

# Do Populists really “clean the house”? Examining Corruption and Governance in Contemporary Latin America

## ¿Los populistas realmente «limpian la casa»? Análisis de la corrupción y la gobernanza en la América Latina contemporánea

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### Abstract

*This paper examines the relationship between populism and corruption in Latin America within a global comparative framework of 135 countries, including 26 in the Americas. Populist leaders often rise to power through rhetoric promising to fight corruption while denouncing the corrupt elites, yet their governments frequently undermine accountability and participation. Using a long-run panel dataset (1946–2022) and within-country comparisons across populist and non-populist periods, the analysis finds no significant reduction in perceived political corruption during populist episodes. This paradox—between anti-corruption promises and unchanged outcomes—suggests that populism’s impact lies more in eroding governance mechanisms than in strengthening integrity. Institutional resilience, rather than populist mobilization, remains the key determinant of corruption control.*

**Keywords:** Political movement; Corruption; Governance; Responsibility; Latin America.

### Resumen

*Este artículo examina la relación entre populismo y corrupción en América Latina dentro de un marco comparativo global que abarca 135 países, incluidos 26 en el continente americano. Los líderes populistas suelen llegar al poder mediante una retórica que promete combatir la corrupción mientras denuncia a las élites corruptas, pero sus gobiernos con frecuencia debilitan la rendición de cuentas y la participación. Con una base de datos de panel de largo plazo (1946–2022) y comparaciones dentro de cada país entre períodos populistas y no populistas, el análisis no encuentra una reducción significativa de la corrupción política percibida durante los episodios populistas. Esta paradoja —entre las promesas anticorrupción y la ausencia de resultados— sugiere que el impacto del populismo radica más en erosionar los mecanismos de gobernanza que en fortalecer la integridad. La resiliencia institucional, más que la movilización populista, es el factor clave para el control de la corrupción.*

**Palabras clave:** Movimiento Político; Corrupción; Gobernanza; Responsabilidad; América Latina.

## I. Introduction

Latin America is a region marked by its turbulent political history and persistent governance challenges, where the recurrence of corruption and a tradition of personalist leadership suggest that both phenomena are closely intertwined. Yet, the nature of this relationship remains contested. Over the years, scholars

and policymakers have grappled with understanding how populism and corruption intersect, shape each other, and influence governance outcomes in the region (Cachanosky & Padilla, 2019; Campos & Casas, 2021; Dornbusch & Edwards, 1991; Edwards, 2019a, 2019b; Pereira & Dall'Acqua, 1991; Ruth, 2018; Weyland, 2001).

If we were to categorize corruption and populism as problems, they should likely be treated as enduring “syndromes”, loosely following Johnston (2005), reflecting deep-seated institutional and societal patterns rather than temporary episodes. Corruption in Latin America is deeply embedded within political, social, and economic structures, shaped by historical legacies of colonialism, authoritarianism, and inequality. Addressing it—much like treating a complex disease—requires recognizing its multifaceted nature and the intricate web of factors that sustain it. Populism, too, is part of this systemic dynamic: a recurrent response to crises of representation and legitimacy that reshapes, but rarely resolves, the underlying governance challenges.

A long-standing tradition in the literature links populism to economic mismanagement and governance decay. Since the late 1990s, attention has focused on the tension between populists’ redistributive economic policies and their political strategies. On one hand, populists often champion social inclusion and welfare programs aimed at reducing inequality; on the other, these policies frequently lead to fiscal imbalances and the concentration of power in the executive, weakening institutional checks and balances (Dornbusch & Edwards, 1991; Pereira & Dall'Acqua, 1991). This paradox lies at the core of debates about whether populism fosters or merely reconfigures corruption.

As Burbano de Lara (2018) notes, Latin American populism has evolved through multiple waves—classical, neoliberal, and radical—each emerging during periods of crisis in which charismatic leaders mobilize “the people” against “corrupt elites.” Despite their ideological differences, these waves share structural roots, reflecting recurring societal and institutional vulnerabilities.

Across these cycles, populism and corruption appear less as isolated phenomena than as co-evolving dimensions of governance. Populist leaders frequently rise to power denouncing “corrupt elites” and promising to “clean the house,” yet once in office they often weaken accountability, manipulate institutions, or rely on clientelism to maintain support. Conversely, corruption transcends ideological divides, manifesting in various forms across political spectrums. The simplistic assumption that populism inherently fosters corruption therefore obscures a more complex interplay between political style, institutional resilience, and governance capacity.

