Parity (PPP) of the country.

Table 1. Main Research Questions and Sub Questions for the Dissertation as a Whole and Each Chapter of the Dissertation

Section	Main Research Question	Sub Question
Dissertation as a Whole	What are the policies linked to populist rhetoric in Europe and what are their effects?	<ul style="list-style-type: none"> • Which academic definition of the independent variable, policies linked to populist rhetoric, better adapts to answer the main research question (Chapter 1)? • What are policies linked to populist rhetoric in Europe (Chapter 2)? • What are the casual effects of policies linked by populist rhetoric in Hungary (Chapter 3)?
Chapter 1	How can the Latin American experience with populism help us understand about contemporary populism in other parts of the world?	<ul style="list-style-type: none"> • How did the academic concept of populism evolve since the concept was first elaborated in Latin America? • What is the state of the literature on populism today in relation to the Latin American experience to the phenomenon? • What can we conclude from the way the study of populism evolves for the present study of populism?
Chapter 2	Which policy configuration do political parties characterised by populist rhetoric have across Europe?	<ul style="list-style-type: none"> • Null hypothesis: policy positions of all parties in Europe in 2014 and 2019 are normally distributed (i.e., no meaningful clusters). • Alternative hypothesis 1: policy positions of all parties in Europe in 2014 and 2019 are not uniformly distributed and form meaningful clusters that overlap with the following groups: centrists, right-wing parties, left-wing parties, and all parties characterised by populist rhetoric. • Alternative hypothesis 2: policy positions of all parties in Europe in 2014 and 2019 are not uniformly distributed and form meaningful clusters that overlap with the following groups: Northern Europe, Western Europe, Southern Europe, and Central and Eastern Europe.
Chapter 3	what is the overall effect of the policies implemented by the Fidesz government in Hungary between 2010 and 2020 on GDP per capita at Purchase Power Parity (PPP)?	<ul style="list-style-type: none"> • Null hypothesis: the policies undertook by the Fidesz government in Hungary between 2010 and 2020 had no effect on the GDP per capita at Purchase Power Parity (PPP) of the country. • Alternative hypothesis: the policies undertook by the Fidesz government overall had an effect on GDP per capita at Purchase Power Parity (PPP) of the country.

1.2.2 Single Theoretical Framework

In this section, we elaborate on the main concepts, theories, and models used in the dissertation. The subsections for these three categories as structured in this subchapter and the relative main sources used are also summarised in Table 2. This work is based on the following main concepts: populism, illiberalism, and authoritarianism. We then look at how these manifests according to historical and socio-economic context. This relation to context helps us bridge to the theories section. In this same section, we also look at the following theories: the roles of governments and parties in shaping policy preferences, the role of policies in affecting economic growth and convergence, and the role of populist rhetoric, authoritarianism, and illiberalism in affecting economic growth and convergence. Last, in our model section we elaborate on the two main methods used to conceptualise the main policy preferences and assess their causality in the case of Hungary: patterns recognition and quasi-experiments.

Table 2. Theoretical Framework Summary and Main Sources

Main Section	Subsection	Reference Sources
Section 1: Concepts	Populism	<ul style="list-style-type: none"> - Mudde (2004) ‘The Populist Zeitgeist’ - Gidron & Bonirowski (2013) ‘Varieties of Populism: Literature Review and Research Agenda’ - Inglehart, R. F., & Norris, P. (2016). Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash - Guiso, L., Herrera, H., Morelli, M., & Sonno, T. (2017). Populism: Demand and Supply
	Supply of populism	<ul style="list-style-type: none"> - Bartels, L. M. (2023). Democracy Erodes from the Top. - Pappas, T. S. (2016). Modern Populism: Research Advances, Conceptual and Methodological Pitfalls, and the Minimal Definition - Canovan, M. (2004). Populism for political theorists?
	Populism, Illiberalism, and Authoritarianism in Europe	<ul style="list-style-type: none"> - Labanino, R. P., & Dobbins, M. (2023). Democratic Backsliding and Organized Interests in Central and Eastern Europe: An Introduction. - Hutter, S., Kriesi, H., & Vidal, G. (2018). Old versus new politics: The political spaces in Southern Europe in times of crises. - Moffitt, B. (2017). Liberal Illiberalism? The Reshaping of the Contemporary Populist Radical Right in Northern Europe - Rooduijn, M., & Akkerman, T. (2017). Flank attacks: Populism and left-right radicalism in Western Europe
Section 2: Theories	Government and parties in shaping policies and policy preferences	<ul style="list-style-type: none"> Kumlin, S., & Stadelmann-Steffen, I. (2014). <i>How welfare states shape the democratic public: Policy feedback, participation, voting and attitudes</i> Dahl, R. (1961). <i>Who Governs?</i>
	Effect of illiberalism, authoritarianism and populist rhetoric on economic prosperity and convergence	<ul style="list-style-type: none"> - Gylfason (2008) ‘Growing Apart? A Tale of Two Republics: Estonia and Georgia’ - Acemoglu (2019) ‘Does democracy boost economic growth?’ - Campos (2019) ‘Institutional integration and economic growth in Europe’
Section 3: Models	Pattern Recognition	<ul style="list-style-type: none"> - Cunningham, S. (2021) <i>Causal Inference: The Mixtape</i>. Yale University Press - Gerber & Green (2012) <i>Field Experiments: Design, Analysis and Interpretation</i>
	Quasi-Experiments	<ul style="list-style-type: none"> - Abadie (2001). The Economic Costs of Conflict: A Case-Control Study for the Basque Country - Jorn-Steffen (2014) <i>Mastering 'Metrics: The Path from Cause to Effect</i>

1.2.2.1 Concepts

In this section, we explore three concepts: populism as defined in the literature, the supply of populism, and how governments linked to populist rhetoric manifest in Europe according to their context. We focus on the last two in the vast literature on populism because they are relevant to the research questions and the subsequent theoretical framework.

1.2.2.1.1 Populism

The literature defines populism in four ways: as a political style (Weyland, 2001a), as a cultural approach (Ostiguy, 2009), and as a discursive style (Laclau, 2005), and as a thin ideology (Mudde, 2004a). Up to the 1990s, there was also a fifth economic definition of populism focused on the unsustainable redistributive policies of some leaders in Latin America (Dornbusch and Edwards, 1989a). The literature discarded the economic definition of populism because of the rise of neoliberal populism (Roberts, 1995). Similarly, the political definition of populism started to show its limitations, especially if conceived as a form of mass mobilization (Gidron and Bonikowski, 2013). Today, even if the cultural and discursive definitions of populism are still in use, the thin ideology definition of populism is the most popular in the literature (Hunger and Paxton, 2021).

Mudde famously defined populism 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” (Mudde, 2004b). However, ideologies are defined as “a three-tiered structure containing core adjacent and peripheral concepts, conditioned by means of elaborate proximities and weights idiosyncratic to each ideological variant” (Freeden, 1996). In other terms, ideologies always have main and peripheral concepts, which is always what makes them able to elaborate coherent packages of policy proposals. In other terms, ideologies conceptually cannot be thin or not have main concepts.

The ambiguity of the concept makes it impossible to analyse populism as an ideology and to properly measure it. In other terms, “methodological problems arise not so much in recognising similarities among these movements as in trying to decide what is ‘populist’ about them and what, if anything, they have in common with other past and present political phenomena known by the same label” (Canovan, 2004). That is why “earlier analysts often assumed that the common ground they were looking for must be a

socio-economic base; more recent studies tend to focus on populist discourse” (Canovan, 2004). Populism is a concept that is context-dependent not only in its manifestation but as well in its conceptualization. Even if defining it as an ideology might be inappropriate, the thin ideology definition of populism fits the goal of studying populism in terms of how it manifests in Europe and to see what the relation to its context is.

However, it is fundamental to mention the research regarding the demand for populism before we dig more into the way populism manifests itself. The demand for populism is relevant in this framework as it is one of the main elements that leaders and governments connected by populist rhetoric exploit for political purposes. In general, it is also relevant as it is one of the main research fields regarding the study of populism. The demand and supply of populism framework is a frame created by Inglehart & Norris in 2016 and further expanded by Guiso et al. in 2017 (Inglehart and Norris, 2016a; Guiso *et al.*, 2017a). In the work by Inglehart & Norris (2016), populism can be understood by looking at the following three interconnected elements: (i) the institutional rules of the game, (ii) the supply-side strategic appeals of party leaders and political parties, and (iii) the demand-side role of voter’s attitudes. From these elements come the name ‘demand and supply’ of populism.

The recent literature developed mainly in looking at the demand side of populism as it went hand in hand with consolidated research approaches. Today, as summarised below, the literature recognised two main drivers for the demand for populism: economic insecurity and cultural elements. These two elements are often interconnected and can include other theories such as the effects of trade and the international distribution of income (Colantone and Stanig, 2018), the scepticism about international institutions (Funke, Schularick and Trebesch, 2016a), and the increase in migration flow (Dustmann, Fabbri and Preston, 2005), among others. However, all these theories are considered as a combination of the following points.

1. *Economic Insecurity*. One of the main theories that economists tend to connect to populism is the one of economic insecurity. The theory is a subset of existential security theory. In its initial form, existential security theory stated that when survival is secure it can be taken for granted and not be contested (Gill and Lundsgaarde, 2004). In today’s terms, the same theory can be adapted to populism: the lower the economic security, the lower the forms of populism. In fact, "the argument that populism reflects rising socioeconomic inequalities within affluent societies" has long historical roots and it goes back to fascism (Inglehart and Norris, 2016b). In electoral terms, it means that the

success and perpetual return of populist leaders stand in the fact that they address economic problems usually not addressed by the ruling elites (Eichengreen, 2018). But what problems are they trying to address? And is this the reason why more people vote for them? Rodrik (Rodrik, 2017a) explained for example populism through two main elements: globalization and a country's potential democratic deficit. More specifically, the economic anxiety and distributional struggles caused by globalization (and the use of liberal technocracy for the elites' interests) increased the demand for populism in the contemporary Western World. In a more generic perspective, populism is neither new nor specifically from "the West". It is a series of economic problems that leads to a culturally specific reaction. This element explains why we cannot predict Trump's or Orbán's policies, but we can nonetheless consider both populists. In general, the macroeconomic policies of these economic problems seem to follow more of a regional model than a generalizable one. The other main work hypothesizing economic insecurity as a driver for populism votes is the one from Guiso et al. (2018), which states that "populist parties are more likely to emerge when countries are faced with a systematic crisis of economic security" (page 1).

2. *The Silent Revolution*. The second main theory that explains voter's attitudes states that populist leaders tend to represent a shift in values that is not represented by mainstream politicians. This theory is also called 'the cultural backlash theory', and it asserts that the support for populism will be especially strong among those holding traditional values and retro norms, including the older generation and the less-educated groups left behind by progressive cultural tides. It is a reaction against post-materialistic values, which are the progressive ones such as multiculturalism, multilateralism, and cosmopolitanism. In general, post-materialism is a form of existentialism as well, so the shift to these theories fits the changes in the world as well as the focus on the existential security theories highlighted in the previous paragraph. However, they differ from the economic insecurity theories by the way they understand the possible 'solution' to populism. According to the researchers focusing on existential or economic insecurity, if you solve the economic problems that push people towards populism the votes toward this kind of party will decrease. For the theorist of the cultural backlash theories "in times of insecurity, all cohorts shift toward more Materialist views and with

economic recovery, they shift back toward their long-term baseline" (Inglehart and Norris, 2016b). Also, we cannot ignore that "post-materialists tend to emerge from the more secure and college-educated strata in Western societies and they are relatively favourable towards progressive social change and humanistic values" (Inglehart and Norris, 2016b). The cultural theories perform better than the economic ones at explaining why we have the emergence of populism in certain European societies such as Norway, Sweden, and Austria.

Even if the literature on demand is fundamental in the study of populism, it is the literature on supply that can help us understand how populism manifests. The supply of populism is the main driver to create a government characterized by populist rhetoric (Bartels, 2023). To analyse populism in terms of its manifestation it is then more relevant to analyse the supply of populism and the institutional rules of the game in Europe as in the following section.

1.2.2.1.2 Supply of populism

As already mentioned, much has been said about the demand for populism and how populism. However, it is common agreement that populists are against the elites or an external group and that they want to change the status quo. To change the status quo and get rid of the elites and a group of interest, populists are often but not always looking for a change in the constitution or the political structure (Kaltwasser and Taggart, 2016). Overall, populist leaders seem to strategically oppose groups perceived as threatening and from which they can get power to create new elites. Populist actors do this by rejecting the already existing status quo as a whole, rather than criticizing and trying to change its malfunctioning elements. The rejection of the precedent status quo can be both motivated by real unsurmountable problems and merely as a form of political manipulation in favour of a certain group. In both cases, it always implies a power grab from a supposed outsider to the partial or total detriment of the current elites. In very few cases such a power grab has positive outcomes (Rodrik, 2018). In the vast majority of cases, the effects are negative both in political and economic terms despite the validity of the grievances populist governments and parties are trying to address.

In liberal democratic contexts, the full rejection of the status quo implies a rejection of democracy itself. Democracy is defined in its minimal procedural terms as "an institutional arrangement for arriving at political decisions which realises the common good by making the people itself decide issues through the election of

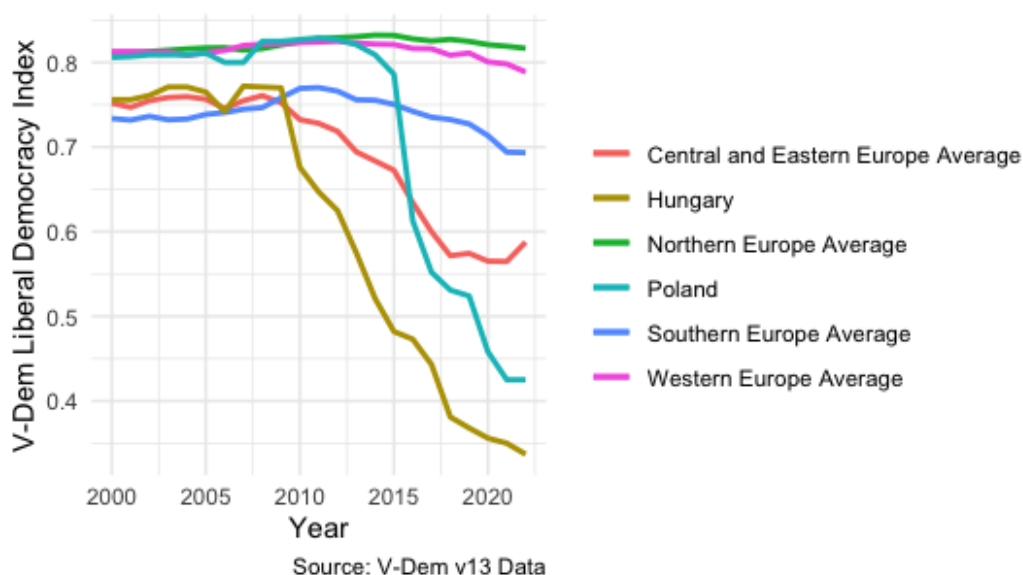
individuals who are to assemble in order to carry out its will” (Schumpeter, 1949). Contemporary liberal democracy is defined as “an uneasy combination of two fundamentally different sets of principles, liberal on the one hand and populist/democratic on the other. ‘Liberalism’ is concerned with individual rights, universal principles and the rule of law, and is typically expressed in a written constitution; whereas the ‘democratic’ strand is concerned with the sovereign will of the people” (Canovan, 2004). Modern liberal democracies have a permanent tension between the two strands that guarantees a sort of checks and balances. However, populist actors justify taking power by claiming the failure of the representative element of democracy and of liberal principles in solving certain nation-level problems. Pappas consequently pointed out (Pappas, 2016) that the minimal definition of populism in Europe is the one of ‘democratic illiberalism’, even if there can be some ‘mixed bag’ cases of populism that do not threaten the existence of liberal democracy like in Northern Europe.

From this, we can conclude that populist actors reject the complexities of democratic systems while “inadvertently highlighting democracy’s complexities” (Canovan, 2004). A representative system led by a populist actor will limit the idea of democracy, but at the same, it will highlight that there is no real “rule of the people” without a system of representation. Overall, populists will always fail to provide for a system of representation of the ‘true people’ because “popular authorisation can never be given adequate institutional form because it belongs to a more fluid aspect of politics, in which brief episodes of popular mobilisation are encapsulated in myths” (Canovan, 2004). Consequently, in the case of liberal democracies populist episodes do not last long or become tools to transition to more authoritarian or illiberal democratic systems (Table 3). Persistent use of the ‘true people’ in political discourse can only be used as a manipulative device and it will take a political strategy meaning.

In the libertarian-authoritarian dimension of the political space (Kitschelt, 1994), illiberal democracies use populist rhetoric is used to move from the ‘Green/alternative/libertarian’ (GAL) side of the spectrum to the ‘traditional/authoritarian/nationalist (TAN) one (Hooghe, Marks and Wilson, 2002). However, by being unable to give a valid political alternative that represents the ‘true people’, they end up with a system where they replace the elite with a new one by eroding the checks and balances of democracy just enough to keep the new elite in power. This new system does not have the positive elements of a liberal democracy nor the ones of an authoritarian model such as China. This explains how populism supply prevails on the demand in causing this erosion (Bartels, 2023). Both demand and supply influence

populist rhetoric, but only a government characterized by populist rhetoric can create new policies that remove the checks and balances of democracy while creating more demand for populism.

Table 3. V-Dem Liberal Democracy Index, 2000-2022



1.2.2.1.3 Populism, Illiberalism, and Authoritarianism in Europe

The Fidesz government in Hungary, the Prawo i Sprawiedliwość (PiS) government in Poland and the government following the Brexit vote in the United Kingdom are considered the three main examples of governments in power characterised by populist rhetoric in Europe (Bartels, 2023). Leaders characterised by a populist rhetoric in Europe operate in liberal democratic contexts. This is overall true except for a few exceptions if we talk about Europe in broader terms.

In practice, this means that leaders characterised by populist rhetoric in Europe hold different combinations of anti-liberal values that go against constitutionalism and democracy. In the following section, we will briefly elaborate on the specificity of four main European regions in rejecting democracy and how it manifests on a party and government level when it exists. This is a phenomenon that overall affects these four regions in different ways as shown in Table 3. We also refer to illiberal democracy because those are the main examples of leaders characterised by populist rhetoric in Europe, however, the different configurations carried out by different populist actors across different regions of Europe are summarised in Table 4 and the subsections below.

Table 4. Summary of Populist Configurations and Drivers Across European Regions

Region	Presence of Social Cleavages	Presence of Economic Cleavages	Drivers of Social Cleavages	Drivers of Economic Cleavages	Type of Main Populist Configuration
Central and Eastern Europe	Yes	Yes	Western/European Elites, Corruption, State of Governments, the state of health services, education, and life	Lack of Economic Convergence, Policy Mistakes	Illiberal Democracy
Southern Europe	Yes	Yes	Corruption, Immigration	Euro Crisis, Policy Mistakes, Structural Economic Problems	Redistributive Democracy
Northern Europe	Yes	No	Immigration and 'Islamization'	/	Illiberal Liberalism
Western Europe	Yes	Yes	Immigration and 'Islamization'	Intra Country Inequality	Radical Democracy

1.2.2.1.3.1 Central and Eastern Europe

In Central and Eastern Europe, the rise of populism is mainly caused by dissatisfaction with the economy, the national governments, democracy, the state of health services, education, and life. Another element is the low trust in parliament and politicians (Bartels, 2023). As of 2019, according to the Chapell Hill Expert Survey and the PopuList, there are twenty-five parties characterised by populist rhetoric as shown in table Table 5. The vast majority of them are right-wing.

Table 5. Parties Characterised by Populist Rhetoric in Central and Eastern Europe in 2019, CHES data and the PopuList.

Country	Party	Position
Bulgaria	Ataka	Right
Bulgaria	GERB	Right
Bulgaria	NFSB	Right
Bulgaria	Volya	Centre
Czechia	ANO2011	Centre
Czechia	SPD	Right
Estonia	EK	Centre
Estonia	EKRE	Right
Hungary	Fidesz-KDNP	Right
Hungary	JOBBIK	Right
Latvia	KPV LV	Centre
Lithuania	TT	Right
Poland	PiS	Right
Poland	Kakis	Right
Slovakia	Smer-SD	Centre
Slovakia	SNS	Right
Slovakia	OLaNO	Right
Slovakia	PS	Left
Slovenia	SDS	Right
Slovenia	SNS	Right
Slovenia	Levica	Left
Slovenia	LMS	Centre
Croatia	HDSSB	Right
Croatia	Most	Right
Croatia	ZZ	Centre

Of these parties, the PiS party in Poland and the Fidesz party in Hungary are currently in power. In both cases, it is a widespread opinion that the dissatisfaction with the corruption of the previous government coupled with the not very positive economic situations and the rejection of liberal values were big drivers of these governments' electoral success (Kornai, 2015; Enyedi, 2020). In both cases, their leader put pressure on critical or free media, violated minority rights, undermined key institutions such as independent courts, and constrained the opposition (Mounk, 2018). In other terms, they took illiberal connotations rather than authoritarian ones. Muller (Müller, 2016) also created a framework based on the following points regarding the specificities of manifestations of populism in Central and Eastern Europe.

- *Colonization of the state.* What is important to reiterate is that populists are not ‘against institutions’ per se. They only oppose those institutions that fail to produce morally convenient political outcomes according to their goals. Populists in power are fine with the institutions that reinforce or do not threaten their electoral outcome. One major example can be considered “The Hungarian Fundamental Law” passed in 2012, which sets the policy preferences of the government in the constitution (Müller, 2016). Such law is unfortunately famous for “have curbed the independence of the judiciary and the administration of justice, have forced nearly 300 judges into early retirement, (and) have imposed limitations on the Constitutional Court’s ability to review laws and complaints” (Human Rights Watch, 2013).
- *Mass clientelism or “discriminatory legalism”.* This mechanism implies that those who do not belong to ‘the people’ should be treated harshly. In other words “for my friends everything, for my enemies the law” (Diamond and Morlino, 2005). We define clientelism as the use of patronage on a large scale, like granting a benefit to a certain sector of the population to gain political support (Fukuyama 2014; p. 60). For example, independent media outlets started to conduct self-censorship because of unclear regulations and felt the pressure of declining public and private advertising revenue. (Human Rights Watch 2013). Another case is the one of the tobacco licenses system, where “The reshaping of the tobacco market showcased favouritism, illustrating the government’s determination to employ its regulatory power to promote the business interests of political loyalists” (Martin, 2017b).
- *Systematic repression of civil society.* This mechanism follows the same logic as the colonization of the state. In this case, some examples would include the vague requirements to be classified as a religious group included in the 2011 Transnational Act or the “inadequate consultation with civil society or time for proper parliamentary debate and scrutiny; limited the independence of the judiciary and interfered with the administration of the courts” (Human Rights Watch, 2013).

Part of this thesis is also advanced by Kriesi (Kriesi, 2014). He states that “Central and Eastern European party systems have not yet produced mainstream parties that adequately represent their constituencies” (p. 19) because of the little institutionalization of the party system, the unsatisfaction with the never-changing elites, the public officials perceived “as acting in a corrupt manner when exercising their power” (p. 21), and

because of the general feeling of lack of representation and change. This, of course, is due to very complex historical reasons. There was, of course, an initial period of optimism, goodwill, and consent for liberal-democratic and capitalist reforms, but a backlash against the technocratic elites of transition was inevitable once the public began to experience the hardships of transition (Stanley, 2017).

In the context of new and volatile party systems, populism offered political entrepreneurs a means to aggregate support from a variety of groups who had different reasons to be discontented with mainstream political elites. For this reason, the two most accredited theories behind populism in Central and Eastern Europe are ‘centrist populism’ and ‘radical populism’. While the first one advocates for populists to largely exploit dissatisfaction with corrupt and incompetent leaders, rather than rejecting the politics of transition, the latter states that populism in Central and Eastern Europe would consist in a backlash against the liberal politics of post-communist transition and the elites responsible for implementing these reforms. This goes hand in hand with the idea of ‘after-1989 political hangover’, which is the realization that the idea that majority rule and the rule of law would always go together was an illusion (Müller, 2016).

1.2.2.1.3.2 Southern Europe

The political space in Southern Europe is characterised by a permanent struggle with economic austerity and “calls for democratic renewal” (Hutter, Kriesi and Vidal, 2018). The Euro crisis, structural problems, policy errors, and the persistent perception of corruption are all elements that paved the way for the rise of parties that use populist rhetoric to challenge the status quo. The Euro crisis led governments to implement policies that were unpopular and that created discontent towards neoliberalism and the European elites in general. This situation resembles what happened in Latin America after the Washington Consensus, and it is why Southern Europe is the only region with the consistent presence of left-wing and centrist parties in Europe as shown in Table 6.

It is important to also keep in mind that “those countries in which democracy preceded modern state building have had much greater problems achieving high-quality governance than those that inherited modern states from absolutist time ” (Fukuyama and Continuation of: Fukuyama, 2014). If the transition from patrimonial to a modern state happened right after the establishment of democracy, then the chances of having clientelism and patronage when a populist is in power are going to be much higher. This helps us understand how Latin America, Central and Eastern Europe, and Southern Europe have common elements that led the three regions to be hubs for populist rhetoric.

Table 6. Table 3. Parties Characterised by Populist Rhetoric in Southern Europe in 2019, CHES data and the PopuList.

Country	Party	Position
Greece	SYRIZA	Left
Greece	EL	Right
Greece	MR25	Left
Spain	Podemos	Left
Spain	Vox	Right
Italy	LN	Right
Italy	FI	Right
Italy	FdI	Right
Italy	M5S	Centre
Cyprus	SYM	Centre

1.2.2.1.3.3 Northern Europe

Northern European populist parties mainly exploit the fear of immigration and ‘Islamization’ as part of their discourse (Noury and Roland, 2020). Interestingly, these parties openly advocate for liberal values such as freedom of speech, secularism, and individual freedom. However, they manipulate these values in the name of protecting the liberal rights of groups such as women and the LGBTQ+ community. They create a form of exclusionary politics inside their own country in the name of liberalism. This concept is related to the concept of ‘romantic liberalism’ (Gustavsson, 2014), but it is defined in terms of politics as ‘illiberal liberalism’ (Moffitt, 2017). Illiberal illiberalism states that is acceptable to exclude certain groups in the name of protecting the individual values of certain other groups. It is interesting to notice that in Northern Europe actors characterised by populist rhetoric completely lack an economic dimension in their discourse, yet they openly borrow and manipulate liberal ideas for their electoral gain and propose some potential limitation of liberal values (Moffitt, 2017). This ‘traditional/authoritarian/nationalist’ side of their discourse is potentially why the populist parties characterised by populist rhetoric in Northern Europe position themselves on the right-wing spectrum (Table 7).

Table 7. Parties Characterised by Populist Rhetoric in Northern Europe in 2019, CHES data and the PopuList.

Country	Party	Position
Denmark	DF	Right
Denmark	NB	Right
Finland	PS	Right
Sweden	SD	Right
Norway	FrP	Right

1.2.2.1.3.4 Western Europe

Western Europe has highly institutionalised political systems where modern state-building preceded democracy. Parties and political actors challenge the political status quo by questioning the cultural dimension rather than the economic one. While the left advocates for individual autonomy and universalistic values; the right focuses on European integration, immigration, and a homogenous nation-state (Hutter, Kriesi and Vidal, 2018). Today, populist rhetoric is equally widespread both on the left- and right-wing side of the spectrum, as highlighted in Table 8. Despite the literature being more focused on right-wing parties, on both sides of the spectrum we still have cultural dimensions leading them. While the right glorifies the ‘homogenous true people’, the left glorifies ‘the good people’ (Rooduijn and Akkerman, 2017). However, left parties also blame ‘the elites’ for economic problems typical of Western societies such as intra-countries economic inequality (Rooduijn and Akkerman, 2017; Mouffe, 2019a).

