Corporate Cash under Populist Leadership: A Tale of Two Variants

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Abstract

How do firms manage liquidity in populist-led countries? Using close elections involving populists, we test two hypotheses: populism prompts firms to either (*i*) increase cash holdings due to political risk and economic nationalism, or (*ii*) reduce cash reserves due to business friendliness. We find contrasting outcomes based on the variant of populism: right-wing populism leads firms, particularly those with valuable investment opportunities and volatile cash flows, to reduce cash holdings, while left-wing populism drives firms to expand cash reserves. We also examine the consequences for corporate investment and employment. Our findings provide new insights into the implications of populism for firm-level outcomes and corporate finance.

JEL classification codes: D72, D73, G32, G38

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1. Introduction

How do firms manage liquidity in countries led by populists? Corporate liquidity decisions, particularly the accumulation of cash holdings, rank among the most important choices firms make, with implications for real corporate policies (Graham and Harvey, 2001). The substantial increase in corporate cash holdings over recent decades is often driven by precautionary and transaction motives, as cash and cash equivalents provide financial flexibility and serves as a buffer against unforeseen shocks. In perfectly efficient capital markets, corporate liquidity decisions would be largely irrelevant, as firms could seamlessly access external capital. However, populist-led regimes can create distortions for firms—stemming from expansionary fiscal policies, trade protectionism, rent seeking, or institutional decay—making their liquidity management even more critical. To what extent populism affects corporate cash holdings, and through which channels this influence operates, remain open questions.

Nowadays, the rise of populist leadership is a global phenomenon, extending beyond Latin America to include many Western countries. A leader is referred to a populist if he or she divides society into two antagonist groups—"the people" and "the elites"—and claims to represent the true will of "the common people" against the "privileged elites", emphasizing an "us versus them" narrative as central to his or her political strategy (Mudde, 2004).[1] Populism can manifest in both right-wing and left-wing variants. The anti-elitism of *right-wing populists* primarily centers on cultural issues, targeting minorities and foreigners as threats to national identity, but also typically promotes pro-business regulations, low taxes, and limited government. In contrast, the anti-elitism of *left-wing populists* primarily stems from economic issues, targeting financial and capitalist elites, opposing globalization, and frequently advocating for state intervention, economic nationalism, and multicultural inclusivity.

Funke et al. (2023) observe that populist leaders typically fail to fulfill their promises and instead leave a lasting negative impact on a country's economic and political trajectory. Over the medium to long term, nearly all countries under populist leadership experience weaker economic performance, marked by significant declines in real GDP and consumption. The authors further show that the slowdown is likely to be driven by economic nationalism and the erosion of institutions. Therefore, populist leadership represents a political shock that firms must adapt to, though its *firm-level* implications are not yet fully understood. This is the focus of our paper.

[1] This definition of populism has become increasingly dominant and is now also commonly used by economists (e.g., Algan et al., 2017; Rodrik, 2018; Boeri et al., 2021; Funke et al., 2023; see Guriev and Papaioannou, 2022, for a recent survey).

We first examine the relationship between populism and corporate cash holding by testing two competing hypotheses. The precautionary and transaction demand for cash theories posit that firms accumulate cash reserves to shield themselves from adverse shocks or to avoid the costs associated with accessing external capital markets. These behaviors are more pronounced among financially constrained firms (Almeida et al., 2004) and those with valuable investment opportunities and more volatile cash flows (Opler et al., 1999; Bates et al., 2009). Populism—by increasing corruption and eroding institutions (Szeidl and Szucs, 2021; Funke et al., 2023)—may heighten political risk and motivate firms to adopt a precautionary approach, thereby holding more cash. Populist rhetoric also emphasizes self-sufficiency and opposes globalization (Rodrik, 2021). This economic nationalism may limit investment opportunities and access to external capital abroad, prompting firms to hold larger cash reserves as a safeguard. Conversely, corporations in countries with favorable investor environment are less reliant on cash holdings (as shown by Dittmar et al., 2003). Populism may reduce capital market inefficiencies by fostering a more business-friendly environment in the country (Mudde, 2007). Policies such as expansionary fiscal spending, lower corporate taxation, or an enhanced investment climate favoring domestic firms may diminish the cost of raising cash when needed, thereby encouraging firms to hold less cash.

We use event-study difference-in-differences (DiD) regressions to test how firms adjust their cash holdings in response to populist leaders winning elections. Since we cannot observe what would have happened if the winning populist candidate had not won the election, we adopt the approach outlined by Greenstone et al. (2010), treating the losing populist candidate as the counterfactual for the winning candidate. We thus consider all national elections worldwide involving populist candidates since 1980, following the methodology of Funke et al. (2023) and extending it to include both victorious *and* runner-up populist candidates through 2022. We dedicate substantial effort to conducting a comprehensive review of scholarly articles to document the biographies of runner-up candidates.[2] Our full sample consists of 23,581 firms located in 32 different countries where 100 elections involving populists took place.[3] We find that populist regimes prompt firms to reduce their cash holdings, measured as the ratio of holdings of cash and marketable securities to total assets (cash ratio). This

[2] We also validate our data and results by comparing them against multiple data sources on populism, including Hawkins et al. (2019), Kyle and Meyer (2020), and Rooduijn et al. (2023).

[3] In this paper, we use the term "country" as a convenient shorthand to collectively refer to all entities included in our sample. This terminology is employed solely for brevity and to maintain analytical consistency. According to classifications from internationally recognized sources such as ISO standards, the World Bank, and the International Monetary Fund, Taiwan is not recognized as a sovereign state.

result holds after controlling for various firm- and country-level factors and using the Borusyak et al.'s (2024) estimator to address the staggered timing of populist elections in our sample.

However, this result may still be confounded by country-specific heterogeneous factors rather than directly reflecting the effect of populism. For instance, financial crises and recessions—significant predictors of populists coming to power (Mian et al., 2014; Funke et al., 2016; Algan et al., 2017; Gyöngyösi and Verner, 2022)—may also influence firms' liquidity management (Campello et al., 2011). To address this concern, we focus on close elections where populist candidates narrowly win or narrowly lose, which we treat as quasi-random events. This approach allows us to isolate the effect of populism by comparing corporate cash holdings between close elections where populists win against non-populists (treatment group) and close elections where populists come in second (control group) within a time window spanning four years before the election and four years after. Using this empirical design, we confirm the result that corporate cash holdings significantly decline under populist leadership. Economically, populist leaders reduce firms' cash ratio by 1.3 percentage points (pp), equivalent to 6.8% of the sample mean. This result is robust across various time windows around the election, different victory margins, subsamples, specifications, and alternative measurements of key variables.

We then investigate whether the variants of populism matter by distinguishing between right- and left-wing populism. Following the literature, we classify populism as right-wing when its discourse is predominantly framed in cultural terms and as left-wing when framed in economic terms. To assess the differential effects, we run our imputation-based DiD regressions separately for each subsample. We find that right-wing populist leaders drive firms to hold less cash, while their left-wing counterparts lead firms to hoard more cash in the years following their election. These results are remarkable because they suggest a tale of two variants. The negative impact on cash holdings is consistent with the hypothesis that business-friendliness under right-wing populism leads firms to reduce cash reserves. In contrast, the positive impact on cash holdings supports the hypothesis that heightened political risk and economic nationalism under left-wing populism incentivizes firms to hold more cash as a precaution.

To better understand the underlying mechanisms driving the divergent effects of both variants of populism, we next explore the channels through which populist regimes influence corporate cash holdings. We find that right-wing populist leaders negatively affect corporate cash holdings by fostering a business-friendly environment for domestic firms in the aftermath of closely contested

elections. This is achieved through increased public spending, reduced corporate taxation, and policies that hinder international economic integration, such as higher tariffs and reduced trade and financial openness. They also exhibit a more favorable attitude toward investment—captured by factors such as contract viability, profit repatriation, and payment delays. In contrast, left-wing populism increases corporate precautionary cash holdings by prioritizing economic nationalism, which is characterized by higher public spending and taxation, along with reduced international economic integration via restrictions on trade and financial openness. Notably, both variants of populism are associated with increases in corruption and declines in institutional quality—in turn elevating corporate precautionary cash holdings. However, under right-wing populism, the positive relation between corruption and corporate cash holdings is thus offset by pro-business policies.

We further identify the channels through which populism operates by examining the differential effects of both variants of populism across firms. We find that right-wing populist leaders prompt firms to hold less cash, with the effect being stronger for larger and financially healthier firms, those with more volatile cash flows, higher investment opportunities (proxied by market-to-book ratios and R&D spending). These findings further support the hypothesis that right-wing populism negatively affects corporate cash holdings, as the benefits of pro-business policies outweigh the need for precautionary liquidity in the years following their rise to power. In contrast, we find evidence indicating that left-wing populist leaders are associated with higher levels of cash holdings for firms with high trade exposure, fewer investment opportunities, and more irreversible investments, consistent with the hypothesis of precautionary and transaction motives for cash holdings under left-wing populism. The fact that corporate precautionary cash holdings respond differently to right- and left-wing populisms illustrates a tale of two cultural and economic variants of populism on firm behavior. These differences are precisely the types of patterns our tests aimed to uncover through multiple cross-sectional contrasts.

Crucially, corporate precautionary cash holdings under populist rule may have implications for real corporate policies such as investment, employment, and innovation. We find that firms increase their capital expenditures and employment levels under right-wing populist leadership, while they tend to reduce their R&D. These patterns may point to short-term benefits associated with investment and employment. However, the reduction in R&D intensity is concerning, as it may underscore the greater sensitivity of R&D to uncertainty. This aligns with Barrero et al. (2017), who emphasize the higher sensitivity of R&D to long-term uncertainty compared to investment and employment. Such a shift could place firms on an unsustainable growth trajectory, potentially undermining innovation and

investment in the longer term.[4] We also observe that firms exhibit distinct real policies under left-wing populist leadership. Notably, while we observe a contraction in employment levels, there is no discernible impact on capital expenditures or R&D spending.

Our paper makes several contributions to the corporate finance and political economy literature. First, it adds to the extensive literature on corporate cash policies. The precautionary demand for cash theory introduced by Keynes (1936) is the predominant approach to understanding levels of cash holdings across firms. According to this theory, firms hold cash to hedge for the risk of future cash shortfalls. Keynes also emphasizes transaction motives, arguing firms hold cash to minimize transaction costs of frequently accessing capital markets. Supporting these motives, Opler et al. (1999) and Bates et al. (2009) find that firms with smaller size, better investment opportunities, and riskier cash flows hold more cash—characteristics linked to higher costs of cash shortfalls or capital market access. Graham and Leary (2018) observe that cross-sectional relations between these firm characteristics and cash holdings are stable throughout the century. Almeida et al. (2004) demonstrate that financially constrained firms stockpile cash to avoid underinvestment, while Faulkender and Wang (2006) show that the marginal value of cash is greater for such firms. Acharya et al. (2007) highlight the hedging role of cash during periods of low cash-flow and high investment opportunities. Duchin (2010) explains that higher cash holdings in stand-alone firms result from their lack of diversification in investment opportunities, while Harford et al. (2014) show that cash holdings help mitigate refinancing risks. In addition, the agency costs theory predicts the risks of managerial misuse of excess cash reserves (e.g., Harford, 1999; Dittmar and Mahrt-Smith, 2007; Harford et al., 2008). Several studies also consider tax motives (Butters, 1949; Foley et al., 2007; Riddick and Whited, 2009). Our findings support the precautionary and transaction cost motives, demonstrating that corporate cash holdings are shaped by the external political environment. Under left-wing populism, firms prioritize precautionary and transaction motives, whereas these considerations become less prominent under right-wing populism. This paper thus offers novel results on the influence of political contexts on corporate cash policies around the world.

Second, our paper belongs to the growing literature on the implications of populism. Within this literature, papers are predominantly focused on economic performance and institutions. Studies examining the implications of populism for economic output include Absher et al. (2020) for Latin

[4] As highlighted by Acemoglu et al. (2013) and Dovis et al. (2016), populists emphasize short-term growth and disregard long-term sustainability.

America, Grier and Maynard (2016) in Venezuela under Chavez's leadership, Born et al. (2019) for the United Kingdom post-Brexit, and Funke et al. (2023) across 60 countries from 1900 onwards. Bennett et al. (2023) report that populist discourse undermines entrepreneurship by creating institutional uncertainty. Other studies, as surveyed by Guriev and Papaioannou (2022), examine specifically foreign economic policies, in particular trade and financial integration, fiscal and monetary policies, and institutional quality (separation of powers, judicial independence, or media freedom). Moreover, several studies focus on stock market outcomes of populists' election wins (Wagner et al., 2018; Hanke et al., 2018; Child et al. 2021; Stöckl and Rode, 2021). To our knowledge, we are the first to systematically exploring the *firm-level* implications of populism. While existing research mainly focuses on country-level outcomes, our study examines how populist leadership around the world influences firms' cash policies *and* real activities, shedding new light on the economic ramifications of different variants of populist leadership. In that sense, our study speaks to the literature examining how leaders matter for economic and institutional outcomes (e.g., Jones and Olken, 2005; Besley et al., 2011; Easterly and Pennings, 2020; Brown, 2020, 2022; Ioannidou et al., 2022).

Third, our study contributes to the literature on the institutional and political determinants of corporate financial and investment policies around the world. La Porta et al. (2000) find that dividend payments are higher in countries with strong shareholder protection, while Dittmar et al. (2003) show that corporate cash holdings are lower in such countries. Pinkowitz et al. (2006) report that the relationship between cash holdings and firm value weakens in countries with poor shareholder protection, after accounting for economic development. Kalcheva and Lins (2007) further show, using managerial control rights data, that cash held by controlling managers is unrelated to firm value when shareholder protection is strong. Closer to our inquiry, Caprio et al. (2013) report that corporate cash holdings are negatively related to political corruption, based on firm-level data from over 100 countries. Chen et al. (2018) also show that state ownership is positively associated with corporate cash holdings. Julio and Yook (2012) provide global evidence that firms reduce capital investment during election years. Cao et al. (2018) document a significant effect of national elections on international M&A investment, while Ahmad et al. (2024) rather highlight the role of democratic political institutions. Our study extends this literature by linking real corporate activities—such as capital investment, hiring, and R&D spending—with cash holdings in the context of populism. We also observe contrasting effects on capital investment and R&D under heightened uncertainty driven by populism, consistent with the findings of Stein and Stone (2013), Barrero et al. (2017), and Atanassov et al. (2024).

2. Hypotheses

In this section, we review the motives for firms to adjust their cash holdings under populist leadership and outline the hypotheses.

2.1. Motives for holding cash under populist leadership

Before discussing how populism affects firms' motives to hold cash, let us first consider their motives in the absence of populism. In perfectly efficient capital markets, cash policy would have no impact on firm value. Investing excess cash in liquid assets would yield zero NPV, and firms could easily address any cash shortfalls by raising external capital, converting illiquid assets into cash, or reducing payouts without incurring any costs. However, in reality, frictions make these actions costly. As a result, firms manage cash such that the marginal benefit of holding cash equals its marginal cost.

On the one hand, the *benefits* of holding cash typically stem from financing frictions. Under the precautionary and transaction motives described by Keynes (1936), firms are incentivized to hold more cash when the costs of cash shortfalls or capital market access are high. Therefore, financially constrained firms (Almeida et al., 2004) and those with more valuable investment opportunities and volatile cash flows (Opler et al., 1999; Bates et al., 2009) are likely to hold more cash. On the other hand, the *costs* of holding cash arise from the opportunity costs of forgoing higher returns from alternative uses, taxation on cash-related income, and agency costs associated with managerial discretion. Firms facing higher liquidity premiums and costs of carry (Azar et al., 2016), higher corporate tax rates (Butters, 1949; Riddick and Whited, 2009), and weaker governance (Dittmar et al., 2003; Harford et al., 2008; Gao et al., 2013) are thus likely to hold less cash.

Populist leadership—whether right-wing or left-wing—introduces distortions that can affect these benefits and costs of holding cash for firms via three primary channels: (1) political risk, (2) economic nationalism, and (3) business friendliness. Our empirical analysis aims to distinguish between these channels (discussed below) that connect populism to corporate cash holdings. However, it does not fully allow us to identify which specific *benefits* or *costs* are directly influenced by populism, leaving this as a potential area for future research.

2.2. The political-risk channel

Populist leaders often exhibit disdain for democracy (Betz, 1994; Mudde and Rovira Kaltwasser, 2012; Eichengreen, 2018). They undermine democratic institutions by altering constitutional and electoral rules to consolidate power and suppress political opposition. Yet, modern-day populists typically stop

short of full authoritarianism. Elections are usually maintained but occur under unfair conditions characterized by stymied media freedoms and limited political competition. Funke et al. (2023) show that institutional quality deteriorates following the ascension of populists to power, whether right-wing or left-wing (see also Rode and Revuelta, 2015; Huber and Schimpf, 2017; Houle and Kenny, 2018).[5]

Alongside the weakening of democratic institutions, populist-led governments are frequently associated with higher levels of corruption. For example, Szeidl and Szucs (2021) show increased corruption in Viktor Orban's Hungary, driven by the pro-regime capture of independent media, which by 2017 resulted in Hungary falling behind its regional peers in terms of corruption levels. This aligns with international evidence suggesting that reduced press freedom leads to increased corruption (Brunetti and Weder, 2003). Similarly, Child et al. (2021) investigate the market performance of firms with pre-election ties to Donald J. Trump after his 2016 victory, finding that such firms benefited from superior performance, increased government contracts, and favorable regulatory treatment—suggestive of corruption. Kyle and Mounk (2018) report that about 40% of populists who assumed executive office between 1990 and 2014 were indicted on corruption charges.