Latin America’s long struggle with inequality, weak institutions, and authoritarian legacies provides a crucial backdrop for understanding this interplay. Populism often emerges as a response to these enduring challenges, promising a direct connection between leader and citizen while offering simplified solutions to systemic problems. Yet such approaches can inadvertently reinforce informal practices and power asymmetries, hindering efforts to address corruption effectively.

In this paper, we follow Weyland (2001) in treating populism as a political strategy based on personalistic, unmediated forms of mobilization rather than a set of governance outcomes. This distinction is crucial for understanding the populism–corruption nexus. Anti-corruption discourse, especially in Latin America, is central to the populist strategy: leaders denounce “corrupt elites” and pledge to restore integrity as part of their mobilizing narrative. Not every populist leader places the same emphasis on anti-corruption, but the narrative of confronting a “corrupt elite” appears repeatedly across Latin American populist movements and remains a central component of their political appeal. Yet this rhetorical function does not necessarily translate into institutional reforms or measurable improvements in corruption control.

Against this backdrop, this study examines whether populist episodes in the Americas are associated with measurable improvements—or deteriorations—in perceived political corruption. Using a long-run panel dataset covering 1946–2022, the analysis compares corruption levels within countries during populist and non-populist periods. The findings contribute to ongoing debates by assessing whether populism’s anti-corruption discourse leads to substantive change or remains primarily a mobilizing strategy disconnected from institutional practice.

## II – Conceptual Framework

### *Defining Populism*

Populism is a complex and multifaceted phenomenon whose ambiguity allows leaders across the ideological spectrum to claim the “populist” mantle, often hindering analytical precision. This paper follows the ideational approach (Mudde & Kaltwasser, 2017), defining populism as a thin-centered ideology that divides society into two antagonistic groups - “the pure people” and “the corrupt elite” - and asserts that politics should express the general will. This minimal definition travels well across cases and avoids conflating populism with the policy outcomes or governance styles that may accompany it.

At the same time, we acknowledge that populism has been theorized not only as an ideology but also as a political strategy characterized by direct and unmediated leader–follower linkages and the bypassing of intermediary institutions—a pattern highlighted in Latin America but observable in other regions as well (Weyland, 2001). Treating populism as an ideology with strategic manifestations allows for consistent cross-regional comparison while capturing variation in how leaders enact it. This conceptual footing underpins our measurement choices in the next subsection and sets the stage for the region-specific mechanisms examined later.

### *Measuring Populism*

Because populism is fluid and context-specific, its measurement is inherently difficult. As Norris (2020) notes, indicators vary in whether they emphasize rhetorical, ideological, or behavioral dimensions. In this study, populism is operationalized following Funke et al. (2023), whose global dataset provides the first long-run econometric classification of populist leadership. Their coding identifies heads of government exhibiting consistent “people-centrist” and “anti-elitist” rhetoric. The analysis distinguishes between left-wing (economically oriented) and right-wing (culturally oriented) variants. This approach offers transparent, long-run comparability and has become a widely used benchmark for cross-national analyses.

Funke et al. (2023) also document the broader consequences of populist rule, showing systematic associations with weaker macroeconomic and institutional outcomes over the long run. While the paper codes both clear-cut and borderline populist leaders, their empirical analysis focuses only on the former, which they justify on grounds of conceptual precision. In this study, however, we make use of the full classification—incorporating both clear-cut and borderline cases as coded by the authors—to capture the diversity of populist episodes in Latin America for the period 1946–2022, while preserving full compatibility with their underlying framework and with the V-Dem time series. This controlled adaptation allows for a broader yet systematic mapping of populist episodes across the region.

### *Why Latin America? Regional Specificities and Expected Mechanisms*

Before turning to the empirical analysis, it is useful to briefly situate the argument within the broader dynamics of populism and anti-corruption discourse in Latin America. This section does not aim to expand the conceptual framework, but to clarify why the region provides a particularly relevant context for testing the disconnect between populist anti-corruption rhetoric and corruption outcomes. Anti-corruption claims are particularly salient in Latin American populism, where the denunciation of corrupt elites is often used as a moralizing device to legitimize personalistic authority and bypass institutional constraints (de la Torre & Bernhard, 2024; Kaltwasser, 2012).