Table 8. Parties Characterised by Populist Rhetoric in Western Europe in 2019, CHES data and the PopuList.

Country	Party	Position
Austria	FPO	Right
Belgium	VB	Right
Germany	LINKE	Left
Germany	AfD	Right
France	RN	Right
France	FI	Left
France	DLF	Right
Ireland	SF	Left
Luxemburg	DP	Centre
Luxemburg	ADR	Right
Netherlands	SP	Left
Netherlands	PVV	Right
Netherlands	FvD	Right

1.2.2.2 Theories

In conceptualising policy positions and looking at their effects, this work aims to look at theories on how parties and government shape policy preferences and how in turn these policy preferences affect easy-to-measure indicators such as economic growth. Given the nature of the only two examples of governments characterised by populist rhetoric in Europe, Hungary, and Poland, we also look at the effects of illiberalism and authoritarianism on economic growth.

1.2.2.2.1 Government and parties in shaping policies and policy preferences

This research aims at understanding what are the policy preferences of parties characterised by populist rhetoric and what is their overall effect when one of such parties comes into power. It is then important to understand how parties choose policy preferences and how these in turn shape government policy preferences. Politics, the use of power to maintain control of a certain territory, and policy, the system of rules to achieve a certain outcome, are strongly interrelated. Policy preferences are in this context an intermediary element between the two. The policy preferences expressed by a party are an integral part of its politics as they serve to get votes and attention. These policy preferences have, in turn, a concrete effect on a country's policymaking (Dahl, 1961). Once a party is in power in a democratic system it is expected to implement at least part of the policy preferences expressed before.

The relation between a country's politics and the policy preferences of its parties is not always straightforward (Matheson, 2016a). The policy preferences of a party can be circumstantial and even drastically change when a party is in power. In many instances, politics and policy preferences do not translate into the desired policymaking because of institutional interferences, societal constraints, or political strategy (Pierson, 1996a; Kumlin and Stadelmann-Steffen, 2014a; Wlezien and Soroka, 2016a). For example, in Europe, we know that Central and Eastern Europe tends to have a cronyist approach to policymaking despite strong anti-elite policy preferences (Martin, 2017a; Stadelmann-Steffen and Eder, 2021a). In this sense, we can say that politics translates into policies via the expressed policy preferences only in specific policy environments without institutional, cultural, or political constraints.

Consequently, we do not imply a cause–effect relation between politics, policy preferences and politics. Nonetheless, it is still important to understand policy preferences as they are a strong link between politics and policy (Cooper and Williamson, 1994a; Tharanga, 2018a). In this case, they aim at informing how policies could diverge between different parts of Europe, especially if they are fundamentally different as analysed in the cluster analysis. The four clusters identified at the end of this paper, which partially but not fully represent the division between populist, right-wing, left-wing and centrist parties, give an insight into how politics and very likely policies will further diverge in Europe. There is a fundamental policy preference difference among European parties that

is given by different ideological stances rather than geographical location that might foster even more divergent policies in the future.

1.2.2.2 How policies affect economic growth

Policies play a crucial role in shaping economic growth within the realms of political science and economics. In both disciplines, scholars recognize that government actions and regulations have the potential to significantly impact a nation's economic performance. Political scientists explore the influence of policy choices on economic growth by analysing how different governance structures, such as democracy or authoritarianism, shape policy-making processes and implementation. They investigate the role of institutions, political stability, and the presence of checks and balances in enabling effective policy formulation and execution, which in turn affects economic growth rates.

Economists, on the other hand, examine the impact of specific economic policies, such as fiscal and monetary measures, trade and investment policies, taxation, and regulatory frameworks. They analyse the incentives and disincentives created by these policies and evaluate their effects on investment, productivity, market efficiency, and overall economic performance. Both political science and economics converge in acknowledging that well-designed policies, characterized by transparency, stability, coherence, and efficiency, can foster economic growth, while poorly implemented or misguided policies can impede progress and hinder development. The interdisciplinary study of policies in political science and economics provides valuable insights into the intricate relationship between governance and economic outcomes, offering policymakers guidance in formulating strategies that promote sustainable and inclusive growth.

1.2.2.3 Effect of illiberalism, authoritarianism, and populist rhetoric on economic prosperity and convergence

The effect of illiberalism, authoritarianism, and populist rhetoric on economic prosperity and convergence is a subject of significant academic inquiry. Scholars across political science and economics recognize that these phenomena can have profound implications for a country's economic development. Illiberalism can erode institutional quality and undermine investor confidence. Such erosion may lead to weakened property rights, increased corruption, and reduced economic competitiveness. This is also at the base of the study on the divergence between Georgia and Estonia, which points to the

different economic environment as the reason the two countries had such different paths despite the similar starting conditions (Gylfason and Hochreiter, 2009a)

Authoritarian regimes, marked by concentrated political power and limited civil liberties, often prioritize political stability over economic liberalization. While this approach may initially result in short-term economic gains, long-term sustainability and innovation can be hampered by lack of accountability, limited freedom of expression, and constrained market competition (Acemoglu, 2020). Populist rhetoric, which often relies on divisive appeals to the public's emotions and interests, may generate short-term political gains but can undermine economic stability and predictability. It can foster an environment of economic nationalism, protectionism, and policy volatility, deterring foreign investment and impeding international trade. Overall, the effects of illiberalism, authoritarianism, and populist rhetoric on economic prosperity and convergence are complex and context-dependent (Nauro F. Campos, Coricelli and Moretti, 2019a). Understanding the intricate dynamics between politics and economics is crucial for policymakers and analysts seeking to promote sustainable economic growth and convergence.

1.2.2.3 Models

According to Skidelsky (2020), “If economists wished to study the horse, they wouldn’t go and look at horses. They’d sit in their studies and say to themselves, ‘What would I do if I were a horse?’ And they would soon discover that they would maximise their utilities”. This quote summarises how most of the research in economics and social sciences is conducted. In this research, we use two methodologies that build theory from the data rather than confirming theory-looking data. These two methodologies belong to two bigger families called pattern recognition and quasi-experiments.

1.2.2.3.1 Patterns Recognition

Pattern recognition, also known as the automated recognition of patterns and regularities in data, is a fundamental concept in the field of data analysis. It involves the development and application of computational techniques to identify and categorize patterns in large datasets, enabling the extraction of valuable insights and knowledge. Several key methodologies are commonly employed within this field. First, machine learning algorithms, such as decision trees, support vector machines, and neural networks, enable the development of models that can automatically learn patterns and make predictions or classifications based on training data. These algorithms use statistical and

computational techniques to identify complex patterns and relationships in data. Second, feature extraction methods focus on reducing the dimensionality of data by selecting or transforming relevant features that capture the underlying patterns. Techniques like principal component analysis (PCA) and wavelet transforms help identify salient features that maximize the discrimination between patterns.

Third, clustering algorithms, including k-means, hierarchical clustering, and density-based clustering, group similar data points together based on proximity or similarity measures. These methods aid in uncovering hidden structures and patterns within datasets. Fourth, classification and regression techniques, such as logistic regression and support vector regression, use labelled data to identify patterns and make predictions or estimate continuous values. Finally, dimensionality reduction methods, such as linear discriminant analysis (LDA) and t-SNE, aim to reduce the complexity of high-dimensional data while preserving its important patterns and structures. These methodologies collectively provide a comprehensive toolkit for the automated recognition of patterns and regularities in data, empowering researchers and practitioners across various disciplines to gain valuable insights and make informed decisions based on complex datasets.

Cluster analysis, as a methodology within the family of pattern recognition techniques, plays a crucial role in this process. Cluster analysis aims to partition data into groups or clusters based on similarity or proximity, allowing the identification of inherent structures and patterns within the dataset. By employing various algorithms and statistical methods, cluster analysis enables the exploration of relationships and associations among data points, facilitating the identification of hidden patterns, trends, and outliers. This methodology has diverse applications across various domains, including market segmentation, image recognition, bioinformatics, and social network analysis. Its integration within the field of pattern recognition provides researchers and analysts with a powerful tool for uncovering meaningful patterns and organizing complex datasets, thereby enhancing the understanding and utilization of data-driven insights.

1.2.2.3.2 Quasi-Experiments

Quasi-experiments are research designs that resemble true experiments in their attempt to establish causal relationships but lack full control over the assignment of treatments to participants. In the social sciences, quasi-experiments serve as valuable alternatives when randomized controlled trials are not feasible or ethical and the researcher wants to assess causality without using Structural Equation Modelling (SEM).

Quasi-experiments allow researchers to study the impact of interventions, policies, or natural events on social phenomena. One widely used quasi-experimental method in the social sciences is the synthetic control method. This method constructs a "synthetic" control group by combining multiple control units to create a weighted average that closely resembles the characteristics of the treated unit. By comparing the outcomes of the treated unit with those of the synthetic control group, researchers can estimate the causal effect of the intervention or event. The synthetic control method offers a valuable approach for assessing the impact of specific interventions or policies, particularly in situations where traditional experimental designs are impractical. It provides a rigorous framework for inferring causal relationships, facilitating evidence-based decision-making and policy evaluation in the social sciences.

Synthetic Difference-in-Differences (Synthetic DiD) and matching are also two commonly used approaches in the social sciences for assessing causality. Synthetic DiD is a quasi-experimental method that combines the advantages of difference-in-differences (DiD) designs with synthetic control methods. It involves constructing a synthetic control group that closely approximates the counterfactual scenario in the absence of the treatment or intervention. By comparing the pre-and post-treatment outcomes of the treated unit with those of the synthetic control group, researchers can estimate the causal effect of the treatment.

This approach is particularly useful when there is no direct control group available or when the treatment is applied to a single unit. Matching methods, on the other hand, involve selecting comparison units from a pool of untreated units that closely resemble the treated unit in terms of observable characteristics. The aim is to create a balanced comparison group that is similar to the treated group on covariates, ensuring that any observed differences in outcomes can be attributed to the treatment rather than pre-existing differences between groups. Matching methods, such as propensity score matching or nearest-neighbour matching, provide a valuable tool for estimating causal effects in situations where randomized controlled trials are not feasible or ethical. By accounting for observable differences and creating valid counterfactuals, synthetic DiD, and matching methods contribute to the rigorous assessment of causality in the social sciences, enhancing our understanding of the impact of interventions and policies on various social phenomena.

1.2.3 Single Conceptual Framework

This work aims at conceptualising the policies linked to governments characterised by populist rhetoric and measuring their effects in Hungary. It conceives populism and the related characteristics as the independent variable, and economic prosperity as a dependent variable. Consequently, the literature focused on the conceptualization of populism and how this interacts with political choices in different contexts. What we already know about these concepts is nonetheless elusive. For example, the concept of populism is still fiercely debated between its political, cultural, discursive, and ideological dimensions. The first two are still extremely relevant while the last two are the most popular in the recent literature. The term evolved together with the social sciences literature itself, and it went from a deep-yet-specialised meaning to a more minimalistic-yet-generalizable one. Today, the tendency is to assimilate social sciences to exact sciences in their attempt to be universalistic (Jackson, 2016). However, being human actions and predicts the subject of social sciences, it is fundamental to keep into account the context of each phenomenon under study.

Nonetheless, the history of the concept of populism shows us that the term itself was born as a reaction against the rural-urban divide of the 19th Century (Madrid, 2006). In a way, populism can be considered a desperate attempt to regain control over unstoppable progressions and evolutions. In Latin America, it has always been a desperate (and sometimes simplistic) attempt to feel you were maintaining control over the commodities market or foreign institutions. In Central and Eastern Europe, it can be seen as a desperate attempt to feel national control in a globalized system after centuries spent fighting for it. In Southern Europe, it can be seen as a desperate attempt to maintain a perceived prestige over a declining and unstoppable economic situation.

It is interesting to see how it is possible to understand these contextual elements based on Mudde's definition of populism. 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" (Mudde, 2004b). However if we look at specific contexts, it can also still be a "rhetoric that constructs politics as the moral and ethical struggle between *el pueblo* (the people) and the oligarchy" (de la Torre, 1997a). The ideological and discursive definitions are universalistic yet limited in giving us an understanding of how populism manifests itself and shapes the world around us. On the other hand, the political definitions of populism

(de la Torre, 1997b; Weyland, 2001a) are better suited to identifying a chain of causation and to operationalize populism as an independent variable.

The definition of populism as a strategy has three main components: policy choices, political organization, and forms of mobilization. It is linked primarily to Latin America, where it was primarily used, and for this reason, it is often confused with other political phenomena such as fascism or socialism. The populist policy cycle is the best example of this (Dornbusch and Edwards, 1989b; Sachs, 1990). In the 1990s economists stopped using theories such as structuralism, dependency theory, stages of development, and populism as a political strategy, among others. These theories were all born around the same time, and they all had a similar purpose: understanding the context so well to be able to apply a targeted top-down approach to ignite economic growth and prosperity. Economists abandoned these theories because of their limitations and because they did not reflect well in empirical data. The context was changing and so was the idea that certain phenomena were fixed and immutable.

Economists and policymakers came back with a new idea, ‘the 1990’s policies mix’: a combination of macroeconomic stabilization, trade liberalization, financial sector reform, privatization and deregulation, public sector reform, and democratization is the best option based on classical neoliberal theories. The goal of this mix is to minimize fiscal deficits, inflation, and tariffs, while maximizing privatization, and liberalization of finance. Rather than a specific top-down series of actions, it involves a more generic set of principles that each country can apply independently. Both the European Union and the International Monetary Fund used these principles as guidelines for their development policies (Lütz and Kranke, 2014). However, these policies brought over the decades very mixed results and did not close the economic gap between rich and less rich economies. The reason they did not work is that these principles were primarily focused on efficiency, while what we know so far from growth theories is that the best way to implement prosperity is by implementing macroeconomic stability and accountability of institutions, which should in turn lead to policies focused on the efficient use of resources, education, healthcare, and social capital. Even now we do not know whether more macroeconomic stability is to lead to accountable institutions or vice versa. We only know that besides institutions also luck, geography, and culture play a role (Acemoglu, Johnson and Robinson, 2004).

So far economists do not know how to solve economic problems with a top-down approach, and we do not know how to help countries implement accountable institutions and good practices when they do not do it by themselves. We also know that populism

happens both in prosperous societies with accountable institutions and vice versa (Moffitt, 2017). However, if a policymaker is still not able to give way to accountable institutions or macroeconomic stability, they might still have soft control over culture. This relates to the last and fourth main definition of populism, the cultural one, which is also more related to the more recent literature on the topic. The cultural definition states that if politically we have the right-wing versus left-wing axis, culturally we have the cosmopolitan versus populist axis, where populism is the ‘flaunting of the low’ (Ostiguy, 2009). In other terms, we cannot change a country’s geography or luck. But what if we understood how its people voted and acted? Wouldn’t that give policymakers a chance to intervene in the causes that lead to a particular behaviour? Many seminal works on populism exist within this framework (Inglehart and Norris, 2016b; Algan *et al.*, 2017; Guiso *et al.*, 2017b). These works debate and try to estimate whether people vote for populism because of economic insecurity or cultural reasons. The interaction and chain of causation between these two theories is not clear, but they both revealed that a combination of the two is relevant in determining whether a populist party will be successful. It gives economists and politicians some first policy suggestions on how to slow down the rise of these parties.

What we know today is that even if cultural issues are fundamental in causing populism, we do not know if these are caused by economic problems or an unavoidable identity shift. In the same way, we do not know how to implement accountable institutions if they do not happen themselves, we do not know how to change culture or reduce economic insecurity if it does not happen itself. It is very unlikely that a country would implement a welfare system that it did not already implement itself only in the name of preventing the rise of populist parties. For the same reason, even without denying the inestimable value of this kind of research, it is fundamental to explore what happens when populist leaders come to power, and whether they further deteriorate already existing problems. On one side it is important to ‘complete the equation’ in identifying policy practices in Europe in the contemporary study of populism. On the other, despite all the political and economic limitations of the 1960s-1980s, the political and economic models connected to populism still have incomparable value in terms of potential policy recommendations and in-depth understanding of their case studies, and their understanding can be fundamental for this goal.

1.2.4 Coherence of the Conceptual Framework with the Examined Topic

In this section, we highlight how the conceptual framework relates to the topic of this research. The relation between the main concepts is highlighted in the Directed acyclic graph (DAG) in Figure 1. DAGs are commonly used in research to visualize the expected relation between concepts. The arrows detect causality in one direction. Nodes are variables linked by research.

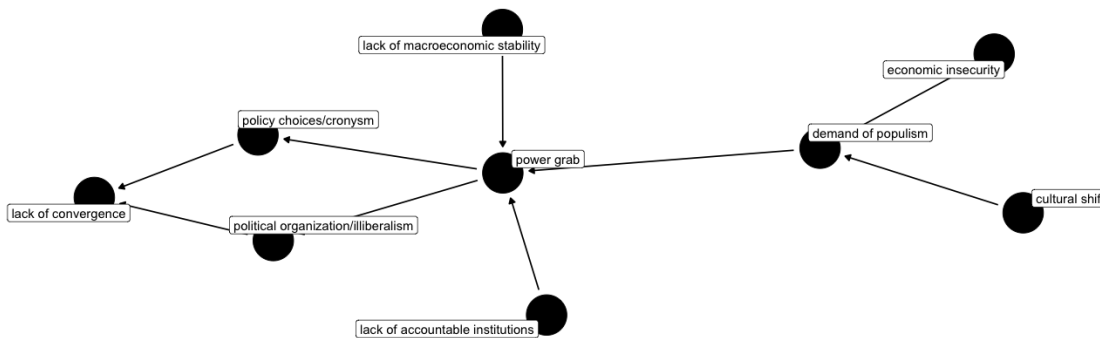


Figure 1. Directed acyclic graph (DAG) of conceptual framework/populism in Europe.

This DAG tries to represent how populism manifests itself in the context of Europe. On the right side of the picture, we can see how economic insecurity and cultural shifts, whether real or perceived, cause the demand for parties characterised by populist rhetoric (Guiso *et al.*, 2017a). However, this alone could not cause the rise of a party or leader characterised by populist rhetoric alone. This is for example the reason why we do not witness the rise of this kind of actors in regions of Europe such as Northern Europe. On the other hand, the presence of structural problems such as the lack macroeconomic stability and the lack of accountable institutions do create the breeding ground for questioning existing political systems in the name of ‘the people’ (Gyorffy, 2018; Rodrik, 2021). This in turn creates a context of ‘democratic illiberalism’ (Pappas, 2016), which leads to policies that foster cronyism while never turning into full authoritarianism (Canovan, 2004). These imply changes not only on the policy choices level but as well on the political organization one, as highlighted in the definition of populism as a political strategy (Weyland, 2001a). This proved to have a negative effect on economic performance and prosperity in the context of Europe (Funke *et al.*, 2020a; Guriev and Papaioannou, 2020a)

1.3 Relevance

1.3.1 Relevance of the Theoretical Ambition

The main theoretical contribution of this research is a configurational analysis of populism in Europe. By doing so, this research contributes to the growing literature on the way populism manifests itself in specific socioeconomic contexts. (Moffitt, 2017; Hutter, Kriesi and Vidal, 2018; Kyle and Gultchin, 2018a). It does so by creating a framework that identifies specific policy preferences in Europe in 2014 and 2019 according to geographical position and party positioning.

1.3.2 Relevance of the Research

The rest of the research contributes to the literature by expanding the literature on the effect of policies connected to populist rhetoric on the Hungarian case and by using new methodologies such as Synthetic Difference-in-Differences in the field.

1.3.3 Place of the Problem in the Relevant Academic Literature

Six countries in Europe are autocracies and six other countries are led by leaders characterised by populist rhetoric as of 2022 (V-Dem Institute, 2022). Now more than ever, the relationship between populism and democratic backsliding should be of interest to academia and social research. The recession of democracy and the rise of hybrid illiberal regimes across the globe have nonetheless been a concern among scholars for more than twenty years (Levitsky and Way, 2020). Despite the variety of these rising illiberal regimes, Central and Eastern Europe is often mentioned as one of the epicentres of this problem (Kelemen, 2017). In this context, the rise of this kind of regime has mainly been studied in a discursive way, giving great insight into the way they politically operate but leaving little insight for a systematic comparative study of these regimes inside Central and Eastern Europe and for looking at their possible consequences. This thesis tries to contribute to this framework by doing three things: conceptualising populist policymaking in contemporary Europe, underlying the relation between populism and policymaking, and quantitatively measuring the effects of these kinds of policies and economic growth.

Measuring correlation and causation in political science and economics is an extremely hard task. Two specific branches of social research deal with this problem: experiments, correlation research, and quasi-experimental methodologies. The first one, experimental research, is the one where a researcher administers a treatment (like for example a monetary benefit) to a group and does not administer everything with another

one with similar characteristics. The observed difference between the two groups is the direct effect of the event, policy, or whatever has been used as a treatment. These methodologies have been used in recent years in small groups or villages (Dupas, 2001), but they are extremely hard and expensive to implement. They cannot be used for the time and resource limitations explained above, especially with a lot of individuals or for macro-aggregates. To bypass these limitations, researchers have been working on the so-called quasi-experimental methodologies. Instead of administering a treatment, in quasi-experimental research, you replicate artificially the treated group and compare it to the actual observations (Abadie and Gardeazabal, 2001; Cerulli, 2019; Nauro F Campos, Coricelli and Moretti, 2019). For what concerns countries, this methodology is a 'quantitative evolution' of natural experiments in social sciences, also known as Most Similar Design. One main example of this kind of study using descriptive statistics and used as an inspiration for the first part of this dissertation is the one comparing Estonia and Georgia from Gylfason and Hochreiter (Gylfason and Hochreiter, 2009b).

An evolution using a methodology like the one used in this research is the work "Institutional Integration and Economic Growth in Europe" by Campos, Coricelli and Moretti (2019). Two examples that follow the structure of this thesis more in detail, which is a data science approach that goes from exploration and visualization to prediction and quasi-experiments are the following two works: "Contemporary Populism: Actors, Causes, and Consequences Across 28 Democracies" (Castanho Silva, 2017) and "Detecting Voter Fraud in an Electronic Voting Context: An Analysis of the Unlimited Re-election Vote in Venezuela" (Levin *et al.*, 2009).

1.4 Difference

In this section, we summarise how the theoretical problems and the empirical approaches significantly differ from each other. While the research questions are summarised in Table 1, in Table 9 we summarise the theoretical problem and the empirical approach for each paper part of this work.

Table 9. Summary of Theoretical Problem and Empirical Approach for Each Chapter

Paper	Theoretical Problem	Empirical Approach
Understanding Contemporary Populism Through the Latin American Experience	How the Latin American experience with populism and the context that led to the literature on this topic can help researchers understand contemporary populism and its management in Europe.	Systematic Literature Review
Clustering and Analysing Relevant Policy Dimensions of Populist, Left-Wing, Centrist, and Right-Wing Parties across Europe	A new configurational analysis of policy preferences of all parties in Europe and whether the ones characterised by populist rhetoric have a specific configuration based on their political side or geographical position.	Factor Analysis and Cluster Analysis
The Economic Effect of Populist Rhetoric in Hungary	Measuring the overall effect of policy choices and political organization on GDP at equal purchasing power parity in Hungary between 2010 and 2020.	Synthetic Control Method, Difference-in-Differences, Synthetic Difference-in-Differences

1.4.1 Synergies of the Theoretical Approaches

The three papers have very different theoretical problems as highlighted in Table 9. This work’s overarching theoretical ambition, as highlighted in Table 1, is to understand what policies are linked to populist rhetoric in Europe and assess their economic effects. To do so, we first create a theoretical basis to re-conceptualise populist policies according to the literature (paper 1). In this part, we also refer to the literature on Latin America to complete the conceptual framework as it spans from the literature on the demand and supply of populism to the more recent literature measuring its effects. Once we have this, we look at what are the policies linked to populist rhetoric in Europe in a quantitative way, to create a configurational analysis of populism (paper 2). We then measure the effects of a representative case on economic growth (paper 3). Overall, these three theoretical ambitions complement each other in answering the overall theoretical ambition. However, the complexity of the overall theoretical ambition, as discussed in the conceptual framework section, requires the creation and solution of more concise theoretical problems. These smaller theoretical problems also have different units of analysis, so this is why they can better be addressed in three separate papers.

1.4.2 Synergies of the Empirical Approaches

The three different theoretical approaches require three different methodological ones. In the following subsections, we explore more in detail how each of the theoretical ambitions matches with the chosen methodology.

1.4.2.1 Paper 1

The first paper deals with the conceptualization of economic populism and policies linked to populist rhetoric considering the European experience. Dealing with different conceptualizations and literature approaches, it can only use a qualitative approach. In light of the overall theoretical ambition, it is important to notice that configurational analyses and evaluation designs are more and more supported by theory-based methods that include Systematic Literature Reviews, Qualitative Comparative Analysis (QCA), Realist evaluation, Process Tracing, Contribution Analysis, Bayesian Updating, Contribution Tracing, Most Significant Change, Outcome harvesting, and Simulation modelling (HM Treasury, 2020). Because of the nature of the research question systematic literature review seems to be the most appropriate methodology for this section.

1.4.2.2 Paper 2

The second paper is a configurational analysis of the policy preferences of populist parties in Europe. The methodology is chosen in line with the research on the supply of populism that deals with parties as a unit of analysis (Meijers and Zaslove, 2021a; Celico, Rode and Rodriguez Carreño, 2022; Di Cocco and Monechi, 2022). It seeks more particularly to provide a clearer understanding of the political preferences of populist and anti-establishment parties in Europe. The Chapell Hill Expert Survey (CHES) data allows for this comparison by providing data for all political parties for thirty-two EEA Member states. The CHES database maps the policy positions of all parties across Europe by summarising the opinions of 337 experts on each topic for each party. This way it tries to remove the biases of the individual experts and to have an objective measurement for each position. It measures the opinions on a seven-point or eleven-point Likert scale. These scales drew on previous attempts to capture policy positions and were designed to fit within a cross-national framework. The selected questions provide insights into parties' opinions regarding (a) positions toward the European Union, (b) positions toward democracy, (c) positions toward libertarian vs. traditional issues, and (d) ideological stance. In addition to the ideological side of the

party provided by CHES, we merge data from the PopuList database (Rooduijn et al., 2020). In this database, the parties are classified as populist by 106 experts, and populism is defined as a thin ideology (Mudde 2004). The main methodology is cluster analysis. This methodology is used to investigate whether the parties' clusters themselves according to a right-left-centrist-populist criteria. The number of clusters was set to four to potentially match the left-right-centre-populist classification. This analysis makes us able to see if there are statistically different policy positions among these groups, so it helps us understand if parties characterised by populist rhetoric have fundamentally different policy preferences. We also repeat the cluster analysis by geographical side to further match the theoretical ambition.

1.4.2.3 Paper 3

This third paper aims to investigate the effect of populist rhetoric on economic growth, using Hungary as a representative case study. The choice of Hungary as the case study is based on the results of previous chapters and serves to shed light on the broader implications of populist rhetoric. To measure this effect, we employ quasi-experimental and pattern recognition methodologies, specifically Synthetic Control, Difference-in-Differences, and Synthetic Difference-in-Differences. These methodologies provide a comprehensive view of the impact of populist rhetoric on Hungary's GDP PPP, revealing an overall negative effect. The choice of the methodology and the structure of the paper is inspired by similar papers with similar theoretical problems (Funke, Schularick and Trebesch, 2016b; Fetzner and Wang, 2020a).

Nonetheless, we are aware that this methodology should be complemented by a qualitative narrative to make the quantitative findings interpretable and understandable. This macroeconomic result is intricately linked to institutional dynamics within Hungary, and this is not highlighted by the quantitative analysis. We believe that the underlying institutional mechanism that led to the negative effects on economic growth could be hypothesized as follows:

1. Hungary adopted liberal democratic institutions at the end of the 20th century driven by the desire to break free from its authoritarian communist past and with the desire of getting similar security and economic prosperity to the one present in Western Europe.
2. However, the anticipated economic prosperity did not materialize for a variety of reasons (Györfy, 2021a). In 2010, Hungary also faced economic turmoil, partly due to the mismanagement of the government at the time. Furthermore,

the increasing immigration happening all over Europe threatened the perception of security.