Political risk, emerging in corrupt and institutionally weak environments, impacts firms' cash-holding behavior. Acemoglu et al. (2003) show that countries with weak institutions and widespread corruption are less stable. Consequently, firms operating in such environments face increased exposure to disruptions that necessitate holding larger cash reserves. Some of these business interruptions may arise from breakdowns in institutional quality—such as weakened rule of law, restricted media freedom, or compromised elections—heightened levels of corruption, or outright attempts to shake down firms.[6] Regardless of the source, such political risks compel firms to maintain higher cash holdings compared to those in more stable countries with stronger institutions and lower levels of corruption.[7] The political-risk channel thus leads us to expect that *right-wing and left-wing populism prompts firms to hold more cash*.

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[5] Indices measuring countries' degree of democracy highlight this trend. For instance, after Donald J. Trump's first election, U.S. ratings fell below the "democracy threshold" by the end of 2020. See, e.g., Dinorah Azpuru and Michael Hall in *The Washington Post* article, "Yes, our 'flawed' democracy just got downgraded" (February 23, 2017).

[6] For instance, in *The Financial Times* article, "ECB warns of populist risk to financial stability" (May 24, 2016), Claire Jones highlights the European Central Bank (ECB)'s concerns over financial instability in the eurozone caused by the rise of populist movements. The ECB issues similar warning in its 2019 report. In addition, business elites have expressed concerned about populism. A 2016 survey by the CNBC Global CFO Council found that 41% of CFOs feared the rise of populism and its significant downside risks to the global economy (see https://www.cnbc.com/2016/12/14/populism-increases-fears-of-elite-global-corporations-cnbc-cfo-survey.html; last accessed on December 9, 2024).

[7] This idea is in line with studies linking uncertainty to increased cash holdings and reduced investment (Smietanka et al., 2018; Duong et al., 2020). The International Labor Organization (ILO, 2013) similarly notes that "uncertainty about future policy conditions in several

2.3. The economic-nationalism channel

Populist rhetoric often emphasizes economic self-sufficiency—or nationalism—and opposition to globalization. International economic integration appears to have led to domestic disintegration in many countries, exacerbating the divide between those who benefit from global competition and those who are left behind, thereby fueling support for populism (Rodrik, 2021). Supporting this view, Funke et al. (2023) present evidence that both right- and left-wing populisms around the world negatively impact trade and financial openness. Edwards (2010) underscores how populist governments in Latin America establish trade barriers as a hallmark of their anti-globalization stance. Country-specific studies also show how the recent populist wave undermines the freedom to trade internationally (see, e.g., the survey on Brexit by Sampson, 2017). The economic nationalism inherent in populism often strains trade relationships and supply chains, while also constraining investment opportunities and limiting access to international capital markets. As a result, firms may choose to hold larger cash reserves as a precautionary buffer against these challenges. We therefore predict that, via the economic-nationalism channel, *both populism variants drive up corporate cash holdings*.

2.4. The business-friendliness channel

Although populist leaders often advocate for trade protectionism, they may simultaneously foster a business-friendly environment domestically, particularly favoring large businesses and key industries (Mudde, 2007). This tendency is mainly characteristic of right-wing populism than left-wing populism (Rode and Revuelta, 2015; Stöckl and Rode, 2021). Right-wing populism indeed pairs nationalism with pro-business policies, increasing public spending in areas like defense or subsidies to key industries while simultaneously reducing taxes to stimulate domestic growth. However, these policies can conflict with their limited government ideals, as they often lead to higher deficits and public spending. For example, under Donald J. Trump, the United States saw increased defense budgets and the Tax Cuts and Jobs Act of 2017, which significantly reduced corporate taxes to promote business competitiveness but also contributed to a larger deficit. Conversely, left-wing populism tends to increase public spending and taxation to support redistributive and nationalization efforts. Edwards (2010) describes how Latin American left-wing populists impose stricter business regulations, weaken

countries has reinforced corporate tendencies to increase cash holdings or pay dividends rather than expand capacity and hire new workers" (page 10).

the legal framework for free enterprise and investment, and threaten businesses with expropriations or nationalizations.[8]

Right-wing populism may thus create a perception of business friendliness by reducing the costs associated with cash shortfalls or capital market access and improving legal protections for investors, thereby diminishing the need for firms to maintain large cash reserves. In contrast, left-wing populism increases corporate precautionary cash holdings by emphasizing nationalizations and redistributive policies, often accompanied by higher public spending and taxation. Accordingly, the business-friendliness channel predicts that *firms reduce cash holdings under right-wing populism, whereas left-wing populism prompts firms to hoard more cash*.

3. Data and Empirical Design

In this section, we detail our sample and key variables and describe our identification strategy.

3.1. Populist leadership around the world

Populism has emerged as a significant political phenomenon in recent years, challenging established norms and reshaping policy agendas across the globe. The first election of Donald J. Trump as U.S. President underscores the contemporary relevance of this trend, with his tenure often cited as a prime example of right-wing populism. His presidency oscillated between advocating for trade protectionism, supporting big businesses and industries, and engaging in a contentious relationship with established political norms and institutions. Similarly, the rise of right-wing populist parties in Europe, exemplified by the Alternative for Germany (AfD) party's success in 2017 and the populist-driven Brexit vote in the United Kingdom, further illustrates the appeal of populist ideologies. At the same time, left-wing populism has gained traction, with movements like Podemos in Spain and Syriza in Greece focusing on wealth redistribution and trade protectionism, and challenging liberal economic policies. In addition, populist leaders such as Jair Bolsonaro in Brazil, Rodrigo Roa Duterte in Philippines, and Moo-hyun Roh in South Korea have gained power by promoting populist platforms, contributing to the global spread of this movement. These developments have propelled the term "populism" into mainstream discourse and sparked academic inquiry.

[8] See also Grier and Maynard (2016) for evidence in the context of Chavismo. Chávez's leadership is indeed marked by the implementation of policies aimed to redistribute wealth and increase state control over key industries. For instance, the Venezuelan government nationalized oil companies, telecommunications firms, and utilities, including the 2007 nationalization of CANTV, the country's largest telecommunications company.

The defining trait of populism is its assertion of representing the interests of the "common people" (Mudde, 2014). The key distinction between right-wing and left-wing populism lies in their targets of criticism: right-wing populists attack minorities and foreigners, while left-wing populists primarily focus on financial and capitalist elites (Rodrik, 2018). Despite their differences, both variants of populism are associated with reckless and unsustainable policies that lead to adverse outcomes, disproportionately harming the very ordinary people they claim to support (Funke et al., 2023). Populism, with its emphasis on the fundamental dichotomy between "the people" and "the elite," has been prominently articulated by Mudde (2004) in Political Science and further expanded upon by leading scholars in the field (e.g., Moffitt, 2016; Müller, 2016; Hawkins and Rovira Kaltwasser, 2017). Building on this conceptual foundation, Funke et al. (2023) employ a "big literature" approach to determine whether a leader can be classified as populist. They begin by assembling an extensive archive of approximately 800 scholarly works on populism spanning the past 50 years, including peer-reviewed articles, books, book chapters, and select policy reports and working papers authored by scholars. Excluding online sources and media articles, this comprehensive dataset is processed using optical character recognition (OCR) software, enabling systematic searches for mentions of nearly 1,500 leaders and the extraction of relevant descriptions.

In the next step, leaders are classified as populist or non-populist based on the extracted information. A leader is coded as populist only if he or she consistently employed anti-elite and people-centered discourse, with anti-establishment rhetoric as a dominant feature of their campaigns and tenure. Leaders not meeting this definition or absent from the literature are classified as non-populist. Contextual exclusions apply; for instance, coalition governments are not labeled populist unless the head of state belongs to a populist party. Leaders like Jacob Zuma of the African National Congress (ANC) in South Africa are classified based on their rhetoric, even if their party affiliation is not populist. Funke et al.'s (2023) systematic approach identifies 51 populist leaders from approximately 1,500 political figures across 60 economies since 1900 until 2020.

In classifying political leaders as populists, we follow the procedure outlined by Funke et al. (2023). Our empirical strategy focuses exclusively on populist candidates, so we concentrate on elections featuring such candidates. We extend the coverage by two years, incorporating data up to 2022. We further expand the original database by including candidates who finished second in national elections across our sample countries. Specifically, we review scholarly articles on the biographies of runner-up candidates. This process involves a thorough search within reputable academic sources in political

science, sociology, and related fields that frequently discuss populism, such as the *Oxford Handbook of Populism*. This ensures the inclusion of candidates who have made significant contributions to the populist discourse.

We provide in the Internet Appendix a detailed explanation for each populist candidate not included in Funke et al.'s (2023) database, outlining why they are coded as populist and whether they represent left-wing or right-wing populism. We also cite the most relevant literature for each populist leader, specifying the references used. For coding, we adhere to the consensus definition of populism as an anti-elitist and people-centered political strategy.

Furthermore, we acknowledge that the inclusion of false positives or negatives in our sample could significantly undermine the validity of our identification strategy. To address this concern, we verify our identified runner-up candidates using the "The PopuList 3.0" database by Rooduijn et al. (2023), which tracks populist parties in Europe since 1989. This database is particularly valuable as it employs definitions and methodologies closely aligned with ours. Furthermore, it provides a comprehensive resource for verification, as it includes not only populist parties and candidates who won elections but also those who lost. We further cross-validate our data using additional databases compiled by Hawkins et al. (2019) and Kyle and Meyer (2020). In Table IA1 of the Internet Appendix, we present a detailed comparison of the populist classifications derived from our approach, based on Funke et al. (2023), with those identified in the databases of Hawkins et al. (2019) and Kyle and Meyer (2020) as well as Rooduijn et al. (2023). Our approach produces data closely aligned with these other databases. Upon carefully analyzing the discrepancies, we find that they generally arise in cases where the literature exhibits uncertainty regarding a leader's populist status. For instance, while Kyle Meyer (2020) classify Vladimir Putin as a populist, our method, consistent with Funke et al. (2023), does not. To ensure the robustness of our analysis, we conduct robustness tests using these alternative databases.

Given that our main analysis focuses on closely contested elections, we further ensure the accuracy of our sample by examining the historical margin of victory for each electoral event. Specifically, we include cases where the margin between the winning candidate and the nearest competitor was no greater than 5%. Data on vote margins is sourced from the World Bank's Database of Political Institutions (DPI), the International Foundation for Electoral Systems (IFES) ElectionGuide (www.electionguide.org), and the Election Resources graciously shared by Manuel Álvarez-Rivera (www.electionresources.org).

Table 1 presents our sample of populists. Our final sample consists of 32 countries that experienced elections featuring populist candidates from 1980 to 2022, in contrast to the 60 countries considered in Funke et al. (2023), which also include "non-populist" election countries over the same period. We identify 100 populist elections with 46 different populist candidates, while closely contested elections are numbered at 27 (highlighted in bold). Although the full sample of elections involving populists is more evenly split between right-wing and left-wing candidates, the subset of close elections skews more heavily toward right-wing populists, with 22 candidates compared to 5 left-wing populists. Among these, right-wing populists won 13 of the 22 close elections, while left-wing populists won 2 out of 5. Importantly, the near 50%-win rate aligns with the expected randomness of outcomes in closely contested elections.

Since 1980, 32 countries in our review have experienced populism, defined as the emergence of at least one populist candidate as either a winner or runner-up. For instance, Argentina has seen three different populist leaders—Carlos Menem, Néstor Kirchner, and Cristina Fernández de Kirchner—but only Néstor Kirchner faced a closely contested election. Italy has experienced the largest number of closely contested populist elections (five times), followed by Israel with four. A notable observation is that recent populists in Europe and the United States tend to be right-wing, whereas those in Latin America and South Africa have been more left-wing populists. Figure 1 illustrates the global rise of populism within our sample (red line).

3.2. Key variables and summary statistics

We obtain data on firm-level cash holdings, our main dependent variable, from the annual files of the Worldscope database. Following the literature, we measure cash holdings as the ratio of cash and cash equivalents to total assets (the cash ratio), a widely recognized metric in corporate finance (Mitton, 2022). We also include several firm-level control variables, sourced from the Worldscope database, which have been shown to influence corporate cash holdings. Specifically, we control for market-to-book ratio, sales growth, firm size, cash flow, capital expenditures, leverage, net working capital, and dividend payout. We further control for several country-level factors that may confound the effect of populism. To capture economic performance, we use GDP growth obtained from the World Bank's World Development Indicators (WDI) database or the International Monetary Fund (IMF)'s Global Debt Database (GDD). To account for banking sector development, we include the private credit ratio, also obtained from the WDI database. Moreover, we control for the occurrence of financial crises using the indicator sourced from Laeven and Valencia (2020) and Nguyen et al. (2022). Since globalization

and threats to national sovereignty are often associated with the rise of populism, we control for trade openness, measured by the share of exports and imports in GDP, and the exchange rate (local currency relative to U.S. dollars), which reflects external economic stability and competitiveness in international trade. To account for the electoral environment, we employ the electoral democracy index supplied by the Varieties of Democracy (V-Dem) database (see Coppedge et al., 2019 for details on its construction). We also include a dummy variable indicating whether the election involved an incumbent populist leader, constructed based on our data on populists. Table A1 in the Appendix provides the exact definitions for all these variables. All other variables we use are discussed when they are introduced in the analysis and are also defined in Table A1.

Our sample includes only firms with complete data for all variables—cash ratio, populist-led elections, and control variables—used in the baseline analysis spanning the 1980-2022 period. Based on this requirement, three of these countries (Bolivia, Ecuador, and Slovakia) are not included in our main empirical analysis because Worldscope provides very limited financial data for them. To mitigate the influence of outliers, we apply winsorization at the 1% level to both the upper and lower extremes of all non-binary firm-level and country-level variables. Summary statistics are presented in Table 2. Panel A provides summary statistics for the full sample, while Panel B focuses on the close-election sample. Differences in firm-level variables between the all-election and close-election samples are relatively small, whereas differences in country-level variables are slightly larger. Overall, the reported numbers align with prior studies and do not warrant extensive discussion.

The average cash holding of firms in our all-election sample is 15.11%, with a significant dispersion (standard deviation of 18.22%), consistent with prior work (e.g., Fernandes and Gonenc, 2016; Pinkowitz et al., 2016). In Table IA2 of the Internet Appendix, we report summary statistics for corporate cash holdings by country. For instance, the cash ratio of the average U.S. firm in our sample is 23.45%, higher than in other countries and consistent with Pinkowitz et al. (2016). Figure 1 illustrates the evolution of corporate cash holdings across our sample countries (blue line), showing a significant increase over time. Notably, cash holdings nearly doubled during the sample period, a trend aligned with observations in the literature (Pinkowitz et al., 2016; Graham and Leary, 2018).

3.3. Identification strategy

We are interested in determining whether populist leadership in a country impacts corporate cash holdings. Identifying such an impact causally is challenging, as we cannot observe what would have occurred if the winning populist candidate had not won the election. We follow Greenstone et al.

(2010) and consider the closest counterfactual scenario. Specifically, we analyze national elections involving winning and losing populist candidates, using the losing populist candidate as the counterfactual for the winning one. This approach has the advantage of not introducing any researcher-specific biases in choosing counterfactual scenarios. We are thus able to compare corporate cash holdings in elections where populist candidates win against non-populist opponents (treatment group) with those where populist candidates lose to non-populists (control group). As detailed in Section 3.1, we identify 100 populist winners and losers from national elections between 1980 and 2022, using an eight-year window surrounding each election.

Following Greenstone et al. (2010) provides methodological advantages by avoiding direct comparisons between elections won by populists and all other elections. Such comparisons risk biased estimates due to unobserved heterogeneity, as elections resulting in populist victories may differ systematically from other elections in ways that correlate with corporate cash holdings. Therefore, by focusing exclusively on firms operating around elections involving populists, we mitigate bias from these unobserved factors, such as differences in macroeconomic conditions or institutional settings.

However, the possibility that an unobserved third factor drives both the electoral success of populists and corporate cash holdings and, thus confounding our estimates, may still be there by examining all elections involving populists. To further address this issue, our empirical strategy follows Lee (2008): He notes that, as long as there is an unpredictable random component in voting, a narrowly decided election can approximate a randomized experiment. In such cases, the correlation between the election outcome and unobserved country characteristics can be minimized by focusing on close elections. This implies that the causal effect of electing a populist can be identified by comparing firms in countries where a populist candidate *narrowly* won against a non-populist (treatment group) with those where a populist *narrowly* lost to a non-populist (control group). We implement this approach—in the spirit of the Greenstone et al.'s (2010) setup—by retaining all close elections in our sample where a populist faced a non-populist opponent, while controlling for firm-level and country-level determinants of cash holdings. In our main analysis, we focus on election outcomes where the ex-post margin of victory is less than 5%.[9] While we cannot directly test the assumption that close election outcomes are

[9] For context, Jens (2017) categorizes close elections as those within the lowest tercile of margin distributions, equivalent to a 6.24% margin in our sample. Similarly, Julio and Yook (2012) define close elections as those below the lowest quartile, corresponding to a 4.08% margin in our case. In Table IA3 of the Internet Appendix, we restrict our analysis to election outcomes where the ex-post margin of victory is less than 4% and 3%, respectively. We find that our key results remain robust when focusing on elections with narrower margins, which are even more likely to approximate random outcomes.

exogenous, we argued in Section 3.1 that such outcomes are largely unpredictable in our sample of close elections. This is supported by the balance around the election threshold: populist candidates secured victory in approximately 50% of cases, winning 15 out of 27 close elections.

Another potential threat to our identification arises from economic and institutional conditions leading to negative selection. Our identification strategy assumes that the winning and losing populist candidates follow similar economic and institutional trends before the election. If the winning candidate operates in a worse economic and institutional context, firms may hoard larger amounts of cash, resulting in higher precautionary cash holdings. This would imply that our main effect is underestimated. We plot the trends for several country-level aggregates around close elections. We do not find supporting evidence for negative selection (see Section 4.1 for details).