Populism takes on particular characteristics in Latin America due to long-standing structural and institutional conditions. High inequality, fragmented bureaucracies, and recurrent crises of representation create fertile ground for populist appeals centered on redistribution and moral renewal (Roberts, 2024). Weak party systems and informal political practices make horizontal accountability especially vulnerable, reinforcing the tendency of populist executives to centralize authority. As Weyland (2024) emphasizes, Latin American populism is marked by a strong personalistic logic: leaders cultivate direct and unmediated links with “the people,” often bypassing parties, legislatures, and oversight bodies. This governing style—present across the region’s three major populist waves—increases the discretionary use of state resources and heightens exposure to political corruption.

Three mechanisms are particularly salient in this regional context. First, the centralization of executive power weakens institutional checks and facilitates political interference in oversight agencies (Ruth, 2018). Second, the prevalence of informal and clientelist linkages in state–society relations generate opportunities for selective enforcement and patronage. Third, as Engler (2020) shows, anti-corruption discourse is frequently instrumentalized to delegitimize political opponents rather than to strengthen systemic integrity. Although populist actors vary in ideology and style, these mechanisms operate across cases because they stem from structural features of Latin American states—personalism, weak intermediary institutions, and uneven bureaucratic capacity—rather than from the specific policy platforms of individual governments.

A brief comparison further clarifies why Latin America deserves separate analytical treatment. In Europe, populist leaders operate within more robust institutional environments: stronger judicial independence, higher bureaucratic professionalism, and supranational oversight from the European Union limit the discretionary use of executive power and constrain the erosion of accountability (Kartal, 2024; Kostadinova, 2023). As Kaltwasser (2012) notes, although populists across regions challenge established elites, their institutional consequences diverge because European states typically possess greater administrative capacity. In much of Asia, populist figures emerge in hybrid or dominant-party regimes where accountability deficits predate populist rule, making the causal pathways distinct. Latin America’s combination of personalistic presidentialism, historically weak parties, and entrenched informality creates a setting in which populist governance affects political corruption more directly. These regional specificities shape the incentives and constraints populist leaders face and provide the backdrop for the trajectory discussed next.

### ***Populism and Corruption in Latin America: A Distinct Trajectory***

The interaction between populism and corruption in Latin America is shaped by the region’s unique historical and institutional trajectory. Explanations of populist mobilization emphasize both economic grievances—rooted in inequality and exclusion—and cultural or value-based divisions that challenge liberal pluralism (Autor et al., 2020; Norris, 2020). Latin America’s recurrent populist waves—from classical mid-century movements to neoliberal reformers and contemporary digital populists—have consistently emerged during periods of economic discontent and institutional fatigue, when dissatisfaction with established parties opens space for direct, personalized leadership (de la Torre & Bernhard, 2024).

Kubbe & Loli’s (2020) distinction between inclusionary and exclusionary populism is particularly relevant. Inclusionary variants, typical of Latin America, expand material and political inclusion for marginalized groups, yet often rely on discretionary or informal practices that weaken accountability. This duality aligns with what Kaltwasser (2012) describes as the “ambivalence” of populism: it may broaden democratic inclusion while simultaneously eroding institutional checks and balances.

A long-standing regional tradition also links populism to macroeconomic strategies oriented toward redistribution and rapid growth while downplaying inflation, fiscal constraints, and external vulnerabilities (Dornbusch & Edwards, 1991; Edwards, 2019a; Sachs, 1989). During the second populist wave, some leaders paired expansionary economic policies with strong anti-corruption rhetoric as part of their political appeal (Benczes & Szabó, 2023; Gnan & Masciandaro, 2020). While such approaches initially generated public support, they often produced long-term fiscal and institutional pressures that shaped governance and corruption dynamics.

Comparative evidence reinforces these patterns. In Europe, populist governments tend to increase corruption indirectly by weakening accountability institutions and judicial independence (Kostadinova, 2023). Ruth (2018) finds similar dynamics in Latin America, but embedded within structural conditions—clientelism, inequality, and uneven bureaucratic capacity—that amplify their effects. These underlying features intensify the tension between populist anti-corruption discourse and measurable outcomes.

Latin American populism therefore embodies a persistent paradox: although often rooted in legitimate demands for inclusion and moral renewal, its governing practices frequently reproduce the very deficits—informality, weak checks, politicized oversight—that facilitate political corruption. Ultimately, the region’s experience suggests that meaningful progress in corruption control depends not on ideological orientation but on the resilience of accountability institutions capable of withstanding the personalization of power.