3. This turmoil was politically exploited through a narrative with populist connotations, suggesting that the European Union and globalization had failed to deliver the expected level of security and prosperity to Hungary. Instead, the European Union and ‘Brussels’ were portrayed as promoting excessive liberalization and imposing ‘liberal values’ potentially damaging to Hungary (Enyedi, 2020).
4. This political narrative laid the groundwork for the establishment of a hybrid regime and a progressive constraint of democratic institutions. In this regime, the state assumed greater control of the economy, media outlets were centralized, and cronyism became more widespread (Havlík, Vratislav, and Vít Hloušek, 2021).
5. These developments, in turn, exerted a negative impact on economic growth, as competition decreased, and information became more one-sided. This is what in turn is measured in the third paper using quasi-experimental methodologies.

Our investigation reveals that populist rhetoric in Hungary has had an adverse effect on economic growth, as measured by the GDP PPP. The negative outcome can indeed be attributed to a complex interplay of factors, including the erosion of democratic institutions and the subsequent emergence of a hybrid regime. While our paper primarily focuses on quantitative analysis, recognizing the importance of including qualitative narratives, we acknowledge that these institutional dynamics play a critical role in understanding the causal relationship between populist rhetoric and economic outcomes in Hungary. Further research is warranted to delve deeper into these institutional changes and their consequences. This study contributes to the growing body of literature exploring the multifaceted impact of populism on economic development and democratic institutions.

2 UNDERSTANDING CONTEMPORARY POPULISM THROUGH THE LATIN AMERICAN EXPERIENCE¹

Abstract: 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 helps us understand as well why we still do not have a shared definition of populism. We overall lack the balance between generalisable and local definitions to help leaders manage the contemporary violence of populism.

Keywords: populism, Latin America, management, institutions

2.1 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 (Vilalta, 2020). 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 a light on their relation today.

The reason for the lack of scientific interest why in this context is because 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 wrote by Cas Mudde in page 543 of *The Populist Zeitgeist*.(Mudde, 2004a) This definition became the mainstream one for its capacity to encompass very different manifestations of populism across the world. This

¹ This paper is published as: Cossu, E. (2021) ‘Understanding Contemporary Populism Through the Latin American Experience’, *AARMS – Academic and Applied Research in Military and Public Management Science*, 20(3), pp. 49–63. Available at: <https://doi.org/10.32565/aarms.2021.3.4>.

in turn led researchers to focus more what makes voters attracted to populist parties rather than on populist leaders in power (Guiso *et al.*, 2017a).

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 (Quijano, 1989). Bolsonaro, leader of Brazil since 2019, is a notable example (Kyle and Gultchin, 2018a). As well 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* (Egorov and Sonin, 2020), 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 (Kaltwasser and Taggart, 2016). 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 populism's consequences, 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 with what still apply to contemporary experiences of populism around the world.

2.2 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, multiple 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. It is also important to summarise what all these dimensions must bring to the table for what concern populism to understand how “scholars to avoid specify their own understanding of populism”(Mudde and Kaltwasser, 2017). First, the paper will briefly outline the evolution of the concept. It is important to know the main milestones of populism’s history 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 story short, the concept of populism can be summarized in six main historical phases.

- a) *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" (Mudde and Kaltwasser, 2017). ‘The people’ are not only supposed to keep the source of power in check, but they assume as well 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 spread across the word, 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.
- b) *Early Twentieth Century*. Populism flourishes in Latin America in a first wave (1920-1925), and then in a ‘classic’ wave (40s-50s). There is "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" (Mudde and Kaltwasser, 2017), which led to iconic leaders such as Perón, Vargas, and de la Torre. Some (Germani, 1978) even argue that populism happened because of the sudden modernization process experienced by these countries.

- c) *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, academia tried for the first time to reflect on the concept of populism per se (Ionescu Ghiț *et al.*, 1969). After all, populism does seem to exist, and political economy can help explain its dynamics.
- d) *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 criticizes Marxism and economic determinism while paving a way for understanding the world in a confrontational and discursive manner.
- e) *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 a turn. Now leaders like Menem and Fujimori advocate for neoliberal policies, and the literature starts to debate whether populism is threatening democracy.
- f) *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 (Mudde, 2004a; Rodríguez Araujo, 2004). 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 conceptualizing populism (Gidron and Bonikowski, 2013). 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” (Mudde, 2004, p. 543). Ideology is here defined as a bundle of loosely interrelated ideas or as an interpretive framework that emerge because of the practice of putting ideas to work in language as concepts (Freeden, 2003). 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 scholars need to find and analyse the main ideas expressed by their leaders. However, as we discuss later, this definition 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 (de la Torre, 1997b). 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 organization, and forms of mobilization. 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” (Acemoglu, Egorov and Sonin, 2011a). 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 (Ostiguy, 2009). 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 as 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 (Rodrik, 2018).

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 affect political change" (Gidron and Bonikowski, 2013). 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 of definition limits populism to leftist or inclusionary forms" (Mudde and Kaltwasser, 2017, p. 38). 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.

2.3 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 once too often: this work believes that the connections between ideology, discourse and political strategy should be highlighted, especially to understand an elusive concept like populism (Filc, 2009). 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 are mainly methodological. The works based on this topic are exceptional in identifying the chain of causation, connecting the main elements of the context (sociocultural and historical), and then making 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 with 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" (Kingstone, 2019, p. 16). The instability of such a laboratory is given by its history and its contingent circumstances. If we briefly elaborate on those, it becomes clear what the lowest common denominator is between Latin America's and contemporary populism. To sum it up, Latin America's socio-economic and populist misadventures started in the 1920's. During this time, the continent underwent a massive number of abrupt changes, including the end of colonialism, massive industrialization, 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 at the 'classical wave' in the 1930's. 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 one side, we started to see the first examples of 'neoliberal' populism (e.g., Fujimori). On the other, 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 (Edwards, 2010). 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 a new form, the blue tide, which revived the same elements under a conservative layer in Argentina, Brazil, Guatemala, Honduras, Paraguay, and Peru.

2.4 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 (Rodrik, 2018), 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 continent's history, 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 (Drake, 1982). 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 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 questions 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 it is useful to keep in mind also for the contemporary world.

- a) *Structuralism*. Even if it is often omitted, populism was first defined in structuralist terms in mainstream academia (Sachs, 1990). Even if the definition has been completely discarded because of its low generalization 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 by its context and structure. Like all the following theories, they are often discarded because they make it possible by the way they are to distinguish their concepts from the specific Latin American instances.
- b) *Dependency Theory*. As we can guess by the title of the book “Dependency and Development in Latin America” (Cardoso and Faletto, 1979), there is often an implied link between economic dependency theory and the rise of populism. The theory was born specifically to understand the governments of Juan Domingo Perón in Argentina and Getulio Vargas in Brazil, 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" (O’Donnell, 1988). The economic version of the dependency theory, or Prebisch-Singer Hypothesis (Arezki *et al.*, 2014), 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 industrialize. 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 (Arezki *et al.*, 2014), it has a neo-Marxist and post-colonialist foundation and it can be linked to the import substitution model as its practical application, and as described in the next section. This approach can be linked as well to the fact that the convergence between CEE and the rest of Europe is slowing down (Batog *et al.*, 2019), 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.
- c) *Economic determinism*. This theory has the post-Marxist coating par excellence. It states that economic relationships are the base upon which all other societal characteristics depend. Argentina's Juan Perón based on "economic growth and social justice" are the perfect example (Conniff, 1999). 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.

- d) *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 in general, it refers to the frequent continent’s manipulation of the currencies and the foreign reserves (e.g., the Argentinian crisis). Even if their long-term effects are debated (Edwards, 2010), it is important for Europe as well to note the use of monetary policy as a political tool in the populist framework.
- e) *Import substitution strategy.* The strategy it is also known as the Import Substitution Model or ISI (Import Substitution Industrialization). It provides the rationale for the change of a country's import and export structure to foster its industrialization. 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 colonization, had no high wages or labour specialization, and was too dependent on commodities’ prices. In practice, it has been used as an excuse to implement unreasonable protectionism, subsidies, and to give populists a framework to temporally 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.
- f) *The Populist Policy Cycle.* When we look at the economic theories of populism born in Latin America, two authors were however able to create an interesting generalisation inside this case specific approach. Both Sachs and Dornbusch and

Edwards (Dornbusch and Edwards, 1989a; Sachs, 1990) detach themselves from the other authors by describing a more generic populist cycle. The first step in this “detachment” is the one from Sachs (Sachs, 1990). The author’s model is quite simple. Let's hypothesize a model with only an export based and a labour-based sector. Let’s 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 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 the gets out of control it will get a black market too.

- g) *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" (Dornbusch and Edwards, 1989, p. 6). 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 summarized 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 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 polarization). The authors focus only on Allende's Chile and García's Peru, instead of Perón, Allende, Sarney, and García like Sachs (Sachs, 1990). Through their macroeconomic indicators, the authors clearly show a typical Latin American import substitution model policy cycle, mixed with some populist elements.

2.5 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 Weyland said, "the growing divergence of populist political strategies and the socioeconomic characteristics of classical populism called into question the prevailing cumulative definitions" (Weyland, 2001, p. 6). 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 an 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 generalizing as well.

Also, the Latin American experience teaches us the important 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 (Sachs, 1990). 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) threat 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 could be clearer, it is central to explore the puzzle between social conflict, institutions, and economic performance in Europe. Overall, the Latin American experience help 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 (Pearce, 2010). Some examples of these can be seen in the indicators in

	Voice and Accountability		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

Table 10.

Table 10. Estimates of the World Bank Worldwide Governance Indicators (WGI) for Latin American Countries, oldest and most recent year. The range goes from -2.5 (weak) to 2.5 (strong) for all indicators.

	Voice and Accountability		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

2.6 Conclusion

The current understanding of populism could learn a great deal from the first context of when it was first studied, which is 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 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 (Rodrik, 2017b).

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 (Moran, 2020). 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, "economists are an arrogant bunch, with very little to be arrogant about" (Rodrik, 2007, p. 6). 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 (Mouffe, 2019a). 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 populists' leaders 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 to which results.

3 CLUSTERING AND ANALYSING RELEVANT POLICY DIMENSIONS OF POPULIST, LEFT-WING, CENTRIST, AND RIGHT-WING PARTIES ACROSS EUROPE²

Abstract: This paper is a configurational analysis that creates a new theoretical elaboration of populist parties in Europe in terms of choices. The forms of populism that we can see in Europe are new, relevant and do not have a theoretical representation in the literature. This paper also provides a clearer understanding of the characteristics of populist and anti-establishment parties in Europe, which can provide valuable insights into likely responses to reformed policy environments. To do so, we analyse policy positions connected to the populist literature for 242 parties in Europe in 2014 and 2019 using the Chapell Hill Expert Survey and the PopuList Survey data. Groups of parties with similarly held positions in 2014 and 2019 are identified using cluster analysis to investigate whether differences in positions are defined predominately according to a national, east–west, right–left faction or other criteria. The result highlights that rather than across a classical right–left divide connotation, Europe can be divided into four clusters: right-wing populists, a moderate pro-Europe left, a pro-Europe pro-liberalism centre and an intersectional left based on identity politics. Overall, the moderate left and the centrist liberalism centre are the most common parties across Europe, and the other two factions seem to be born as a reaction to these two. However, the other two factions are growing over the year, especially the populist right-wing in Central and Eastern Europe. This brings to light serious policy implications for the future of the European Union and for considering populism simply a discursive matter.

Keywords: policy positions, policies, populism, Europe

² This paper is published as: Cossu, E. (2023). Clustering and Analysing Relevant Policy Dimensions of Populist, Left-Wing, Centrist, and Right-Wing Parties across Europe. *Central European Journal of Public Policy*, 17(1), 41–54. <https://doi.org/10.2478/cejpp-2023-0004>

3.1 Introduction

In today's Europe, we are witnessing an emergence of new forms of governments characterised by populist rhetoric (Kyle and Gultchin, 2018b). These new forms do use populist rhetoric in a traditional sense, yet they differ significantly from what we can see in the literature in terms of populist policy preferences and the effects that these can have on an economy. These new forms in fact distance themselves significantly from the concept of economic populism, which has been used to focus on the Latin American context (Dornbusch and Edwards 1989). Since then, the literature mainly focused on rhetoric, and it puts aside the idea of studying populism in terms of policies. The lack of development of this strand of literature for more than 30 years is because of three main reasons: because the concept of economic populism did not apply to the new and right-wing emerging forms of populism, because social sciences abandoned structuralism as a way of thinking and because the study of populism started to focus more on discourse-analytic approaches (Rovira Kaltwasser *et al.*, 2017). These three elements together redefined the study of populism in broader terms and put on the side-line the study of populism in terms of policies.

Nonetheless, the study of populism in terms of policy choices is starting to gain new momentum, especially in terms of measuring and contextualising their consequences (Funke *et al.*, 2020b; Guriev and Papaioannou, 2020b). Many realised that the new forms of governments characterised by populist rhetoric do have similar patterns and similar outcomes, despite these being very different from the Latin American context and between each other. On the one hand, there is now a consensus that the forms of populism connected to Latin America have theoretical models that do not apply anymore. On the other hand, however, the forms of populism that we are seeing now cannot be connected to any specific theoretical model. This is especially important for Europe, where we have the emergence of new political models connected to populism that do not lead to economic disaster nor are connected to extreme redistribution (Benczes, 2018). Some major examples of this phenomenon are, for example, Hungary or Poland (Toplišek, 2020). These new forms currently need a new theoretical elaboration in terms of policy choices not only because of their novelty but also because they are becoming more and more relevant.

Consequently, this theoretical elaboration is the major contribution of this paper. This paper aims at giving a deductive and theoretical contribution in conceptualising populism in Europe in terms of policies and its consequences. This data-driven deductive contribution is now possible thanks to the relatively recent emergence of harmonised data

availability across Europe and because of the rise of new techniques in political science (Cunningham, 2021). Overall, today's extensive data make it possible to perform a configurational analysis that makes a taxonomy possible. This work uses the two most recent rounds of Chapell Hill Expert Survey (CHES) and the PopuList to perform a comprehensive analysis in terms of policy preferences. We use cluster analysis as a technique to give quantitative and deductive insight on this new configurational model. This, in turn, makes it possible to have a new theoretical elaboration possible where we elaborate on the interaction between populist rhetoric and policy choices in Europe. This new theoretical elaboration based on data is as well the research gap that this work aims to fill.

This paper finds out that populist parties consistently position themselves as economically centrist and identity extremists. At the beginning of the analysis and according to the descriptive statistics, we find that populist parties seem to be a fourth distinct pole compared to centrist, right-wing and left-wing parties. This happens no matter the geographical position of the party, and no matter whether the party defines itself as right-wing or left-wing populist. Based on this result, we perform a cluster analysis on all parties to see whether the data show four clusters that overlap with the four clusters we used to identify parties: right-wing parties, centrist parties, left-wing parties and populist parties. We also split the clusters into four to see as well whether parties in Europe are divided into four geographical clusters linked to specific historical paths: Western Europe, Southern Europe, Northern Europe and Central and Eastern Europe.

Cluster analysis is a machine learning technique that tries to find cluster of similar observations across a dataset. The first cluster analysis tries to see whether we have a specific populist cluster next to the expected clusters of right-wing parties, centrist parties and left-wing parties. The second cluster analysis tries to see what happens if we cluster parties Western Europe, Southern Europe, Northern Europe and Central and Eastern Europe: would one of these geographical clusters be particularly linked to populist parties? The idea would be to see if there is a correlation between populist parties and geographical position like for the Latin American case. The null hypothesis behind these two cluster analyses is that the policy preferences are homogeneous and non-statistically different among all parties including populist ones. The alternative hypothesis is that policy preferences do create four distinct, heterogenous, and statistically significant groups among which populist parties represent one. Both hypotheses are the reason why we create four clusters: because we have four expected political clusters in the first and

because we have four expected geographical divisions in the second. We also repeat the analysis for 2014 and 2019 to see if the results are consistent.

This paper finds that the four clusters represent a mixture of both these expectations. The first cluster, mainly located in Central and Eastern Europe and composed by populist parties, specifically focuses on extreme right-wing identity politics positions and centrist economic positions. The second cluster is located across Western, Northern and Southern Europe, and it portrays a left and moderate centre concerned with the role of the European Union. The third cluster, the liberal centre, is the one more in line with European and liberal values and it is represented all over Europe. The last one, almost uncannily representing identity politics and the intersectional left, is present mainly in Western and Southern Europe.

Overall, this paper looks at how parties divide into the European political space. The main goal for doing so is creating a new configurational model of populism in terms of policy preferences for Europe, as the one created for Latin America does not apply (Dornbusch and Edwards, 1989b; Funke *et al.*, 2020b). To do so, it analyses the fundamental differences between populists and other sides of the political spectrum. A secondary but equally important objective is to further analyse the relation between politics and policy in populist and non-populist parties in Europe (Kyle and Gultchin, 2018b; Toplišek, 2019). Quantitatively analysing policy preferences is useful to understand the link between politics and policymaking. Politics, the use of power to maintain control on a certain territory, and policy, the system of rules to achieve a certain outcome, are strongly interrelated. Policy preferences are in this context an intermediary element between the two. The policy preferences expressed by a party are an integral part of its politics as they serve to get votes and attention. These policy preferences have, in turn, a concrete effect on a country's policymaking (Dahl, 1961). Once a party is in power, we expect to implement at least part of the policy preferences expressed before.

Of course, the relation between a country's politics and the policy preferences of its parties is not always straightforward (Matheson, 2016b). The policy preferences of a party can be circumstantial and even drastically change when a party is in power. In many instances, politics and policy preferences do not translate into the desired policymaking because of institutional or societal constraints (Pierson, 1996b; Kumlin and Stadelmann-Steffen, 2014b; Wlezien and Soroka, 2016b). For example, in Europe, we know that Central and Eastern Europe tends to have a cronyist approach to policymaking despite strong anti-elite policy preferences (Martin, 2017b; Stadelmann-Steffen and Eder, 2021b). In this sense, we can say that politics translates into policies via the expressed

policy preferences only in specific policy environments without institutional, cultural or political constraints.

Consequently, we do not imply a cause–effect relation between politics, policy preferences and politics. Nonetheless, it is still important to understand policy preferences as they are a strong link between politics and policy (Cooper and Williamson, 1994b; Tharanga, 2018b). In this case, they aim at informing how policies could diverge between different parts of Europe, especially if they are fundamentally different as analysed in the cluster analysis. The fourth clusters identified at the end of this paper, which partially but not fully represent the division between populist, right-wing, left-wing and centrist parties, give an insight on how politics and very likely policies will further diverge in Europe. There is a fundamental policy preference difference among European parties that is given by different ideological stances rather than geographical location that might foster even more divergent policies in the future.

To analyse policy preferences, the paper uses Chapel Hill Expert Survey (CHES) data for 2014 and 2019 for all parties of countries members of the EU mixed with the PopuList database. The paper also uses Gorton (Gorton *et al.*, 2008) as an empirical basis and Dornbusch and Edwards (Dornbusch and Edwards, 1990) as a theoretical one, even if we try to apply them to a different setting and we depart from both of them. The paper concludes that despite the most common definitions of populism (Mudde, 2004b; Abromeit, 2017), we should not confuse populism with its host ideologies and how the two mix in terms of policy preferences. We see, in fact, that the parties’ political spectrum in contemporary Europe goes beyond a left–right divide or a populist–non-populist divide. The politics and policy positioning of such parties represent a combination both of libertarian–authoritarian, left–right, populist–non-populist and geographical historical paths.

3.2 Literature Review

The research question of this paper is about understanding which policy configuration do political parties characterised by populist rhetoric have across Europe, in order to define populism in terms of recurrent policy choices in this context. This paper looks at whether these differences are significant across North, South, Western and Central and Eastern Europe, given the concentration of these parties in some specific areas as shown in Table 12. The following paragraph will briefly elaborate on the importance of looking at the policy preference of parties, the relation between policy

preferences and populism and some of the significant differences we can find inside Europe.

Parties' positions have long been thought of as important determinants of electoral outcomes (Castanheira, Crutzen and Sahuguet, 2010). However, defining parties' policy positions is far from being a simple task. As shown in the literature, left and right are often defined as an "empty vessel" that changes according to time and situation (Huber and Inglehart, 2016). This is especially relevant for today's Europe, where we can see new cleavages emerging in a strictly interrelated way (Welzel and Inglehart, 2016; Hooghe and Marks, 2017). This said, it is still possible to define a left–right divide based on an economic and cultural dimension (Giebler, Meyer and Wagner, 2021). On these terms, we can put left-wing and right-wing on the opposite sides of a continuum. On one side, we have little or no redistribution and individual freedom for the right, while on the other, we have more or complete redistribution and collective norms for the left. The centre would position in the middle of this divide. This is as well the scale used in the CHES data, which, however, measures other positions such as identity politics and positions towards the European Union to make the mapping more complex and accurate. This is useful for the first part of our analysis, yet with its cluster analysis, this paper shows how new cleavages in Europe go beyond a simple left–right continuum.

The division of policy positioning in terms of economic and cultural dimensions is nonetheless useful for understanding the previous works on populist parties in terms of policy positions. Populism in terms of policy choices has previously been defined on a traditionally leftist side of the spectrum in the Latin American context (Conniff, 1982; Dornbusch and Edwards, 1990; Kaufman and Stallings, 1991). However, already in that positioning, it started showing a variety of other elements from authoritarianism to neoliberalism. Today, many continue to see populism in relation to their leftist grievances (Mouffe, 2019b). Others see populism across the globe more in terms of nativism or economic shocks (Rodrik, 2017a; Art, 2020). This led to today's main definition of populism as a discursive style (Hawkins *et al.*, 2019a) or as a "thin-centered 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" (Mudde, 2004b). All these elements are equally important in defining the European space and leave the open question of which one is more predominant or how these elements exactly configure themselves. This is especially important because the previous theoretical definition of this

kind has been exhausted. We map policy positioning of parties with a cluster analysis to create a new definition and to give a new direction to this strand of the literature.

There already have been attempts of mapping parties. One main example deals with the far right (Golder, 2016). For what concern mapping parties and populism, the main work on the topic in the literature is the “demand–supply study of populism” paper by Inglehart and Norris (Inglehart and Norris, 2016b). In this work, the authors map the reasons that make people vote for populist parties in order to change that through policymaking. A work more similar to this one is by Meyer and Wagner (Meyer and Wagner, 2020). However, it differs from this one as it focuses on how party positions influence perceived left–right positions. Another one, by Hawkins and Castanho Silva in the book *The Ideational Approach to Populism* (Hawkins *et al.*, 2019b), relies as well on a mixture of validated experts but focuses on measuring populism from a rhetorical point of view.

Last, we have the works “Measuring Populist Discourse: The Global Populism Database” (Hawkins *et al.*, 2021), “Measuring Populism in Political Parties: Appraisal of a New Approach” (Meijers and Zaslove, 2021b) and “Measuring Populism Worldwide” (Norris, 2020). The first differs as it mainly focuses on discourse. However, the second work focuses more on conceptualising populism in a precise and multi-dimensional way rather than comparing existing data to see if we can find enough differences to consider it a different faction. The last one focuses more on conceptualising populism as well, and it has a global perspective instead of a European one. Overall, there are also numerous studies that try to map the drivers of populism using well-qualitative approaches (Hawkins, Riding and Mudde, 2012; Akkerman, Mudde and Zaslove, 2014; Castanho Silva, 2017; Schulz *et al.*, 2018; Wuttke, Schimpf and Schoen, 2020).

3.3 Methodology

This paper emerges out of a wider study on the political divergence between Western and Central and Eastern Europe and seeks more particularly to provide a clearer understanding of the characteristics of populist and anti-establishment parties in Europe, which can provide valuable insights into likely responses to reformed policy environments. CHES data allow for the comparison across 32 EEA Member states. The analysis is divided into three parts based on other relevant works using similar methodology (Gorton *et al.*, 2008).

First, we do an exploratory analysis to see common patterns in policy preferences. We divide the data in two ways: a geographical one and “left versus right” one. The

geographical divides between Southern Europe (Portugal, Italy, Greece, Spain, Cyprus, Malta), Western Europe (United Kingdom, France, Belgium, Holland, Germany, Switzerland, Austria, Ireland, Luxembourg), Northern Europe (Sweden, Norway, Denmark, Finland, Iceland) and Central and Eastern Europe (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Croatia). We exclude Turkey from all the classifications because it is outside the European Union. We also exclude Iceland because it is present only in the 2019 dataset. This division is created according to standard divisions of Europe in terms of economic performance and cultural background (Sushytska, 2010; Browning, 2020). The “left versus right” division uses the CHES variables LRGEN, and it is in line with the literature on the left and the right being divided on economic and cultural perspective (Giebler, Meyer and Wagner, 2021).

Second, descriptive statistics are presented for the whole sample regarding the distribution of the experts’ responses for the Likert scales. Mean scores for the 25 variables are presented with significant differences identified using ANOVA and presenting the F-tests scores and the significance levels. Third, group of parties with similarly held positions in terms of ideological stance are identified using cluster analysis. This is to investigate whether differences in parties’ positions can be discerned according to a right–left–centrist–populist criterion. Since we used 25 variables to describe the parties and in the descriptive part of the study, first we checked the correlations between the indexes. We find that there are multiple indexes, which are highly correlated. To deal with the effect of highly correlated variables on the cluster creation, we chose to perform a factor analysis first. In the study, principal components presenting eigenvalue greater than 1.0 were chosen with factor loadings being greater or equal than 0.5 on the least factor. The cluster analysis was performed using the k-means algorithm (Likas, Vlassis and J. Verbeek, 2003). The factors defined by the factor analysis were used as the basis of the clustering. Instead of choosing the number of clusters based on prior analysis, we chose to have four clusters to compare if there are differences or not in grouping the parties based on to potentially match the left–right–centre–populist classification discussed above.

3.4 Data

Policy positions in CHES data are measured through secondary survey work conducted during 2014 and 2019. The database maps the policy positions of all parties across Europe by summarising the opinion of 337 experts on each topic for each party. Using these, many experts minimise the individual experts’ biases, and it gives an overall

objective measurement for each position. The survey measures the opinions on a 7-point or 10-point Likert scale. These scales drew on previous attempts to capture policy positions and were designed to fit within a cross-national framework. The selected questions provide insights into parties' opinions regarding: (a) positions towards the European Union, (b) positions towards democracy, (c) positions towards libertarian versus traditional issues, and (d) ideological stance. In addition to the ideological side of the party provided by CHES, we merge data from the PopuList database (Rooduijn *et al.*, 2020). In this database, the parties are classified as populist from 106 experts, and populism is defined as a thin ideology (Mudde 2004).

We use the CHES data from 2019 to have the most recent data available on Europe. We compare it to the 2014 round to have an idea of the consistency of type of parties over Europe in the recent available timeframe. We do not use the 2017 edition of the data as it is based on a smaller number of countries. The CHES data categorise the faction of parties (or ideological stance, as called in the database itself) through a variable called LRGEN. This paper segments the parties in the following way: we classify parties as right with a value between 10 and 6, as centre if the value is between 6 and 4 and as left if it is between 4 and 0.

When we talk about populist parties, we talk about all parties classified as populist by Rooduijn *et al.* (2020) regardless of being right-wing, left-wing or centre. In Tables 1 and 2, we can see how there are 264 parties in total and 47 classified as populist for the year 2014. Overall, 17% of the parties in the database are populist. For 2019, we have 264 and 57 populists (21% of the total). For what concerns the geographical divide, we can see more right-wing parties in Central and Eastern Europe, probably for their preference for an anti-leftist and therefore anti-communist rhetoric. We also see more left-wing parties in Western Europe, as an answer to liberalism and globalisation. Surprisingly, there is an almost equal distribution of parties by side in Northern and Southern Europe.