We use an event-study DiD approach to compare elections between treatment and control groups. This yields the following baseline specification:

$$y_{i,c,t} = \alpha + \beta_1 Winner_{c,t} \times Post_{c,t} + \beta_2 Winner_{c,t} + \beta_3 Post_{c,t} + \gamma_1 FirmControls_{i,t-1} + \gamma_2 CountryControls_{c,t} + \eta_i + \theta_t + \varepsilon_{i,c,t}, \quad (1)$$

where index *i* denotes the firm, *c* refers to the country, and *t* indicates the year. The cash ratio is the dependent variable in $y_{i,c,t}$ (described in Section 3.2). $Winner_{c,t}$ corresponds to a dummy set to one for a country where a populist candidate ultimately wins the election. This dummy is set to zero when the populist candidate comes in second place. $Post_{c,t}$ represents a dummy that is assigned a value of one for years when the candidate comes to power in a country and zero otherwise. The main coefficient of interest is β_1 that comes from the interaction term, $Winner_{c,t} \times Post_{c,t}$. The specification also includes two set of fixed effects: η_i, denoting firm fixed effects to ensure that the comparisons are within firms; θ_t, denoting calendar year fixed effects to control for time trends. We follow the literature to also include the lagged values of market to book, sales growth, size, cash flow, capex, leverage, net working capital, and dividend payout, collectively represented as $FirmControls$. $CountryControls$ refers to a vector of country level measures to control for economic and institutional conditions—namely, GDP growth, private credit, financial crisis, trade openness, exchange rate, electoral democracy, and incumbent populist candidate.

As pointed out in a series of papers, two-way fixed effects may introduce biases in staggered DiD due to the assumption of homogeneous treatment effects between groups of countries treated at different

times (De Chaisemartin and d'Haultfoeuille, 2020; Callaway and Sant'Anna, 2021; Goodman-Bacon, 2021; Sun and Abraham, 2021; Borusyak et al., 2024). Therefore, we estimate the adjusted event study estimator proposed by Borusyak et al. (2024), which better handles treatment timing and heterogeneity. Following their method, we first estimate firm and year fixed effects using only the untreated sample. We then use these estimated fixed effects to impute the counterfactual (untreated) outcomes for each treated observation, thereby obtaining an estimate of the treatment effect as the difference between the observed and imputed outcomes, with weights not equal to zero. Finally, we aggregate these treatment-effect estimates and apply the equal weights to align with our estimation target.

Furthermore, the limited number of populist elections may affect the significance levels of our results. To address this potential bias, we employ a leave-out approach for the computation of standard errors (see Borusyak et al., 2024, Section 4.3). This method systematically excludes each populist election event from the dataset, one at a time, and re-estimates the effect of populism on corporate cash holdings using the remaining data. By generating a series of leave-one-out estimates, we assess the influence of each individual event on the overall effect estimate. The variability among these estimates is then used to compute robust standard errors, yielding more conservative and reliable confidence intervals. This approach ensures that our findings are not unduly driven by any single election, thereby enhancing the robustness of our results.

4. Results

In this section, we present all our results on the relation between populism and corporate cash holdings and the underlying channels.

4.1. Corporate cash holdings and populism

We start by estimating the impact of populism on corporate cash holdings, as measured by the cash ratio. Table 3 reports the estimated effects of populism using specifications based on Equation (1). The first three columns focus on the all-election sample, while the last three columns examine the close-election sample. Across all columns, the results consistently indicate that firms significantly reduce their cash reserves under populist rule.

Column 1 presents the most parsimonious model, incorporating only firm and year fixed effects, while columns 2 and 3 sequentially introduce firm-level and country-level control variables. The imputation-based DiD estimates of the interaction term, $Winner \times Post$, are negative and statistically significant at the 1% level, with values ranging from -0.4018 to -0.5545. However, one could argue that including

all elections may introduce bias, as firms can anticipate electoral outcomes in cases where elections are not closely contested. Columns 4 to 6 concentrate on the impact of populism following close elections. The estimated values, ranging from -1.2990 to -1.5998, confirm the significantly negative effect of populism on corporate cash holdings. Using column 6 implies that firms reduced their cash reserves by 1.3 pp following a populist candidate's close election victory. This reduction corresponds to a 6.8% decrease in the cash ratio relative to the mean cash ratio in our close-election sample, calculated as −1.2990/19.0813. In the remainder of the paper, we will focus primarily on the close-election sample as our baseline setup.

We next examine the temporal relationship between changes in firms' cash reserves and the onset of populist rule to address concerns about omitted variables and reverse causality. Our approach aims to identify any trends in corporate cash holdings preceding the rise of populist leadership, potentially undermining the validity of the DiD setup by violating the parallel trends assumption (Nunn and Qian, 2011). If reverse causality is present, we expect to observe a downward trend in cash holdings prior to the emergence of populist administrations. To assess pre-existing trends in cash holdings, Figure 2 illustrates the disparity in cash holdings between the treatment and control groups during the eight-year period surrounding populist elections. The top panel presents results for all elections and the bottom panel for close elections. Here, year *t-i* denotes the *i*-year period preceding the elections, and year *t+i* represents the *i*-year period following the elections. The *t-4* year serves as the benchmark, with its coefficients assumed to be zero. A 5% confidence interval is reported.

Figure 2 reveals several key insights. First, no significant trends are observed in the estimated effects during the periods immediately preceding populist elections, providing empirical support for the parallel trends assumption. Cash holdings for treated and control firms remain comparable until populist elections occur. Second, the estimated coefficients for populism are insignificantly positive before the rise of populist leaders but become significantly negative once populists assume power. This pattern suggests that the reduction in cash holdings among treated firms is attributable to populism rather than other confounding factors. Third, the impact of populism on cash holdings is most pronounced in year *t+1* or *t+2*, depending on whether all elections or only close elections are considered.

Our comparison between winning and losing candidates assumes similar economic and institutional conditions between the treatment and control groups during the event window around the election. The close-election results indicate that winning and losing populists exhibit parallel pre-trends in corporate

cash holdings. However, the election of a populist candidate may still not be random, as their electoral success could strongly depend on the economic and institutional contexts prevailing prior to the election. To test for such underlying differences, we examine relevant observable country-level aggregates. Figure IA1 in the Internet Appendix compares the average trends for GDP growth, private credit, financial crisis, trade openness, exchange rate, electoral democracy, and populist incumbency between countries with winning and losing populist candidates. In each of these subplots, we use an aggregate version of Equation (1) with country and year fixed effects but no control variables. We find that these key metrics follow similar trajectories in the years leading up to the election, with no statistically significant differences between countries experiencing the electoral success of a populist candidate and those where the populist candidate lost. These findings further support the parallel trends assumption, indicating that winning and losing candidates face similar economic and institutional conditions during the electoral period.

4.2. Robustness checks

We test the robustness of our main results, reported in columns 3 and 6 of Table 3, using alternative specifications, samples, and definitions of key variables. The results of these robustness checks are presented in Table 4, with Panel A showing results for all elections and Panel B for close elections.

First, we explore alternative time windows surrounding populist elections. While our baseline analysis uses a four-year post-election period to align with the typical election cycle, this choice may be somewhat arbitrary, as electoral cycles vary across countries. For instance, countries like Italy and Israel often hold elections more frequently than every four years, whereas several Latin American countries have longer electoral cycles. To address this variation, we use our event-study DiD with three-year and five-year post-election periods, respectively. The results, presented in columns 1 and 2, confirm that populism leads firms to reduce cash holdings, regardless of whether shorter or longer windows around elections are considered.

Second, despite controlling for key determinants and fixed effects, it is possible that our results are influenced by the COVID-19 pandemic. The pandemic, marked by widespread lockdowns and significant economic losses, may have affected firm cash holdings in diverse and time-varying ways. We thus restrict our sample to the period 1980–2019, excluding the pandemic years. As shown in column 3, our results remain unchanged.

Third, following standard practice in corporate finance, we exclude financial firms (SIC codes 6000–6999), which may hold cash for regulatory reasons. While these firms are included in our baseline analysis, we re-estimate the model excluding them. The results in column 4 continue to hold.

Fourth, given the impact of Donald J. Trump's policies on the global economy (see, e.g., Stiglitz, 2018) and the large share of U.S. firms in our sample (see Table IA2), we verify whether our results are driven by the United States. Excluding U.S. firms from our imputation-based DiD regressions (column 5) does not alter our conclusions about the populism-corporate cash relationship.

Fifth, while cash holdings are commonly measured as the sum of cash and cash equivalents in the corporate finance literature (Mitton, 2022), this approach can be problematic when considering the precautionary motive for holding cash. Firms increasingly allocate reserves to riskier, less liquid securities that may lack adequate liquidity during financial distress. Duchin et al. (2017) highlight that a significant portion of reserves is invested in assets like corporate debt, equity, and mortgage-backed securities, reflecting variation in how firms balance cash and short-term investments. This suggests that firms do not necessarily view cash and short-term investments as perfect substitutes or equivalent (Duchin et al., 2017; Cardella et al., 2021). We thus use the ratio of cash to total assets as the dependent variable in column 6. The results remain consistent, though with slightly lower economic significance.

Sixth, we test the sensitivity of our results to the political institutional features of the countries in our sample. These countries employ both presidential and parliamentary electoral systems (see Table 1), which could influence our estimations. In parliamentary systems, coalition governments are common, meaning populist parties can still exert influence over the government even if they lose elections. To address this, column 7 restricts the analysis to countries with presidential systems. The practice of free and fair elections may also impact the likelihood of a populist takeover. Column 8 thus excludes Turkey, Thailand, and Venezuela from the analysis, as their Electoral Democracy Index scores (V-Dem database) fall below 0.5 for more than half of the sample period—a threshold considered indicative of non-democratic regimes. Moreover, we could argue that our approach cannot fully separate the effect of populism from broader political ideologies. To account for this, column 9 adds to the specification a control variable capturing the winning candidate's ideology. In all three columns, our results continue to hold.

Last, there is debate in the literature regarding the classification of populists. While we adhere to the methodology of Funke et al. (2023), discrepancies arise in some cases, such as Vladimir Putin (Russia) and Andreas Papandreou (Greece) (see Table IA1). To address this concern about classification

sensitivity, we use the classifications from Kyle and Meyer (2020) and Rooduijn et al. (2023) in column 10 and Hawkins et al. (2019) in column 11. Hawkins et al. (2019) propose an index rather than a binary indicator; we classify leaders as populists when their score equals 0.5. The results remain consistent in both columns, confirming the robustness of the populism-corporate cash relationship.[10]

4.3. Right-wing versus left-wing populism

Like other political ideologies, populism can be divided into two predominant variants: right-wing and left-wing populism. In this section, we examine whether the variant of populism affects corporate cash holdings differently, given their distinct rhetoric and economic and institutional consequences. We divide the populist variables into right-wing and left-wing variants and perform imputation-based DiD regression analyses accordingly, focusing on the close-elections sample (our preferred setup). The results are presented in Table 5.

The observed reduction in corporate cash holdings is primarily attributable to right-wing populism. Specifically, right-wing populism is associated with a significant decrease in cash holdings, with an effect size of at least 4.5% (=0.8526/19.0813), consistently significant at the 1% level across columns 1-3. Moreover, the analysis highlights contrasting impacts of the two populist variants: while right-wing populist leadership reduces cash holdings, left-wing populist leadership prompts firms to increase their cash reserves by at least 13.1% (=2.5061/19.0813). Although left-wing populist elections occur less frequently in the sample, the results remain robust and provide meaningful insights into the differing economic implications of the two variants of populism.

Figure 3 illustrates the differential trajectories of cash holdings under right-wing and left-wing populist rules over a four-year electoral cycle. Right-wing populism has a notably stronger and more immediate impact, with the negative effect becoming significant in year *t* and peaking in year *t+2*. In contrast, the effect of left-wing populism is insignificantly positive, becoming significant only in the year *t+1*. In addition, there is no significant impact on cash holdings during the pre-election years, supporting the parallel trends assumption and confirming the temporal integrity of the observed effects.

[10] The Hawkins et al.'s (2019) text-based populist measure involves a textual analysis of public speeches delivered by political leaders from 2000 to 2020, assigning scores based on the extent to which populist statements constitute the entire speech, thereby determining the leader's degree of populism. It quantifies the degree of populist rhetoric. Consequently, we also perform a simple OLS regression analysis using this populist score, and the results are reported in the Table IA4 of the Internet Appendix. We still find that populism is negatively associated with corporate cash.

4.4. Channels

Our findings thus far reveal that populism prompts firms to adjust their cash reserves, with the direction of the effect differing between right-wing and left-wing variants. To gain deeper insights into the mechanisms driving these outcomes, we explore the three key channels outlined in Section 2 through which populism shapes corporate cash policies. We first examine a range of policy and political outcomes under populism rule. Then, we examine country-level and firm-level heterogeneity in the relationship between populism and corporate cash.

4.4.1. Policy and political outcomes

We conduct an event-study DiD methodology at the country level to test whether populism affects fiscal and trade policies, and institutional quality. As discussed in Section 2, both populist variants influence countries in these key areas, which we aim to test within our sample. If one of the channels is relevant, we would expect to observe a significant relation between the populist variant and the corresponding proxies for these key areas. Using an aggregate version of our baseline Equation (1), we estimate the differential impact on fiscal policies, trade policies, and institutional quality within countries where either right-wing or left-wing populists narrowly won or lost an election. We include year and country fixed effects as well as the full set of country-level control variables (unless specified otherwise). We study an eight-year event window around the election. The results presented in Table 6 display the coefficient of the interaction term of interest. All newly introduced variables are defined in Table A1.

Starting with right-wing populism, we find that it is generally associated with increased business friendliness, some degree of economic nationalism, and heightened political risk, which is in line with the literature discussed in Section 2. Specifically, we observe that right-wing populist leadership tends to implement more expansionary fiscal policies, characterized by lower corporate income taxes and higher public debt levels. However, we find no significant impact on government size, which may be due to the limited time frame around the election considered.

Moreover, our analysis reveals evidence of economic nationalism. While one might expect a straightforward reduction in trade freedom, our findings specifically indicate that right-wing populist governments tend to raise tariff rates. Right-wing populism also appears to restrict financial openness, further emphasizing the economic nationalism trend.

Regarding the impact of right-wing populism on institutional quality, we find strong evidence that the rule of law, electoral freedom and fairness, and media and press freedom all weaken in the years following a right-wing populist takeover. In addition, corrupt practices within the executive branch and political risk both increase, while the government's attitude toward investment—captured by factors such as contract viability, profit repatriation, and payment delays—is more supportive.

In line with our discussion in Section 2, we find that left-wing populism presents a different scenario. Unlike right-wing populism, left-wing populist leadership does not advance pro-business policies; instead, it raises corporate income tax rates and undermines the investment climate. It also implements protectionist measures by limiting trade and financial openness. While the institutional impact of left-wing populism is less pronounced, it still weakens the rule of law and increases corruption. However, electoral and media freedom, as well as political risk, remain largely unaffected.

Overall, in our sample, right-wing populism is associated with pro-business stance, economic protectionism, and institutional decay. In contrast, left-wing populism does not promote business interests but is also associated with protectionist policies and, to a less extent than right-win populism, with institutional decay. Next, we explore the mechanisms by directly linking our predictions to corporate cash policies.

4.4.2. Country-level heterogeneity

We now examine whether the impact of different variants of populism on firms' cash holdings varies across country characteristics. To do so, we create additional dummy variables that capture aspects of a country's fiscal policies, trade policies, and institutional quality, as defined in Table A1. We extend Equation (1) by including a dummy variable that captures the country characteristic, along with its interaction with $Winner \times Post$. All other variables and fixed effects remain the same. Table 7 presents the results of estimating the triple DiD regressions in the close elections sample. Panels A and B analyze the effects of right-wing and left-wing populisms, respectively.

In column 1, we examine the triple interaction with government size. The relative size of the central government is a key factor, as national elections tend to have a greater impact in countries where central government policies play a significant role and where the government constitutes a larger share of GDP, amplifying the economic implications of elections. The results show that the triple interaction term enters negatively and highly significantly the regression model of Panel A, suggesting that the negative effect of the $Winner \times Post$ interaction is even more pronounced in countries with larger

government size. This finding implies that firms in such countries may continue to reduce their precautionary cash holdings under right-wing populist leadership, consistent with the business-friendliness channel. For left-wing populism in Panel B, the triple interaction term is positive but appears insignificant.

In column 2, we analyze trade openness as another key aspect of populist rhetoric. The results show that the triple interaction term is positive and significant for both variants of populism, suggesting that firms in countries with a large share of trade relative to GDP tend to hold higher levels of cash under populist rule. This behavior aligns with the economic-nationalism channel, where firms accumulate precautionary cash reserves in response to constraints on trade abroad. In Panel A, however, the estimated coefficient on $Winner \times Post$ is larger than the triple interaction term, meaning that the overall effect of right-wing populism remains significantly negative, but it is attenuated in more open economies. This is consistent with the previous finding that the net effect of right-wing populism on corporate cash holdings is negative.

In columns 3 and 4, we look at the political-risk channel more closely. As shown earlier, populism increases political risk *and* corruption, leading firms to hold more cash as a precautionary measure. The results in both columns and panels show that firms tend to increase their cash holdings in such environments, which align with the political-risk channel. In Panel A, specifically, the estimated coefficients on $Winner \times Post$ in both columns exceed the triple interaction terms, meaning that the overall effect of right-wing populism is still significantly negative, though it is attenuated in high-risk and corrupt environments. In Panel B, we observe that firms in countries with higher levels of corruption increase their cash reserves further in response to left-wing populist leadership, which is consistent with the political-risk channel and the positive relationship between left-wing populism and corporate cash holdings. Nonetheless, we note that the result for the political risk measure is not statistically significant.

The last column presents results for the triple interaction with the investment profile dummy variable, which equals one for countries with an ICRG investment profile rating above 7, meaning a low-risk investment environment characterized by minimal risk of contract expropriation, payment delays, and profit repatriation restrictions.[11] The interaction term is negative and highly significant for right-wing

[11] Foley et al. (2007) highlight that the role of repatriation taxes for firms' incentives to retain earnings abroad, which leads them to hold more cash in foreign subsidiaries as firms seek to defer taxation and optimize their global tax liabilities.

populism but positive and equally significant for left-wing populism. These findings indicate that under right-wing populist leadership, firms in favorable investment climates reduce their cash holdings, reflecting the pro-business stance of such leadership. In contrast, left-wing populist leadership is associated with larger increases in cash reserves, likely driven by policies such as higher corporate taxes that reduce profitability and encourage firms to adopt precautionary cash management strategies.