### ***Defining Corruption and Political Corruption***

Corruption is a multidimensional phenomenon with cultural, institutional, and socioeconomic dimensions. Financial institutions such as the IMF and IDB view corruption as a barrier to governance and development, while the academic literature emphasizes institutional quality, trust, and state capacity (Kaufmann et al., 2005; Mungiu-Pippidi, 2015; Rothstein, 2011). Despite broad agreement on its harmful effects, defining corruption remains challenging, as no single formulation captures all its conceptual nuances.

This study adopts Dobson Phillips et al. (2021) comprehensive definition: the abuse of entrusted power for private gain in ways that harm the public interest. As Pozsgai-Alvarez (2020) notes, this formulation builds on—but clarifies—the widely used Transparency International (TI) definition, which itself draws on earlier formulations by Nye and Huntington. TI's definition leaves substantial interpretive room regarding core components such as “entrusted power,” “private gain,” and “public interest,” reinforcing the need for greater conceptual precision when focusing on specific domains of corruption.

For analytical purposes, this paper concentrates on political corruption, understood as the misuse of public office within institutional settings. This focus aligns with the mechanisms most relevant to populist governance. Populist leaders frequently claim to combat corruption by opposing a “corrupt elite,” yet such discourse often obscures practices that weaken oversight bodies, politicize state resources, and consolidate executive power. Focusing on political corruption therefore allows us to critically examine how populist governments operate within—and frequently against—the normative boundaries of public office.

### ***Measuring corruption***

Having defined corruption—and, more specifically, political corruption—in conceptual and normative terms, it is equally important to consider how it is measured in practice. Corruption measurement has evolved through three broad waves: from making corruption visible through perception indexes, to designing actionable indicators for policy reform, and now to evaluating the effectiveness of anti-corruption ecosystems through monitoring and learning approaches. Because corrupt practices are inherently covert, administrative data remain incomplete, and most measures are indirect, capturing expected causes or effects rather than the acts themselves. Neither the corrupt nor the corruptor has an incentive to reveal such behavior, making direct observation rare; as a result, perception-based indicators remain the most widely used, though they must always be interpreted with caution.

For the purposes of this study, we rely on the Varieties of Democracy (V-Dem) index of political corruption (McMann et al., 2017; V-Dem, 2024). V-Dem offers two main advantages: it provides a long, continuous time series compatible with our dichotomous coding of populist episodes, and it includes a distinct measure of political—rather than administrative—corruption. Although perception-based, the index is widely recognized for its conceptual clarity, methodological transparency, and value for comparative research. Its focus on the political realm also complements the normative framework of this paper, in which accountability and institutional integrity are central to understanding populism's effects on governance.

Having defined and operationalized the key concepts of populism and corruption, and discussed their measurement and interaction within governance systems, we now turn to the testable proposition that guides this study.

## **III - Research Hypothesis**

Populist leaders often center their political appeal on anti-corruption rhetoric, denouncing “corrupt elites” and promising to restore integrity. Yet existing research and descriptive patterns suggest a persistent gap between this rhetoric and measurable improvements in corruption control. Given the limited variation in corruption indicators over recent decades and the institutional constraints that characterize most Latin American political systems, it is not evident that populist episodes generate substantive changes in corruption outcomes.

### ***Hypothesis:***

**H<sub>1</sub> (Null Effect):** Populist episodes do not have a statistically significant effect on the evolution of perceived political corruption.

This hypothesis reflects the expectation that, despite prominent anti-corruption discourse, the governance practices typically associated with populist administrations—particularly those affecting

accountability and participation—do not translate into observable improvements in corruption perceptions.

## **IV. Methodology and Results**

### ***Country selection***

It is not trivial to determine a definitive answer to the question of whether populist governments reduce corruption. Varying definitions of populism imply different classifications of populist episodes. In this study, we build on the work of Funke et al. (2023) to identify populist episodes from the end of the Second World War to 2022. This timeframe was chosen to capture the historical trajectory of populist politics and governance in contemporary Latin America, encompassing key political and institutional transformations such as the transitions from authoritarian regimes to democracy, structural adjustment reforms, and the rise of both left- and right-wing populist leaders in the twenty-first century.