Table 11. Division between centre, right, left and populist parties in 2014 and 2019.

	2014				2019			
	Left	Centre	Right	Populist	Left	Centre	Right	Populist
Left	80	0	0	8	85	0	0	9
Centre	0	54	0	8	0	60	0	11
Right	0	0	87	31	0	0	75	37

Table 12. Number of parties per political side in Europe in 2014 and 2019.

	2014				2019			
	Western Europe	Central and Eastern Europe	Northern Europe	Southern Europe	Western Europe	Central and Eastern Europe	Northern Europe	Southern Europe
Left	31	21	12	14	30	21	14	15
Centre	16	18	7	13	17	29	5	8
Right	22	36	12	15	17	28	11	14
Populist	16	19	4	8	15	25	5	10

3.5 Exploratory Analysis and Descriptive Statistics

The distribution of responses for each Likert scale item for a selected question and the mean scores for each political side is shown in Figure 2Table and in the supplementary files. Figures 1–4 specifically show the redistribution across the policy dimension improving public services versus reducing taxes for ideological factions and geographical division, both in 2014 and 2019. The figure reveals that left-wing, right-wing, centrist and populist have elements in common specific to the ideological side. However, despite the literature, there are no apparent common patterns that characterise Central and Eastern, Western, Southern and Northern Europe. More significantly, populist parties seem to be centrist in term of economic stance but more extremist than the right-wing for what concerns identity issues.

The mean scores for each Likert scale by ideological side for 2014 and 2019 are reported in the supplementary files. To check for significant differences between political sides, ANOVA was performed, and F-test scores and significance levels are reported for a comparison (a) between different political sides and (b) between Central and Eastern, Western, Southern and Northern Europe. Significant differences are uncovered between political sides on nearly all the variables for what concerns the political side and in line

with Figures 1–4. Overall, populist parties position themselves on the far-right spectrum for many issues, both in 2014 and 2019. It is especially interesting considering that in these tables, all populist parties are considered together no matter if self-identified as right-wing, left-wing or centre. We find this pattern for the following elements: anti-elite salience, position towards ethnic minorities, position towards the European budget and position towards European integration. Coherently, populist parties are also the only faction to consider that European integration is of no importance (EU salience). In the second categories of extreme values, populist parties position themselves in even more right-wing positions than the right-wing parties themselves. This happens for the following variables: civil liberties versus law and order, EU dissent (only for 2019), social and cultural values, social and cultural value salience, immigration policy, multiculturalism, nationalism and social lifestyle.

The second category of values for populist parties confirms the hypothesis coherent with the literature that the average values should be centrist, as populist parties are just parties using a specific rhetoric. Such values are corrupt salience, deregulation, economic intervention, EU cohesion, EU foreign and security policy, EU internal market, EU position, ideological stance, ideological stance salience, ideological position of the party, redistribution, decentralisation to regions, religious principle, spending versus collecting taxes, and urban–rural divide. Of course, some of these results are surprising as well. According to the rhetoric they are supposed to apply, we are intrigued to find that populist parties are centrist for what concerns corrupt salience and urban–rural divide. The rhetoric of populist is supposed to defend the “real people” against “the corrupt elite.” If we also consider most populist parties in Europe right-wing as suggested by all the other values, it is also surprising to see populist parties to be on average centrist for what concerns the defence of religious principles in 2014. This result for the economic variable is indeed coherent. Last, we find more significant variables in the division between ideological factions but no clear disparity between Western, Central and Eastern, Northern and Southern Europe. While political sides are interesting to report, it is important to investigate whether political sides are the most important factors in distinguishing groups of parties with similarly held positions. This is investigated in the next subsection, through the application of factor and cluster analysis.

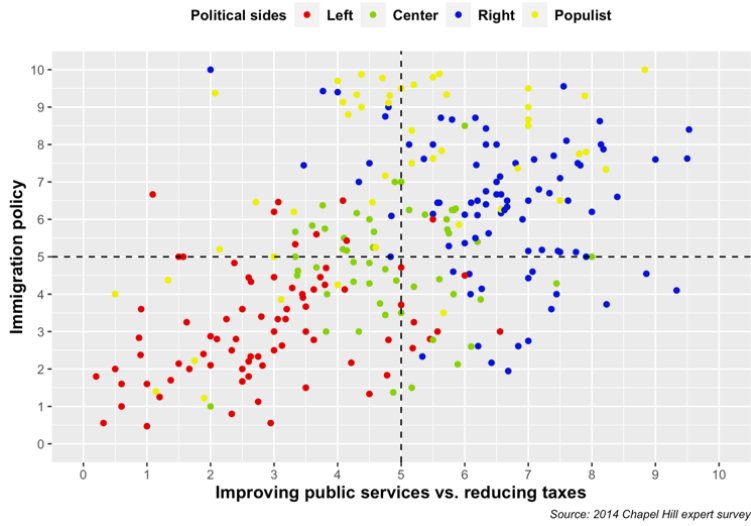


Figure 2. Distribution across the policy dimension of “immigration policy” and “improving public services versus reducing taxes” for ideological factions in 2014.

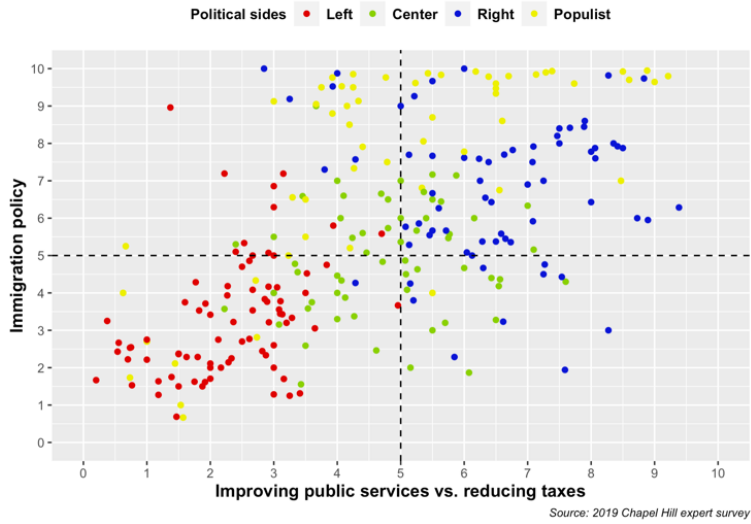


Figure 3. Distribution across the policy dimension of “immigration policy” and “improving public services versus reducing taxes” for ideological factions in 2019.

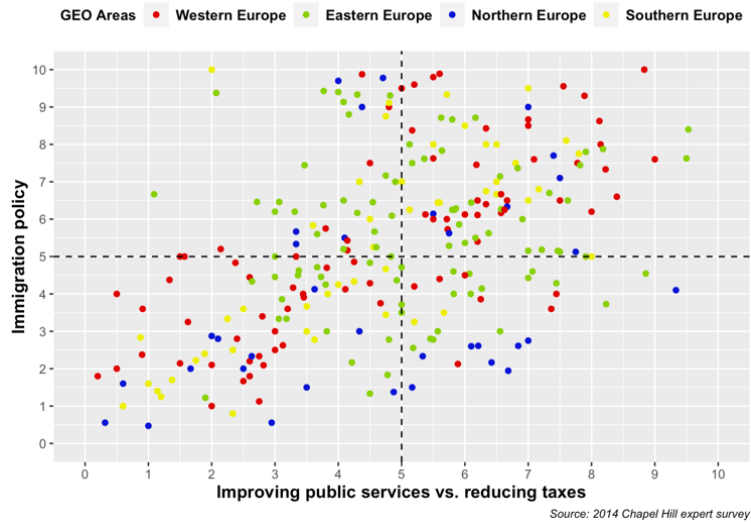


Figure 4. Distribution across the policy dimension of “immigration policy” and “improving public services versus reducing taxes” for geographical division in 2014.

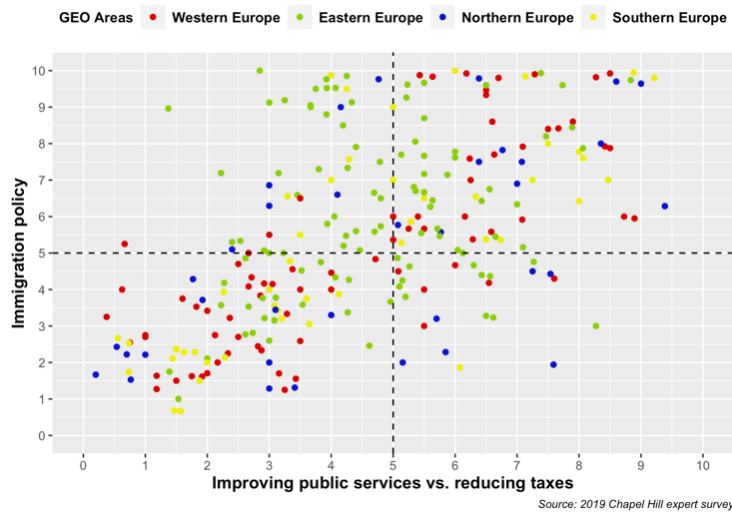


Figure 5. Distribution across the policy dimension of “immigration policy” and “improving public services versus reducing taxes” for geographical division in 2019.

3.6 Cluster Analysis

Two tests were applied to assess the validity of the factor analysis. The Kaiser–Meyer–Olkin measure of sampling adequacy (Kaiser, 1970) is 0.89, indicating that the data matrix has a very good correlation to justify the application of factor analysis. Bartlett’s test of sphericity is large and statistically significant at the 1% level, and therefore, the hypothesis that the correlation matrix is the identity matrix can be rejected. These measures indicate that the set is appropriate for factor analysis.

A five-factor solution is adopted, choosing the factors that present an absolute eigenvalue greater than 0.5 (Table 13). This solution explains 81% of the variance in the data set, which is more than satisfactory, according to Hair et al. (1998). The first factor is associated with identity values, as it relates to the position towards immigration, ethnic minorities, lifestyle, civil liberties and security. The second factor relates to economics, as the main loadings are statements concerning taxes, deregulation, redistribution and state intervention. The third factor is associated with positions towards the European Union, as it concerns all the statement concerning the EU and whether decentralise power outside the nation state. The fourth factor concerns anti-elite rhetoric and corruption. The last factor concerns more a traditional ideological divide as it focuses on dissent, libertarian versus traditional values and stance of economic issues in the party’s ideology.

Table 13. Factor loadings (rotated component matrix).

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Position on social lifestyle (e.g., homosexuality) (9)	0.911	0.158	-0.224	0.100	-0.061
Position of the party in terms of their views on democratic freedoms and rights (2)	0.907	0.187	-0.267	0.004	-0.037
Position towards nationalism (8)	0.876	0.188	-0.364	0.000	-0.041
Position on civil liberties vs. law and order (8)	0.845	0.308	-0.319	-0.052	-0.043
Position on integration of immigrants and asylum seekers (multi-culturalism vs. assimilation) (3)	0.830	0.358	-0.321	0.047	0.000
Position on immigration policy (6)	0.829	0.362	-0.308	0.056	0.003
Position on urban vs. rural interests (8)	0.799	-0.032	-0.047	-0.167	-0.075
Position towards ethnic minorities (9)	0.749	0.366	-0.385	0.028	-0.057
Position on improving public services vs. reducing taxes (9)	0.317	0.908	0.001	-0.031	-0.013
Position on redistribution of wealth from the rich to the poor (8)	0.263	0.933	0.066	-0.019	-0.031
Position of the party in terms of its ideological stance on economic issues (9)	0.258	0.939	0.084	0.025	-0.054
Saliency of anti-establishment and anti-elite rhetoric (5)	0.256	-0.234	-0.701	0.447	-0.110
Position on political decentralisation to regions/localities (9)	0.228	0.105	-0.394	-0.053	0.092
Position on deregulation (6)	0.172	0.954	0.133	-0.004	-0.013
Degree of dissent on European integration in 2014 (10)	0.136	-0.070	-0.077	-0.096	0.693
Position on state intervention in the economy (9)	0.126	0.954	0.117	0.009	-0.041
Relative saliency of libertarian/traditional issues in the party's public (8)	0.113	0.061	-0.190	0.358	-0.526
Saliency of reducing political corruption (5)	0.054	-0.142	0.036	0.890	-0.005
Position of the party leadership on EU cohesion or regional policy (e.g., the structural funds) (7)	-0.027	-0.208	0.850	0.217	0.131
Relative saliency of European integration in the party's public stance (3)	-0.251	0.307	0.208	0.573	-0.171
Position of the party leadership on the internal market (i.e., free movement of goods, services, capital and labour) (7)	-0.262	0.363	0.810	-0.044	0.123
Position of the party leadership on EU authority over member states' economic and budgetary policies (7)	-0.287	0.225	0.864	0.058	-0.018
Relative saliency of economic issues in the party's public stance	-0.319	0.028	0.136	0.171	0.746
Overall orientation of the party leadership towards European integration (10)	-0.392	0.143	0.869	-0.035	0.078
Position of the party leadership on EU foreign and security policy (7)	-0.397	0.136	0.818	0.049	0.012

These factors form the basis of the cluster analysis. Using the criteria outlined in the methodology section, a four-cluster solution was obtained. The supplementary files present the clusters presenting the mean values for each of the variables included in the factor analysis. It also displays the results for the analysis of variance (ANOVA), conducted to check the statistical significance of differences between clusters. There are significant differences in the comparison between clusters and ideological side, as shown in the supplementary files.

We use political sides and geography to understand the clusters (Table 14). These variables were not use for the cluster analysis itself. These include for each party the geographical division between Northern, Western, Southern and Central and Eastern Europe; and the ideological side divided between right-wing, left-wing, centrist and populist. Most parties initially classified as left are in clusters 2 and 4; in clusters 2 and 3, we can find the centre and the right parties, and in cluster 1, we find the populist parties. Even if the distribution across different geographical sides seems homogeneous, most of the parties that align with clusters 1 and 3 are in Central and Eastern Europe. The derived clusters are first described based on the variables included in the analysis. The description is then refined based on the structural and demographic variables presented in the previous paragraph together with intentions, which improves the profiling and validation of each cluster.

Table 14. Distribution of clusters by political side and regions.

	Cluster 1	Cluster 2	Cluster 3	Cluster 4
Left	1	43	6	21
Centre	2	27	21	1
Right	10	23	34	0
Populist	31	3	9	10
Western Europe	13	34	8	11
Central and Eastern Europe	21	34	44	4
Northern Europe	4	17	2	3
Southern Europe	6	11	16	14

3.6.1 Cluster 1: “The Central and Eastern European Populists”

This cluster is second to smallest, yet it comprises 18% of all parties in Europe. Of these parties, the predominant majority is in Central and Eastern Europe, and it identifies as populist. This cluster is especially interesting because it is the most extremist for what concerns most evaluated variables: all the variables concerning Europe, identity values and decentralisation. The only variables on which this cluster is not extremist are the ones related to economic issues. In other words, this cluster is focused on rejecting the identity value politics and the European Integration project. It refuses any sort of economic extremism and as well any sort of identity politics and cooperation. As a cluster mainly located in Central and Eastern Europe, we can see the Fidesz party in Hungary

and the PiS party in Poland as two representative examples. The cluster gives quantitative proof to the often cited assumption that populism in Central and Eastern Europe is economically conservative yet focused on an inflammatory rhetoric against liberal values (Benczes, 2018). It proves that populist parties can be mainly identified in terms of economic conservatism and extremist identity politics in Europe.

3.6.2 Cluster 2: “The Left and Moderate Centre”

This cluster mainly identifies as left-wing. The vast majority of its parties are in Western Europe, yet it is the most present one in Northern Europe and its presence is relevant as well in Central and Eastern Europe and Southern Europe. It is the most numerous clusters in terms of total parties being almost 40% of the total. This cluster can be called conservative because even if it identifies with the left, it is the most moderate in almost all the positions considered. However, this cluster is the one debating the most about the role of European Integration and the one debating the least for what concern anti-establishment versus anti-elite rhetoric and reducing political corruption. It represents a moderate and inclusionary form of politics concerned with migration, which can be considered in line with the overall politics in Northern Europe. For this reason, we can hypothesise that in the contemporary landscape, this is the cluster against which the other ones formed, even if for different reasons: cluster 1 for what concerns identity politics and the European project, cluster 3 for what concern economic issues and cluster 4 for what concerns both economic issues and identity politics.

3.6.3 Cluster 3: “The Pro Europe and Pro Liberalism Centre”

This cluster is the most present cluster in Southern Europe, but its presence is relevant as well in Central and Eastern Europe. In a traditional ideological divide, it would identify as centrist: in favour of the European integration, liberalism and neutral for what concerns identity issues. Cluster 3 is polarised against cluster 4 for what concerns economic issues and against cluster 1 for what concerns European integration. It is a traditionally centrist and libertarian cluster, yet it looks like an extreme one if compared to clusters 1 and 4. It represents the politics of European integration in a nutshell.

3.6.4 Cluster 4: “The Identity Politics and Intersectional Left”

This cluster can easily be identified with the left, and it is mainly located in Western and Southern Europe. Even if it is the smallest cluster, it still represents 15% of all parties in Europe. It is extremist and in favour of the state rather than the free market

in all the economic issues, with possibly a profound resentment towards liberalism. The strong importance of economic and identity issues in the parties' stance makes us hypothesise it as a group potentially in line with intersectional politics: identity, race, gender and class are all part of the same problem that needs active redistribution and attention from the community. It is in line with the more redistributive and leftist stances of Southern Europe, and in general with the rise of left focused primarily on how identity issues impact society.

3.7 Conclusions

In this paper, we showed that the number of populist parties is rising (Table 11), and that these parties' positions consistently differ from all other parties in terms of policy positions. These positions also fundamentally differ in terms of evolved left–right divide rather than geographical position. We showed how these differences are significant for most CHES variables across a left–right divide using ANOVA and presenting the F-tests scores and the significance levels in the supplementary files.

With this analysis we empirically proved that the definition of economic populism does not apply to Europe. Even more interestingly, we proved that there is a definition of populism in terms of policy choices that can be applied to Europe. We can see that the European parties position themselves on an axis that comprehend economic positions on one side and identity politics, European Union, libertarian–authoritarian positions and anti-elite rhetoric and corruption on the other side. This says a lot about today's contemporary political space and as well about populist parties. In these terms, populist parties are a rejection with the problems created by the Europe Union, identity values and decentralisation. Similar views have already been expressed in other works (Lütz and Kranke, 2014). These views are specifically in line with the concerns Central and Eastern Europe. This region is in fact the one that benefitted the least from the European Union in terms of economic convergence (Györffy, 2021b). This made it possible to trigger the widespread use of an “us versus them” rhetoric against the European Union and social lifestyle such as homosexuality. Looking at it in this perspective, it is particularly worrying the fact that the number of parties of this kind is increasing throughout the years and the related underlying problems are remaining substantially the same. The same process applies for the cluster identified in Southern Europe, even if it goes in a more traditional leftist direction. In policy terms, the solution would be to look at the underlying problems.

In this paper, by showing that there are four statistically different clusters in terms of political rather than geographical side, we show how politics much more than geographical position might influence policymaking. Being these four clusters statistically different from one another, they could very likely transform in different sets of policies in case they will not be contained by any other external factor. For example, the parties that identified with cluster 1 would seem more likely to implement policies that impede the democratic process. In terms of relation between politics and policy, these distinct four clusters also inform us of two things. First, that these different clusters are counterposing Central and Eastern Europe and the rest of Europe that despite their difference not being given by geography. Second, this juxtaposition might create further divergence between Central and Eastern Europe and the rest of Europe that if these different groups of policy preferences translated into different policymaking in these two sides of the continent. The cluster mainly located in Central and Eastern Europe has in fact extremist point of views for what concerns economics, immigration, ethnic minorities, lifestyle, civil liberties and security. This might also prove to be critical for the future of the European Union itself.

We also suggest two other elements: that these four clusters seem to represent a more state of party politics in Europe rather than simple left–right division, and that the two more extreme clusters might be born as an opposition to the two centrist ones, which are more widespread across the continent. While in Western Europe we have the rise of both, we see the rise of right-wing populist in Central and Eastern Europe and the rise of an extreme intersectional left in Southern Europe due to local circumstances and events. This matches with the rise of parties like Podemos, Syriza and the Five Star Movement in Southern Europe and PiS and Fidesz in Poland and Hungary respectively. These examples should not be considered as isolated cases but rather as a potential articulation of a new way of identifying across the political spectrum. However, the overall rise in the number of right-wing and anti-European parties has serious future policy implications for the integrity of the European project. Of course, this problem remains particularly complex one to manage in the European Union where it is already hard to coordinate all the member states and the relative national interests. Further research is therefore needed in looking at the relation between the newly identified populist cluster and their related underlying problems.

3.8 Appendix

Legend for the variables:

(1) 0 = extreme left, 10 = extreme right

- (2) 0 = libertarian/post-materialist, 10 = traditional/authoritarian
(3) 0 = no importance, 10 = great importance
(4) 0 = no importance, 10 = great importance
(5) 0 = not important at all, 10 = extremely important
(6) 0 = strongly opposes, 10 = strongly supports
(7) 0 = strongly opposes, 7 = strongly supports
(8) 0 = strongly supports issue on the left, 10 = strongly supports issue on the right
(9) 0 = strongly supports, 10 = strongly opposes
(10) 0 = strongly united on the topic, 10 = strongly divided

3.9 Supplementary Files

Table 5. Descriptive statistics of mean scores on Likert scales by faction, 2014.

Attribute	Left	Centre	Right	Populist	Total	F-value	
Overall orientation of the party	4.90	5.57	5.23	3.14	5.07	35.49	**
Leadership towards European integration (10)							*
Relative salience of European integration in the party's public stance (3)	5.75	5.64	6.10	6.03	6.12	0.75	
Degree of dissent on European integration in 2014 (10)	2.78	2.40	2.32	2.49	2.49	2.55	
Position of the party leadership on the internal market (i.e., free movement of goods, services, capital and labour) (7)	4.50	5.53	5.63	3.48	5.09	30.65	** *
Position of the party leadership on EU cohesion or regional policy (e.g., the structural funds) (7)	5.55	5.91	5.47	4.47	5.39	11.42	** *
Position of the party leadership on EU foreign and security policy (7)	4.38	5.34	5.16	3.27	4.04	26.15	** *
Position of the party leadership on EU authority over member states' economic and budgetary policies (7)	3.36	4.30	4.10	2.48	3.77	30.48	** *
Position of the party in terms of their views on democratic freedoms and rights (2)	2.81	4.98	6.17	7.06	5.06	39.43	** *
Relative salience of libertarian/traditional issues in the party's public (8)	5.91	5.42	5.79	6.41	6.28	5.76	** *
Position of the party in terms of its ideological stance on economic issues (9)	2.75	5.10	6.91	4.71	4.91	95.09	** *
Relative salience of economic issues in the party's public stance (9)	7.04	6.96	7.12	6.56	6.34	3.83	*
Position on improving public services vs. reducing taxes (9)	2.94	4.90	6.57	4.85	4.55	81.47	** *

Position on deregulation (6)	2.95	5.13	6.70	4.37	4.72	80.26	** *
Position on redistribution of wealth from the rich to the poor (8)	2.54	4.79	6.43	4.30	4.36	80.35	** *
Position on state intervention in the economy (9)	2.75	4.92	6.59	4.33	4.52	73.31	** *
Position on civil liberties vs. law and order (8)	3.02	4.76	6.29	7.04	5.14	47.03	** *
Position on social lifestyle (e.g., homosexuality) (9)	2.38	4.42	5.77	6.70	4.40	37.44	** *
Position on immigration policy (6)	3.17	4.84	6.36	7.22	5.54	57.93	** *
Position on integration of immigrants and asylum seekers (multi-culturalism vs. assimilation) (3)	3.29	4.78	6.47	7.24	5.44	59.09	** *
Position on urban vs. rural interests (8)	3.68	5.01	5.18	5.51	4.61	10.55	** *
Position on political decentralisation to regions/localities (9)	4.17	4.30	4.73	4.89	4.53	6.64	** *
Position towards ethnic minorities (9)	2.60	4.47	5.99	7.01	4.65	58.40	** *
Position towards nationalism (8)	3.48	5.00	6.24	7.51	5.10	45.09	** *
Salience of anti-establishment and anti-elite rhetoric (5)	4.95	4.09	3.77	7.53	4.48	36.86	** *
Salience of reducing political corruption (5)	4.90	4.55	4.88	5.86	4.66	1.57	

Note. F-test for continuous variables. * Statistically significant at 10% level. *** Statistically significant at 1% level. Legend in the Appendix.

Table 6. Descriptive statistics of mean scores on Likert scales by faction, 2019 data.

Attribute	Left	Centre	Right	Populist	Total	F value	
Overall orientation of the party leadership towards European integration (10)	5.364	5.989	5.391	3.374	5.067	35.491	** *
Relative salience of European integration in the party's public stance (3)	5.919	6.321	6.187	6.123	6.123	0.750	
Degree of dissent on European integration in 2014 (10)	2.466	2.056	2.692	2.692	2.492	2.555	
Position of the party leadership on the internal market (i.e., free movement of goods, services, capital and labour) (7)	4.969	5.791	5.694	3.824	5.092	30.647	** *

Position of the party leadership on EU cohesion or regional policy (e.g., the structural funds) (7)	5.587	5.881	5.381	4.649	5.386	11.423	** *
Position of the party leadership on EU foreign and security policy (7)	4.320	4.834	4.192	2.695	4.037	26.146	** *
Position of the party leadership on EU authority over member states' economic and budgetary policies (7)	3.813	4.631	4.114	2.426	3.765	30.477	** *
Position of the party in terms of their views on democratic freedoms and rights (2)	2.976	4.639	6.149	6.870	5.058	39.430	** *
Relative salience of libertarian/traditional issues in the party's public (8)	6.135	5.777	6.353	6.873	6.281	5.759	** *
Position of the party in terms of its ideological stance on economic issues (9)	2.806	5.202	6.838	5.005	4.909	95.087	** *
Relative salience of economic issues in the party's public stance (9)	6.540	6.289	6.609	5.800	6.344	3.833	*
Position on improving public services vs. reducing taxes (9)	2.412	4.778	6.372	4.877	4.547	81.467	** *
Position on deregulation (6)	2.654	5.140	6.678	4.595	4.717	80.257	** *
Position on redistribution of wealth from the rich to the poor (8)	2.388	4.631	6.127	4.498	4.358	80.353	** *
Position on state intervention in the economy (9)	2.591	4.965	6.403	4.283	4.517	73.313	** *
Position on civil liberties vs. law and order (8)	3.286	4.349	6.236	7.012	5.143	47.034	** *
Position on social lifestyle (e.g., homosexuality) (9)	2.257	4.073	5.395	6.348	4.404	37.437	** *
Position on immigration policy (6)	3.361	4.899	6.685	7.635	5.541	57.926	** *
Position on integration of immigrants and asylum seekers (multi-culturalism vs. assimilation) (3)	3.297	4.727	6.657	7.461	5.441	59.091	** *
Position on urban vs. rural interests (8)	3.667	4.692	4.957	5.336	4.606	10.550	** *
Position on political decentralisation to regions/localities (9)	4.103	4.134	4.671	5.308	4.531	6.643	** *
Position towards ethnic minorities (9)	2.615	3.753	5.798	6.798	4.652	58.395	** *
Position towards nationalism (8)	3.223	4.192	6.035	7.307	5.100	45.086	** *
Salience of anti-establishment and anti-elite rhetoric (5)	4.116	3.291	3.690	7.133	4.485	36.863	** *
Salience of reducing political corruption (5)	4.384	4.614	4.528	5.250	4.662	1.572	

Note. F-test for continuous variables. * Statistically significant at 10% level. *** Statistically significant at 1% level. Legend in the Appendix.