4.4.3. Firm-level heterogeneity

The results thus far show that the business-friendliness channel explains why right-wing populism is associated with a net reduction in corporate cash holdings. In contrast, the economic-nationalism and political-risk channels account for the overall increase in corporate cash holdings under left-wing populism. We now explore the motives behind these behaviors by examining firm-level heterogeneity.

Similar to the strategy in the previous section, we create firm-specific variables, as defined in Table A1. We then use a version of Equation (1) that adds each firm characteristic, along with its interaction with $Winner \times Post$. The triple interaction term of interest captures differences across firms based on several characteristics. All other variables and fixed effects remain unchanged. Table 8 shows the results of estimating the triple DiD regressions in the close elections sample, with Panels A and B corresponding to right-wing and left-wing populism, respectively.

We first consider firm-level political risk using Hassan et al.'s (2019) measure, which is based on the share of earnings conference calls that firms devote to political risks, specifically related to the topic of "trade". Using the trade component of their political risk measure, we generate a dummy variable set to one if a sample firm has a value above the median for each year. However, relying on this firm characteristic significantly reduces the sample size. In column 1, we find that left-wing populist leadership drives firms with greater trade-related political risk to hold more cash, consistent with our earlier findings on trade openness and the economic-nationalism channel. However, we do not find evidence that political risk related to trade differentially affects the impact of right-wing populist leadership on firms' cash holdings, suggesting that the effect of right-wing populism on cash holdings is not significantly influenced by trade-related political risk.

As shown by Almeida et al. (2004) and others, financially constrained firms are incentivized to hold more cash. To examine this mechanism, we rely on the Kaplan and Zingales's (1997) KZ index and Altman's (1968) Z-score as proxies for financing constraints. We create two dummy variables: one is

set to one if the firm's KZ index is in the *top* quartile of the sample (and zero otherwise), and another is set to one if the firm belongs to the *bottom* quartile of the Z-score distribution (and zero otherwise). The results of the triple interactions are reported in columns 2 and 3. The results clearly show that firms facing greater financing constraints are more cautious under populist rule, particularly right-wing populism, and respond by increasing their cash holdings. However, we still observe that right-wing populist leadership overall reduces firms' reliance on cash, but this negative effect is diminished for financially constrained firms, as theory would predict.

The transaction motive for cash predicts that large firms hold less cash. We examine this prediction by testing whether the size effect on cash holdings varies under both populism variants. Large firms, particularly multinational enterprises, are often targeted by populist leaders, who criticize them as symbols of economic inequality, tax avoidance, foreign interference, and exploitation. Populists frequently capitalize on public resentment toward these corporations, accusing them of offshoring jobs, profiting disproportionately from globalization, and undermining national sovereignty. Once in power, populists may implement protectionist policies to curb the influence of large firms. However, larger firms often proactively mitigate political risks by engaging in political activities, such as making financial contributions to campaigns or cultivating connections with policymakers to secure favorable treatment and reduce political interference (e.g., Faccio, 2006; Hassan et al., 2019).

To test whether large firms respond differently to populism, we create a dummy variable based on the median of total assets, categorizing firms as large when their size is above the sample median. The results in column 4 report a negative and significant coefficient on the triple interaction with size, indicating that large firms reduce their cash holdings more than small firms following close elections involving right-wing populists (Panel A). Specifically, cash reserves in large firms decline by an additional 0.7183 pp compared to small firms. This finding supports the view that larger firms, with greater resources at their disposal, are better equipped to manage political risks, reducing their need for cash. For left-wing populists (Panel B), the estimated coefficient is positive, as expected, but not statistically significant at conventional levels. This suggests that, unlike right-wing populism, left-wing populism does not influence corporate cash holdings through firm size as a mechanism.

The precautionary motive suggests that firms with riskier cash flows and better investment opportunities tend to hold more cash to better cope with adverse shocks, which could be more costly for them. Following Opler et al. (1999) and others, we use cash flow volatility and proxies for investment opportunities. First, we measure cash flow volatility as the standard deviation of cash flow

to total assets over three years and then generate a dummy variable set to one if the firms' cash flow volatility exceeds the sample median (and zero otherwise). Interacting this dummy variable with $Winner \times Post$, the result in column 5 reveals that firms with higher cash flow volatility reduce their cash holdings even more following the close election of a right-wing populist. In contrast, cash flow volatility does not exhibit a differential impact after a left-wing populist victory.

Second, we create two dummy variables proxying for investment opportunities: one is set to one if a firm's market-to-book ratio is above the industry median (and zero otherwise), and another one is set to one if a firm reports positive R&D expenditures (and zero otherwise). Interacting both proxies with $Winner \times Post$, the results in columns 6 and 7, respectively, clearly indicate that firms with stronger investment opportunities (measured based on the market-to-book ratio and R&D spending) further reduce their cash holdings after a right-wing populist victory. These findings are in line with the business-friendliness channel, as firms with better investment opportunities are more inclined to reduce their cash holdings when they have the assurance of a supportive business environment, which right-wing populists seem to provide. Conversely, the anti-business rhetoric of left-wing populist leaders appears to prompt firms with better investment opportunities (as captured by R&D spending in column 7) to stockpile cash, possibly due to concerns over a less favorable business environment under left-wing populist leadership. This suggests that the political environment, shaped by the variant of populism in power, has differential effects on firms' cash holdings depending on their investment opportunities.

We then study the relation between cash holding and investment irreversibility motivated by the investment timing option in real options theory (Bernanke, 1983). Firms with more irreversible investments tend to postpone investment activities, particularly under conditions of increased uncertainty brought about by populism. Therefore, firms characterized by a higher degree of investment irreversibility should be comparatively more inclined to increase their precautionary cash holdings. We test whether the interaction between $Winner \times Post$ and investment irreversibility is positively associated with cash holdings. We measure investment irreversibility based on the approach by Gulen and Ion (2016) using the ratio of tangible assets to total assets. We then generate a dummy variable set to one if the tangibility ratio exceeds the sample median. In column 8, we can see that the coefficients on the triple interaction terms are positive and significant under both populist variants. These results suggest that firms with a higher degree of investment irreversibility are more reluctant to reduce their cash reserves under populist rule, in line with the political-risk channel. Summing up

the coefficients on the triple interaction and $Winner \times Post$ still indicates that the overall effect of right-wing populism is negative less pronounced for firms with more irreversible investments.

We last examine the relation between cash holdings and leverage. The hedging argument of Acharya et al. (2007) suggests a positive relation between leverage and cash holdings, as firms with higher leverage may hold more cash as a buffer against financial distress. However, an alternative view is that debt can be sufficiently constraining, forcing firms to use cash to deleverage. In this case, a negative association between cash holdings and leverage would be expected, as firms with higher debt levels may prioritize using their cash reserves to reduce outstanding debt and improve their financial position. This trade-off between the need for liquidity and the pressure to deleverage could result in different patterns of cash holding behavior depending on whether firms are under right-wing or left-wing populism rule. Specifically, firms under right-wing populism may reduce their cash holdings less due to the perceived business-friendly environment, while those under left-wing populism can be more inclined to stockpile cash in response to the anti-business rhetoric.

We test this by creating a dummy variable that equals one if a firm's ratio of total debt to total assets is greater than the sample median (and zero otherwise). In column 9, we find that the coefficient of the triple interaction term is positive and significant. This finding implies that firms with higher leverage are less likely to reduce their precautionary cash holdings in response to right-wing populism (Panel A), which is consistent with the hedging argument of Acharya et al. (2017). These firms reduce their cash holdings by 0.2137 pp less than their less-leveraged counterparts. These findings support our hypothesis that firms with higher debt obligations are more likely to benefit from a business-friendly environment, and thus do not need to reduce their cash holdings as much as firms with lower leverage.

4.4.4. Discussion on the motives for holding cash under populist leadership

Overall, our findings indicate that right-wing populism negatively affects corporate cash holdings, as the benefits of pro-business policies outweigh the need for precautionary liquidity in the years following populist electoral victories. Conversely, left-wing populism positively affects corporate cash holdings, as the costs associated with economic nationalism and heightened political risks necessitate precautionary liquidity measures that are not offset by pro-business policies. The "firm-heterogeneity" evidence summarized in the previous section further suggests that empirical models of the demand for cash provide mechanisms to explain the decrease in cash holdings under right-wing populism and the increase under left-wing populism. These models incorporate various proxies for a firm's demand for cash, derived from transaction and precautionary motives. However, due to data limitations, we have

not directly investigated whether firm-level variables that proxy for agency or tax costs are associated with changes in cash holdings under populist rule. Nonetheless, the design of our event-study DiD ensures within-firm comparisons, effectively controlling for firm-specific characteristics that remain relatively fixed and are typically associated with agency and tax considerations.

An alternative explanation to transaction and precautionary motives, based on agency cost theory, also posits that firms hold more cash in *countries* with poor institutional quality (Pinkowitz et al., 2006). We cannot fully rule out this mechanism since our results indicate that left-wing populism not only promotes economic nationalism but also weakens institutions, contributing to higher cash holdings. However, our tests reported in Table 6 indicate that left-wing populism has a weaker impact on institutional quality—particularly on free media and elections—than right-wing populism, consistent with Rodrik (2018). These findings further diminish the likelihood that the positive relationship between left-wing populism and corporate cash holdings is primarily explained by agency theories.

For right-wing populism, it is more challenging to completely rule out agency motives as a mechanism behind the negative impact of right-wing populism on cash holdings. The estimated coefficients in column 5 of Table 7 may indeed imply that improvements in the investment climate under right-wing populism mitigate agency costs, leading firms to reduce their cash holdings. However, our findings in the other columns of Table 7 generally highlight the importance of transaction and precautionary motives for cash holdings as complementary mechanisms to agency motives.

4.5. Real corporate policies under populist leadership

There is notable interest in understanding the connections between financial and real-side corporate policies under populist leadership. Corporate precautionary cash holdings under populist leadership—whether right-wing or left-wing—may indeed have implications for firms' investment, innovation, and employment decisions (e.g., Campello et al., 2011). The results of our imputation-based DiD regressions are presented in Table 9, with Panel A focusing on right-wing populism and Panel B on left-wing populism around close elections held during the same period, 1980-2022.

Capital expenditures to total assets are used to measure capital investment, R&D expenditures to total assets capture R&D intensity, and the log number of employees serves as a measure of employment. As shown in Panel A, firms increase their investment and employment levels in response to the narrow victory of right-wing populist candidates, while they slightly reduce their R&D intensity. The patterns may indicate short-term benefits associated with investment and employment under right-wing

populism. However, the reduction in R&D intensity raises concerns, as it highlights the greater sensitivity of R&D to uncertainty. Barrero et al. (2017) emphasize that R&D is more sensitive to long-term uncertainty than investment and employment, and this shift could place firms on an unsustainable growth trajectory, potentially undermining innovation and investment in the longer term. As noted by Acemoglu et al. (2013) and Dovis et al. (2016), populists tend to prioritize short-term growth at the expense of long-term sustainability. Overall, we interpret the short-term effects of right-wing populism on real corporate policies as being driven primarily by pro-business channels, which dominate over other channels.

In Panel B, focusing on left-wing populism, we observe that firms adopt distinct real policies compared to right-wing populism. Notably, there is a (somewhat) contraction in employment levels. In column 9 (the most demanding specification), the coefficient on the interaction term of interest appears negative and statistically significant. However, there is no clear impact on capital investment, and while R&D shows a positive effect, this is only significant in column 5. Stein and Stone (2013) consistently show that uncertainty depresses capital investment and hiring but encourages R&D spending. Atanassov et al. (2024) also find that political uncertainty positively influences firm-level R&D, in contrast to its negative effect on capital investment.

The results in this section are particularly interesting as they directly relate to Funke et al.'s (2023) findings, suggesting that real-side corporate policies may be key drivers through which populism influences countries' economic performance.

5. Conclusion

Populism, as a global political phenomenon, has profound implications for corporate finance that remain underexplored. Our paper shows that firms adjust their reliance on cash and cash equivalents in response to the rise of populist leaders. Specifically, by exploiting close elections to establish causality, we find that firms reduce their cash holdings under right-wing populist leadership, while increasing their precautionary cash reserves under left-wing populist leadership. The economic net impact of the right-wing populist variant primarily arises from its pro-business stance, while the left-wing variant's impact is driven by economic nationalism and heightened political risk.

These novel findings contribute in three key ways. First, they deepen our understanding of firms' liquidity management under adverse political conditions, specifically during the rise of populism. Second, they show that the impact of populism on corporate cash holdings has first-order real effects

on investment and employment. Third, they provide new insights into the *contrasting* firm-level implications of *both* populism variants, thereby complementing recent work on the country-level implications of populism (Guriev and Papaioannou, 2022) and the firm-level implications of political polarization (Kempf and Tsoutsoura, 2024).

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Table 1. Populist candidates, 1980-2022

This table lists all populist candidates in our sample, classified using the procedure outlined by Funke et al. (2023), which we extend to include data up to 2022 and runner-up candidates. **"--"** indicates that the populist candidate lost the election, so no start or end year of power is recorded. **"Ongoing"** denotes episodes still active as of December 2022. An **asterisk (*)** marks cases where the populist candidate lost the popular vote but won the election, through the electoral vote, more seats in parliament, or government coalition. **Bold text** highlights closely contested elections with a vote margin smaller than 5%. The vote margin for Belgium, Denmark, Ireland, and Slovakia reflects the difference between the winning and opposing coalitions, as leadership in these countries is determined by coalitions, not single parties. In Italy, the Prime Minister-designate must win confidence votes in both the Chamber of Deputies and the Senate, so margins for both are used. In 2015, the Danish People's Party, under Thulesen Dahl, declined a formal government role and is treated as a control group. Ireland's 2020 election was closely contested, with tight seat distribution among the top three parties despite the populist party leading in first-preference votes, requiring months of negotiation to form a government. Israel's parliamentary system is unique. While the prime minister was directly elected in three separate elections, this practice ended in 2001. Since then, the leader of the governing coalition has served as prime minister, reverting to the earlier system.

Country	Election year	Starting term year	Ending term year	Candidate	Populism variant	Type of elections
Argentina	1989	1989	1994	Carlos Menem	Right-wing	Presidential
Argentina	1995	1995	1999	Carlos Menem	Right-wing	Presidential
Argentina	**2003**	**2003**	**2007**	Néstor Kirchner	Left-wing	Presidential
Argentina	2007	2007	2011	Cristina Fernández de Kirchner	Left-wing	Presidential
Argentina	2011	2011	2015	Cristina Fernández de Kirchner	Left-wing	Presidential
Austria	1999	--	--	Jörg Haider	Right-wing	Parliamentary
Belgium	2019	--	--	Tom Van Grieken	Right-wing	Parliamentary
Bolivia	2002	--	--	Evo Morales	Left-wing	Presidential
Bolivia	2005	2006	2009	Evo Morales	Left-wing	Presidential
Bolivia	2009	2009	2014	Evo Morales	Left-wing	Presidential
Bolivia	2014	2014	2019	Evo Morales	Left-wing	Presidential
Bolivia	2019	2019	2020	Evo Morales	Left-wing	Presidential
Brazil	1989	1990	1992	Fernando Collor	Right-wing	Presidential
Brazil	2018	2018	2022	Jair Bolsonaro	Right-wing	Presidential
Bulgaria	2009	2009	2013	Boyko Borisov	Right-wing	Parliamentary
Bulgaria	**2013**	**2013**	**2014**	Boyko Borisov	Right-wing	Parliamentary
Bulgaria	2014	2014	2017	Boyko Borisov	Right-wing	Parliamentary
Bulgaria	2017	2017	ongoing	Boyko Borisov	Right-wing	Parliamentary
Canada	1997	--	--	Preston Manning	Right-wing	Parliamentary
Denmark	**2015**	**--**	**--**	Kristian Thulesen Dahl	Right-wing	Parliamentary
Ecuador	1988	--	--	Abdalá Bucaram	Left-wing	Presidential
Ecuador	1996	1996	1997	Abdalá Bucaram	Left-wing	Presidential
Ecuador	2006	2007	2009	Rafael Correa	Left-wing	Presidential
Ecuador	2009	2009	2013	Rafael Correa	Left-wing	Presidential
Ecuador	2013	2013	2017	Rafael Correa	Left-wing	Presidential
France	2002	--	--	Jean-Marie Le Pen	Right-wing	Presidential
France	2017	--	--	Marine Le Pen	Right-wing	Presidential
Greece	**2012**	**--**	**--**	Alexis Tsipras	Left-wing	Parliamentary
Greece	2015	2015	2018	Alexis Tsipras	Left-wing	Parliamentary
Greece	2019	--	--	Alexis Tsipras	Left-wing	Parliamentary
Hungary	2010	2010	2014	Viktor Orbán	Right-wing	Parliamentary
Hungary	2014	2014	2018	Viktor Orbán	Right-wing	Parliamentary
Hungary	2018	2018	ongoing	Viktor Orbán	Right-wing	Parliamentary
India	2014	2014	2019	Narendra Modi	Right-wing	Parliamentary
India	2019	2019	ongoing	Narendra Modi	Right-wing	Parliamentary
Ireland	**2020**	**--**	**--**	Mary Lou McDonald	Left-wing	Parliamentary
Indonesia	2014	2014	2019	Joko Widodo	Left-wing	Presidential
Israel*	**1996**	**1996**	**1999**	Benjamin Netanyahu	Right-wing	Parliamentary
Israel	**2009**	**--**	**--**	Benjamin Netanyahu	Right-wing	Parliamentary
Israel	2013	2013	2015	Benjamin Netanyahu	Right-wing	Parliamentary
Israel	**2015**	**2015**	**2019**	Benjamin Netanyahu	Right-wing	Parliamentary
Israel	**2019**	**2019**	ongoing	Benjamin Netanyahu	Right-wing	Parliamentary
Italy	1994	1994	1995	Silvio Berlusconi	Right-wing	Parliamentary
Italy	**1996**	**--**	**--**	Silvio Berlusconi	Right-wing	Parliamentary
Italy	**2001**	**2001**	**2006**	Silvio Berlusconi	Right-wing	Parliamentary
Italy	**2006**	**--**	**--**	Silvio Berlusconi	Right-wing	Parliamentary