This period also corresponds to the availability of consistent, cross-national governance and corruption indicators—particularly those provided by the Varieties of Democracy (V-Dem, 2024) dataset—ensuring methodological coherence and historical depth. Funke et al. (2023) conducted a nuanced contextual analysis of each country, which we use as the basis for selecting yearly populist episodes in our dataset. Populism, therefore, is not treated here as an all-or-nothing attribute; it manifests to varying degrees and evolves over time. Accordingly, its effects on governance and corruption are expected to differ across contexts and historical periods.

Our study covers 135 countries between 1946 and 2022, combining data from the global V-Dem database with Funke et al. (2023) populism coding, which includes both “clear-cut” and “borderline” cases. Countries with extensive missing data were excluded, except where inclusion was essential to preserve key populist episodes. In total, 37 countries experienced at least one populist episode during the study period, yielding 663 populist episode-years worldwide; nearly 40 percent (263) occurred in the Americas, underscoring the region’s relevance for this analysis (see Figure 1 and Table 6, VII – Online Annex).

This global baseline enables us to explore regional patterns with shared political and institutional features while ensuring enough observations over time within each region for meaningful cross-regional comparisons. The final sample includes 45 countries from Africa, 32 from Asia, 30 from Europe, 26 from the Americas, and 2 from Oceania—with the latter’s limited representation noted as a constraint on comparability. The decision to focus on Latin America for a more detailed analysis stems from both theoretical and empirical grounds. While the region is diverse, countries across the Americas share historical and structural similarities in state formation, democratic transitions, and experiences with populism. Although this regional delineation involves a degree of arbitrariness—as all boundaries do—it serves analytical clarity. Notably, the United States was included in the Americas group given its significant share of populist episodes, accounting for nearly 10 percent of the regional total.

### ***The Relation between Populism and Corruption***

#### ***Democracy***

One of the emblematic claims of populist leaders is the representation of “*the people*” against “the corrupt elites.” Accusing political adversaries of corruption is a central element of their mobilization strategy. A functioning liberal democracy is often a prerequisite for their electoral success. As noted by Kostadinova (2023), “*The pledge to fight corruption brings electoral success to populists, but a promise is not a guarantee for effective delivery of good governance. A growing body of literature on democratic backsliding suggests a negative outcome, associating democratic erosion with populists’ presence in government.*”

Corruption’s complexity blurs the boundary between cause and consequence, so choosing variables to represent it inevitably simplifies reality. According to Warren (2004), corruption is the pathology most likely to be found in democracies: “*It reduces the effective domain of public action, and thus the reach of democracy, by reducing public agencies of collective action to instruments of private benefit.*” In the form of state capture, it becomes not only a tool for political competition but also a mechanism for the consolidation of firms and interest groups under capitalism.

#### ***Corruption, democracy and accountability***

Democracies generally exhibit lower levels of corruption than authoritarian regimes or young democracies (E. Warren, 2004). Yet democracy alone does not guarantee integrity. When good governance

- defined by transparency, accountability, and participation—is present, democracy is more likely to thrive and corruption to be contained (Uslaner & Rothstein, 2016).

While democracy provides formal channels for citizen influence, accountability—the actual capacity of institutions and society to constrain power—determines the quality of governance. Accountability thus mediates the relationship between democracy and corruption: democratic regimes without strong accountability mechanisms may still experience high levels of corruption, particularly under populist leaders who seek to dismantle institutional checks on power.

Accordingly, our model links political corruption to democracy and accountability, both affected by behavioral patterns typical of populist leadership - namely clientelism and participation dynamics. These dimensions operate within broader social mechanisms that regulate interactions between individuals, groups, and the state, as well as between representatives and constituents in democratic systems. Politicians and public servants are expected to be accountable; when accountability mechanisms function effectively, corruption should be better controlled.

Under populist leadership, however, these mechanisms often deteriorate. Populists in power tend to use cronyism in public employment and adopt clientelist practices to maintain voter mobilization and loyalty. These behavioral patterns are incorporated into our model as explanatory variables. Our estimation of political corruption considers it a function of democracy and accountability, both influenced by leadership-related factors typical of populist regimes - namely participation and clientelism. Table 1 below presents the selected indicators and their corresponding V-Dem variables.