Table 7. Mean scores for Likert scales by clusters and for the whole sample.

Attribute	Clust er 1	Clust er 2	Clust er 3	Clust er 4	Total	F value	
Overall orientation of the party leadership towards European integration (10)	2.50	5.91	6.08	3.85	5.07	192.80	***
Relative salience of European integration in the party's public stance (3)	5.86	5.77	7.11	5.38	6.12	17.37	***
Degree of dissent on European integration in 2014 (10)	2.11	2.52	2.37	3.20	2.49	4.18	**
Position of the party leadership on the internal market (i.e., free movement of goods, services, capital and labour) (7)	3.19	5.65	6.14	3.73	5.09	159.28	***
Position of the party leadership on EU cohesion or regional policy (e.g., the structural funds) (7)	4.08	5.71	5.92	5.05	5.39	35.29	***
Position of the party leadership on EU foreign and security policy (7)	1.96	4.70	4.83	3.18	4.04	96.15	***
Position of the party leadership on EU authority over member states' economic and budgetary policies (7)	1.85	4.36	4.81	2.33	3.77	155.40	***
Position of the party in terms of their views on democratic freedoms and rights (2)	8.60	4.53	4.43	3.16	5.06	57.64	***
Relative salience of libertarian/traditional issues in the party's public (8)	7.58	5.93	6.09	5.97	6.28	18.00	***
Position of the party in terms of its ideological stance on economic issues (9)	5.80	4.51	6.36	1.72	4.91	79.66	***
Relative salience of economic issues in the party's public stance (9)	4.81	6.04	7.10	7.71	6.34	56.98	***
Position on improving public services vs. reducing taxes (9)	5.64	4.17	5.74	1.58	4.55	54.62	***
Position on deregulation (6)	5.15	4.36	6.40	1.52	4.72	73.91	***

Position on redistribution of wealth from the rich to the poor (8)	5.19	4.01	5.66	1.42	4.36	64.85	***
position on state intervention in the economy (9)	4.86	4.17	6.14	1.53	4.52	65.46	***
Position on civil liberties vs. law and order (8)	8.61	4.62	4.61	3.12	5.14	74.50	***
Position on social lifestyle (e.g., homosexuality) (9)	8.12	3.76	3.92	2.30	4.40	60.39	***
Position on immigration policy (6)	9.14	4.74	5.51	3.07	5.54	83.81	***
Position on integration of immigrants and asylum seekers (multi-culturalism vs. assimilation) (3)	9.01	4.66	5.35	3.08	5.44	82.77	***
Position on urban vs. rural interests (8)	6.15	4.82	3.79	3.63	4.61	22.35	***
Position on political decentralisation to regions/localities (9)	5.90	4.28	4.22	4.08	4.53	13.35	***
Position towards ethnic minorities (9)	8.44	3.75	4.50	2.50	4.65	95.73	***
Position towards nationalism (8)	8.98	4.44	4.36	3.36	5.10	79.01	***
Salience of anti-establishment and anti-elite rhetoric (5)	7.80	2.84	3.73	6.54	4.48	113.02	***
Salience of reducing political corruption (5)	5.02	3.21	6.01	5.59	4.66	31.02	***

Note. * Statistically significant at 10% level. ** Statistically significant at 5% level. *** Statistically significant at 1% level. Legend in the Appendix.

4 THE ECONOMIC EFFECT OF POPULIST RHETORIC IN HUNGARY³

Abstract: The Hungarian government has been widely associated with populist rhetoric in the literature. Its length and uninterrupted government since 2010 create a unique opportunity to study in detail the effects of this kind of rhetoric on its macroeconomic performance. How does Hungary perform under a government characterised by populist rhetoric? The study reveals that populism carries a significant economic cost, as GDP at equal purchasing power parity in 2020 is 10.04% lower than a plausible alternative scenario where the current government was not elected, after a period of 10 years. Lack of addressing some persisting problems of the country, such as lack of competitiveness and institutional decay, might be the underlying dynamic in creating lasting damage to the economy. In this paper, we explore this topic using three different, but complementary techniques used to assess causality: Difference-in-Differences, Synthetic Difference-in-Differences, and the Synthetic Control Method.

Keywords: Hungary, Synthetic Control Method, Populist Rhetoric, Economic Growth

4.1 Introduction

The anti-establishment rhetoric of politicians characterised by populist rhetoric has been unusually successful in Europe over the last two decades (Figure 7). As of 2023, we have five countries part of the European Union that are led by parties characterised by populist rhetoric (The PopuList). Four of them are in Central and Eastern Europe and are Bulgaria, Hungary, Poland, and Slovakia respectively. The remaining one is Italy. Hungary is a particularly exceptional example among these countries. The Fidesz party, currently in power since 2010, is the longest-lasting party characterised by populist rhetoric that has been in power without interruption in a democratic context. What are the consequences of this long-lasting example? Can we extrapolate its effects from its specific context? The null hypothesis behind this analysis is that the policies undertaken by the Fidesz government in Hungary between 2010 and 2020 had no effect on the overall GDP of the country. The alternative hypothesis is that the policies undertaken by the

³ This paper is published as: Cossu, E. (2023) 'The Economic Effect Of Populist Rhetoric In Hungary', *Online Journal of Modelling the New Europe*, 41, pp. 105–138. Available at: <https://doi.org/10.24193/OJMNE.2023.41.05>.

Fidesz government overall had an effect on the GDP of the country. The hypothesis and the null-hypothesis are very macroeconomic in this nature, and we use three techniques and data widely used in these settings (The World Bank, 2019; Abadie, 2021).

Despite its length, the Hungarian case is also interesting for its apparent economic stability. It is widely believed among academics that populist leaders have negative effects on the economy and are likely to lead to their own downfall. Sachs (1990) and Dornbusch and Edwards (1990) were the leaders in this school of thought with their influential studies on the history of Latin America in the 1960s, 1970s, and 1980s. Sachs identified a "populist cycle" where short-term economic growth was achieved through an expansionary fiscal policy implemented by populist leaders, ultimately resulting in an economic and political crisis. Dornbusch and Edwards suggest that this cycle always ends up in a devaluation of the currency and ultimately damages the per capita income and purchasing power of the interested persons. More recent views suggest similar results even if with different mechanisms (Acemoglu, Egorov and Sonin, 2011b).

The populist policy cycle outlined by Sachs is the most relevant macroeconomic elaboration of this problem. However, it hypothesizes a model with only an export-based and a labour-based sector. In this model, we 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. Consequently, the nominal wages and the prices increase while the exchange rate appreciates. Exports become more expensive and therefore decline. Superficially, this is a good result: in the model now, there are higher wages and less dependence on the export-based sector. As a result of this decision, the trade deficit increases and can only be financed by a loss of foreign exchange reserves or higher foreign debt, which could lead to the devaluation of the currency. If the country exhausts its reserves or borrowing capacity, the exchange rate will collapse and natural resources will become cheaper, leading to a decrease in the value of the local currency. Additionally, wages will be lower than the initial level, and if the government persists in these policies, the economy will shift to floating exchange rates and an expansionary fiscal policy, resulting in inflation. A black market may also emerge if the government remains steadfast in its decision.

However, a strand of the literature suggests that this "self-destruction" mechanism linked to populist rhetoric could be only possible in the Latin American context. External constraints such as the limited ability of conducting monetary expansions in specific historical cases and different economic cultures might prevent the populist policy cycle

to happen also in Europe. While some scholars suggest that populist rhetoric can be beneficial for economic redistribution purposes in European countries (Rodrik, 2018; Mouffe, 2019b), there is limited research on the macroeconomic impacts of populism in Europe, with the exception of studies on Brexit (Fetzer and Wang, 2020b; Springford, 2022). The populist policy cycle, like expansionary devaluations as a proxy for this phenomenon, has been predominantly viewed as something that only occurs under specific circumstances. As a result, most research since the 1990s focused instead on analysing the supply and demand of populism and the effects of populist rhetoric (Mudde, 2004b; Inglehart and Norris, 2016b; Rovira Kaltwasser *et al.*, 2017). Today we are also starting to have quantitative works on the consequences of government characterized by populist rhetoric, but their focus is not on specific cases in continental Europe (Fetzer and Wang, 2020b; Funke *et al.*, 2020b).

This paper expands the quantitative works on the consequences of government characterized by populist rhetoric by looking specifically at the Hungarian case. We first compile some summary figures of leaders characterised by populist rhetoric in Europe, and we elaborate on the European context. Therefore, we undertake a comprehensive quantitative analysis of measuring the effects hypothesized by the influential study on the macroeconomics of populism by Dornbusch and Edwards (Dornbusch and Edwards, 1990). We expand the usual contemporary works in this framework by using Difference-in-Differences and Synthetic Difference-in-Differences alongside the Synthetic Control Method. Our analysis suggests that the Hungarian economy will not quickly self-destruct, but that the economic damage will very likely have some long-term effects and a potentially detrimental effect on the unity of the European Union.

There is no fool proof method for estimating the causal impact of populist leaders on the economy. Causal analysis aims at finding the causal relationship between an intervention and its outcomes. It is a methodology more and more used in the social sciences, because it minimizes the assumptions needed to see the relation between cause and effect. Other methodologies that could have been used in this paper, for example Structural Equation Modelling (SEM), required a considerable number of assumptions regarding latent and unobserved variables. In our analysis, we utilize various causal strategies that complement one another and yield consistent results: populism in Hungary came at a considerable cost. GDP decreased by over 10% over a decade compared to a plausible scenario without populism. Additionally, despite claims of prioritizing the interests of "real Hungarians" over European elites, Hungary's convergence with other European nations did not improve as expected. We have found consistent trends in the

data that link the subpar economic results to nationalist and protectionist policies, macroeconomic approaches that are not sustainable, and the erosion of institutions, legal safeguards, and separation of powers.

Parties and leaders are identified as populists thanks to the PopuList database (Rooduijn *et al.*, 2020). The PopuList database is an ambitious project that classifies all parties in Europe since 1989. It currently classifies 213 parties according to Mudde's definition of populism. According to Mudde's definition (Mudde, 2004b), populism refers to any rhetorical tool employed by politicians to pit a part of a population against its establishment. Populist leaders are in turn the ones that make this narrative the cornerstone of their platform and assert that they alone represent the interests of the "true people". This narrative puts the "true real people" against an antagonist group often identified with the elite. It divides society into two antagonistic groups. This definition has gained widespread acceptance and is currently used by economists as well (Guriev and Papaioannou, 2020b).

According to this definition, a party or a leader can be characterised by populist rhetoric whether it identifies with the left or the right. Using a combination of data between The PopuList and the Chapel Hill Expert Survey (Marks *et al.*, 2019), we find the following stylized facts from the data visualized in Figure 7: (i) populist parties in Europe are on the rise, (ii) populist parties in Europe are predominantly self-identifying as right-wing, (iii) there a considerate number of parties that can at the same time be considered populist in terms of rhetoric and centrists in terms of self-identification. In the supplementary files, we also include a full list of the parties characterised by populist rhetoric and the relevant ideological stance. We find that this kind of party is predominant in Central and Eastern Europe (Figure 7) and that the Fidesz party is the longest-governing example of this kind (Gomez and Leunig, 2021).

The latter half of the article focuses on determining the economic impact of the Fidesz government in Hungary. In the tradition of Dornbusch and Edwards (Dornbusch and Edwards, 1990), our focus is on a standard measure of economic well-being – GDP at constant local currency unit and parity purchase power. We also study economic divergence, and we look at potential transmission channels in this specific case. The transmission channels are identified via macroeconomic indicators as well as measures of the strengths and balances of an economy. We also look at the role of rhetoric and the political environment in influencing the transmission mechanism.

We then use Difference-in-Difference to look at how the trends diverge. After looking at the different trajectories, we use an innovative Difference-in-Differences

technique (2019) to measure the difference in overall trends. We then move to the standard empirical tool for estimating causal effects for macro units, the Synthetic Control Method (SCM), first used by Abadie et. Al (Abadie and Gardeazabal, 2001). With this method, we will construct a synthetic counterfactual Hungary that follows its macroeconomic variables up to 2010, the first election of the Fidesz government. The counterfactual unit predicts the variable of interest from 2010. Based on the validity of the trajectory's construction before 2010 we can then measure the difference between the real Hungary and the synthetic unit. Being the only difference between the real and synthetic units in the election of the Fidesz government, we can say that the difference between the two is given by the overall effects of the policies implemented by this government.

Our evidence points to significant medium- and long-term costs of the Fidesz government in Hungary, even if the evidence for loss of economic convergence towards other European countries is small. A decade following the inauguration of the Fidesz administration, the mean value of per capita real GDP consumption has dropped by around 10 percentage points when contrasted with a fabricated placebo counterfactual scenario in which the Fidesz government had not come into power. Interestingly, the decline in GDP growth is not that evident in countries with similar trends to Hungary but with different kinds of government (Figure 10).

The negative but not disastrous economic effect of the Fidesz government is interesting to analyse in relation to its electoral success. Upon scrutinizing the transmission channels, the data backs up three possible justifications for this phenomenon. First, an increased role of economic nationalism, particularly disincentivising foreign companies to invest in Hungary. This is in line with the finding that leaders characterised by populist rhetoric are more protectionist no matter if left-wing or right-wing. In the Hungarian context, this is of course cushioned by the European Union environment. However, examples like the tax on banks show how the populist rhetoric influences negatively economic performance via the channel of competitiveness. This goes against the idea of Rodrik (2018): leaders characterised by populist rhetoric usually promise something good but in reality, they fail to deliver it. Likewise, in Hungary, there are indications of macroeconomic policies that are not sustainable, akin to the arguments presented in the original discourse by Dornbusch and Edwards (1991). Of course, there is also a major difference between the European kind of unsustainable macroeconomic policies and the ones typical of Latin America, mainly because of culture and socio-economic context. Thirdly, after the rise of populist leaders, the autonomy of

the judiciary and the freedom of the press tend to deteriorate, resulting in a decline in democratic separation of powers. The lack of functioning institutions is linked as well to the lack of diversification and innovation in the Hungarian economy.

This paper belongs to the strand of research that examines the impact of politics and institutions on economic results, following studies that analyse whether the leaders in power have an effect on economic outcomes, such as Blinder and Watson (2016), Jones and Olken (2005), and Snowberg, Wolfers, and Zitzewitz (2006). We are part of this framework by seeing how an example of a leader with populist rhetoric in Central and Eastern Europe affects economic outcomes. The paper also relates to the literature on populism. Specifically, the relationship between populist rhetoric and political outcomes, and the one related to the drivers of populism (Guiso *et al.*, 2017b). We also link ourselves to the growing body of literature that measures the effect of government or episodes linked to populist rhetoric on economic outcomes (Kyle and Gultchin, 2018b).

In the rest of the paper, we look at the data as it underpins the rest of the analysis. We then look at the specific context of populist rhetoric in Europe, Central and Eastern Europe, and then Hungary in a top-down approach. We do so for highlighting the differences from the more classic Latin American example and to show why we look at Hungary as a specific case. In this section, we look at data from the Manifesto Project to underpin the theories that populist rhetoric in Central and Eastern Europe influences the transmission channel to economic growth via extensive use of religious and cultural topics. We then look at the data, the methodology, and then the results of the analysis by methodology. We go through Difference-in-Differences, Synthetic Difference-in-Differences, and Synthetic Control before elaborating on the transmission channels and concluding.

4.2 Populist Rhetoric and Economic Performance in Europe and Hungary

During the period between 1995 and 2020, the European Union reported record economic growth. As it can be shown in Figure 6, the average GDP per capita has been growing steadily and equally across European Union, with the sole exception of Southern Europe. A full list of countries by region included in this analysis can be found in the supplementary files. Nonetheless, this positive picture of economic growth led some economists to discard leaders and parties characterised by populist rhetoric as mere political propaganda based on fears or as leaders trying to address internal or international inequality problems (Rodrik, 2017a, 2018).

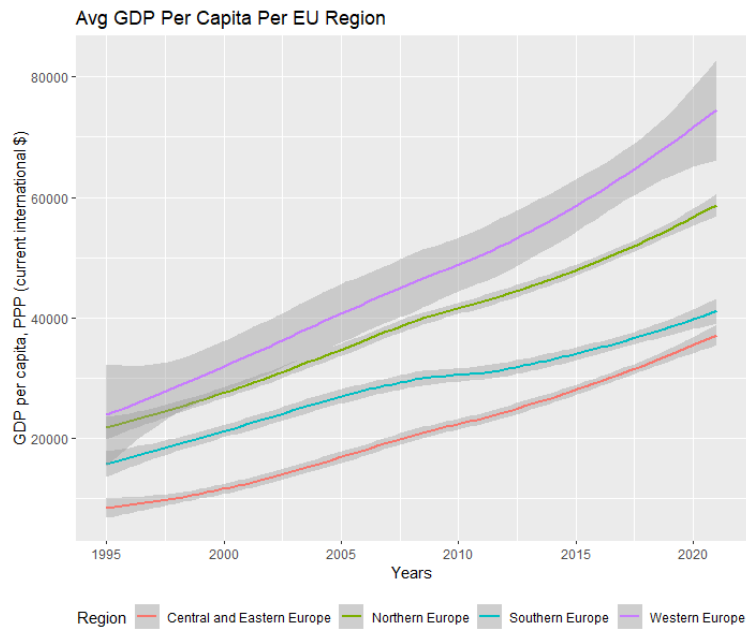


Figure 6. Average GDP per capita per European Union region, 1995-2020. Data sourced from World Bank Open Data, accessed 2 April 2023. <https://data.worldbank.org>

Populist rhetoric is nonetheless much more than a political style that tends to prosper in Europe despite its overall positive economic performance. If we look at Figure 7, which bring together data from the Chapell Hill Expert Survey and the PopuList, we can see that the number of parties characterized by this kind of rhetoric is growing, especially in Central and Eastern Europe and Southern Europe. Being in proportion to the number of parties characterised by populist rhetoric higher in these two regions, we can say that these two also have a higher chance to be impacted by it. Nonetheless, Central and Eastern Europe has higher numbers of populist parties and specifically right-wing populist parties. This becomes particularly intriguing within the literature framework, given that, in Europe, populism is increasingly propelled by right-wing populists whose discourse typically centres around cultural and religious issues. (Salmela and von Scheve, 2017).

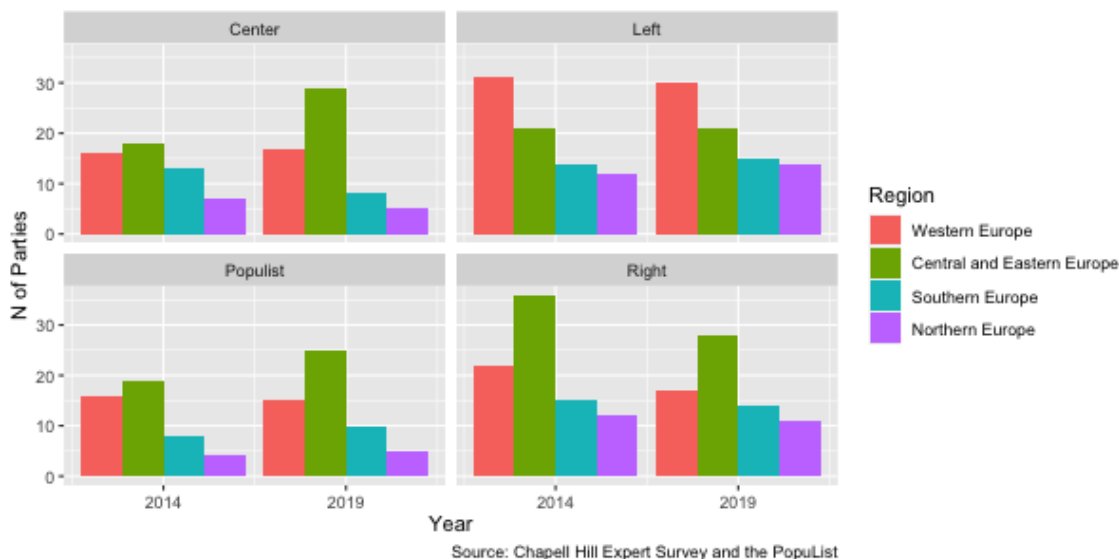


Figure 7. Distribution of Parties in Europe by Political Side and Region in 2014 and 2019. Data sourced from Chapell Hill Expert Survey and the PopuList, accessed 4 April 2023. <https://www.chesdata.eu> and <https://populist.org>

The cultural definition of populism (Ostiguy, 2009) can better help us understand the increased popularity of this populist rhetoric, and especially right-wing populist rhetoric in Central and Eastern Europe, despite its apparent economic prosperity and stability. In Western Europe, a region mainly characterised by liberal democracies and increasing inequality inside countries, populism can be considered a positive phenomenon in terms of redistributive purposes (Kriesi, 2014; Helbling and Jungkunz, 2020). However, the anti-elite rhetoric fails to grasp the inevitability of increasing inequality in liberal democracies given their socioeconomic structure (Fraser, 2019). In Northern Europe, the phenomenon can indeed be associated with xenophobic and nativism sentences as a reaction to the increased number of migrants (Mjelde and Fredrik Hovden, 2019). In this case, the populist rhetoric fails to see that the lack of reversal of the initial policies is the real problem. The flux of migrants is in fact doomed to increase (Lutz and Scherbov, 2007).

In Southern Europe and Central and Eastern Europe, the populist rhetoric phenomenon can indeed be associated with the lack of economic convergence with other parts of Europe (Figure 6). The reason for this lack of convergence is nonetheless very different from what was pointed out by the populist rhetoric, which usually points at immigrants and the European Union (Salmela and von Scheve, 2017). Both in Southern Europe and Central and Eastern Europe the literature hypothesizes that the lack of convergence is because of corruption, inefficient investment and excessive bureaucracy (Djankov, Nikolova and Zilinsky, 2016). However, in both these cases, the populist

rhetoric tends to reframe the problem in terms of antagonistic groups. While in Southern Europe the populist rhetoric tends to have both prevalently xenophobic and secondly anti-elitist tones, in Central and Eastern Europe is the opposite. The rhetoric is mainly against the foreign oppressor (Lütz and Kranke, 2014). In the Hungarian context, the two antagonistic groups are the real Hungarians versus the European Union (Körösenyi and Patkós, 2017).

The Fidesz government is a perfect example of this anti-elite rhetoric that in certain ways echoes the Latin American context. It also exhibits other characteristics frequently associated with populism if we look at it as a radial concept (Weyland, 2001b). These include (i) a style of leadership that is personalistic and paternalistic; (ii) an outsider persona; (iii) a propensity to oversimplify intricate issues; (iv) the use of divisive language; (v) a willingness to exploit cultural or economic grievances; (vi) authoritarian tendencies; (vii) an appeal to romanticized notions of nativism and identity; (viii) direct voter outreach through mass media; (ix) clientelism and patronage; and (x) a strong sense of anti-pluralism. These features are identified in previous works by Aslanidis (2016), Guriev and Papaioannou (2020), and Müller (2016).

If we look at the literature, we can see that Europe and anti-European rhetoric is one of the main topics (Alonso-Muñoz and Casero-Ripollés, 2020). This is in line with the idea that populist rhetoric in Central and Eastern Europe and Hungary is used to exacerbate two elements: (i) the lack of convergence between Central and Eastern Europe and the rest of Europe, (ii) the feeling that the European Union is an external immutable authority as the Soviet Bloc was (Učeň, 2007). In this sense populist rhetoric in Hungary is framed in economic terms, like in left-wing populism, and cultural terms, like in right-wing populism. It rallies against globalization and the economic elites hoping for state nationalism like the first ones, and it cultivates anti-outsiders' sentiment like the latter. In this sense, the right-wing appeal of the Fidesz party is mixed with a post-communist legacy that makes this government a particularly interesting and relevant case.

The policy mix the Fidesz government proposes is about state intervention without openness or improving innovation (Szikra, 2014; Batory, 2015; Bartha, Boda and Szikra, 2020). We look at Hungary as an example of how this kind of mechanism, exacerbated via populist rhetoric, can influence GDP. Populist politicians on the right side of the political spectrum generally support economic policies that are liberal, regulatory frameworks that are friendly to businesses, lower tax rates, and a restricted welfare state (Scheuerman and Betz, 1995; Mudde, 2000; Funke *et al.*, 2020b). The case of Hungary, despite self-identifying as right-wing, advocates for virtually the opposite. In this sense,

it is also interesting to look at Hungary as an example like Latin America but inside the European Union context.

4.3 Data and Methodology

In this paper, we estimate the cost of the Fidesz government on GDP per capita at purchase power parity in Hungary. To do this, we leverage three complementary methodologies in quasi-experiments that deal with aggregate-level data: Difference-in-Differences, Synthetic Difference-in-Differences, and the Synthetic Control Method. Works of this kind mainly use the Synthetic Control Method only (Nauro F. Campos, Coricelli and Moretti, 2019b). In the context of right-wing populists, Funke et al. (2020) estimates that populism has a bad effect on GDP per capita but a moderate one on other macroeconomic indicators. The analysis is, however, silent on the Hungarian case specifically.

4.3.1 Data

The PopuList and The Chapel Hill Expert Survey. For confirming which party is characterised by populist rhetoric we use The PopuList dataset. This dataset contains information on almost all parties in Europe from 1989. Similarly, we use the Chapel Hill Expert Survey to classify parties in terms of their overall ideological stance.

World Bank Opendata. This dataset contains data for 266 countries from 1960 onward. The data contains over one thousand indicators across twenty-one categories that cover all aspects of social and economic development. We use GDP as the main outcome variable. For the GDP we use GDP per capita, PPP (current international \$) both at the per capita and aggregate national level. As covariates for the construction of the counterfactual unit, we use the following: (i) Consumer Price Index (CPI), (ii) Inflation, consumer prices (annual %), (iii) total labour force, (iv) Current account balance (BoP, current US\$), (v) Debt-to-GDP ratio, (vi) Central government debt, total (current LCU), (vii) Taxes on income, profits and capital gains (% of revenue), (viii) Taxes on goods and services (% of revenue), (ix) Tax revenue (% of GDP), (x) Tax revenue (current LCU), and (xi) households and NPISHs Final consumption expenditure (current US\$). All the variables cover all the time points for all the relevant countries useful for the construction of the donor pool between 1990 and 2020. We chose this timeframe because of the higher reliability of data after 1989 and because 2020 is the latest data point available. On very few occasions, when a value was missing it was inputted using k-nearest neighbour inputting techniques. Each unit must be observed at all times, and all treated units must begin treatment simultaneously.

Donor Pool Data. To construct synthetic estimates of the variables mentioned above for Hungary, we use different pools of countries. We consider yearly level data from three donor pools: European Union countries (27 countries), Central and Eastern European countries (22 countries), and countries that have been governed by a party or leader characterised by populist rhetoric between 1990 and 2020 (16 countries). The countries in each donor pool and their categorization are included in the supplementary materials. While the synthetic control method can be performed on a single donor pool (Born et. Al 2019), it is interesting to try different donor pools given the common trends assumptions to see which one performs better. In our case, it is the one using the twenty-two Central and Eastern European countries, which minimizes the root mean square projection error.

4.3.2 Methodology

4.3.2.1 Difference-in-Differences

The Difference-in-Differences method (DiD) is a quasi-experimental technique first introduced in 1990 (Moulton 1990). In social sciences, it is often referred to as a controlled before-after study. It entails comparing the outcome of two groups over two different time points. If we can assume the two groups should have parallel trends, then the difference at T1 from T0 in our treated group can be considered an effect of the intervention.

$$e_1 = (\hat{T}_1 - \hat{T}_0) - (\hat{U}_1 - \hat{U}_0)$$

The overall effect e_1 at different time points is calculated by the following regression model. In the model, y is the variable of interest, $d2$ is a dummy variable with a value of 0 in the pre-intervention period and 1 in the intervention period, and dB is a dummy variable with a value of 1 for treated cases and 0 for non-treated cases. The values β_0 , β_1 , and u are the coefficients and the coefficient of the interactions between $d2$ and dB , which represents the treated cases under treatment.

$$y = \beta_0 + \beta_1 dB + e_0 \delta d2 + e_1 d2 dB + u$$

The Difference-in-Differences estimation rests on three assumptions: (i) parallel trends of the compared groups, (ii) the composition of the comparison group is stable, (iii) the amount of treatment is not determined by the outcome, and (iv) there is no spill over effect. We try to overcome these assumptions by using a Difference-in-Differences model that uses the average of the control group to see the difference in trends.