Italy	2008	2008	2011	Silvio Berlusconi	Right-wing	Parliamentary
Italy	**2013**	**--**	**--**	Silvio Berlusconi	Right-wing	Parliamentary
Italy	**2018**	**2018**	**2022**	Lega/M5S	Right-wing	Parliamentary
Japan	**2003**	**2001**	**2006**	Junichiro Koizumi	Right-wing	Parliamentary
Mexico	**2006**	**--**	**--**	Andrés Manuel López Obrador	Left-wing	Presidential
Mexico	2012	--	--	Andrés Manuel López Obrador	Left-wing	Presidential
Mexico	2018	2018	ongoing	Andrés Manuel López Obrador	Left-wing	Presidential
Netherlands	2002	--	--	Pim Fortuyn	Right-wing	Parliamentary
Netherlands	2017	--	--	Geert Wilders	Right-wing	Parliamentary
New Zealand*	**1981**	**1981**	**1984**	Robert Muldoon	Right-wing	Parliamentary
New Zealand	1984	--	--	Robert Muldoon	Right-wing	Parliamentary
Peru	1985	1985	1990	Alan García	Left-wing	Presidential
Peru	1990	1990	1995	Alberto Fujimori	Right-wing	Presidential
Peru	1995	1995	2000	Alberto Fujimori	Right-wing	Presidential
Peru	**2011**	**--**	**--**	Keiko Fujimori	Right-wing	Presidential
Peru	**2016**	**--**	**--**	Keiko Fujimori	Right-wing	Presidential
Peru	**2021**	**--**	**--**	Keiko Fujimori	Right-wing	Presidential
Philippines	1998	1998	2001	Joseph Estrada	Left-wing	Presidential
Philippines	2010	--	--	Joseph Estrada	Left-wing	Presidential
Philippines	2016	2016	2022	Rodrigo Duterte	Right-wing	Presidential
Poland	**2005**	**2005**	**2007**	Jarosław Kaczyński	Right-wing	Parliamentary
Poland	2007	--	--	Jarosław Kaczyński	Right-wing	Parliamentary
Poland	2011	--	--	Jarosław Kaczyński	Right-wing	Parliamentary
Poland	2015	2015	2019	Beata Szydło	Right-wing	Parliamentary
Poland	2019	2019	ongoing	Mateusz Morawiecki	Right-wing	Parliamentary
Slovakia	1990	1990	1992	Vladimír Mečiar	Right-wing	Parliamentary
Slovakia	1992	1992	1994	Vladimír Mečiar	Right-wing	Parliamentary
Slovakia	1994	1994	1998	Vladimír Mečiar	Right-wing	Parliamentary
Slovakia	1998	--	--	Vladimír Mečiar	Right-wing	Parliamentary
Slovakia	2002	--	--	Vladimír Mečiar	Right-wing	Parliamentary
Slovakia	2006	2006	2010	Robert Fico	Right-wing	Parliamentary
Slovakia	2010	--	--	Robert Fico	Right-wing	Parliamentary
Slovakia	2012	2012	2016	Robert Fico	Right-wing	Parliamentary
Slovakia	2016	2016	2020	Robert Fico	Right-wing	Parliamentary
South Africa	2009	2009	2014	Jacob Zuma	Left-wing	Parliamentary
South Africa	2014	2014	2018	Jacob Zuma	Left-wing	Parliamentary
South Korea	**2002**	**2003**	**2008**	Moo-hyun Roh	Right-wing	Presidential
Taiwan	**2000**	**2000**	**2004**	Shui-bian Chen	Right-wing	Presidential
Taiwan	**2004**	**2004**	**2008**	Shui-bian Chen	Right-wing	Presidential
Thailand	2001	2001	2005	Thaksin Shinawatra	Right-wing	Parliamentary
Thailand	2005	2005	2006	Thaksin Shinawatra	Right-wing	Parliamentary
Turkey	2002	2002	2007	Recep Tayyip Erdoğan	Right-wing	Parliamentary
Turkey	2007	2007	2011	Recep Tayyip Erdoğan	Right-wing	Parliamentary
Turkey	2011	2011	2014	Recep Tayyip Erdoğan	Right-wing	Parliamentary
Turkey	2014	2014	2018	Recep Tayyip Erdoğan	Right-wing	Parliamentary
Turkey	2018	2018	ongoing	Recep Tayyip Erdoğan	Right-wing	Parliamentary
United States*	**2016**	**2017**	**2021**	Donald J. Trump	Right-wing	Presidential
United States	**2020**	**--**	--	Donald J. Trump	Right-wing	Presidential
Venezuela	1998	1999	2000	Hugo Chávez	Left-wing	Presidential
Venezuela	2000	2000	2006	Hugo Chávez	Left-wing	Presidential
Venezuela	2006	2006	2012	Hugo Chávez	Left-wing	Presidential
Venezuela	2012	2012	2013	Hugo Chávez	Left-wing	Presidential
Venezuela	**2013**	**2013**	**2018**	Nicolás Maduro	Left-wing	Presidential
Venezuela	2018	2018	ongoing	Nicolás Maduro	Left-wing	Presidential

Table 2. Summary statistics

This table presents the summary statistics for the key variables used in the analysis. All variables are measured at the annual frequency from 1980 to 2022. Panel A reports statistics for the full sample including all elections involving a populist candidate. Panel B reports statistics for the sample including only close elections involving a populist candidate.

Panel A: All elections sample					
	Observations	Mean	Std. Dev.	Min.	Max.
Cash ratio (%)	184,529	15.1140	18.2192	0.0369	87.8924
Market to book	184,529	0.9713	2.4005	-0.5895	16.5380
Sales growth	184,529	0.2241	0.8595	-0.7891	6.7089
Size	184,529	0.2106	0.0307	0.1385	0.2938
Cash flow	184,529	-0.3092	2.2763	-18.4909	0.6907
Capex	184,529	0.0559	0.0812	0.0000	0.5300
Leverage	184,529	0.2777	0.2828	0.0000	1.7708
Net working capital	184,529	0.1370	0.3819	-2.0807	0.8545
Dividend dummy	184,529	0.4185	0.4933	0.0000	1.0000
GDP growth (%)	184,529	3.2440	3.3472	-10.9333	18.2866
Private credit (%)	184,529	114.6147	49.6179	8.2637	303.0736
Financial crisis	184,529	0.0757	0.2646	0.0000	1.0000
Trade openness (%)	184,529	54.3031	30.2555	13.7531	252.4953
Exchange rate	184,529	474.7452	2271.1730	0.0000	14849.8500
Electoral democracy	184,529	0.7378	0.1559	0.2360	0.9220
Incumbent populist	184,529	0.1122	0.3157	0.0000	1.0000
Panel B: Close elections sample					
	N	Mean	Std. Dev.	Min.	Max.
Cash ratio (%)	88,947	19.0813	20.5486	0.0369	87.8924
Market to book	88,947	1.2401	2.7972	-0.5895	16.5380
Sales growth	88,947	0.2320	0.8860	-0.7891	6.7089
Size	88,947	0.2103	0.0307	0.1385	0.2938
Cash flow	88,947	-0.5238	2.8387	-18.4909	0.6907
Capex	88,947	0.0494	0.0730	0.0000	0.5300
Leverage	88,947	0.2896	0.3014	0.0000	1.7708
Net working capital	88,947	0.1427	0.4174	-2.0807	0.8545
Dividend dummy	88,947	0.4051	0.4909	0.0000	1.0000
GDP growth (%)	88,947	2.0598	2.6715	-10.9333	15.1252
Private credit (%)	88,947	131.0039	48.6280	13.7000	303.0736
Financial crisis	88,947	0.0974	0.2965	0.0000	1.0000
Trade openness (%)	88,947	45.4582	31.8220	18.1256	252.4953
Exchange rate	88,947	93.6269	292.1548	0.6799	1736.2070
Electoral democracy	88,947	0.8248	0.0555	0.3130	0.9080
Incumbent populist	88,947	0.1266	0.3325	0.0000	1.0000

Table 3. Corporate cash holdings under populism: Baseline results

This table presents results of the effect of populism on corporate cash holdings. The imputation-based DiD regression is specified in Equation (1). The dependent variable is the cash ratio. All variables are defined in Table A1. Columns 1-3 present results for the all-elections sample. Columns 4-6 present results for the close-elections sample. All electoral events are listed in Table 1. Standard errors (in parentheses) are clustered at the country level and are computed using the leave-out procedure recommended in Borusyak et al. (2024). The symbols *, **, *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Dependent variable: Cash ratio					
	(1)	(2)	(3)	(4)	(5)	(6)
	All elections			Close elections		
Winner × Post	-0.4018**	-0.4081***	-0.5545***	-1.5998***	-1.3836***	-1.2990***
	(0.1659)	(0.1486)	(0.1475)	(0.3302)	(0.2847)	(0.2920)
Post	0.3222**	0.3143***	0.3994***	0.7686***	0.7795***	0.5690**
	(0.1281)	(0.1098)	(0.1089)	(0.2425)	(0.2123)	(0.2326)
Winner	0.5877***	0.4319***	0.4569***	1.6957***	0.9038***	0.8676***
	(0.1470)	(0.1266)	(0.1249)	(0.3029)	(0.2557)	(0.2460)
Market to book		0.7996***	0.7889***		0.7450***	0.7501***
		(0.0539)	(0.0542)		(0.0712)	(0.0714)
Sales growth		0.0005	0.0005		0.0015	0.0015
		(0.0007)	(0.0007)		(0.0010)	(0.0010)
Size		-2.1509***	-2.1424***		-2.7906***	-2.7648***
		(0.1723)	(0.1730)		(0.2589)	(0.2590)
Cash flow		-0.0045***	-0.0045***		-0.0055***	-0.0055***
		(0.0005)	(0.0005)		(0.0006)	(0.0006)
Capex		-0.0300***	-0.0299***		-0.0471***	-0.0472***
		(0.0075)	(0.0075)		(0.0143)	(0.0142)
Leverage		0.0447***	0.0453***		0.0631***	0.0620***
		(0.0055)	(0.0055)		(0.0082)	(0.0082)
Net working capital		20.3168***	20.3126***		22.9286***	22.9171***
		(0.5195)	(0.5190)		(0.7342)	(0.7329)
Dividend dummy		0.3822***	0.3822***		0.4057*	0.4655**
		(0.1360)	(0.1362)		(0.2122)	(0.2116)
GDP growth			0.0350			0.0801**
			(0.0215)			(0.0366)
Private credit			-0.0114**			0.0244**
			(0.0050)			(0.0104)
Financial crisis			-0.4088			-0.4384
			(0.2685)			(0.4025)
Trade openness			-0.0020			0.1014***
			(0.0104)			(0.0225)
Exchange rate			-0.0004***			0.0004
			(0.0001)			(0.0004)
Electoral democracy			-3.2928**			-3.8834*
			(1.3431)			(2.2907)
Incumbent populist			-0.4306***			-0.0666
			(0.1477)			(0.2432)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	184,529	184,529	184,529	88,947	88,947	88,947

Table 4. Corporate cash holdings under populism: Robustness checks

This table presents robustness results of the effect of populism on corporate cash holdings. The imputation-based DiD regression is specified in Equation (1). The dependent variable is the cash ratio, unless specified otherwise, and all specifications contain the full set of firm-level and country-level control variables and firm and year fixed effects. Only the coefficients of interest are reported to save space. All variables are defined in Table A1. Columns 1 and 2 present results based on alternative time windows before and after the election. Column 3 presents results for the sample period restricted to 1980-2019, thus excluding the COVID-19 period. Columns 4 and 5 present results that exclude financial firms (SIC codes 6000–6999) and U.S. firms from the sample, respectively. Column 6 present results using the ratio of cash to total assets as an alternative dependent variable. Column 7 presents results focusing on countries with presidential systems, thus excluding those with coalition governments. Column 8 presents results excluding non-democratic countries (i.e., those with an V-Dem Electoral Democracy Index score below 0.5 for more than half of the sample period). Column 9 presents results further controlling for ideology. Column 10 presents results extending the electoral "populist" events to include those (non-overlapping) from Kyle and Meyer (2020) and Rooduijn et al. (2023). Column 11 presents results focusing on populist candidates, using data based on the populist score proposed by Hawkins et al. (2019) and considering leaders with a score above 0.5. Panel A present results for the all-elections sample. Panel B present results for the close-elections sample. All electoral events are listed in Table 1. Standard errors (in parentheses) are clustered at the country level and are computed using the leave-out procedure recommended in Borusyak et al. (2024). The symbols *, **, *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Dependent variable: Cash ratio										
	Panel A: All elections sample										
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	6-year window	10-year window	Exclude COVID-19	Exclude financial firms	Exclude U.S. firms	Cash to total assets	Presidential system	Exclude non-democracies	Control for ideology	Kyle and Meyer (2020) and Rooduijn et al. (2023)	Hawkins et al. (2019)
Winner × Post	-0.6734***	-0.4384***	-0.8086***	-0.5287***	-0.3126**	-0.4103***	-0.3715*	-0.6426***	-0.9151***	-0.5612***	-0.3350*
	(0.1671)	(0.1367)	(0.1324)	(0.1497)	(0.1423)	(0.1510)	(0.1999)	(0.1534)	(0.1425)	(0.1461)	(0.1762)
Post	0.3544***	0.3586***	0.3806***	0.3810***	0.0573	0.2095*	0.2600**	0.3729***	0.3259***	0.4093***	0.4328***
	(0.1197)	(0.0988)	(0.1096)	(0.1106)	(0.1238)	(0.1124)	(0.1220)	(0.1092)	(0.1135)	(0.1087)	(0.1104)
Winner	0.4895***	0.3872***	0.4317***	0.4622***	-0.1981	0.6223***	0.1814	0.4151***	0.4116***	0.4595***	0.5470***
	(0.1531)	(0.0952)	(0.1234)	(0.1263)	(0.1576)	(0.1251)	(0.1701)	(0.1252)	(0.1325)	(0.1251)	(0.1276)
Observations	152,081	203,999	162,559	177,567	142,458	160,193	89,885	174,139	152,235	187,580	187,854
	Panel B: Close election sample										
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	6-year window	10-year window	Exclude COVID-19	Exclude financial firms	Exclude U.S. firms	Cash to total assets	Presidential system	Exclude non-democracies	Control for ideology	Kyle and Meyer (2020) and Rooduijn et al. (2023)	Hawkins et al. (2019)
Winner × Post	-1.1726***	-0.8202***	-1.3990***	-1.4575***	-1.0526***	-0.7311***	-1.3181**	-1.2831***	-1.0937***	-1.2203***	-1.3959***
	(0.4328)	(0.1944)	(0.3125)	(0.2959)	(0.3356)	(0.2814)	(0.5173)	(0.2924)	(0.3318)	(0.2831)	(0.3043)
Post	0.2951	0.3422**	0.6047***	0.6161***	0.5678**	0.2409	-0.0218	0.5670**	0.2869	0.5499**	0.5953**
	(0.3054)	(0.1642)	(0.2326)	(0.2348)	(0.2703)	(0.2055)	(0.2724)	(0.236)	(0.2388)	(0.2211)	(0.2370)
Winner	0.7648**	0.3194	0.9087***	0.9342***	0.7807**	0.7566***	1.4971*	0.8706***	0.8131***	0.7945***	0.8745***
	(0.3189)	(0.1040)	(0.2484)	(0.2475)	(0.3355)	(0.2289)	(0.8357)	(0.2460)	(0.3140)	(0.2383)	(0.2474)
Observations	72,728	96,527	76,050	86,213	46,876	75,585	62,109	88,909	79,238	89,440	88,620

Table 5. Corporate cash holdings under both populist variants

This table presents results of the effect of populist variants on corporate cash holdings following close elections. The imputation-based DiD regression is specified in Equation (1) using the close-elections sample. The dependent variable is the cash ratio and all specifications contain the full set of firm-level and country-level control variables and firm and year fixed effects. Only the coefficients of interest are reported to save space. All variables are defined in Table A1. Columns 1-3 present results for the effect of right-wing populism. Columns 4-6 present results for the effect of right-wing populism. All close electoral events are listed in Table 1 (bold). Standard errors (in parentheses) are clustered at the country level and are computed using the leave-out procedure recommended in Borusyak et al. (2024). The coefficients on *Winner* for left-wing populism in columns 4-6 are automatically omitted as they are absorbed by fixed effects. The symbols *, **, *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Dependent variable: Cash ratio					
	(1)	(2)	(3)	(4)	(5)	(6)
	Right-wing populism			Left-wing populism		
Winner × Post	-1.3041***	-0.8526***	-1.2207***	4.3102***	2.5061**	2.6117**
	(0.3593)	(0.3042)	(0.2911)	(1.2117)	(1.1627)	(1.2540)
Post	0.5054**	0.3156	0.4929**	0.7679	1.4161**	0.3094
	(0.2426)	(0.2031)	(0.2048)	(0.6445)	(0.6091)	(0.8579)
Winner	1.5430***	0.6654**	0.8145***	--	--	--
	(0.3125)	(0.2666)	(0.2595)			
Firm Controls	No	Yes	Yes	No	Yes	Yes
Country Controls	No	No	Yes	No	No	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	88,519	88,519	88,519	23,042	23,042	23,042