**Table 1.** Variables included in the model (Source- Data from V-Dem v14)

code	Variable V-Dem v.14	Label
	$\alpha$	Constant
	$\beta(ij)$	Coefficient, (country, year)
	$\varepsilon$	error
PCI	v2x_corr	Political corruption index
Dem	v2x_polyarchy	Electoral democracy index
Acc	v2x_accountability	Accountability index (*)
Cli	v2xnp_client	Clientelism index
P	v2x_partip	Participatory component index
Cs	v2x_cspart	Civil society participation index
Stj	v2peasjpol	Access to state jobs by political group (*)

(\*) When required for the analysis, for compatibility of scale, we also used the osp variation

### Model Specification

Our strategy applies this model to a country panel, controlling for the effects of a dichotomous variable that represents the presence of a populist episode in a given year and country. A general equation expressing our argument is presented below.

$$PCI_{ij} = \alpha + \beta_1 Dem_{ij} + \beta_2 Acc_{ij} + \beta_3 Cli_{ij} + \beta_4 P_{ij} + \beta_5 Cs_{ij} + \beta_6 Stj_{ij} + \varepsilon$$

where  $PCI_{ij}$  denotes the Political Corruption Index (v2x\_corr), with higher values indicating higher perceived corruption.

Before estimation, we examined pairwise correlations among variables. As expected, some independent variables are highly correlated, and clientelism shows the strongest association with the dependent variable. This correlation structure (see table 2 - VII - Online Annex) guided our final specification and efforts to mitigate potential multicollinearity (also see table 3, VII - Online Annex for Descriptive Statistics).

The political corruption index (v2x\_corr) ranges from less corrupt to more corrupt—opposite to the directionality of most V-Dem democratic indicators. It distinguishes between corruption affecting

the executive, legislature and judiciary. Democracy is measured using the Electoral Democracy Index (v2x\_polyarchy), which captures the extent to which the ideal of electoral democracy is achieved.

Initial exploration of the full 135-country panel showed all selected indicators behaving according to theoretical expectations. However, in the Latin America–populist restricted sample, the civil society participation index (v2x\_cspart) lost significance and was therefore excluded from the regional FE model.

Although socioeconomic development may influence governance outcomes, preliminary estimations used the Maddison historical series of real GDP per capita (2011 US \$), given that a complete dataset in purchasing power parity (PPP) is unavailable for the entire 1946–2022 period. Including the logarithm of GDP per capita as a control variable yielded no significant effect on political corruption and did not improve model fitness. This result reinforces the decision to exclude it from the final specification. The absence of a significant effect suggests that the institutional variables already included in the model - particularly accountability and democracy - capture much of the variation typically associated with development levels.

Because democracy, accountability, participation, clientelism, and access to state jobs capture interdependent governance processes, the model is not intended to isolate the causal effect of each dimension. High correlation among them is expected. The objective is to estimate how governance, measured as the indicators bundle, relates to corruption. Individual coefficient magnitudes must therefore be interpreted within this structural interdependence.

## Results

The following results correspond to the Americas sub-panel (1946–2022), where all variables retained statistical significance and the model achieved a strong within-group fit ( $\rho = 0.933$ ). The fixed-effects regression confirms that the selected governance variables perform well in explaining the variation in political corruption. All coefficients are statistically significant ( $p < 0.05$ ), indicating that the model provides a robust representation of how corruption behaves in the region.

The model explains more than half of the within-country variation in political corruption (within  $R^2 = 0.54$ ) and almost four-fifths of the between-country differences ( $R^2 = 0.79$ ). The overall explanatory power ( $R^2 = 0.71$ ) and the high intra-class correlation ( $\rho = 0.93$ ) demonstrate that the specification captures both temporal and structural dynamics of corruption in the Americas. These indicators confirm that the model fits well across countries and over time, which is particularly relevant given the long historical period analyzed (1946–2022) (see Table 4).

The results reveal a differentiated pattern across governance dimensions. Democracy, participation, and clientelism display positive coefficients, indicating that higher values in these variables are associated with higher scores on the Political Corruption Index (v2x\_corr). Because accountability and democracy capture overlapping institutional features, the positive coefficient for democracy does not imply that more democratic systems experience greater corruption. Instead, it reflects the strong interdependence among governance variables, whereby accountability absorbs much of the explanatory power of democracy. Substantively, greater democratic quality and participation, combined with lower clientelism, are associated with lower corruption levels, consistent with theoretical expectations.

In contrast, accountability and meritocratic access to state jobs (v2peasjpol) display negative coefficients, showing that greater oversight capacity and more open recruitment are associated with lower corruption levels. Among all governance dimensions, accountability stands out as the most consistent and powerful predictor of corruption control.