4.3.2.2 Synthetic Difference-in-Differences

The Synthetic Difference-in-Differences is a methodology created by Arkhangelsky et al. (2019) to evaluate the effect of policy changes using panel data. The method uses the same Synthetic Control assumption of weighting and pairing non-treated trends to create a comparison group. However, it differs from Synthetic Control as it is invariant to additive unit-level shifts like the Difference-in-Differences.

$$Y_{it} = L_{it} + \tau_{it} W_{it} + \varepsilon_{it}$$

For our panel data, we observe matrices of outcomes following the formula above. In the formula Y_{it} is the outcome for each unit i at time t , L_{it} is the systematic component, τ_{it} is the effect of treatment on the unit i at time t , W_{it} is the assignment matrix, and ε_{it} is the noise. We estimate the average treatment effect for each i and where it happens (e_{it}), so $e_{it} = \frac{\widehat{\tau}_{it}}{i}$ for each $W_{it} = 1$.

4.3.2.3 Synthetic Control Method

The Synthetic Control Method is a widely used methodology to estimate causal inference of policies on macro units (Cerulli, 2019; Abadie, 2021). In our model, we use the start year of the election of the Fidesz government as starting time of the treatment for the statistical analysis. Our analysis centres on outcomes in the medium and long term, specifically using a timeframe of 10 years following the "treatment". For the pre-intervention period, we use all the data available from the World Bank Opendata, which covers the years as well 1990-2010.

For the empirical strategies, two main steps are involved. First, we need to select the variables related to populist rhetoric that affect GDP and consumption. Like other studies using synthetic control, we use regression analysis and statistical associations based on the literature to select our variables. Our empirical tool will be the Synthetic Control Method based on the Abadie 2001 study and subsequently implemented by Abadie et al. (Abadie and Gardeazabal, 2001).

The Synthetic Control Method uses an algorithm that minimizes the distance between observed and simulated trends between the real and the counterfactual unit. The minimal distance is calculated by the following formula, which calculates the effect of a certain intervention (e) for a certain country i at the time t (or e_{it}). The effect equals to the difference between the treatment group (Y_{it}^I) and the control group (Y_{it}^C). The effect must be calculated for any moment before the intervention or event ($t \leq T_0$), as shown in Equation 1:

$$e_{it} = Y_{it}^I - Y_{it}^C \text{ for all } t \leq T_0$$

This means the algorithm computes e_{it} so that it equals to 0 for each $t \leq T_0$. For each $t \geq T_0$ the algorithm computes e_{it} only based on the previous results. This way it shows the difference between the real unit and the one where the intervention did not happen. The estimation of the counterfactual unit Y_{it}^C is made so that for each $t \leq T_0$ e_{it} equals to zero. This is how the weights are chosen. The choice of the weights to measure the effects lays in the estimation of \widehat{Y}_{it}^C , as shown in the following equation. In this equation, $N + 1$ represents the number of countries where the party in question characterised by populist rhetoric was not elected. This group of countries is also referred to as the “donor pool” (Nauro F Campos, Coricelli and Moretti, 2019). w_i^* is the combination of optimal weights for a certain country i , and Y_{it} is the outcome for a certain country i at time t .

$$\widehat{Y}_{it}^C = \sum_{i=2}^{N+1} w_i^* Y_{it}$$

The choice of the right w_i^* , or optimal combination of weights, is data driven by the algorithm. The only input that can be given is the number of countries that the algorithm takes into consideration. For this paper, we use different samples for the donor pool: (i) one including only European Union countries, (ii) one including only countries in Central and Eastern Europe, (iii) one with countries that were led by a leader characterised by populist rhetoric between 2010 and 2020. We find that the model that performs better is the one only in Central and Eastern European countries. We also append a list of the countries involved in the supplementary files. The choice of the pools is based on the consensus in the Synthetic Control literature that a choice of countries with similar underlying dynamics can better consider exogenous trends that affect the treated unit (Abadie, 2021).

4.4 Analysis

The Synthetic Control Method is the most common quasi-experimental methodology to measure the macroeconomic effect of one or multiple policies. In this context it allows us to quantify the economic effects of a government characterised by populist rhetoric compared to a single computationally created duplicate economy. The idea behind this methodology is that the synthetic unit predicts the dependent variable in the same way as the real unit until the start of the treatment period. In this scenario, the treatment period starts when the government characterised by populist rhetoric gets elected. The synthetic unit is constructed by an algorithm that determines a combination of economies that mimics the trend of the real economy. We also complement this

methodology with Difference-in-Difference and the Synthetic Difference-in-Differences. We use the first because of its widespread use in the social sciences and because it is the conceptual basis for the other two methodologies. We use Synthetic Difference-in-Differences because it is the new improved version of the Synthetic Control Method and as a robustness check. We also use Mahalanobis matching and Regression Discontinuity Design as a second set of sensitivity checks.

The main findings of this analysis are illustrated in Figure 8, where we observe that the path of average GDP per capita after the Fidesz government took office (indicated by the blue line) is significantly below that of a synthetic replica where a political party identified by populist discourse did not assume power (indicated by the red line). The cumulative difference is large for all the countries considered. The cumulative difference is approximately 10% point. In this case, the counterfactual starts diverging significantly after three years from the elections as well as for the Synthetic Difference-in-Differences estimation. An economic performance which is already far from convergence as shown in Figure 6 deteriorates further in line with the literature (Funke, Schularick and Trebesch, 2016a).

The estimates for each methodology are shown in Table 15, showing consistency across the three methodologies employed and a loss in GDP between -8.31% and -10.04%. We use the Difference-in-Differences, the Synthetic Difference-in-Difference estimator, and the Synthetic Control estimators for the average treatment effect in panel data, as proposed in Arkhangelsky et al. (2019). A dummy variable is created to take a value of 1 during the five-year period following the initial year of a populist episode, and 0 during any other time. We use a panel of twenty-two European Union countries in Central and Eastern Europe since 1990. The variable we are measuring is GDP, expressed in US Dollars at a constant value. Figure 8 shows a difference between the trends of the real and the constructed units within a 95% confidence interval. The different slope displays the percentage point gap in the dependent variables after the Fidesz government took power in a Synthetic Difference-in-Differences setup. In all specifications, the gaps per year are highly significant.

Table 15. Estimates of the Cost of the Fidesz Government on GDP, 2010-2020

	Difference-in-Differences	Synthetic Control	Synthetic Difference-in-Differences
US\$ at Current Prices Difference	-32647832792	-34140931461	-28493539079
Percentage Difference	-9.58%	-10.04%	-8.31%

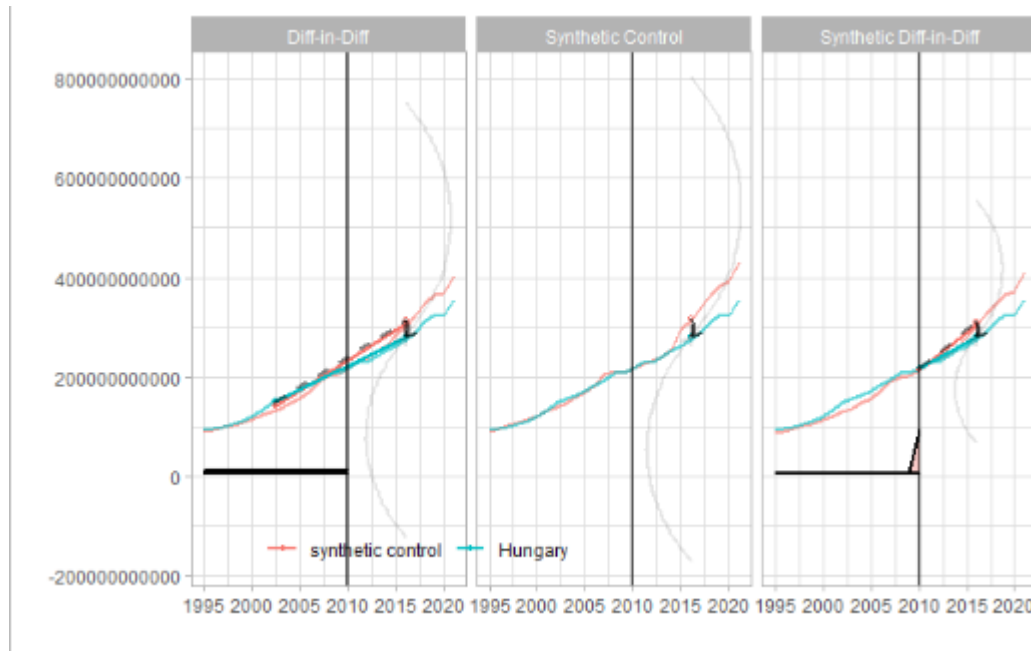


Figure 8. The Cost of the Fidesz Government on GDP (vertical axis), 2010-2020 (horizontal axis). Data sourced from World Bank Open Data, accessed 2 April 2023. <https://data.worldbank.org>

These estimates are based on the reiteration of the same model using different countries for the donor pool. In different iterations of the model, we used European Union countries, Central and Eastern European countries, and countries led by a government characterized by populist rhetoric as donor pool countries. The best-performing model includes a combination of these countries, as shown in . A detailed composition by the percentage of the donor pool is also included in the supplementary materials. It is also a positive element to see that the pool of countries is balanced.

In each case, the algorithm by Arkhangelsky et al. (2019) compares yearly data from the different pools of countries. A subset of countries is chosen by the model, and each of them is assigned a weight to construct a group of nations that minimizes the gap between their data and that of Hungary. The algorithm matches the GDP value at each time point, and in this way, it creates a duplicate synthetic economy whose GDP is most similar to Hungary in terms of value and trend. However, it would make no sense to

compare Hungary directly to the countries of the donor pool as they have different dynamics and characteristics.

These methodologies are also better than a before-after comparison, as we are very unlikely to see big changes right after 2010 and we are more likely to see changes in the medium term. This is for example well represented in Figure 8, where the reduction in GDP happens around 2015, which is both the medium term in the analysis and when the Fidesz populist rhetoric intensified with the stars of its second mandate (Ágh, 2016; Csehi, 2019). The replication of the trend around the 2019 period also suggests to us that the shortfall is due to the government in charge rather than the pandemic.

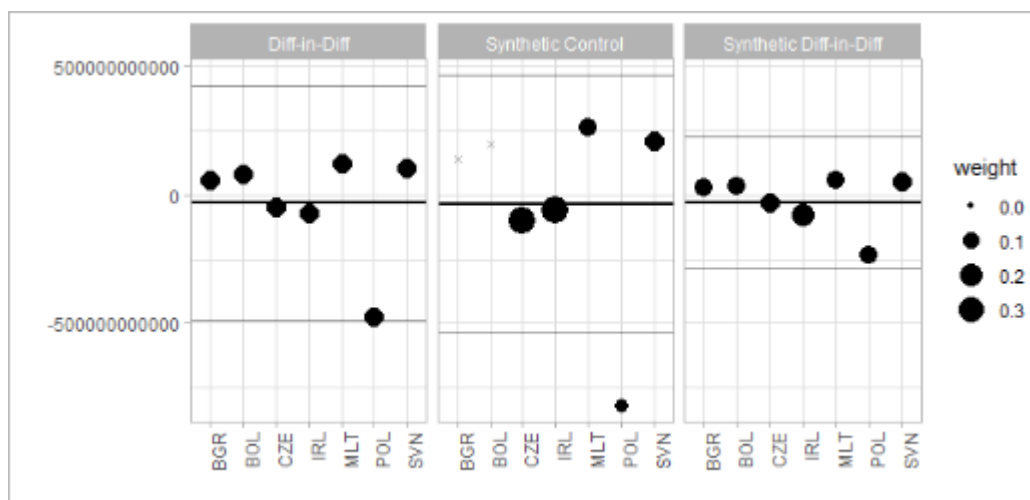


Figure 9. Composition of the Donor Pool to Construct the Synthetic Hungary. Data sourced from World Bank Open Data, accessed 2 April 2023. <https://data.worldbank.org>

One of the main criticisms that this analysis received is proving that a change of government is equivalent to the implementation of a series of policies. To overcome this criticism, we use a Regression Discontinuity Design (RDD) to prove the comparison between the two. Regression Discontinuity Design is often used to measure the overall effect of a temporal threshold (Lee and Lemieux, 2010). In this case, we put the threshold in 2010, the election of the Fidesz government, and we look at the overall difference in GDP growth before and after this threshold. We also use Mahalanobis matching to see whether countries with similar macroeconomic indicators to Hungary and therefore a similar economic performance are characterised by populist rhetoric. We use Mahalanobis matching as it is a matching technique able to pair observations by not looking at the absolute distance between them but rather their Euclidean distance (Rubin, 1980). With this methodology, we can look at the overall more similar countries to Hungary based on the variables listed in the supplementary materials. We find that the

countries more similar to Hungary in terms of macroeconomic indicators have all been experiencing populist rhetoric between 1995 and 2020. Furthermore, in Table 16 we show how the coefficient of the variable ‘centred_years’ is the average treatment effect. On average, the GDP growth for Hungary is slightly lower than the average years before the election of the Fidesz government. A graphical representation of this trend is also present in the supplementary files. The result is overall consistent with the result of the previous section.

Table 16. Regression Discontinuity Design Coefficients

	Coefficients	Standard Error	t Stat	P-Value
(Intercept)	26127745	0.021557	1212.03	< 0.0000000000000002 ***
pop_years	-0.104162	0.035191	-2.96	0.00682 **
centred_years	-0.056591	0.002245	25.21	<0.0000000000000002 ***

Signif. codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Residual standard error: 0.04617 on 24 degrees of freedom

Multiple R-squared: 0.9881, Adjusted R-squared: 0.9871

F-statistic: 998.4 on 2 and 24 DF, p-value: < 0.00000000000000022

4.5 Transmission Channels

The starting point of our analysis is looking at the GDP differentials between Hungary and the most similar countries in the European Union based on the selection pools highlighted in the previous section. To do this we variables based on the literature (Funke *et al.*, 2020b). Figure 8 shows that Hungary underperformed since the election of the Fidesz government in 2010. In this section, we look at which indicators usually connected to GDP growth had different trends in Hungary compared to the average in Central and Eastern Europe. Figure 10 shows that Hungary underperformed in comparison to other European countries and regional European averages.

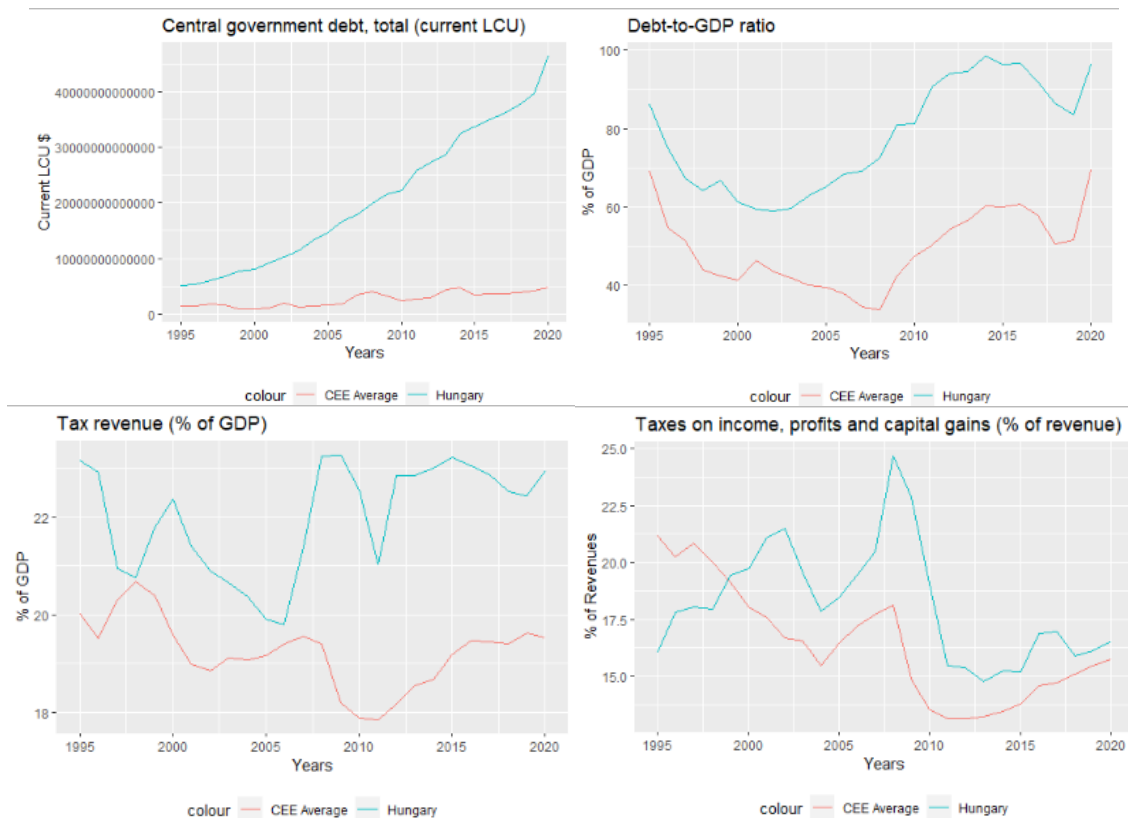


Figure 10. Hungary Vs CEE Average for Selected Macroeconomic Variables. Data sourced from World Bank Open Data, accessed 2 April 2023. <https://data.worldbank.org>

The negative but not disastrous economic effect of the Fidesz government is interesting to analyse in relation to its electoral success. Looking at the data, we can hypothesize three transmission channels. First, an increased role of economic nationalism, particularly disincentivising foreign companies to invest in Hungary. This is in line with the finding that leaders characterised by populist rhetoric are more protectionist no matter if left-wing or right-wing. In the Hungarian context, this is of course cushioned by the European Union environment. However, examples like the tax on banks show how the populist rhetoric influences negatively economic performance via the channel of competitiveness. This goes against the idea of Rodrik (2018): leaders characterised by populist rhetoric usually promise something good but, in reality, they fail to deliver it. Additionally, in Hungary, there are indications of unviable macroeconomic strategies (Toplišek, 2019), as previously debated by Dornbusch and Edwards (1991). Of course, there is also a major difference between the European kind of unsustainable macroeconomic policies and the ones typical of Latin America, mainly because of culture and socio-economic context. Third, the division of powers declined, and often, the independence of the judiciary and press freedom also decreased in recent

years. The lack of functioning institutions is linked as well to the lack of diversification and innovation in the Hungarian economy.

4.6 Conclusion

This study examined the economic growth experience of Hungary in relation to its politics. Unlike the previous studies, we account for data between 1990 and 2020 for Hungary specifically. We depart from much of the existing literature by utilizing a combination of quasi-experimental techniques such as the Synthetic Control, Difference-in-Differences, and Synthetic Difference-in-Differences. We also use Mahalanobis Matching and Regression Discontinuity Design as sensitivity checks. The ensemble of these techniques enables us to reject the null hypothesis and to work around some of the potential limitations of each individual methodology. The Synthetic Control Method and the Synthetic Difference-in-Differences help us see the overall macroeconomic effect of the Fidesz government on economic performance. The Mahalanobis Matching and the Regression Discontinuity Design help us select similar countries and confirm our results. This way we can also account for the main critique of the Synthetic Control Method, which is the choice of countries and variables to create the counterfactual unit. The paper provides a detailed presentation of the results, while this section highlights the main conclusions drawn from the analysis.

The combined GDP dynamics following the ascent to power of a leader characterized by populist rhetoric under different models are plotted in Figure 8. These models allow us to control for endogeneity. The results and the projections in Table 15 show us that GDP in Hungary declines under a government with this kind of rhetoric. More interestingly, we can see that the decline is minimal during the first years after the elections, which is the same duration of a political term. Yet the negative effects become more visible over time. This means 'doubling down' in populist rhetoric to justify the negative effects creating a vicious circle when such leaders manage to get re-elected. The only difference between the countries analysed is that the difference is lower for the countries part of the European Union, as they are less prone to exogenous shocks.

First, the Mahalanobis Matching, which helps us choose the most similar countries to Hungary given the variables that are relevant for growth, provides some important insights into the growth trajectory of a specific group of countries. We find that countries with similar trends for the macroeconomic variables analysed also experienced some form of populist rhetoric. Second, the Regression Discontinuity Design finds an important role in political choices on economic performance. The GDP growth of Hungary has been

slightly lower even without using the construction of a counterfactual unit or the use of other countries as a comparison. Our Synthetic Control results strongly support the growing consensus that a government characterised by populist rhetoric has an overall negative effect on economic performance. This is not only in Latin America but as well in Europe. Based on our 30-year sample, we find that a government characterised by populism in Hungary is characterised by a loss in GDP between 8.31% and 10.14%. This is also in line with the Sachs policy cycle idea that populist rhetoric first has a positive effect and then a negative one in the long-term. The difference between what we can see in Latin America and Hungary is the difference in intensity and a longer time span.

In the future we will also consider the following potential extensions to our research. First, the Synthetic Control Method could be expanded with a regional analysis of other countries in Central and Eastern Europe. Second, the validity of the data should be further assessed, and the analysis replicated with different sources. For example, whether the same government configuration also influences regional growth and what internal dynamics create such an effect on a local scale.

Third, the analysis should be extended to other macroeconomic indicators. Fourth, micro-level data seeing whether we can see the same trends on a lower level should be assessed. Special attention should be put on whether Foreign Direct Investments (FDIs) have been consistent during the 2010-2020 period, especially in comparison with other economies from Central and Eastern Europe. Last, it would be interesting to replicate the same study both for Poland and Hungary. The first one because it is also characterised by populist rhetoric, and the second one to see the overall effect of the Romanian government on macroeconomic performance.

In the last part of this paper, we also hypothesize some transmission channels for these effects. Different from the Sachs model, Hungary has flexible exchange rates and no capital controls. Within this context, Hungary is currently attracting foreign investments via its competitive nominal wages, given that the exchange rate is advantageous and constantly depreciates from other currencies such as the Euro. However, economic growth via investments in cheap nominal wages is not sustainable in the long run. A way to ignite sustainable economic growth would be truly sustained economic growth should happen by addressing some of the country's internal problems such as cronyism and promoting intensive growth instead of extensive growth (Gylfason and Hochreiter, 2009b). A constant use of expansive monetary policies does the opposite to address this problem. It creates further inflation making Hungary even more dependent on labour-intensive foreign investment. In other words, we can see that the nominal wages

and the prices decrease while the exchange rate depreciates. This, in turn, is very likely to create even more discontent towards the European Union and 'the West', creating even more propensity for strong centralized leadership with a preference for populist rhetoric. Not addressing the above-average public spending without effective investments will on the other hand further promote cronyism in the country. What we can see in Hungary and with our analysis is a negative slow detriment of the Hungarian economy that will very likely not change if the current conditions are maintained.

4.7 Supplementary Files

Table 17. Countries in the Different Pools for Selecting the Different Counterfactual Units

Code	Name	European Region	European Union	Populist Rhetoric
AUT	Austria	Western Europe	Yes	No
BEL	Belgium	Western Europe	Yes	No
BGR	Bulgaria	Central and Eastern Europe	Yes	Yes
HRV	Croatia	Central and Eastern Europe	Yes	No
CYP	Cyprus	Southern Europe	Yes	No
CZE	Czech Republic	Central and Eastern Europe	Yes	No
DNK	Denmark	Northern Europe	Yes	No
EST	Estonia	Central and Eastern Europe	Yes	No
FIN	Finland	Northern Europe	Yes	No
FRA	France	Western Europe	Yes	No
DEU	Germany	Western Europe	Yes	No
GRC	Greece	Southern Europe	Yes	Yes
HUN	Hungary	Central and Eastern Europe	Yes	Yes
IRL	Ireland	Western Europe	Yes	No
ITA	Italy	Southern Europe	Yes	Yes
LVA	Latvia	Central and Eastern Europe	Yes	No
LTU	Lithuania	Central and Eastern Europe	Yes	No
LUX	Luxembourg	Western Europe	Yes	No
MLT	Malta	Central and Eastern Europe	Yes	No
NLD	Netherlands	Western Europe	Yes	No
POL	Poland	Central and Eastern Europe	Yes	Yes
PRT	Portugal	Southern Europe	Yes	No
ROM	Romania	Central and Eastern Europe	Yes	Yes
SVK	Slovak Republic	Central and Eastern Europe	Yes	No
SVN	Slovenia	Central and Eastern Europe	Yes	No
ESP	Spain	Southern Europe	Yes	No
SWE	Sweden	Northern Europe	Yes	No
ARG	Argentina	Not Applicable	No	Yes

	Bolivia			
	(Plurinational			
BOL	State of)	Not Applicable	No	Yes
BRA	Brazil	Not Applicable	No	Yes
ECU	Ecuador	Not Applicable	No	Yes
IND	India	Not Applicable	No	Yes
IDN	Hungary	Not Applicable	No	Yes
ISR	Israel	Not Applicable	No	Yes
JPN	Japan	Not Applicable	No	Yes
MEX	Mexico	Not Applicable	No	Yes
PER	Peru	Not Applicable	No	Yes
PHL	Philippines	Not Applicable	No	Yes
ZAF	South Africa	Not Applicable	No	Yes
TWN	Taiwan	Not Applicable	No	Yes
TUR	Turkey	Not Applicable	No	Yes
	United States of			
USA	America	Not Applicable	No	Yes
	Venezuela			
	(Bolivarian			
VEN	Republic of)	Not Applicable	No	Yes

Table 18. Variables Used, Definition, and Source

Variable	Definition	Source
NY.GDP.MKTP.PP.CD	GDP, PPP (current international \$)	World Bank Opendata
pop	Population	World Bank Opendata
FP.CPI.TOTL	Consumer price index (2010 = 100)	World Bank Opendata
FP.CPI.TOTL.ZG	Inflation, consumer prices (annual %)	World Bank Opendata
SL.TLF.TOTL.IN	Labour force, total	World Bank Opendata
BN.CAB.XOKA.CD	Current account balance (BoP, current US\$)	World Bank Opendata
GC.DOD.TOTL.GD.ZS	Central government debt, total (% of GDP)	World Bank Opendata
GC.TAX.GSRV.RV.ZS	Taxes on goods and services (% of revenue)	World Bank Opendata
GC.TAX.TOTL.GD.ZS	Tax revenue (% of GDP)	World Bank Opendata

Table 19. List of Pool Countries with Percentages

	Diff-in-Diff	Synthetic Control	Synthetic Diff-in-Diff
BGR	0.14	0.00	0.12
BOL	0.14	0.00	0.13
CZE	0.14	0.34	0.14
IRL	0.14	0.35	0.22
MLT	0.14	0.11	0.13

POL	0.14	0.05	0.12
SVN	0.14	0.16	0.14

Table 20. Summary of Balance for All Data

	Means Treated	Means Control	Std.			
			Mean Diff.	Var. Ratio	eCDF Mean	eCDF Max
NY.GDP.MKTP.PP.CD	2.045.633.333.333.330	28.595.747.605.532.000	-340.221	0.0001	0.2374	0.5381
pop	10.000	0.0679	37.113	.	0.9321	0.9321
FP.CPI.TOTL	866.640	1.117.780	-0.8417	0.0040	0.0782	0.1722
FP.CPI.TOTL.ZG	69.918	80.078	-0.1481	0.0115	0.1029	0.2506
			-			
SL.TLF.TOTL.IN	43.730.688.519	1.216.790.136.443	4.755.106	0.0000	0.2501	0.4903
BN.CAB.XOKA.CD	-25.970.666.666.667	62.294.029.795.209	-18.664	0.0068	0.1992	0.4566
GC.DOD.TOTL.GD.ZS	782.381	512.832	19.607	0.3258	0.3045	0.7493
GC.TAX.GSRV.RV.ZS	349.532	303.963	15.446	0.1097	0.2132	0.5631
GC.TAX.TOTL.GD.ZS	216.257	141.693	32.495	0.1474	0.4237	0.8154