Table 6. Policy and political outcomes under both populist variants

This table presents results of the effect of populist variants on several policy and political outcomes following close elections. The imputation-based DiD regression is specified in Equation (1) (aggregated version) using the close-elections sample. The dependent variable is the reported on the left-hand side and all specifications only contain the full set of country-level control variables (unless specified otherwise) and country and year fixed effects. The control variables Trade openness and Electoral democracy are excluded from the specification that estimates the effect of populism on Trade freedom and Free election, respectively. Only the coefficients of the interaction term of interest are reported to save space. All variables are defined in Table A1. Columns 1 and 2 present results for the effect of right-wing populism. Columns 3 and 4 present results for the effect of right-wing populism. All close electoral events are listed in Table 1 (bold). Standard errors (in parentheses) are clustered at the country level and are computed using the leave-out procedure recommended in Borusyak et al. (2024). The symbols *, **, *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Right-wing populism		Left-wing populism	
	Observations	Coefficients	Observations	Coefficients
Fiscal policy				
Government Spending	177	0.1143	103	0.3032
		(0.1267)		(0.3621)
Public debt	177	9.3009***	103	2.1253
		(1.3458)		(11.9235)
Corporate income tax	177	-1.4467***	103	2.1823*
		(0.5589)		(1.2713)
Trade policy				
Trade freedom	155	-0.0410	92	-0.4588***
		(0.0463)		(0.1461)
Tariffs	160	2.1674***	97	-0.1559
		(0.5821)		(0.9525)
Financial openness	173	-0.2185***	100	-0.6883***
		(0.0690)		(0.2461)
Other policy and institutions				
Rule of law	168	-0.0094***	103	-0.0343***
		(0.0012)		(0.0079)
Free election	177	-0.0164**	103	0.0020
		(0.0088)		(0.0116)
Media freedom	177	-0.0129***	103	-0.0053
		(0.0032)		(0.0072)
Executive corruption	168	0.0291***	103	0.0386*
		(0.0064)		(0.0234)
Political risk	166	0.7435**	96	0.8189
		(0.3326)		(2.4095)
Investment profile	166	0.2358***	96	-2.0190**
		(0.0881)		(1.0038)

Table 7. Corporate cash holdings under both populist variants: Country-level heterogeneity

This table presents results of the differential effect of populist variants on corporate cash holdings across country characteristics following close elections. The imputation-based DiD regression, specified in Equation (1), is extended to include an *Indicator* (specified in column label) that captures a country characteristic, along with its interaction with *Winner* × *Post*. The close-elections sample is employed. The dependent variable is the cash ratio and all specifications contain the full set of firm-level and country-level control variables and firm and year fixed effects. Only the coefficients of interest are reported to save space. All variables are defined in Table A1. Panel A present results for the effect of right-wing populism. Panel B present results for the effect of left-wing populism. All close electoral events are listed in Table 1 (bold). Standard errors (in parentheses) are clustered at the country level and are computed using the leave-out procedure recommended in Borusyak et al. (2024). The coefficients on *Winner* × *Post* are perfectly collinear with some control variables in columns 2 and 4 (Panel B) for left-wing populism and thus cannot be estimated. The symbols *, **, *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

Dependent variable: Cash ratio					
Panel A: Right-wing populism					
	(1)	(2)	(3)	(4)	(5)
	Government size	High trade openness	High political risk	High corruption	High investment profile
Winner × Post × Indicator	-1.2281***	1.2580***	0.4412***	0.4680***	-0.5826***
	(0.2255)	(0.2572)	(0.1596)	(0.1339)	(0.1957)
Winner × Post	-0.4061***	-1.4171***	-0.6773***	-0.8505***	-0.9190***
	(0.1613)	(0.2178)	(0.2514)	(0.2361)	(0.2619)
Indicator	0.3024	0.1141	-0.4898	-0.3323	-0.9808***
	(0.3668)	(0.4404)	(0.3732)	(0.2050)	(0.3827)
Observations	88,519	88,519	88,519	88,519	88,519
Panel B: Left-wing populism					
	(1)	(2)	(3)	(4)	(5)
	Government size	High trade openness	High political risk	High corruption	High investment profile
Winner × Post × Indicator	2.3610	2.26112*	0.0748	5.4474***	5.4474***
	(3.8146)	(1.2624)	(0.9793)	(1.4240)	(1.4240)
Winner × Post	3.2829**	--	2.4886	--	1.1310
	(1.3016)		(1.3779)		(1.3637)
Indicator	1.5965	0.7107	-0.5260	1.1310	-6.6643***
	(1.1862)	(0.6341)	(0.4105)	(1.3637)	(1.7994)
Observations	23,039	23,039	23,039	23,039	23,039

Table 8. Corporate cash holdings under both populist variants: Firm-level heterogeneity

This table presents results of the differential effect of populist variants on corporate cash holdings across firm characteristics following close elections. The imputation-based DiD regression, specified in Equation (1), is extended to include an *Indicator* (specified in column label) that captures a firm characteristic, along with its interaction with *Winner* × *Post*. The close-elections sample is employed. The dependent variable is the cash ratio and all specifications contain the full set of firm-level and country-level control variables and firm and year fixed effects. Only the coefficients of interest are reported to save space. All variables are defined in Table A1. Panel A present results for the effect of right-wing populism. Panel B present results for the effect of left-wing populism. All close electoral events are listed in Table 1 (bold). Standard errors (in parentheses) are clustered at the country level and are computed using the leave-out procedure recommended in Borusyak et al. (2024). The symbols *, **, *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

Dependent variable: Cash ratio									
Panel A: Right-wing populism									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	High trade risk	KZ index	Z-score	Large firm	Cash flow volatility	High market-to-book	R&D spending	Irreversibility	High leverage
Winner × Post × Indicator	-0.0291	0.4062***	0.2627*	-0.7183***	-0.2693**	-0.1837*	-1.3498**	0.4745***	0.2137**
	(0.1183)	(0.1175)	(0.1361)	(0.2573)	(0.1131)	(0.1011)	(0.5862)	(0.1416)	(0.1036)
Winner × Post	-0.6122	-0.5411***	-0.7557***	-0.2269	-0.5559***	-0.0951	0.6185	-0.8036***	-0.4545**
	(0.3883)	(0.1749)	(0.1796)	(0.2224)	(0.2427)	(0.2093)	(0.8345)	(0.2157)	(0.2163)
Indicator	0.1903	-7.9330***	1.3429***	-0.7752*	0.5569***	1.0525***	1.0753	-4.8882***	-2.2699***
	(0.1322)	(0.2273)	(0.2525)	(0.4482)	(0.1257)	(0.1384)	(1.1130)	(0.3313)	(0.2274)
Observations	35,507	88,519	88,244	88,519	74,413	88,527	41,533	88,212	88,519
Panel B: Left-wing populism									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
	High trade risk	KZ index	Z-score	Large firm	Cash flow volatility	High market-to-book	R&D spending	Irreversibility	High leverage
Winner × Post × Indicator	11.9453***	1.6291	3.5851	1.0528	-1.2089	0.0267	16.2566***	4.6328**	1.3005
	(1.3432)	(1.1657)	(2.8710)	(1.6968)	(1.2140)	(1.3009)	(2.5149)	(2.0269)	(1.4418)
Winner × Post	-0.3194	2.0644	3.1465**	2.4691	4.0645**	3.3827**	2.1418	-1.8607	2.2993
	(2.9302)	(1.3867)	(1.2804)	(1.7733)	(1.6673)	(1.3693)	(3.2541)	(2.3561)	(1.5529)
Indicator	0.0900	-8.0024***	1.2746***	0.0715	0.4685**	1.7561***	0.6556	-4.9699***	-2.1316***
	(0.1615)	(0.3379)	(0.3842)	(0.5780)	(0.1985)	(0.2601)	(1.5666)	(0.4949)	(0.3297)
Observations	12,620	23,039	22,984	23,039	18,519	23,043	9,386	22,931	23,039

Table 9. Real corporate policies under both populist variants

This table presents results of the effect of populist variants on real corporate policies following close elections. The imputation-based DiD regression is specified in Equation (1) using the close-elections sample. The dependent variable is the Capex (in columns 1-3), R&D intensity (in columns 4-6), and Employment (in columns 7-9) and all specifications contain (unless specified otherwise) the full set of firm-level and country-level control variables and firm and year fixed effects. The control variable Capex is excluded from the specification that estimates the effect of populism on capital investment. Only the coefficients of interest are reported to save space. All variables are defined in Table A1. Panel A presents results for the effect of right-wing populism. Panel B presents results for the effect of right-wing populism. All close electoral events are listed in Table 1 (bold). Standard errors (in parentheses) are clustered at the country level and are computed using the leave-out procedure recommended in Borusyak et al. (2024). The coefficient on *Winner* for left-wing populism in Panel B are automatically omitted as they are absorbed by fixed effects. The symbols *, **, *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Right-wing populism									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Capex			R&D intensity			Employment	
Winner × Post	0.5588**	0.6715***	0.4032*	-0.0085	-0.0097**	-0.0067*	0.0626**	0.0672***	0.0474**
	(0.2208)	(0.2163)	(0.2245)	(0.0054)	(0.0041)	(0.0041)	(0.0261)	(0.0209)	(0.0216)
Post	-0.1066	-0.1989	0.0004	0.0030	0.0041*	0.0010	0.0145	0.0185	0.0188
	(0.1610)	(0.1576)	(0.1643)	(0.0033)	(0.0024)	(0.0023)	(0.0164)	(0.0136)	(0.0140)
Winner	0.0726	-0.0367	0.2562	0.0063	0.0075*	0.0028	0.0146	0.0301*	0.0156
	(0.1696)	(0.1659)	(0.1879)	(0.0053)	(0.0042)	(0.0041)	(0.0210)	(0.0171)	(0.0165)
Firm Controls	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Country Controls	No	No	Yes	No	No	Yes	No	No	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	88,519	88,519	88,519	41,613	41,613	41,613	71,602	71,602	71,602
Panel B: Left-wing populism									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Capex			R&D intensity			Employment	
Winner × Post	1.5414	0.7228	0.2829	-0.0097	0.0270*	-0.0069	-0.0340	-0.1145	-0.2180**
	(1.1406)	(1.1109)	(1.2304)	(0.0062)	(0.0146)	(0.0161)	(0.0733)	(0.0928)	(0.1009)
Post	-0.7270*	-0.4119	-0.6676	0.0135*	-0.0031	-0.0249*	-0.0134	-0.0254	-0.1285**
	(0.3796)	(0.3796)	(0.5923)	(0.0071)	(0.0106)	(0.0148)	(0.0461)	(0.0334)	(0.0523)
Winner	--	--	--	--	--	--	--	--	--
Firm Controls	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Country Controls	No	No	Yes	No	No	Yes	No	No	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	23,039	23,039	23,039	9,563	9,563	9,563	18,563	18,563	18,563

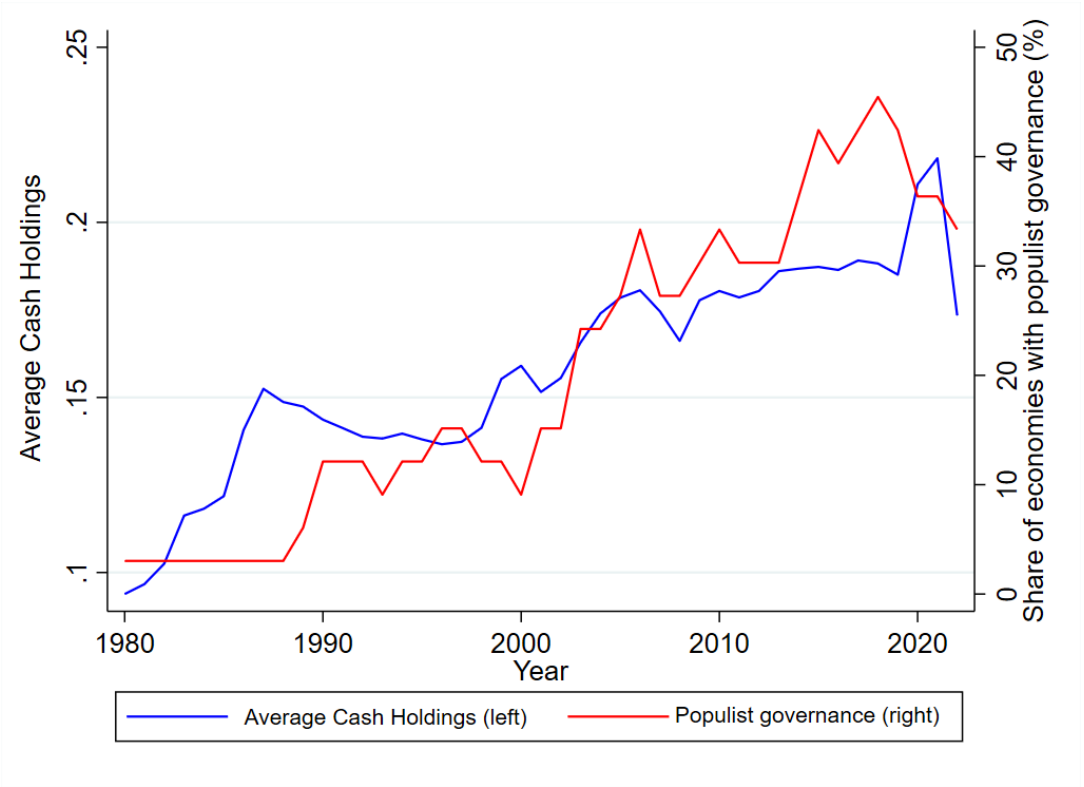


Figure 1. The Co-evolution of corporate cash holdings and populism

This figure shows the time evolution from 1980 to 2022 of the average cash ratio (i.e., cash and cash equivalents to total assets) in our sample firms (left y-axis) and the share of populist leaders (i.e., instances where a populist served as the effective leader such as the president, prime minister, or equivalent) in our sample countries (right y-axis).

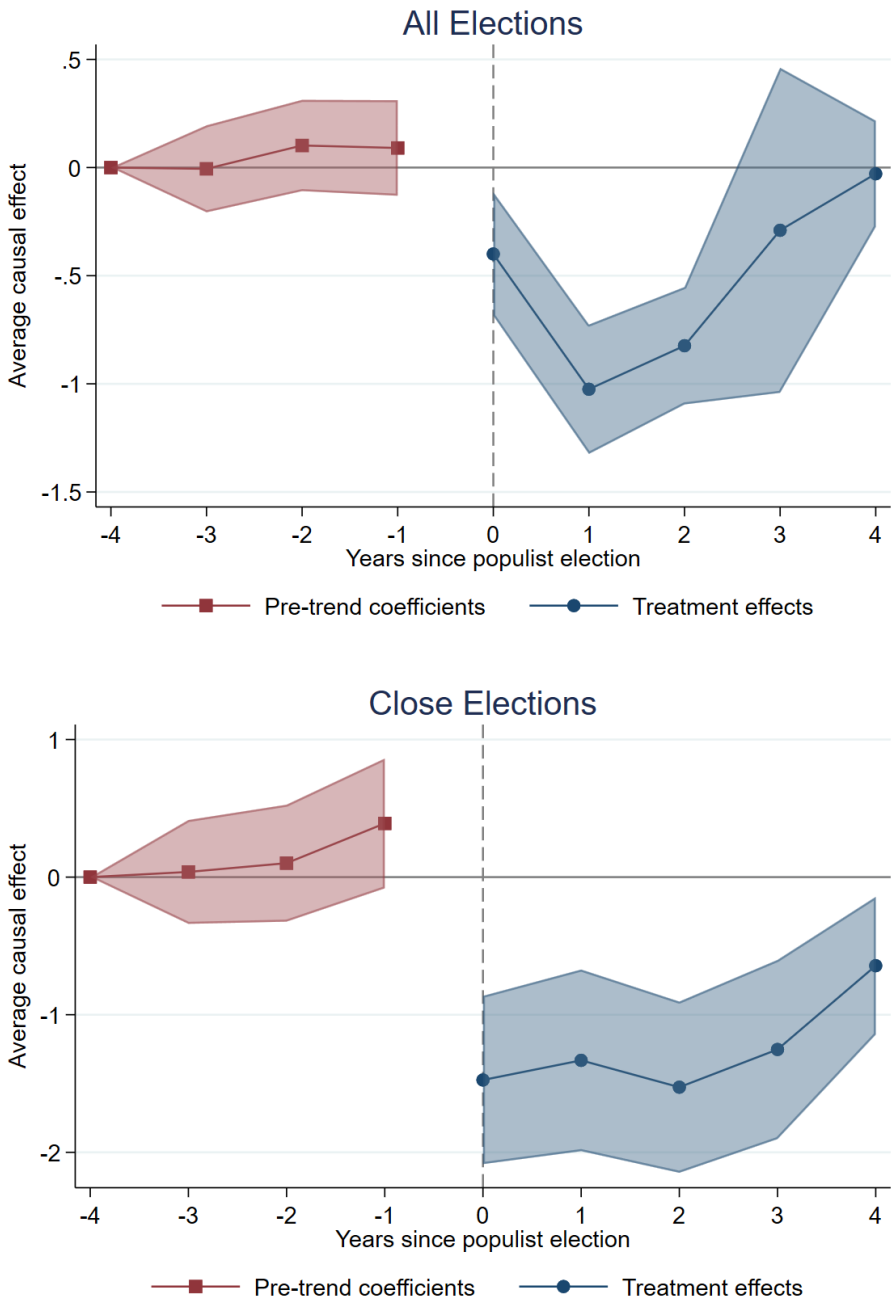


Figure 2. Difference in cash holdings between treated firms and control firms around populist elections

This figure shows the coefficients for corporate cash holdings from Equation (1), highlighting the differences between firms' corporate cash holdings around elections of winning (treated) and losing (control) populist candidates. The regression includes firm-level controls, country-level controls, firm fixed effects, and year fixed effects. The x- axis represents the timeline, spanning from four years before to four years after the populist elections. The upper panel presents results for all populist elections, while the lower panel focuses on close populist elections. A 5% confidence interval is indicated.