When accountability is excluded from the specification, the coefficient for democracy sharply declines and partially reverts, confirming that its effect is mediated through accountability mechanisms. This finding illustrates the strong interdependence among governance variables: democracy and accountability capture overlapping institutional features—such as checks and balances, rule of law, and electoral integrity—so estimating them together redistributes their explanatory power. The apparent sign reversal for democracy thus reflects collinearity among governance dimensions, not a substantive contradiction in the relationship between democracy and corruption.

Finally, the variable measuring access to state jobs by political group (v2peasjpol) asks whether state employment is open to qualified individuals regardless of political affiliation. Values near zero indicate that appointments are dominated by partisan or politically connected individuals. The negative coefficient for this variable confirms that greater openness and merit-based recruitment are associated

with lower corruption, reinforcing the idea that integrity in public employment functions as a key accountability mechanism.

Although the inclusion of accountability alongside democracy may appear redundant to some readers, its presence in the model is deliberate. The study aims to capture the internal dynamics of governance, not only the formal institutions of democracy but also the mechanisms that make them effective. Accountability, in this sense, is treated as a mediating dimension that conditions how democratic institutions influence corruption outcomes. Excluding it would obscure this relational structure and weaken the theoretical consistency of the model, which is designed to reflect how populist leadership simultaneously reshapes both democratic quality and accountability performance.

### ***Where does Populism enter in our model?***

Our variable related to populism is coded as a dummy, taking the value 1 when a government in a given country-year is classified as populist and 0 otherwise. Within the Americas sub-panel, populist episodes account for 263 out of 2,002 country-year observations between 1946 and 2022. The region thus concentrates a substantial share of the world's populist events, reflecting both the historical recurrence and diversity of populist experiences across Latin America.

Because populism manifests differently across countries and periods, direct cross-national comparisons can be misleading. Treating each episode as the unit of analysis allows for a necessary abstraction: each observation represents the interaction of our governance indicators within a specific temporal and national context characterized by populist rule. Aggregating these episodes across countries highlights recurrent structural patterns while controlling for country-specific and temporal effects. This approach enables consistent statistical comparison without assuming uniformity across individual cases.

To preliminarily assess whether populism is associated with different corruption levels, two-sample t-tests were conducted comparing the Political Corruption Index ( $v2x\_corr$ ) between populist ( $Populism = 1$ ) and non-populist ( $Populism = 0$ ) years (Table 5, VII – Online Annex.). In the Americas, corruption levels are significantly higher under populist episodes ( $p < 0.001$ ), whereas the global comparison shows a smaller, statistically insignificant difference ( $p \approx 0.08$ ). This suggests that the relationship between populism and corruption is region-specific and more pronounced in the Americas.

To verify whether these differences persist once structural and temporal effects are controlled for, we estimated a Difference-in-Differences (DiD) model restricted to the Americas. The results, reported in Table 5, show that the average treatment effect of populism ( $ATET = 0.0275$ ) is positive but not statistically significant ( $p = 0.125$ ). The 95 percent confidence interval ( $-0.008$  to  $0.063$ ) includes both minor increases and decreases, confirming that populist episodes do not systematically alter corruption outcomes once institutional and temporal dynamics are accounted for.

While the traditional DiD model employed in this article serves as a useful complement to the fixed-effects analysis, recent developments in DiD estimation offer more nuanced ways of addressing staggered treatment timing and potential heterogeneity across episodes (Callaway & Sant'Anna, 2021; de Chaisemartin & D'Haultfœuille, 2020; Goodman-Bacon, 2021). Incorporating these modern estimators in a follow-up study would not only strengthen the methodological precision of the analysis but also extend the research program initiated here, enabling a richer understanding of how populist episodes evolve and interact with corruption dynamics over time.

Together, these findings support the main hypothesis: despite their anti-corruption rhetoric, populist governments do not produce measurable or consistent reductions in political corruption. Their influence appears to operate indirectly—by eroding accountability and reinforcing clientelistic practices—rather than through direct improvements in governance integrity.

Detailed results of the Difference-in-Differences estimation are provided in Table 5, which confirms that the estimated treatment effect of populism remains statistically insignificant across all specifications.

## **V - Conclusion**

Our analysis confirms that democracy, participation, and accountability remain decisive for safeguarding institutional integrity and curbing political corruption. However, the evidence also shows

that populist governments have had a negligible effect on corruption outcomes in Latin America. Despite their rhetorical focus on anti-elite and anti-corruption narratives, populist regimes rarely translate these discourses into structural reforms. Instead, they often erode the mechanisms—especially accountability and participation—that prevent corruption and sustain good governance.