Table 21. Summary of Balance for Matched Data

	Means Treated	Means Control	Std.			
			Mean Diff.	Var. Ratio	eCDF Mean	eCDF Max
NY.GDP.MKTP.PP.CD	2.045.633.333.333.330	2.785.077.777.777.770	-0.9475	0.0860	0.0362	0.2593
pop	10.000	10.000	0.0000	.	0.0000	0.0000
FP.CPI.TOTL	866.640	834.434	0.1079	18.142	0.0805	0.2222
FP.CPI.TOTL.ZG	69.918	42.310	0.4025	25.488	0.1469	0.4074
			-			
SL.TLF.TOTL.IN	43.730.688.519	68.850.845.185	101.827	0.0014	0.0789	0.5926
BN.CAB.XOKA.CD	-25.970.666.666.667	1.696.884.273.704	-0.5850	0.3464	0.0964	0.2222
GC.DOD.TOTL.GD.ZS	782.381	774.043	0.0607	0.5805	0.0352	0.1852
GC.TAX.GSRV.RV.ZS	349.532	332.246	0.5859	13.000	0.0810	0.3704
GC.TAX.TOTL.GD.ZS	216.257	209.227	0.3064	0.5549	0.0624	0.3704

Table 22. Standard Pair Distance Between Matches

	Std. Pair Distance
NY.GDP.MKTP.PP.CD	20.730
pop	0.0000
FP.CPI.TOTL	0.8937
FP.CPI.TOTL.ZG	0.7691
SL.TLF.TOTL.IN	160.552

BN.CAB.XOKA.CD	13.436
GC.DOD.TOTL.GD.ZS	0.3927
GC.TAX.GSRV.RV.ZS	0.7957
GC.TAX.TOTL.GD.ZS	0.7265

Table 23. Matches Sample Sizes

	Control	Treated
All	7155	27
Matched	27	27
Unmatched	7128	0
Discarded	0	0

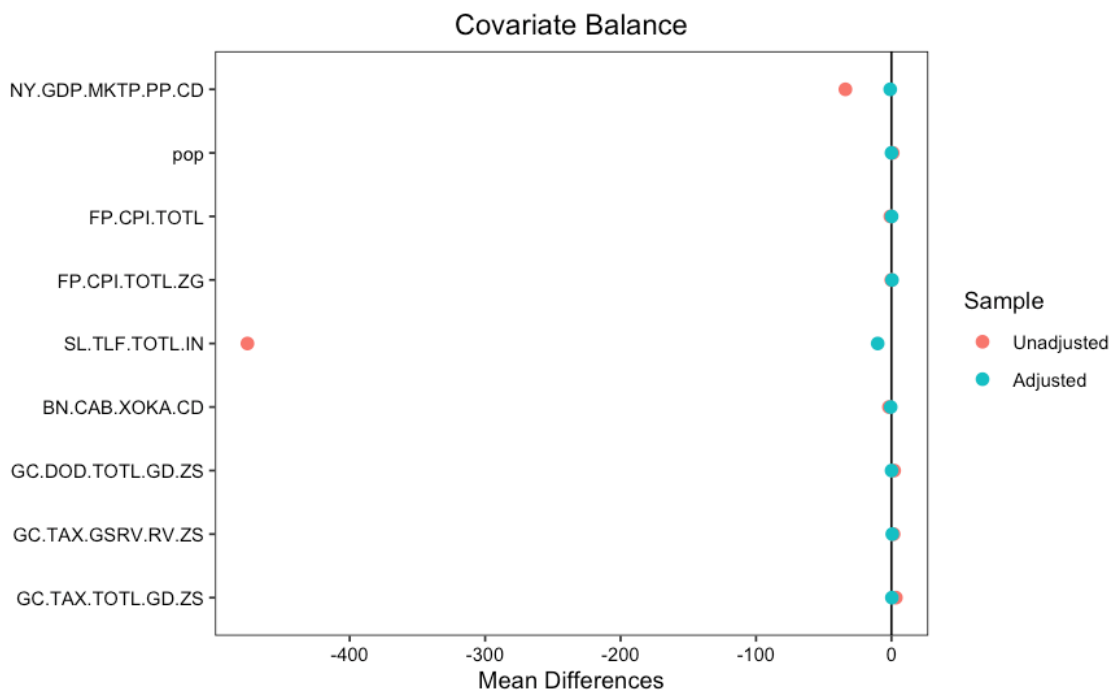


Figure 11. Covariate Balance

Table 24. Full List of Matches

Matches Pairs	Country	Year
1	HUN	1995
1	ISR	1999
2	HUN	1996
2	ISR	2006
3	HUN	1997
3	SVK	2018
4	HUN	1998
4	SVK	2019
5	HUN	1999
5	BGR	2000

6	HUN	2000
6	ZAF	2005
7	HUN	2001
7	ZAF	2002
8	HUN	2002
8	ZAF	2003
9	HUN	2003
9	ZAF	2004
10	HUN	2004
10	BGR	1998
11	HUN	2005
11	BGR	2001
12	HUN	2006
12	BGR	1999
13	HUN	2007
13	SVK	2017
14	HUN	2008
14	ISR	2005
15	HUN	2009
15	ISR	2003
16	HUN	2010
16	ISR	2010
17	HUN	2011
17	POL	2020
18	HUN	2012
18	GRC	1996
19	HUN	2013
19	GRC	1998
20	HUN	2014
20	GRC	1999
21	HUN	2015
21	ISR	2004
22	HUN	2016
22	ISR	2020
23	HUN	2017
23	ISR	2012
24	HUN	2018
24	ISR	2013
25	HUN	2019
25	SVK	2020
26	HUN	2020
26	GRC	1995

27	HUN	2021
27	TUR	2005

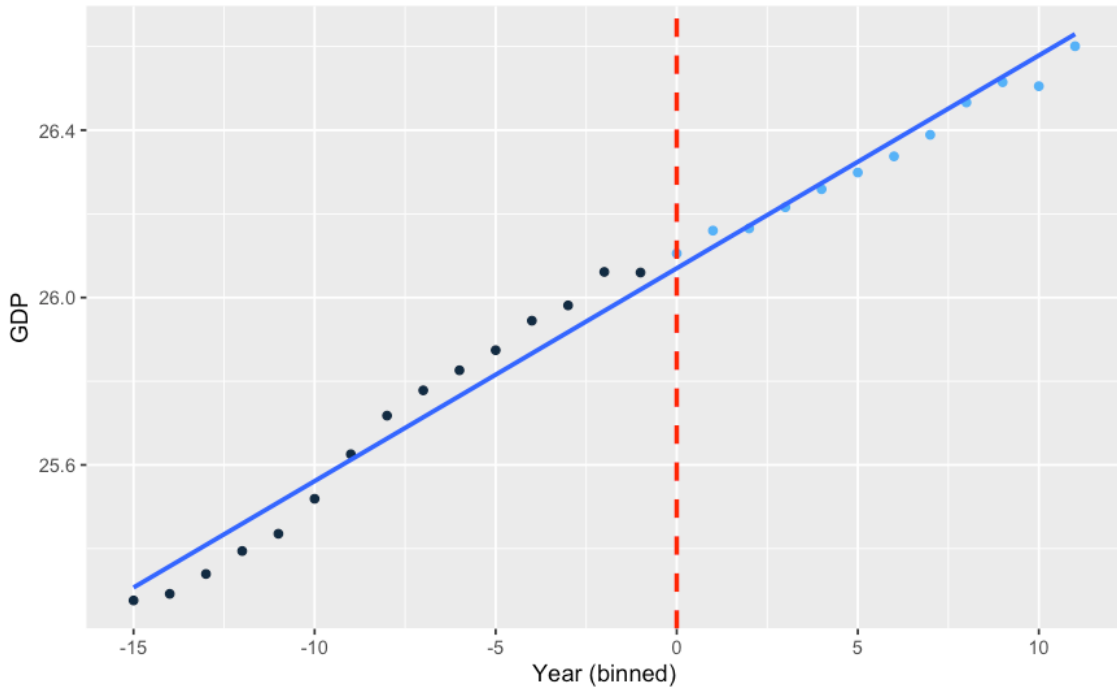


Figure 12. Regression Discontinuity Design Visual Representation

5 CONCLUSION

5.1 Introduction

In this work, we thoroughly looked at the literature on populism and we quantitatively analysed the policies linked to populist rhetoric and their effects in the case of Hungary. In the following sections, we conclude each paper part of the dissertation.

5.2 Integrity

5.2.1 Synthesis of the Results

The results of this work are summarised in Table 25. This work uses the political literature regarding populism and different methodologies to understand populism in Europe. This work does three main things. It extends the political-economic theories of populism with the case of Hungary and, in a certain way, Europe.

Table 25. Summary of Findings

Paper	Main Research Question	Result
Understanding Contemporary Populism Through the Latin American Experience	How can the Latin American experience with populism help us understand about contemporary populism in other parts of the world?	<ul style="list-style-type: none"> • Validity of concept formation, concept stretching, and social contexts in the conceptualization of populism. • "Take it all and leave" attitude as a main contributor to the concept of economic populism. • Prebisch-Singer Hypothesis as influential in creating supply for populism and one of the main reasons why it failed.
Clustering and Analysing Relevant Policy Dimensions of Populist, Left-Wing, Centrist, and Right-Wing Parties across Europe	Which policy configuration do political parties characterised by populist rhetoric have across Europe?	<ul style="list-style-type: none"> • Policy preferences division according to left-right divide rather than geographical position. • Four clusters: The Central and Eastern European Populists, The Left and Moderate Centre, The Pro Europe and Pro Liberalism Centre, The Identity Politics and Intersectional Left. • Empirically proved that the definition of economic populism does not apply to Europe. • Party positioning depends on economic positions on one side and identity politics, European Union, libertarian-authoritarian positions and anti-elite rhetoric and corruption on the other side.
The Economic Effect of Populist Rhetoric in Hungary	what is the overall effect of the policies implemented by the Fidesz government in	<ul style="list-style-type: none"> • Consistent slightly negative effect of the Fidesz government on GDP at purchase power parity.

Hungary between
2010 and 2020 on
GDP per capita at
Purchase Power Parity
(PPP)?

- The negative effect become more visible over time.
- Not addressing problems and illiberal democracy as potential main causes.

It also extends the demand-supply theories of populism with the ‘what happens when populists are in government’ side of the equation. Last, it tries to extend the knowledge of growth theories by offering and applying a new analytical test and approach to them. It uses quasi-experimental techniques on new cases and the topic of populism, and it integrates political elements in more standard economic models. We do know the effects of economic populism on growth (Briscoe, 1997; Gylfason and Hochreiter, 2009b). However, now we know the conceptualization and the effects of the new ‘illiberal democratic’ that is arising in Europe. Despite being hard to understand its limits between populism, conservatism, crony capitalism and new experimental models, the example of Hungary is both representative and lasting enough to understand for it is happening in other parts of the world as well. This work does not subscribe to the idea that ‘liberal democracy’ is the best possible political system towards which everyone must aspire. It is the preferred one for Western Europe, North America, and some of the former English colonies. However, Singapore, South Korea, and Taiwan are just three examples of how prosperity does not equate with liberal democracy. However, in its European manifestation, this system does not seem to be effective or efficient.

5.2.2 Findings of the Various Chapters

In the first paper, we see how concept formation, concept stretching, and social contexts are fundamental in the conceptualization of populism. The literature regarding Latin America is fundamental to validate the conceptual framework in Table 1 and the rest of the research. In the second paper, we see how the political space in Europe is changing. It is surprisingly not changing based on geographical position nor left-right divide, but rather with economic positions on one side and identity politics, European Union, libertarian–authoritarian positions and anti-elite rhetoric and corruption on the other side. This is in line with previous literature on populism in Europe, but it also gives new importance to economic dimensions when talking about populism, as concluded in the previous paper. In the last paper, we use different quasi-experimental methodologies to measure the overall effect of the Fidesz government, defined by different sources as characterised by populist rhetoric. We find that there is a negative effect on GDP at Purchase Power Parity that increases over time.

5.2.3 Results in Relation to the Elaborated Conceptual Framework

As shown in Figure 1, this work proves the previously elaborated conceptual framework regarding the effects of populism in the context of Europe.

5.3 Consistency

5.3.1 Resolution of the Contradictions Between the Articles

The main contradiction across the different chapters is the different units of analysis and the different types of methodology. Even if the results are coherent, we should not assume that they can automatically be transferred across different units of analysis and context. In this sense the conceptual framework in Figure 1 proved to be useful to hold the papers together, however only further research will be able to fully harmonize the results.

5.3.2 Justification of the Difference in the Research Results on Theoretical and/or Methodological Grounds

The main differences are the units of analysis and the methodologies, but as well as the different definitions of populism. Each chapter builds on the conceptualization of populism addressed in the previous one, even if it is not explicitly mentioned as the chapter was written for publication purposes. This theoretical difference is justified by the fact that each chapter needs the previous one to build on the literature's understanding of policies linked to populist rhetoric in Europe and their effects.

5.4 Novelty

5.4.1 Demonstration of the novelty of the research

The results shown in Table 25 were all published as novel research. Furthermore, the first paper addresses an old body of literature with a new historical approach, the second chapter gives a new systematic configuration of populism using new combinations of data, and the third chapter expands the literature on the macroeconomic effects of populism on the specific case of Hungary.

5.4.2 Contribution to Addressing the Question and to Enriching Academic Literature

It also extends the demand-supply theories of populism with the 'what happens when populists are in government' side of the equation. Last, it tries to extend the knowledge of growth theories by offering and applying a new analytical test and approach to them. It uses quasi-experimental techniques on new cases and the topic of populism, and it integrates political elements in more standard economic models.

5.5 Future Research

Future research will aim at harmonizing the conceptual framework shown in Figure 1. This will include a quantitative analysis of party manifestos and other political documents in the context of populism. We are currently working on a paper that examines electoral manifestos of parties characterised by populist rhetoric in Central and Eastern Europe during the 2000-2022 period. We will retrieve the electoral manifesto via the Manifesto Project Database (MARPOR). The analysis will focus on the review of the most frequent topics using Topic Modelling, and whether the manifestos express positive or negative emotions using Sentiment Analysis. The analysis aims at expanding the literature on the use of Natural Language Processing in analysing populist rhetoric. It also connects to previous qualitative works on populist rhetoric in Central and Eastern Europe. We will also give an exhaustive graphical representation of the most used words for each party, country, and region using Term Frequency-Inverse Document Frequency (TF-IDF).

In the future, we would also like to replicate the analysis of Chapter Three in different settings. First, the Synthetic Control Method could be expanded with a regional analysis of other countries in Central and Eastern Europe. Second, the validity of the data should be further assessed, and the analysis replicated with different sources. For example, whether the same government configuration also influences regional growth and what internal dynamics create such an effect on a local scale. Furthermore, the analysis ought to be expanded to encompass additional macroeconomic indicators. Fourth, micro-level data seeing whether we can see the same trends on a lower level should be assessed. Special attention should be put on whether Foreign Direct Investments (FDIs) have been consistent during the 2010-2020 period, especially in comparison with other economies from Central and Eastern Europe. Last, it would be interesting to replicate the same study both for Poland and Hungary. The first one is because it is also characterised by populist rhetoric, and the second one is to see the overall effect of the Romanian government on macroeconomic performance.

6 REFERENCES

- Abadie, A. (2021) 'Using Synthetic Controls: Feasibility, Data Requirements, and Methodological Aspects', *Journal of Economic Literature*, 59(2), pp. 391–425. Available at: <https://doi.org/10.1257/JEL.20191450>.
- Abadie, A. and Gardeazabal, J. (2001) *The Economic Costs of Conflict: A Case-Control Study for the Basque Country*. National Bureau of Economic Research.
- Abromeit, J. (2017) 'A critical review of recent literature on populism', *Politics and Governance*. Cogitatio Press, pp. 166–176. Available at: <https://doi.org/10.17645/pag.v5i4.1146>.
- Acemoglu (2020) 'Does democracy boost economic growth?', *World Economic Forum*.
- Acemoglu, D., Egorov, G. and Sonin, K. (2011a) *A Political Theory of Populism*. 17306. National Bureau of Economic Research.
- Acemoglu, D., Egorov, G. and Sonin, K. (2011b) *A Political Theory of Populism*. National Bureau of Economic Research.
- Acemoglu, D., Johnson, S. and Robinson, J. (2004) *Institutions as the Fundamental Cause of Long-Run Growth*. National Bureau of Economic Research.
- Ágh, A. (2016) 'The Decline of Democracy in East-Central Europe', *Journal of Economic Surveys*, 30(5), pp. 277–287. Available at: <https://doi.org/10.1080/10758216.2015.1113383>.
- Akkerman, A., Mudde, C. and Zaslove, A. (2014) 'How Populist Are the People? Measuring Populist Attitudes in Voters', *Comparative Political Studies*, 47(9), pp. 1324–1353. Available at: <https://doi.org/10.1177/0010414013512600>.
- Algan, Y. *et al.* (2017) 'The European trust crisis and the rise of populism', *Brookings Papers on Economic Activity*, 2017(Fall), pp. 309–400. Available at: <https://doi.org/10.1353/eca.2017.0015>.
- Alonso-Muñoz, L. and Casero-Ripollés, A. (2020) 'Populism against Europe in Social Media: The Eurosceptic Discourse on Twitter in Spain, Italy, France, and United Kingdom during the Campaign of the 2019 European Parliament Election', *Frontiers in Communication*, 5, p. 54. Available at: <https://doi.org/10.3389/FCOMM.2020.00054/BIBTEX>.
- Arezki, R. *et al.* (2014) 'Testing the Prebisch-Singer hypothesis since 1650: Evidence from panel techniques that allow for multiple breaks', *Journal of International Money and Finance*, 42, pp. 208–223. Available at: <https://doi.org/10.1016/j.jimonfin.2013.08.012>.
- Arkhangelsky, D. *et al.* (2019) 'Synthetic Difference In Differences'. Available at: <https://doi.org/10.3386/W25532>.
- Art, D. (2020) 'The Myth of Global Populism', *Perspectives on Politics*, pp. 1–13. Available at: <https://doi.org/10.1017/S1537592720003552>.
- Aslanidis, P. (2016) 'Is Populism an Ideology? A Refutation and a New Perspective', *Political Studies*, 64(1_suppl), pp. 88–104. Available at: <https://doi.org/10.1111/1467-9248.12224>.
- Bartels, L.M. (2023) *Democracy Erodes from the Top*. Princeton University Press (Princeton Studies in Political Behavior). Available at: <https://press.princeton.edu/books/hardcover/9780691244501/democracy-erodes-from-the-top> (Accessed: 23 May 2023).

- Bartha, A., Boda, Z. and Szikra, D. (2020) ‘When Populist Leaders Govern: Conceptualising Populism in Policy Making’, *Politics and Governance*, 8(3), pp. 71–81. Available at: <https://doi.org/10.17645/pag.v8i3.2922>.
- Batog, C. *et al.* (2019) *Demographic Headwinds in Central and Eastern Europe, Departmental Papers / Policy Papers*, p. 1. Available at: <https://doi.org/10.5089/9781498319768.087>.
- Batory, A. (2015) ‘Populists in government? Hungary’s “system of national cooperation”’, <https://doi.org/10.1080/13510347.2015.1076214>, 23(2), pp. 283–303. Available at: <https://doi.org/10.1080/13510347.2015.1076214>.
- Benczes, I. (2018) ‘From goulash communism to goulash populism: the unwanted legacy of Hungarian reform socialism: Post-Communist Economies: Vol 28, No 2’, *Post-Communist Economies*, 28(2), pp. 146–166. Available at: <https://doi.org/10.1080/14631377.2015.1124557>.
- Bergmann, J., Hackenesch, C. and Stockemer, D. (2021) ‘Populist Radical Right Parties in Europe: What Impact Do they Have on Development Policy?’, *JCMS: Journal of Common Market Studies*, 59(1), pp. 37–52. Available at: <https://doi.org/10.1111/jcms.13143>.
- Blinder, A.S. and Watson, M.W. (2016) ‘Presidents and the US Economy: An Econometric Exploration’, *American Economic Review*, 106(4), pp. 1015–45. Available at: <https://doi.org/10.1257/AER.20140913>.
- Briscoe, J. (1997) ‘Economic growth’, *Water Quality International*, 1997(9–10), pp. 12–15. Available at: <https://doi.org/10.4324/9781315678535-ch3>.
- Browning, C.S. (2020) *Remaking Europe in the Margins*. Routledge.
- Buzogány, A. (2017) ‘Illiberal democracy in Hungary: authoritarian diffusion or domestic causation?’, *Democratization*, 24(7), pp. 1307–1325. Available at: <https://doi.org/10.1080/13510347.2017.1328676>.
- Campos, Nauro F., Coricelli, F. and Moretti, L. (2019a) ‘Institutional integration and economic growth in Europe’, *Journal of Monetary Economics*, 103, pp. 88–104. Available at: <https://doi.org/10.1016/j.jmoneco.2018.08.001>.
- Campos, Nauro F., Coricelli, F. and Moretti, L. (2019) ‘Institutional integration and economic growth in Europe’, *Journal of Monetary Economics*, 103, pp. 88–104. Available at: <https://doi.org/10.1016/j.jmoneco.2018.08.001>.
- Campos, Nauro F., Coricelli, F. and Moretti, L. (2019b) ‘Institutional integration and economic growth in Europe’, *Journal of Monetary Economics*, 103, pp. 88–104. Available at: <https://doi.org/10.1016/j.jmoneco.2018.08.001>.
- Canovan, M. (2004) ‘Populism for political theorists?’, *Journal of Political Ideologies*, 9(3), pp. 241–252. Available at: <https://doi.org/10.1080/1356931042000263500>.
- Cardoso and Faletto (1979) *Dependency and Development in Latin America*.
- Castanheira, M., Crutzen, B. and Sahuguet, N. (2010) ‘The impact of party organization on electoral outcomes’, *Revue Economique*, 61(4), pp. 677–696. Available at: <https://doi.org/10.3917/RECO.614.0677>.
- Castanho Silva, B. (2017) *Contemporary Populism: Actors, Causes, and Consequences Across 28 Democracies | Department of Political Science*.
- Celico, A., Rode, M. and Rodriguez Carreño, I. (2022) ‘Will the real populists please stand up? A machine learning index of party populism’, *SSRN Electronic Journal* [Preprint]. Available at: <https://doi.org/10.2139/SSRN.4004405>.
- Cerulli, G. (2019) ‘A flexible Synthetic Control Method for modeling policy evaluation’, *Economics*

- Letters*, 182(C), pp. 40–44.
- Colantone, I. and Stanig, P. (2018) ‘Global competition and brexit’, *American Political Science Review*, 112(2), pp. 201–218. Available at: <https://doi.org/10.1017/S0003055417000685>.
- Conniff, M.L. (1982) ‘Introduction: Toward a Comparative Definition of Populism’, in *Latin American Populism in Comparative Perspective*. Albuquerque: University of New Mexico Press.
- Conniff, M.L. (1999) ‘introduction’, in *Populism in Latin America*. Tuscaloosa and London: The University of Alabama Press.
- Cooper, R. and Williamson, J. (1994a) ‘The Political Economy of Policy Reform’, *Foreign Affairs*, 73(3), pp. 154–154. Available at: <https://doi.org/10.2307/20046681>.
- Cooper, R. and Williamson, J. (1994b) ‘The Political Economy of Policy Reform’, *Foreign Affairs*, 73(3), p. 154. Available at: <https://doi.org/10.2307/20046681>.
- Csehi, R. (2019) ‘Neither episodic, nor destined to failure? The endurance of Hungarian populism after 2010’, <https://doi.org/10.1080/13510347.2019.1590814>, 26(6), pp. 1011–1027. Available at: <https://doi.org/10.1080/13510347.2019.1590814>.
- Cunningham, S. (2021) *Causal Inference : The Mixtape*. Yale University Press.
- Dahl, R. (1961) ‘Who Governs?’, p. 355 / 376-355 / 376.
- Destradi, S., Cadier, D. and Plagemann, J. (2021) ‘Populism and foreign policy: a research agenda (Introduction)’, *Comparative European Politics*, 19(6), pp. 663–682. Available at: <https://doi.org/10.1057/s41295-021-00255-4>.
- Di Cocco, J. and Monechi, B. (2022) ‘How Populist are Parties? Measuring Degrees of Populism in Party Manifestos Using Supervised Machine Learning’, *Political Analysis*, 30(3), pp. 311–327. Available at: <https://doi.org/10.1017/pan.2021.29>.
- Diamond, L. and Morlino, L. (2005) *Assessing the Quality of Democracy*. The Johns Hopkins University Press.
- Djankov, S., Nikolova, E. and Zilinsky, J. (2016) ‘The happiness gap in Eastern Europe’, *Journal of Comparative Economics*, 44(1), pp. 108–124. Available at: <https://doi.org/10.1016/j.jce.2015.10.006>.
- Dornbusch, R. and Edwards, S. (1989a) *Macroeconomic Populism in Latin America*. 2986. National Bureau of Economic Research.
- Dornbusch, R. and Edwards, S. (1989b) *Macroeconomic Populism in Latin America*. National Bureau of Economic Research.
- Dornbusch, R. and Edwards, S. (1990) ‘Macroeconomic populism’, *Journal of Development Economics*, 32(2), pp. 247–277. Available at: [https://doi.org/10.1016/0304-3878\(90\)90038-D](https://doi.org/10.1016/0304-3878(90)90038-D).
- Drake, P.W. (1982) ‘Conclusion: Requiem for Populism?’, in *Latin American Populism in Comparative Perspective*. Albuquerque: University of New Mexico Press.
- Dupas, J.C. and P. (2001) ‘Free Distribution Or Cost-Sharing? Evidence From A Randomized Malaria Prevention Experiment’, *Brookings* [Preprint].
- Dustmann, C., Fabbri, F. and Preston, I. (2005) ‘The Impact of Immigration on the British Labour Market’, *The Economic Journal*, 115(507), pp. F324–F341. Available at: <https://doi.org/10.1111/j.1468-0297.2005.01038.x>.
- Edwards (2010) *Left Behind*. University of Chicago Press. Available at: <https://www.press.uchicago.edu/ucp/books/book/chicago/L/bo7897467.html>.
- Egorov, G. and Sonin, K. (2020) ‘The Political Economics of Non-democracy’, *SSRN Electronic Journal*

- [Preprint]. Available at: <https://doi.org/10.2139/ssrn.3706331>.
- Eichengreen, B. (2018) *The Populist Temptation: Economic Grievance and Political Reaction in the Modern Era*. Oxford, New York: Oxford University Press.
- Enyedi, Z. (2020) ‘Right-wing authoritarian innovations in Central and Eastern Europe’, *East European Politics*, 36(3), pp. 363–377. Available at: <https://doi.org/10.1080/21599165.2020.1787162>.
- Feldmann, M. and Popa, M. (2022) ‘Populism and economic policy: lessons from Central and Eastern Europe’, *Post-Communist Economies*, 34(2), pp. 219–245. Available at: <https://doi.org/10.1080/14631377.2022.2029253>.
- Fetzer, T. and Wang, S. (2020a) ‘Measuring the Regional Economic Cost of Brexit: Evidence up to 2019’. Available at: https://warwick.ac.uk/fac/soc/economics/research/centres/cage/publications/workingpapers/2020/measuring_the_regional_economic_cost_of_brexit_evidence_up_to_2019/.
- Fetzer, T. and Wang, S. (2020b) *Measuring the Regional Economic Cost of Brexit: Evidence up to 2019*. 486.
- Filc, D. (2009) *The political right in Israel: Different faces of Jewish populism, The Political Right in Israel: Different Faces of Jewish Populism*. Routledge Taylor & Francis Group, p. 168. Available at: <https://doi.org/10.4324/9780203863244>.
- Fraser, N. (2019) *The Old is Dying and the New Cannot Be Born*. Penguin Random House.
- Freeden (1996) *Ideologies and Political Theory: A Conceptual Approach*.
- Freeden, M. (2003) *Ideology: A Very Short Introduction, Contemporary Political Theory*. Oxford University Press.
- Fukuyama, Francis. and Continuation of: Fukuyama, Francis. (2014) *Political order and political decay : from the industrial revolution to the globalization of democracy*.
- Funke, M. et al. (2020a) ‘Populist Leaders and the Economy’, *Kiel Working Paper* [Preprint]. Available at: www.uni-bonn.de/www.ifw-kiel.de.
- Funke, M. et al. (2020b) ‘Populist Leaders and the Economy’, *Kiel Working Paper* [Preprint].
- Funke, M., Schularick, M. and Trebesch, C. (2016a) ‘Going to extremes: Politics after financial crises, 1870–2014’, *European Economic Review*, 88, pp. 227–260. Available at: <https://doi.org/10.1016/j.eurocorev.2016.03.006>.
- Funke, M., Schularick, M. and Trebesch, C. (2016b) ‘Going to extremes: Politics after financial crises, 1870–2014’, *European Economic Review*, 88, pp. 227–260. Available at: <https://doi.org/10.1016/j.eurocorev.2016.03.006>.
- Germani, Gino. (1978) *Authoritarianism, Fascism, and National Populism*, p. 292.
- Gidron, N. and Bonikowski, B. (2013) ‘Varieties of Populism: Literature Review and Research Agenda’.
- Giebler, H., Meyer, T.M. and Wagner, M. (2021) ‘The changing meaning of left and right: supply- and demand-side effects on the perception of party positions’, *Journal of Elections, Public Opinion and Parties*, 31(2), pp. 243–262. Available at: https://doi.org/10.1080/17457289.2019.1609001/SUPPL_FILE/FBEP_A_1609001_SM9809.DOCX.
- Gill, A. and Lundsgaarde, E. (2004) ‘State Welfare Spending and Religiosity’, *Rationality and Society*, 16(4), pp. 399–436. Available at: <https://doi.org/10.1177/1043463104046694>.
- Golder, M. (2016) ‘Far Right Parties in Europe’, *Annual Review of Political Science*. Annual Reviews Inc., pp. 477–497. Available at: <https://doi.org/10.1146/annurev-polisci-042814-012441>.

