

Who is a populist?

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My last column introduced the topic of populism. I included a set of criteria to assess whether a country's leader is a populist. This column discusses some of the early insights as Magni Global Asset Management builds a database of populism assessments for country leaders. So far, about 40% of the leaders in the investible countries of the world have been assessed.

The biggest insight is somewhat obvious, but it needs to be stated. Populism is not a binary choice. Leaders have degrees of populism. Magni's populism assessment results have a score from zero to six, with a score of zero being associated with a leader who displays none of the characteristics of populism, while a score of six being associated with a leader who displays all of the characteristics of populism and does so on a consistent basis.

So far, the highest score resulting from the assessment is four. Three leaders received that score:

- Jair Bolsonaro of Brazil
- Viktor Orban of Hungary, and
- Scott Morrison of Australia.

Narendra Modi of India received a score of three. At the other end of the spectrum, six country leaders received a score of zero. They exhibited none of the characteristics of populism.

That said, the research *did* uncover situations where the political opponents described a leader as a populist. Across all leaders being researched, Magni explored the allegations to determine the actual behavior. The populism score is based on behavior, as opposed to political labeling. The leaders with no material displays of populist behaviors are:

- Alberto Fernandez of Argentina
- Alexander Van der Bellen of Austria
- Sophie Wiles of Belgium
- Sanna Marin of Finland
- Angela Merkel of Germany, and
- Leo Varadkar of Ireland.

Most of you will not see many surprises in the two lists. There are, however, some surprises. These occurred

among the leaders receiving scores in the middle of the range. Xi Jinping of China received a score of 1. He claims to be a populist, yet there is little evidence of specific populist behaviors. Before the work began, I would have guessed a higher score for populism.

An even bigger surprise was Justin Trudeau of Canada. I did not think of him as a populist, yet he received a score of 2. This derives from his intermittent demonstration of many of the behaviors of populists.

Please remember that the database is incomplete, so additional leaders may or may not be determined to be a populist. As Magni completes the database, we will be able to analyze the degree to which populism hurts governance. The process is similar to assessing the performance of a stock against a benchmark. The rate of change of governance in a country will be compared with the rate of change of governance across all countries in the investible world. The difference between a country's rate of change and the 'global' rate of change is the *relative* improvement (or deterioration) in governance.

The populism score can be compared to the relative improvement (or deterioration) in governance during the tenure of the leader. If there is a correlation, it would support the hypothesis that populism impacts governance. If the correlation is negative (ie more populist leaders have a lower relative improvement), it would support the hypothesis that populism has a negative impact on governance.☺



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