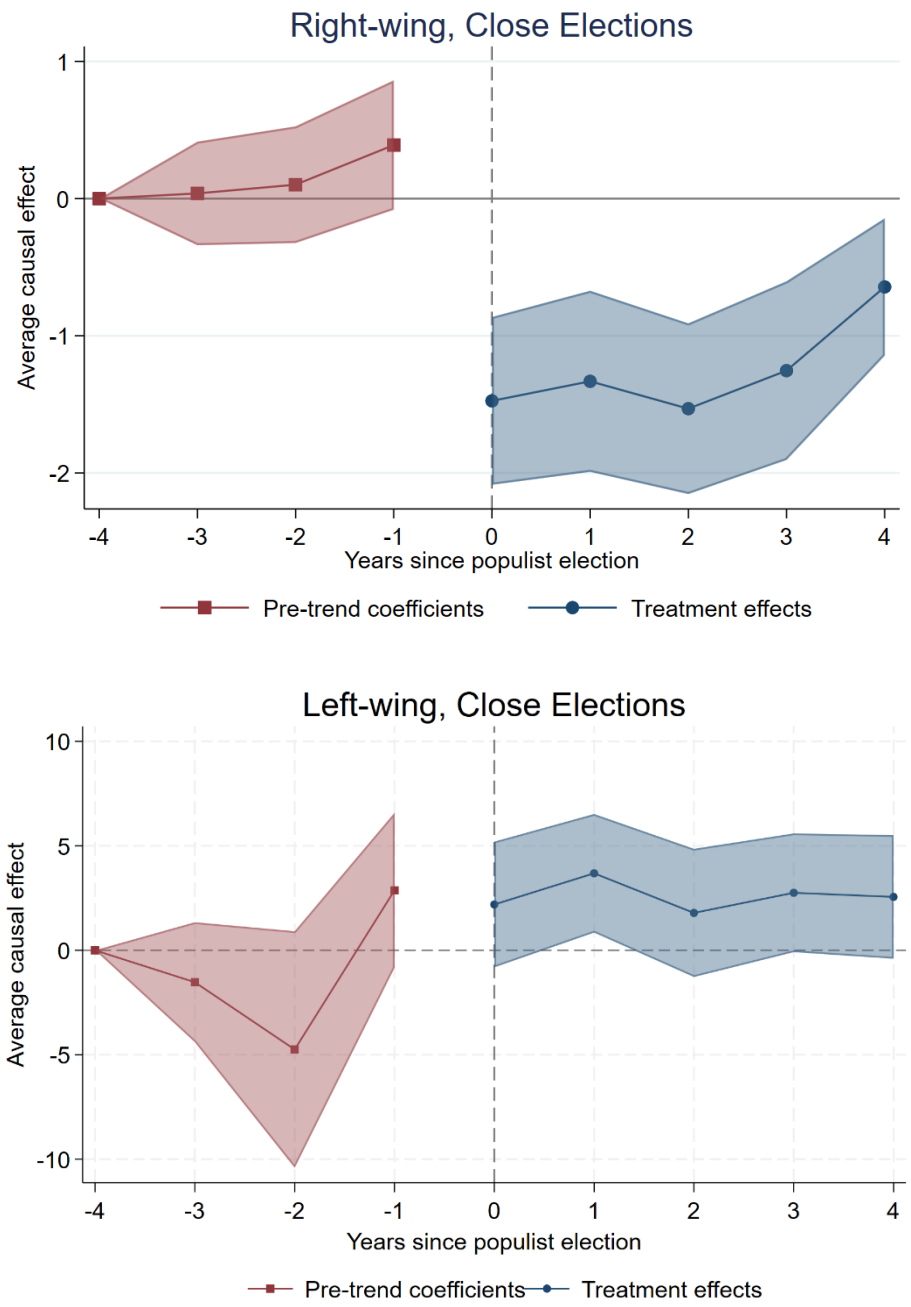


Figure 3. Differences in cash holdings between treated and control firms around right-wing and left-wing close populist elections

This figure shows the coefficients for corporate cash holdings from Equation (1), distinguishing between right-wing and left-wing populist elections. The analysis compares firms' cash holdings around elections of winning (treated) and losing (control) populist candidates. The regression includes firm-level controls, country-level controls, firm fixed effects, and year fixed effects. The x-axis represents the timeline, spanning from four years before to four years after the populist elections. The upper panel presents results for close right-wing populist elections, while the lower panel focuses on close left-wing populist elections. A 5% confidence interval is indicated.

Appendix A

Table A1. Variable definitions and data sources

Variable	Definition	Source
Cash ratio	The ratio of cash and marketable securities to the book value of total assets.	Worldscope
Market to book	The market value of equity plus book value of total assets minus book value of equity divided by book value of total assets.	Worldscope
Sales growth	The percentage growth rate of sales from previous year.	Worldscope
Size	The log of one plus book value of total assets.	Worldscope
Cash flow	Income before extraordinary items plus depreciation and amortization divided by book value of total assets.	Worldscope
Capex	The ratio of capital expenditures to the book value of total assets.	Worldscope
Leverage	The ratio of book value of total debt divided to the book value of total assets.	Worldscope
Net working capital	The ratio of net working capital to the book value of total assets.	Worldscope
Dividend dummy	A dummy variable equals one if the firm pays dividends in a given year, and zero otherwise.	Worldscope
GDP growth	Annual percentage growth rate of GDP at market prices based on constant local currency.	World Bank's WDI
Private credit	The ratio of the private credit provided to the private sector to GDP.	IMF's GDD; World Bank's WDI
Financial crises	A dummy variable equals one if the country experiences a financial crisis in a given year, and zero otherwise.	Laeven and Valencia (2020); Nguyen et al. (2022)
Trade openness	The ratio of the sum of export and import to GDP.	World Bank's WDI
Exchange rate	The official market exchange rate of a country's currency against the U.S. dollar (USD), expressed as local currency units per 1 USD.	World Bank's WDI
Electoral democracy	An index formed by taking the average of, on the one hand, the weighted average of the indices measuring freedom of association thick, clean elections, freedom of expression, elected officials, and suffrage and, on the other, the five-way multiplicative interaction between those indices. Scale: Interval, from low to high (0-1).	V-Dem
Incumbent populist	A dummy variable equals one if the election involves an incumbent populist leader, and zero otherwise.	The authors
Ideology	An index of winning candidate's orientation with respect to economic policy ranging from 0 to 3 and is coded to have lower value associated with right-wing candidates and higher value with left-wing candidates (EXERLC).	World Bank's DPI
Government spending	The ratio of government spending to GDP.	World Bank's WDI
Public debt	The ratio of the central government debt to GDP.	World Bank's WDI; IMF's GDD
Corporate income tax	Standard top statutory corporate income tax rates levied on domestic businesses.	The Tax Foundation
Trade freedom	An index designed to measure a wide variety of trade restrictions: tariffs, quotas, hidden administrative restraints, and controls on exchange rates and the movement of capital. In order to get a high rating in this area, a country must have low tariffs, easy clearance and efficient administration of customs, a freely convertible currency, and few controls on the movement of physical and human capital. Scale: Interval, from low to high (0-10).	The Fraser Institute
Tariffs	The simple average of tariff rates across all products.	World Trade Organization's World Tariff Profiles

Financial openness	An index measuring a country's degree of capital account openness based on the binary dummy variables that codify the tabulation of restrictions on cross-border financial transactions reported in the IMF's Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER). Scale: Interval, from low to high (0-1).	Chinn and Ito (2006)
Political risk	An index capturing the political stability of the country, which includes 12 subcomponents: (1) government stability, (2) socioeconomic conditions, (3) investment profile, (4) internal conflict, (5) external conflict, (6) corruption, (7) military in politics, (8) religious tensions, (9) law and order, (10) ethnic tensions, (11) democratic accountability, and (12) bureaucracy quality. All subcomponents are summed on a scale from 0 to 100. In our analysis, we multiply it by *-1*, so that higher value indicates greater risk for a country.	ICRG
Investment profile	An index capturing the government's attitude toward investment. The investment profile is determined by summing the three following subcomponents: (1) risk of expropriation or contract viability; (2) payment delays; and (3) repatriation of profits. Each component is scored on a scale from 0 (very high risk) to 4 (very low risk). A score of 12 points equates to Very Low Risk and a score of 0 points to Very High Risk.	ICRG
Rule of law	An index capturing the extent to which laws are fairly and consistently applied, ensuring accountability, legal transparency, and the protection of fundamental rights. It is based on question *"*To what extent are laws transparently, independently, predictably, impartially, and equally enforced, and to what extent do the actions of government officials comply with the law?" Scale: Interval, from low to high (0-1).	V-Dem
Executive corruption	An index capturing the extent of corrupt practices within a country's executive branch, including bribery, embezzlement, and the misuse of public funds by top officials or their agents. This index distinguishes between corruption at the highest executive levels and broader public sector corruption. It is based on question *"*How routinely do members of the executive, or their agents grant favors in exchange for bribes, kickbacks, or other material inducements, and how often do they steal, embezzle, or misappropriate public funds or other state resources for personal or family use?" Scale: Interval, from low to high (0-1).	V-Dem
Media freedom	An index capturing the degree of media and press freedom and the population's ability to access unbiased, non-government-controlled information. It is based on question *"*To what extent is the media (a) un-biased in their coverage or lack of coverage of the opposition, (b) allowed to be critical of the regime, and (c) representative of a wide array of political perspectives?" Scale: Interval, from low to high (0-1).	V-Dem
Free election	An index capturing whether elections are free and fair by examining factors such as fraud, irregularities, vote-buying, intimidation, and violence. It based on question *"*To what extent are elections free and fair?" Scale: Interval, from low to high (0-1).	V-Dem
Government size	A dummy variable equals one if a country's government spending-to-GDP ratio exceeds the sample median, and zero otherwise.	The authors
High trade openness	A dummy variable equals one if a country's trade-to-GDP ratio exceeds the sample median, and zero otherwise.	The authors
High political risk	A dummy variable equals one if a country's ICRG political risk rating is below 70, and zero otherwise.	The authors
High investment profile	A dummy variable equals one if a country's ICRG investment profile rating is above 7, and zero otherwise.	The authors

High corruption	A dummy variable equals one if the executive corruption index exceeds the sample median, and zero otherwise.	The authors
High trade risk	A dummy variable equals one if a firm's trade policy risk, as measured by Hassan et al. (2019), exceeds the sample median, and zero otherwise.	The authors
KZ index	A dummy variable equals one if the firm's KZ index (Kaplan and Zingales, 1997) is in the top quartile of the sample, and zero otherwise.	The authors
Z-score	A dummy variable equals one if the firm's Z-score (Altman, 1968) is in the bottom quartile of the sample, and zero otherwise.	The authors
Large firm	A dummy variable equals to one if a firm's size is above the median size of firms in the sample, and zero otherwise.	The authors
Cash flow volatility	A dummy variable equals one if a firm's three-year cash flow volatility exceeds the median value for the sample, and zero otherwise.	The authors
High market-to-book	A dummy variable equals one if firms with a market-to-book ratio above the industry median for a given year, and zero otherwise.	The authors
R&D spending	A dummy variable equals one if a firm reports positive R&D expenditures in a given year, and zero otherwise.	The authors
Irreversibility	A dummy variable equals one if a firm's the ratio of tangible assets to total assets is higher than the median tangibility of the entire sample, and zero otherwise.	The authors
High leverage	A dummy variable equals one if a firm's leverage in a given year exceeds the median leverage of all firms in the sample, and zero otherwise.	The authors
R&D intensity	The ratio of R&D expenditures to the book value of total assets.	Worldscope
Tangibility	The ratio of total net property, plant, and equipment to the book value of total assets.	Worldscope
Employment	The log of the number of employees.	Worldscope

Internet Appendix to

"Corporate Cash under Populist Leadership: A Tale of Two Variants"

This internet appendix presents additional results and information to accompany the paper "Corporate Cash under Populist Leadership: A Tale of Two Variants". The contents are as follows:

Internet Appendix IA.A: Additional tables……1

- Table IA1. Overview of populist candidates in our database and other databases……1
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Internet Appendix IA.A: Additional tables

Table IA1. Overview of populist candidates in our database and other databases

This table compares the populist candidates identified using our approach with those identified by others: Funke et al. (2023), Kyle and Meyer (2020), Hawski et al. (2019), and Rooduijn et al. (2023). Please note regarding the following countries: Amid Argentina's severe economic and political crisis in late 2001, President Fernando de la Rúa resigned, and several short-term presidents followed. As a constitutional solution to the power vacuum, Congress appointed Eduardo Duhalde as interim president in January 2002 without holding a new election. In Switzerland, the president is chosen from among the seven Federal Councillors, who are in turn elected by the Federal Assembly. Because this presidency rotates on an annual basis and is mostly ceremonial, there is no separate, direct public election for the president. In 2007, Yulia Tymoshenko became Prime Minister of Ukraine primarily because the country was facing a severe parliamentary crisis and the former Prime Minister Bortmannov had resigned. The "Tymoshenko Bloc," led by Tymoshenko, secured a majority of seats in parliament.

Country	Election year	Candidate	Our Approach	Funke et al. (2023)	Kyle and Meyer (2020)	Hawkins et al. (2019)	Rooduijn et al. (2023)
Argentina	1989	Carlos Menem	Yes	Yes	Yes	Yes	--
Argentina	1995	Carlos Menem	Yes	Yes	Yes	Yes	--
Argentina	2002	Eduardo Duhalde	No	No	No	Yes	--
Argentina	**2003**	**Néstor Kirchner**	Yes	Yes	Yes	No	--
Argentina	2007	Cristina Fernández de Kirchner	Yes	Yes	Yes	No	--
Argentina	2011	Cristina Fernández de Kirchner	Yes	Yes	Yes	No	--
Armenia	2008	Serzh Azati Sargsyan	--	--	--	Yes	--
Austria	1999	Jörg Haider	Yes	--	--	--	Yes
Belarus	1994	Alexander Lukashenko	--	--	Yes	Yes	--
Belgium	2019	Tom Van Grieken	Yes	--	--	--	Yes
Bolivia	**2002**	**Evo Morales**	Yes	**--**	**--**	**--**	**--**
Bolivia	2005	Evo Morales	Yes	Yes	Yes	Yes	--
Bolivia	2009	Evo Morales	Yes	Yes	Yes	Yes	--
Bolivia	2014	Evo Morales	Yes	Yes	Yes	Yes	--
Bolivia	2019	Evo Morales	Yes	Yes	Yes	--	--
Brazil	1989	Fernando Collor	Yes	Yes	Yes	No	--
Brazil	2018	Jair Bolsonaro	Yes	Yes	Yes	Yes	--
Bulgaria	2009	Boyko Borisov	Yes	Yes	Yes	Yes	Yes
Bulgaria	**2013**	**Boyko Borisov**	Yes	Yes	Yes	No	Yes
Bulgaria	2014	Boyko Borisov	Yes	Yes	Yes	No	Yes
Bulgaria	2017	Boyko Borisov	Yes	Yes	Yes	No	Yes
Canada	1997	Preston Manning	Yes	--	--	--	--
Croatia	1990	Franjo Tudman	--	--	--	Yes	Yes
Croatia	2003	Ivo Sanader	--	--	--	Yes	Yes
Czech Republic	1998	Miloš Zeman	No	No	Yes	--	--
Czech Republic	2006	Mirek Topolanek	No	No	No	Yes	No
Czech Republic	2017	Andrej Babiš	No	No	Yes	No	No
Denmark	**2015**	**Kristian Thulesen Dahl**	Yes	--	--	--	Yes
Ecuador	1988	Abdalá Bucaram	Yes	--	--	--	--
Ecuador	1996	Abdalá Bucaram	Yes	Yes	Yes	--	--
Ecuador	2003	Lucio Gutiérrez	No	No	Yes	Yes	--
Ecuador	2006	Rafael Correa	Yes	Yes	Yes	Yes	--
Ecuador	2009	Rafael Correa	Yes	Yes	Yes	Yes	--
Ecuador	2013	Rafael Correa	Yes	Yes	Yes	Yes	--
El Salvador	2004	Antonio Saca	--	--	--	Yes	--