- Gomez, G. and Leunig, S. (2021) 'Fidesz, liberal democracy and the fundamental law in Hungary', *Zeitschrift für Politikwissenschaft* 2021 32:3, 32(3), pp. 655–682. Available at: <https://doi.org/10.1007/S41358-021-00297-W>.
- Gorton, M. *et al.* (2008) 'Attitudes to agricultural policy and farming futures in the context of the 2003 CAP reform: A comparison of farmers in selected established and new Member States', *Journal of Rural Studies*, 24(3), pp. 322–336. Available at: <https://doi.org/10.1016/j.jrurstud.2007.10.001>.
- Guiso, L. *et al.* (2017a) *Populism: Demand and Supply*. ID 2924731. Rochester, NY: Social Science Research Network.
- Guiso, L. *et al.* (2017b) *Populism: Demand and Supply*. Rochester, NY: Social Science Research Network.
- Guriev, S. and Papaioannou, E. (2020a) 'The Political Economy of Populism', *SSRN Electronic Journal* [Preprint]. Available at: <https://doi.org/10.2139/SSRN.3542052>.
- Guriev, S. and Papaioannou, E. (2020b) 'The Political Economy of Populism', *SSRN Electronic Journal* [Preprint]. Available at: <https://doi.org/10.2139/SSRN.3542052>.
- Gustavsson, G. (2014) 'Romantic Liberalism: An Alternative Perspective on Liberal Disrespect in the Muhammad Cartoons Controversy', *Political Studies*, 62(1), pp. 53–69. Available at: <https://doi.org/10.1111/1467-9248.12022>.
- Gylfason, T. and Hochreiter, E. (2009a) 'Growing apart? A tale of two republics: Estonia and Georgia', *European Journal of Political Economy*, 25(3), pp. 355–370. Available at: <https://doi.org/10.1016/j.ejpoleco.2009.02.002>.
- Gylfason, T. and Hochreiter, E. (2009b) 'Growing apart? A tale of two republics: Estonia and Georgia', *European Journal of Political Economy*, 25(3), pp. 355–370. Available at: <https://doi.org/10.1016/j.ejpoleco.2009.02.002>.
- Györffy, D. (2018) *Trust and crisis management in the European Union: An institutionalist account of success and failure in program countries*, *Trust and Crisis Management in the European Union: An Institutional Account of Success and Failure in Program Countries*. Springer International Publishing, p. 244. Available at: <https://doi.org/10.1007/978-3-319-69212-8>.
- Györffy, D. (2021a) 'The middle-income trap in Central and Eastern Europe in the 2010s: institutions and divergent growth models', *Comparative European Politics*, pp. 1–24. Available at: <https://doi.org/10.1057/S41295-021-00264-3/FIGURES/11>.
- Györffy, D. (2021b) 'The middle-income trap in Central and Eastern Europe in the 2010s: institutions and divergent growth models', *Comparative European Politics*, pp. 1–24. Available at: <https://doi.org/10.1057/S41295-021-00264-3/FIGURES/11>.
- Havlík, Vratislav, and Vít Hloušek. 'Differential Illiberalism: Classifying Illiberal Trends in Central European Party Politics'. In *Illiberal Trends and Anti-EU Politics in East Central Europe*, edited by Astrid Lorenz and Lisa H. Anders, 111–36. Palgrave Studies in European Union Politics. Cham: Springer International Publishing, 2021. https://doi.org/10.1007/978-3-030-54674-8_5.
- Hawkins, K.A. *et al.* (2019a) *The Ideational Approach to Populism: Concept, Theory, and Analysis*. 1st edn, CRC Press. 1st edn.
- Hawkins, K.A. *et al.* (2019b) *The Ideational Approach to Populism: Concept, Theory, and Analysis*, Routledge.com.
- Hawkins, K.A. *et al.* (2021) *Measuring Populist Discourse : The Global Populism Database*.

- Hawkins, K.A., Riding, S. and Mudde, C. (2012) *Political Concepts Committee on Concepts and Methods Working Paper Series Measuring Populist Attitudes*.
- Helbling, M. and Jungkunz, S. (2020) ‘Social divides in the age of globalization’, *West European Politics*, 43(6), pp. 1187–1210. Available at: <https://doi.org/10.1080/01402382.2019.1674578>.
- HM Treasury (2020) ‘Magenta Book Annex A Analytical methods for use within an evaluation’.
- Hooghe, L. and Marks, G. (2017) ‘Cleavage theory meets Europe’s crises: Lipset, Rokkan, and the transnational cleavage’, <https://doi.org/10.1080/13501763.2017.1310279>, 25(1), pp. 109–135. Available at: <https://doi.org/10.1080/13501763.2017.1310279>.
- Hooghe, L., Marks, G. and Wilson, C.J. (2002) ‘Does Left/Right Structure Party Positions on European Integration?’, *Comparative Political Studies*, 35(8), pp. 965–989. Available at: <https://doi.org/10.1177/001041402236310>.
- Huber, J. and Inglehart, R. (2016) ‘Expert Interpretations of Party Space and Party Locations in 42 Societies’, <http://dx.doi.org/10.1177/1354068895001001004>, 1(1), pp. 73–111. Available at: <https://doi.org/10.1177/1354068895001001004>.
- Human Rights Watch (2013) *Wrong Direction on Rights Assessing the Impact of Hungary’s New Constitution and Laws*.
- Hunger, S. and Paxton, F. (2021) ‘What’s in a buzzword? A systematic review of the state of populism research in political science’, *Political Science Research and Methods*, pp. 1–17. Available at: <https://doi.org/10.1017/PSRM.2021.44>.
- Hutter, S., Kriesi, H. and Vidal, G. (2018) ‘Old versus new politics: The political spaces in Southern Europe in times of crises’, *Party Politics*, 24(1), pp. 10–22. Available at: <https://doi.org/10.1177/1354068817694503>.
- Inglehart, R.F. and Norris, P. (2016a) *Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash*. ID 2818659. Rochester, NY: Social Science Research Network.
- Inglehart, R.F. and Norris, P. (2016b) *Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash*. Rochester, NY: Social Science Research Network.
- Ionescu Ghiț, ed.) *et al.* (1969) *Populism : its meaning and national characteristics*. [1st Ameri. New York] : Macmillan.
- Jackson, P.T. (2016) *The conduct of inquiry in international relations: Philosophy of science and its implications for the study of world politics: Second edition, The Conduct of Inquiry in International Relations: Philosophy of Science and Its Implications for the Study of World Politics: Second Edition*. Taylor and Francis Inc. Available at: <https://doi.org/10.4324/9781315731360>.
- Jones, B.F. and Olken, B.A. (2005) ‘Do Leaders Matter? National Leadership and Growth Since World War II’, *The Quarterly Journal of Economics*, 120(3), pp. 835–864. Available at: <https://doi.org/10.1093/QJE/120.3.835>.
- Kaltwasser, C.R. and Taggart, P. (2016) ‘Dealing with populists in government: a framework for analysis’, *Democratization*, 23(2), pp. 201–220. Available at: <https://doi.org/10.1080/13510347.2015.1058785>.
- Kaufman, R.R. and Stallings, B. (1991) ‘The Political Economy of Latin American Populism’, in *The Macroeconomics of Populism in Latin America*, pp. 15–43.
- Kelemen, R.D. (2017) ‘Europe’s Other Democratic Deficit: National Authoritarianism in Europe’s Democratic Union’, *Government and Opposition*, 52(2), pp. 211–238. Available at:

- <https://doi.org/10.1017/GOV.2016.41>.
- Kingstone, P. (2019) *The Political Economy of Latin America: Reflections on Neoliberalism and Development after the Commodity Boom, 2nd Edition (Paperback)* - Routledge.
- Kitschelt, H. (1994) *The Transformation of European Social Democracy*. Cambridge: Cambridge University Press (Cambridge Studies in Comparative Politics). Available at: <https://doi.org/10.1017/CBO9780511622014>.
- Kornai, J. (2015) *Hungary's U-Turn*. Rochester, NY: Social Science Research Network.
- Körösenyi, A. and Patkós, V. (2017) 'Liberal and Illiberal Populism', *CORVINUS JOURNAL OF SOCIOLOGY AND SOCIAL POLICY*, 8, pp. 315–338.
- Kriesi, H. (2014) 'The Populist Challenge', *West European Politics*, 37(2), pp. 361–378. Available at: <https://doi.org/10.1080/01402382.2014.887879>.
- Kumlin, S. and Stadelmann-Steffen, I. (2014a) *How welfare states shape the democratic public : policy feedback, participation, voting and attitudes*. Edwar Elgar Publishing, p. 352. Available at: <https://www.e-elgar.com/shop/gbp/how-welfare-states-shape-the-democratic-public-9781782545484.html>.
- Kumlin, S. and Stadelmann-Steffen, I. (2014b) *How welfare states shape the democratic public : policy feedback, participation, voting and attitudes*. Edwar Elgar Publishing.
- Kyle, J. and Gultchin, L. (2018a) *Populists in Power Around the World*.
- Kyle, J. and Gultchin, L. (2018b) *Populists in Power Around the World*.
- de la Torre, C. (1997a) 'Populism and Democracy: Political Discourses and Cultures in Contemporary Ecuador', *Latin American Perspectives*, 24(3), pp. 12–24.
- Laclau (2005) *On Populist Reason*.
- Laruelle, M. (2022) 'Illiberalism: a conceptual introduction', *East European Politics*, 38(2), pp. 303–327. Available at: <https://doi.org/10.1080/21599165.2022.2037079>.
- Lee, D.S. and Lemieux, T. (2010) 'Regression Discontinuity Designs in Economics', *Journal of Economic Literature*, 48(2), pp. 281–355. Available at: <https://doi.org/10.1257/JEL.48.2.281>.
- Levin, I. et al. (2009) *Detecting Voter Fraud in an Electronic Voting Context: An Analysis of the Unlimited Reelection Vote in Venezuela*.
- Levitsky, S. and Way, L. (2020) 'The New Competitive Authoritarianism', *Journal of Democracy*, 31(1), pp. 51–56.
- Likas, A., Vlassis, N. and J. Verbeek, J. (2003) 'The global k-means clustering algorithm', *Pattern Recognition*, 36(2), pp. 451–461. Available at: [https://doi.org/10.1016/S0031-3203\(02\)00060-2](https://doi.org/10.1016/S0031-3203(02)00060-2).
- Lütz, S. and Kranke, M. (2014) 'The European rescue of the Washington Consensus? EU and IMF lending to Central and Eastern European countries', *Review of International Political Economy*, 21(2), pp. 310–338. Available at: <https://doi.org/10.1080/09692290.2012.747104>.
- Lutz, W. and Scherbov, S. (2007) 'The Contribution of Migration to Europe's Demographic Future: Projections for the EU-25 to 2050'.
- Madrid, R.L. (2006) 'The rise of ethno-populism in Latin America. The bolivian case', *Meeting of the American Political Science Association*, pp. 45–45.
- Marks, G. et al. (2019) *Chapel Hill Expert Survey*. Available at: <https://www.chesdata.eu/> (Accessed: 25 June 2022).
- Martin, J.P. (2017a) 'Continuity or Disruption? Changing Elites and the Emergence of Cronyism after the

- Great Recession – the Case of Hungary’, *Corvinus Journal of Sociology and Social Policy*, 8(3). Available at: <https://doi.org/10.14267/cjssp.2017.3S.11>.
- Martin, J.P. (2017b) ‘Continuity or Disruption? Changing Elites and the Emergence of Cronyism after the Great Recession – the Case of Hungary’, *Corvinus Journal of Sociology and Social Policy*, 8(3). Available at: <https://doi.org/10.14267/cjssp.2017.3S.11>.
- Matheson, C. (2016a) ‘Politics and Public Policy’, *Global Encyclopedia of Public Administration, Public Policy, and Governance*, pp. 1–8. Available at: https://doi.org/10.1007/978-3-319-31816-5_1407-1.
- Matheson, C. (2016b) ‘Politics and Public Policy’, *Global Encyclopedia of Public Administration, Public Policy, and Governance*, pp. 1–8. Available at: https://doi.org/10.1007/978-3-319-31816-5_1407-1.
- Meijers, M.J. and Zaslove, A. (2021a) ‘Measuring Populism in Political Parties: Appraisal of a New Approach’, *Comparative Political Studies*, 54(2), pp. 372–407. Available at: <https://doi.org/10.1177/0010414020938081>.
- Meijers, M.J. and Zaslove, A. (2021b) ‘Measuring Populism in Political Parties: Appraisal of a New Approach’, *Comparative Political Studies*, 54(2), pp. 372–407. Available at: <https://doi.org/10.1177/0010414020938081>.
- Meyer, T.M. and Wagner, M. (2020) ‘Perceptions of parties’ left-right positions: The impact of salience strategies’, *Party Politics*, 26(5), pp. 664–674. Available at: <https://doi.org/10.1177/1354068818806679>.
- Mjelde, H. and Fredrik Hovden, J. (2019) ‘Populism in Scandinavian Immigration Discourse 1970–2016’, *International Journal of Communication*, 13, pp. 5483–5504.
- Moffitt, B. (2017) ‘Liberal Illiberalism? The Reshaping of the Contemporary Populist Radical Right in Northern Europe’, *Politics and Governance*, 5(4), pp. 112–122. Available at: <https://doi.org/10.17645/pag.v5i4.996>.
- Moran, T.P. (2020) ‘More Money, More Crime: Prosperity and Rising Crime in Latin America’, *Contemporary Sociology: A Journal of Reviews*, 49(2), pp. 139–140. Available at: <https://doi.org/10.1177/0094306120902418D>.
- Mouffe, C. (2019a) *For A Left Populism*. Verso.
- Mouffe, C. (2019b) *For A Left Populism*. Verso.
- Mounk, Y. (2018) *The People Vs. Democracy: Why Our Freedom Is in Danger and How to Save It*. Available at: https://books.google.co.uk/books/about/The_People_Vs_Democracy.html?id=6qdFDwAAQBAJ&redir_esc=y.
- Mudde, C. (2000) ‘In the Name of the Peasantry, the Proletariat, and the People: Populisms in Eastern Europe’, *East European Politics and Societies*, 15(1), pp. 33–53. Available at: <https://doi.org/10.1177/0888325401015001004>.
- Mudde, C. (2004a) ‘The Populist Zeitgeist’, *Government and Opposition*, 39(4), pp. 541–563. Available at: <https://doi.org/10.1111/j.1477-7053.2004.00135.x>.
- Mudde, C. (2004b) ‘The Populist Zeitgeist’, *Government and Opposition*, 39(4), pp. 541–563. Available at: <https://doi.org/10.1111/j.1477-7053.2004.00135.x>.
- Mudde and Kaltwasser, R. (2017) ‘Populism’, in *The Oxford Handbook of Populism*. Oxford University Press.
- Müller, J.-W. (2016) *What is populism?*
- Norris, P. (2020) ‘Measuring populism worldwide’, *Party Politics*, 26(6), pp. 697–717. Available at:

<https://doi.org/10.1177/1354068820927686>.

Noury, A. and Roland, G. (2020) 'Identity Politics and Populism in Europe', *Annual Review of Political Science*, 23(1), pp. 421–439. Available at: <https://doi.org/10.1146/annurev-polisci-050718-033542>.

O'Donnell, G.A. (1988) *Bureaucratic Authoritarianism: Argentina, 1966–1973*, in *Comparative Perspective*. University of California Press.

Ostiguy (2009) 'The High-Low Divide: Rethinking Populism and Anti-Populism'.

Pappas, T.S. (2016) 'Modern Populism: Research Advances, Conceptual and Methodological Pitfalls, and the Minimal Definition', in *Oxford Research Encyclopedia of Politics*. Available at: <https://doi.org/10.1093/acrefore/9780190228637.013.17>.

Pearce, J. (2010) 'Perverse state formation and securitized democracy in Latin America', *Democratization*, 17(2), pp. 286–306. Available at: <https://doi.org/10.1080/13510341003588716>.

Pierson, P. (1996a) 'The New Politics of the Welfare State', *World Politics*, 48(2), pp. 143–179. Available at: <https://doi.org/10.1353/WP.1996.0004>.

Pierson, P. (1996b) 'The New Politics of the Welfare State', *World Politics*, 48(2), pp. 143–179. Available at: <https://doi.org/10.1353/WP.1996.0004>.

Quijano, A. (1989) 'Paradoxes of modernity in Latin America', *International Journal of Politics, Culture and Society*, 3(2), pp. 147–177. Available at: <https://doi.org/10.1007/BF01387928>.

Rinaldi, C. and Bekker, M.P.M. (2020) 'A Scoping Review of Populist Radical Right Parties' Influence on Welfare Policy and its Implications for Population Health in Europe', *International Journal of Health Policy and Management*, 10(3), pp. 141–151. Available at: <https://doi.org/10.34172/ijhpm.2020.48>.

Roberts, K.M. (1995) 'Neoliberalism and the Transformation of Populism in Latin America: The Peruvian Case', *World Politics*, 48(1), pp. 82–116. Available at: <https://doi.org/10.1353/wp.1995.0004>.

Rodríguez Araujo, Octavio. (2004) 'Derechas y ultraderechas en el mundo', pp. 248–248.

Rodrik, D. (2007) *One Economics, Many Recipes, One Economics, Many Recipes*. Available at: <https://doi.org/10.2307/j.ctvcvcm4jbh>.

Rodrik, D. (2017a) *Populism and the Economics of Globalization*. National Bureau of Economic Research.

Rodrik, D. (2017b) *Populism and the Economics of Globalization*. 23559. National Bureau of Economic Research.

Rodrik, D. (2018) 'Is Populism Necessarily Bad Economics?', *AEA Papers and Proceedings*, 108, pp. 196–199. Available at: <https://doi.org/10.1257/pandp.20181122>.

Rodrik, D. (2021) 'Why Does Globalization Fuel Populism? Economics, Culture, and the Rise of Right-Wing Populism', *Annual Review of Economics*, 13.

Rooduijn, M. et al. (2020) 'The PopuList', *The PopuList* [Preprint].

Rooduijn, M. and Akkerman, T. (2017) 'Flank attacks: Populism and left-right radicalism in Western Europe', *Party Politics*, 23(3), pp. 193–204. Available at: <https://doi.org/10.1177/1354068815596514>.

Rovira Kaltwasser, C. et al. (2017) *The Oxford Handbook of Populism*. Oxford University Press.

Rubin, D.B. (1980) 'Bias Reduction Using Mahalanobis-Metric Matching', *Biometrics*, 36(2), p. 293. Available at: <https://doi.org/10.2307/2529981>.

Sachs, J. (1990) 'Social Conflict and Populist Policies in Latin America', *Labour Relations and Economic Performance*, (2897), pp. 137–169. Available at: https://doi.org/10.1007/978-1-349-11562-4_6.

- Salmela, M. and von Scheve, C. (2017) 'Emotional roots of right-wing political populism', *Social Science Information*, 56(4), pp. 567–595. Available at: <https://doi.org/10.1177/0539018417734419>.
- Sata, R. and Karolewski, I.P. (2019) 'Caesarean politics in Hungary and Poland', *East European Politics*, 36(2), pp. 206–225. Available at: <https://doi.org/10.1080/21599165.2019.1703694>.
- Scheppele, K.L. (2018) 'Autocratic Legalism', *The University of Chicago Law Review*, 85(2), pp. 545–584.
- Scheuerman, W.E. and Betz, H.-G. (1995) 'Radical Right-Wing Populism in Western Europe.', *Political Science Quarterly*, 110(1), p. 142. Available at: <https://doi.org/10.2307/2152069>.
- Schulz, A. et al. (2018) 'Measuring Populist Attitudes on Three Dimensions', *International Journal of Public Opinion Research*, 30(2), pp. 316–326. Available at: <https://doi.org/10.1093/ijpor/edw037>.
- Schumpeter, J.A. (1949) *Capitalism, Socialism and Democracy*. London: Routledge. Available at: <https://doi.org/10.4324/9780203202050>.
- Skidelsky, R. (2020) *What's Wrong with Economics?: A Primer for the Perplexed*. Yale University Press. Available at: <https://doi.org/10.2307/j.ctvxkn7jq>.
- Snowberg, E., Wolfers, J. and Zitzewitz, E. (2006) 'Partisan Impacts on the Economy: Evidence from Prediction Markets and Close Elections'. Available at: <https://doi.org/10.3386/W12073>.
- Springford, J. (2022) *What can we know about the cost of Brexit so far?*
- Stadelmann-Steffen, I. and Eder, C. (2021a) 'Public opinion in policy contexts. A comparative analysis of domestic energy policies and individual policy preferences in Europe', *International Political Science Review*, 42(1), pp. 78–94. Available at: https://doi.org/10.1177/0192512120913047/ASSET/IMAGES/LARGE/10.1177_0192512120913047-FIG3.JPEG.
- Stadelmann-Steffen, I. and Eder, C. (2021b) 'Public opinion in policy contexts. A comparative analysis of domestic energy policies and individual policy preferences in Europe', *International Political Science Review*, 42(1), pp. 78–94. Available at: https://doi.org/10.1177/0192512120913047/ASSET/IMAGES/LARGE/10.1177_0192512120913047-FIG3.JPEG.
- Stanley, B. (2017) 'Oxford Handbooks Online Populism in Central and Eastern Europe', (April 2018), pp. 1–22. Available at: <https://doi.org/10.1093/OXFORDHB/9780198803560.013.6>.
- Sushytska, J. (2010) 'What Is Eastern Europe?', <https://doi.org/10.1080/0969725X.2010.536010>, 15(3), pp. 53–65. Available at: <https://doi.org/10.1080/0969725X.2010.536010>.
- Szikra, D. (2014) 'Democracy and welfare in hard times: The social policy of the Orbán Government in Hungary between 2010 and 2014', <http://dx.doi.org/10.1177/0958928714545446>, 24(5), pp. 486–500. Available at: <https://doi.org/10.1177/0958928714545446>.
- Tharanga, S.A.R. (2018a) 'The Impact of Politics in Policy Reforms'.
- Tharanga, S.A.R. (2018b) 'The Impact of Politics in Policy Reforms'.
- The World Bank (2019) *Quasi-Experimental Methods - DIME Wiki*, *The World Bank*. Available at: https://dimewiki.worldbank.org/wiki/Quasi-Experimental_Methods.
- Toplišek, A. (2019) 'The Political Economy of Populist Rule in Post-Crisis Europe: Hungary and Poland', *New Political Economy*, 0(0), pp. 1–16. Available at: <https://doi.org/10.1080/13563467.2019.1598960>.
- Toplišek, A. (2020) 'The Political Economy of Populist Rule in Post-Crisis Europe: Hungary and

- Poland', *New Political Economy*, 25(3), pp. 388–403. Available at: <https://doi.org/10.1080/13563467.2019.1598960>.
- de la Torre, C. (1997b) 'Populism and Democracy: Political Discourses and Cultures in Contemporary Ecuador', *Latin American Perspectives*, 24(3), pp. 12–24.
- Učeň, P. (2007) 'Parties, Populism, and Anti-Establishment Politics in East Central Europe', *SAIS Review of International Affairs*, 27(1), pp. 49–62. Available at: <https://doi.org/10.1353/SAIS.2007.0021>.
- V-Dem Institute (2022) *Democracy Report 2022*.
- Vilalta, C. (2020) 'Violence in Latin America: An overview of research and issues', *Annual Review of Sociology*, 46, pp. 693–706. Available at: <https://doi.org/10.1146/ANNUREV-SOC-073018-022657>.
- Welzel, C. and Inglehart, R.F. (2016) 'Misconceptions of Measurement Equivalence: Time for a Paradigm Shift', <http://dx.doi.org/10.1177/0010414016628275>, 49(8), pp. 1068–1094. Available at: <https://doi.org/10.1177/0010414016628275>.
- Weyland, K. (2001a) 'Clarifying a Contested Concept: Populism in the Study of Latin American Politics', *Comparative Politics*, 34(1), pp. 1–22. Available at: <https://doi.org/10.2307/422412>.
- Weyland, K. (2001b) 'Clarifying a Contested Concept: Populism in the Study of Latin American Politics', *Comparative Politics*, 34(1), pp. 1–22. Available at: <https://doi.org/10.2307/422412>.
- Wlezien, C. and Soroka, S.N. (2016a) 'Public Opinion and Public Policy', *Oxford Research Encyclopedia of Politics* [Preprint]. Available at: <https://doi.org/10.1093/ACREFORE/9780190228637.013.74>.
- Wlezien, C. and Soroka, S.N. (2016b) 'Public Opinion and Public Policy', *Oxford Research Encyclopedia of Politics* [Preprint]. Available at: <https://doi.org/10.1093/ACREFORE/9780190228637.013.74>.
- Wuttke, A., Schimpf, C. and Schoen, H. (2020) 'When the Whole Is Greater than the Sum of Its Parts: On the Conceptualization and Measurement of Populist Attitudes and Other Multidimensional Constructs', *American Political Science Review*, 114(2), pp. 356–374. Available at: <https://doi.org/10.1017/S0003055419000807>.
- Zakaria, F. (1997) 'The Rise of Illiberal Democracy', *Foreign Affairs*, 76(6), pp. 22–39. Available at: <https://doi.org/10.2307/20048274>.