In this sense, populism is not inherently corrupting, but it tends to weaken the institutions that constrain power and ensure oversight. Accountability and participation matter more than regime type in explaining variations in corruption levels. Strengthening these dimensions should therefore be the cornerstone of any effective anti-corruption strategy. The FE results in this study clearly show that accountability, participation, and autonomy from political capture are the variables most strongly associated with corruption levels, directly informing the policy recommendations that follow. Policy efforts must prioritize:

- protecting oversight institutions;
- preventing the political capture of the civil service; and
- encouraging meaningful civil society engagement.

### ***Dialogue with related works***

Empirically, the study shows that populism neither systematically increases nor decreases corruption, but rather reshapes governance dynamics in ways that make corruption control more fragile. These results align with recent findings ((Kostadinova, 2023; Ruth, 2018) suggesting that populism’s indirect impact on corruption operates primarily through the weakening of accountability rather than through policy substance. The broader implication is that institutional resilience - particularly in horizontal and diagonal accountability - is key to curbing corruption.

A broader body of research reinforces the view that populism’s institutional impact arises less from direct changes in corruption levels and more from the reconfiguration of the political and discursive environment surrounding accountability. Kartal (2024) shows that corruption perceptions and anti-elite narratives are central strategic resources in populist competition, shaping political legitimacy even when they do not correspond to measurable governance failures. Engler (2020) likewise demonstrates that anti-corruption claims within populist discourse often serve to politicize the divide between “the people” and “the corrupt elite,” transforming corruption from a governance problem into a symbolic political boundary. In the specific context of Latin America, Gehrke & Yang (2025) provide further evidence that corruption events alter political behavior primarily by reshaping citizen distrust and accountability pressures rather than directly affecting corruption control. Taken together, these studies support the conceptual premise of this paper: populism influences corruption indirectly—by weakening accountability structures and reframing corruption as a political narrative—rather than through systematic or programmatic anti-corruption reforms.

Another useful point of comparison is Alfano and Capasso (2025), who examine the relation between populism and corruption in 30 European countries from 1993 to 2019, using a two-way fixed effects (TWFE) difference-in-differences strategy based on the parliamentary share of populist parties as coded by The PopuList. Their research design differs from ours in both regional focus and temporal coverage, as our analysis concentrates on the Americas and draws on a longer series of governance indicators. Nevertheless, both studies adopt the traditional TWFE DiD framework, which treats changes in populist exposure as a shock and estimates its average effect on corruption outcomes. Despite the contextual and measurement differences, the substantive findings are remarkably consistent: in both cases, populist episodes do not produce meaningful improvements in corruption control, reinforcing the notion that anti-corruption rhetoric is largely strategic rather than programmatic. This convergence strengthens the external validity of our results while underscoring the value of applying comparable empirical strategies across regions.

Zhang (2023) also draws on the same core coding of populist leaders developed by Funke et al. (2023), although his analysis focuses only on the strict cases identified in that dataset and is applied to a broader global panel over a different period. Crucially, he employs a Difference-in-Differences estimator designed to correct for staggered treatment timing, addressing the limitations of conventional two-way fixed effects models. Even with this more demanding identification strategy and a distinct sample, his findings converge with mine: populist leadership does not produce measurable improvements in corruption indicators. This convergence—across regions, periods, and specifications, and grounded in the same coding criteria—adds further support to the interpretation put forward in this paper.

### **Some methodological reflections**

Methodologically, our long-term, comparative design inevitably involves abstraction and simplification, and the localized nature of populism may bias results against recent events. Yet this approach offers a stable framework to detect enduring regional patterns across decades. Reality is complex, and models are approximations—but they remain valuable tools to test hypotheses that cannot easily be observed in the field.

Looking ahead, future research should combine quantitative and qualitative approaches to explore country-specific trajectories, the evolution of populist discourse, and the conditions under which anti-corruption agendas can survive political personalization. Integrating multidisciplinary perspectives—from political science, economics, sociology, and history—will be essential to understanding the full complexity of the populism–corruption nexus in the region.

Ultimately, this study underscores that institutional resilience, not populist rhetoric, determines success in fighting corruption. Anti-elite discourse must not be confused with structural reform. Sustained progress depends on reinforcing transparency, protecting oversight, and empowering civic participation—the enduring foundations of democratic integrity in Latin America.

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## VII – Online Annex.

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