El Salvador	**2009**	**Mauricio Funes**	**--**	**--**	**--**	**Yes**	--
El Salvador	**2014**	**Salvador Sanchez Ceren**	--	--	--	Yes	--
El Salvador	2019	Nayib Bukele	--	--	--	Yes	--
France	2002	Jean-Marie Le Pen	Yes	--	--	--	Yes
France	2017	Marine Le Pen	Yes	--	--	--	Yes
Georgia	2004	Mikheil Saakashvili	--	--	Yes	Yes	--
Georgia	2008	Mikheil Saakashvili	--	--	Yes	No	--
Greece	1981	Andreas Papandreou	No	No	No	--	Yes
Greece	**1985**	**Andreas Papandreou**	No	No	No	--	Yes
Greece	1989	Andreas Papandreou	No	No	No	--	Yes
Greece	1993	Andreas Papandreou	No	No	No	--	Yes
Greece	**2012**	Alexis Tsipras	Yes	--	--	--	Yes
Greece	2015	Alexis Tsipras	Yes	Yes	Yes	No	Yes
Greece	2019	Alexis Tsipras	Yes	--	--	--	Yes
Honduras	**2005**	**Manuel Zelaya**	**--**	**--**	**--**	**Yes**	--
Hungary	1998	Viktor Orbán	No	No	No	No	Yes
Hungary	2010	Viktor Orbán	Yes	Yes	Yes	Yes	Yes
Hungary	2014	Viktor Orbán	Yes	Yes	Yes	Yes	Yes
Hungary	2018	Viktor Orbán	Yes	Yes	Yes	--	Yes
India	2014	Narendra Modi	Yes	Yes	Yes	Yes	--
India	2019	Narendra Modi	Yes	Yes	Yes	Yes	--
Iran	2005	Mahmoud Ahmadinejad	--	--	--	Yes	--
Ireland	**2020**	Mary Lou McDonald	Yes	--	--	--	Yes
Indonesia	2014	Joko Widodo	Yes	Yes	Yes	No	--
Israel	**1996**	**Benjamin Netanyahu**	Yes	Yes	Yes	--	--
Israel	**2009**	Benjamin Netanyahu	Yes	--	--	--	--
Israel	2013	Benjamin Netanyahu	Yes	Yes	Yes	--	--
Israel	**2015**	**Benjamin Netanyahu**	Yes	Yes	Yes	--	--
Israel	**2019**	**Benjamin Netanyahu**	Yes	Yes	Yes	--	--
Italy	1994	Silvio Berlusconi	Yes	Yes	Yes	--	Yes
Italy	**1996**	Silvio Berlusconi	Yes	--	--	--	Yes
Italy	**2001**	**Silvio Berlusconi**	Yes	Yes	Yes	Yes	Yes
Italy	**2006**	Silvio Berlusconi	Yes	--	--	--	Yes
Italy	2008	Silvio Berlusconi	Yes	Yes	Yes	Yes	Yes
Italy	**2013**	Silvio Berlusconi	Yes	--	--	--	Yes
Italy	**2018**	**Lega/M5S**	Yes	Yes	Yes	Yes	Yes
Japan	**2003**	**Junichiro Koizumi**	Yes	Yes	Yes	--	--
Kyrgyzstan	2011	Almazbek S. Atambayev	--	--	--	Yes	--
Latvia	2002	Einars Repse	No	No	--	Yes	Yes
Latvia	2004	Aigars Kalvitis	No	No	--	Yes	No
Macedonia	2006	Nikola Gruevski	--	--	Yes	Yes	--
Mexico	**2006**	Andrés Manuel López Obrador	Yes	--	--	--	--
Mexico	2012	Andrés Manuel López Obrador	Yes	--	--	--	--
Mexico	2018	Andrés Manuel López Obrador	Yes	Yes	Yes	Yes	--
Moldova	2001	Vladimir Voronin	--	--	--	Yes	--
Montenegro	2016	Dusko Markovic	--	--	--	Yes	--
Netherlands	2002	Pim Fortuyn	Yes	--	--	--	Yes
Netherlands	2017	Geert Wilders	Yes	--	--	--	Yes
New Zealand	**1981**	**Robert Muldoon**	Yes	Yes	Yes	--	--

New Zealand	1984	Robert Muldoon	Yes	--	--	--	--
Nicaragua	2006	Daniel Ortega	--	--	Yes	Yes	--
Nicaragua	2011	Daniel Ortega	--	--	Yes	Yes	--
Nicaragua	2016	Daniel Ortega	--	--	Yes	Yes	--
Panama	2009	Ricardo Martinelli	--	--	--	Yes	--
Paraguay	2003	Nicanor Duarte	No	No	No	No	--
Paraguay	2008	Fernando Lugo	No	No	Yes	Yes	--
Peru	1985	Alan García	Yes	Yes	Yes	--	--
Peru	1990	Alberto Fujimori	Yes	Yes	Yes	--	--
Peru	1995	Alberto Fujimori	Yes	Yes	Yes	--	--
Peru	2006	Alan Garcia	No	No	No	Yes	--
Peru	2011	Ollanta Humala	No	No	No	Yes	--
Peru	**2011**	**Keiko Fujimori**	Yes	--	--	--	--
Peru	**2016**	**Keiko Fujimori**	Yes	--	--	--	--
Peru	**2021**	**Keiko Fujimori**	Yes	--	--	--	--
Philippines	1998	Joseph Estrada	Yes	Yes	Yes	Yes	--
Philippines	2010	Joseph Estrada	Yes	--	--	--	--
Philippines	2010	Benigno Aquino III	No	No	No	Yes	--
Philippines	2016	Rodrigo Duterte	Yes	Yes	Yes	Yes	--
Poland	1990	Lech Walesa	No	No	Yes	--	No
Poland	**2005**	**Jarosław Kaczyński**	Yes	Yes	Yes	Yes	Yes
Poland	2007	Jarosław Kaczyński	Yes	--	--	--	Yes
Poland	2011	Jarosław Kaczyński	Yes	--	--	--	Yes
Poland	2015	Beata Szydło	Yes	Yes	Yes	Yes	Yes
Poland	2019	Mateusz Morawiecki	Yes	Yes	Yes	--	Yes
Romania	2004	Traian Basescu	--	--	--	Yes	--
Russia	2000	Vladimir Putin	No	No	Yes	No	--
Russia	2004	Vladimir Putin	No	No	Yes	No	--
Russia	2008	Vladimir Putin	No	No	Yes	Yes	--
Russia	2012	Vladimir Putin	No	No	Yes	Yes	--
Russia	2018	Vladimir Putin	No	No	Yes	--	--
Serbia	2003	Vojislav Kostunica	--	--	No	Yes	--
Serbia	2014	Aleksandar Vucic	--	--	Yes	No	--
Serbia	2016	Aleksandar Vucic	--	--	Yes	No	--
Slovakia	1990	Vladimír Mečiar	Yes	Yes	Yes	--	Yes
Slovakia	1992	Vladimír Mečiar	Yes	Yes	Yes	--	Yes
Slovakia	1994	Vladimír Mečiar	Yes	Yes	Yes	Yes	Yes
Slovakia	1998	Vladimír Mečiar	Yes	--	--	--	Yes
Slovakia	2002	Vladimír Mečiar	Yes	--	--	--	Yes
Slovakia	2006	Robert Fico	Yes	Yes	Yes	Yes	Yes
Slovakia	2010	Robert Fico	Yes	--	--	--	Yes
Slovakia	2012	Robert Fico	Yes	Yes	Yes	No	Yes
Slovakia	2016	Robert Fico	Yes	Yes	Yes	No	Yes
Slovenia	2004	Janez Jansa	No	No	--	Yes	Yes
South Africa	2009	Jacob Zuma	Yes	Yes	Yes	No	--
South Africa	2014	Jacob Zuma	Yes	Yes	Yes	No	--
Sri Lanka	2005	Mahinda Rajapaksa	--	--	Yes	--	--
South Korea	**2002**	**Moo-hyun Roh**	Yes	Yes	Yes	--	--
Switzerland	2021	Guy Parmelin/Christoph Blocher	No	No	--	Yes	--

Taiwan	**2000**	**Shui-bian Chen**	Yes	Yes	Yes	No	--
Taiwan	**2004**	**Shui-bian Chen**	Yes	Yes	Yes	Yes	--
Taiwan	2016	Tsai Ing-wen	No	No	No	Yes	--
Tajikistan	1994	Emomali Rahmon	--	--	--	Yes	--
Tajikistan	1999	Emomali Rahmon	--	--	--	Yes	--
Tajikistan	2013	Emomali Rahmon	--	--	--	Yes	--
Thailand	2001	Thaksin Shinawatra	Yes	Yes	Yes	--	--
Thailand	2005	Thaksin Shinawatra	Yes	Yes	Yes	--	--
Turkey	2002	Recep Tayyip Erdoğan	Yes	Yes	Yes	--	--
Turkey	2007	Recep Tayyip Erdoğan	Yes	Yes	Yes	Yes	--
Turkey	2011	Recep Tayyip Erdoğan	Yes	Yes	Yes	Yes	--
Turkey	2014	Recep Tayyip Erdoğan	Yes	Yes	Yes	Yes	--
Turkey	2018	Recep Tayyip Erdoğan	Yes	Yes	Yes	Yes	--
Ukraine	2004	Viktor Yushchenko	--	--	--	Yes	--
Ukraine*	2007	Yulia Tymoshenko	--	--	--	Yes	--
Ukraine	**2010**	**Viktor Yanukovych**	**--**	**--**	**--**	**Yes**	--
Ukraine	2014	Petro Poroshenko	--	--	--	Yes	--
United States	**2016**	**Donald J. Trump**	Yes	Yes	Yes	Yes	--
United States	**2020**	**Donald J. Trump**	Yes	--	--	--	--
Venezuela	1988	Rafael Caldera	No	--	Yes	No	--
Venezuela	1993	Rafael Caldera	No	No	Yes	No	--
Venezuela	1998	Hugo Chávez	Yes	Yes	Yes	Yes	Yes
Venezuela	2000	Hugo Chávez	Yes	Yes	Yes	Yes	Yes
Venezuela	2006	Hugo Chávez	Yes	Yes	Yes	Yes	Yes
Venezuela	2012	Hugo Chávez	Yes	Yes	Yes	Yes	Yes
Venezuela	**2013**	**Nicolás Maduro**	Yes	Yes	Yes	No	Yes
Venezuela	2018	Nicolás Maduro	Yes	Yes	Yes	No	Yes
Zambia	2011	Michael Sata	--	--	Yes	--	--

Table IA2. Summary statistics for cash ratio by country

This table presents the summary statistics for the variables, cash ratio, by country. The variable is measured at the annual frequency from 1980 to 2022. The left panel reports statistics for the all-election sample. The right panel reports statistics for the close-election sample.

	All elections sample			Close elections sample		
Country	Observations	Mean	Std. Dev.	Observations	Mean	Std. Dev.
Argentina	1,716	8.6101	9.0411	390	7.1449	8.2845
Austria	332	13.8943	16.2926	—	—	—
Belgium	493	17.8626	19.2556	—	—	—
Bulgaria	2,685	8.6262	14.0154	902	8.4107	14.2267
Brazil	343	10.4995	9.5191	—	—	—
Canada	3,532	12.6539	19.0175	—	—	—
Denmark	754	15.8478	20.8934	754	15.8478	20.8934
France	7,800	16.8041	16.1366	—	—	—
Greece	3,951	9.1755	11.0920	1,409	8.3475	10.7701
Hungary	279	8.4019	11.2791	—	—	—
Indonesia	5,881	11.0235	12.4301	—	—	—
India	33,673	8.5766	12.1684	—	—	—
Ireland	327	19.5956	20.0612	327	19.5956	20.0612
Israel	10,407	21.8636	21.8003	7,005	21.8527	21.674
Italy	9,339	12.3946	12.3933	6,558	12.6826	12.6437
Japan	12,348	16.2286	12.0296	12,348	16.2286	12.0296
South Korea	4,295	12.8011	12.1290	4,295	12.8011	12.129
Mexico	2,218	9.8506	9.1378	807	8.9269	9.2356
Netherlands	1,866	14.4479	17.5928	—	—	—
New Zealand	58	2.8113	3.3657	—	—	—
Peru	1,327	7.4326	10.0296	1,144	7.4352	10.187
Philippines	2,714	13.4722	14.2186	—	—	—
Poland	12,007	11.7035	14.7363	696	10.2208	10.7537
Thailand	3,151	9.3682	10.7019	—	—	—
Turkey	7009	13.2438	19.5191	—	—	—
Taiwan	10,203	15.2564	13.5629	10,203	15.2564	13.5629
United States	42,071	23.4537	24.7414	42,071	23.4537	24.7414
Venezuela	230	9.1075	9.9957	38	11.4246	10.1762
South Africa	3,520	13.1428	13.8471	—	—	—

Table IA3. Baseline results: Alternative definitions of close elections

This table presents results of the effect of populism on corporate cash holdings using alternative definition of close elections. The imputation-based DiD regression is specified in Equation (1). The dependent variable is the cash ratio and all specifications contain the full set of firm-level and country-level control variables and firm and year fixed effects. All variables are defined in Table A1. Columns 1 and 2 present results using 4% and 3% of margin of victory to identify a close election instead of 5% used in the main analysis. All electoral events are listed in Table 1. Standard errors (in parentheses) are clustered at the country level and are computed using the leave-out procedure recommended in Borusyak et al. (2024). The symbols *, **, *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Dependent variable: Cash ratio	
	(1)	(2)
	4% margin of victory	3% margin of victory
Winner × Post	-1.5638***	-1.0949***
	(0.3063)	(0.3397)
Post	0.5623**	0.5705**
	(0.2576)	(0.2624)
Winner	1.3150***	1.2893***
	(0.3980)	(0.3991)
Firm controls	Yes	Yes
Country controls	Yes	Yes
Firm FE	Yes	Yes
Year FE	Yes	Yes
Observations	67,465	54,215

Table IA4. Baseline results: Hawkins et al.'s (2019) populist leader score

This table presents results of the effect of populism on corporate cash holdings using the Hawkins et al.'s (2019) populist leader score. The OLS regression is specified as follows:

$$y_{i,c,t} = \alpha + \beta PopulistScore_{c,t} + \gamma_1 FirmControls_{i,t-1} + \gamma_2 CountryControls_{c,t} + \eta_i + \theta_t + \varepsilon_{i,c,t},$$

where index *i* denotes the firm, *c* refers to the country, and *t* indicates the year. The cash ratio is the dependent variable in $y_{i,c,t}$ and $PopulistScore_{s,t}$ is the independent variable measuring populism based on a score developed by Hawkins et al. (2019). The coefficient of interest is β. The remaining Greek symbols, control variables, fixed effects, are the same as in Equation (1). Table IA3 lists the populist in Hawkins et al.'s (2019) database. Standard errors (in parentheses) are clustered at the country level. The symbols *, **, *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Dependent variable: Cash ratio			
	(1)	(2)	(3)	(4)
PopulistScore	-3.8940***	-2.2649***	-1.5002***	-1.3379**
	(0.7806)	(0.6487)	(0.4970)	(0.0051)
Firm controls	Yes	Yes	Yes	Yes
Country controls	No	Yes	Yes	Yes
Firm FE	No	No	Yes	Yes
Country FE	No	No	No	Yes
Observations	64,966	64,966	64,966	64,966
R^2	0.7995	0.8021	0.8279	0.8281

Internet Appendix IA.B. Additional figures

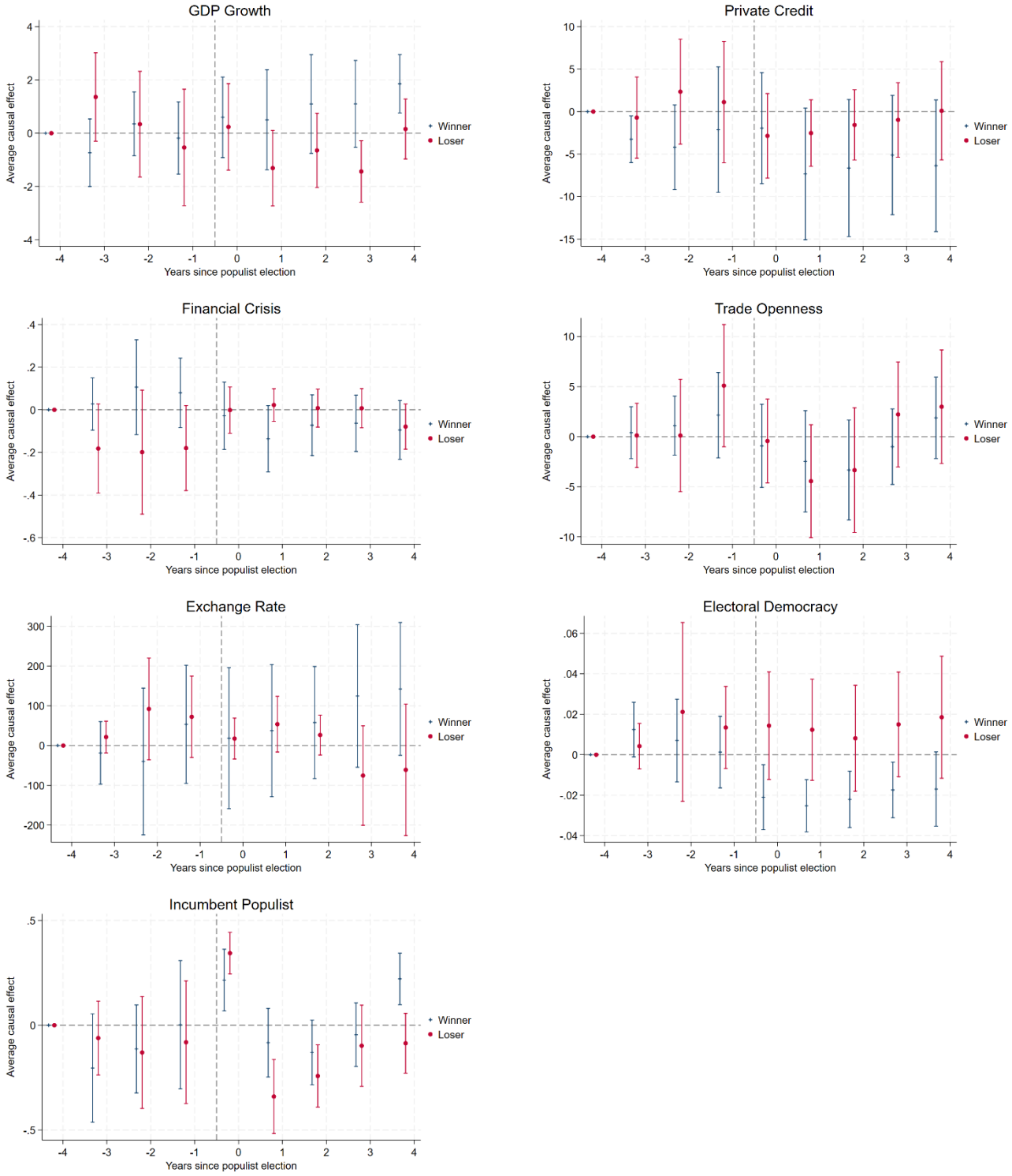


Figure IA1. Identifying assumption: Macroeconomy

The figure shows the macroeconomic conditions at the country level between countries having experienced the narrow electoral victory and narrow electoral loss of a populist candidate. We run a regression similar to Equation (1) as follows: $Macro_{c,t} = \alpha + \beta_q \sum_{q=-4}^{q=4} Winner_{c,t} \times Post_{c,t} + \gamma_q \sum_{q=-4}^{q=4} Loser_{c,t} \times Post_{c,t} + \varphi_c + \vartheta_t + \varepsilon_{c,t}$. Here, we cluster standard errors at the country level. The benchmark period is the fourth year before the election. The 95% confidence intervals are indicated.

Internet Appendix IA.C: Populist coding: case by case explanations

This appendix explains, for each populist leader, the rationale behind their classification as populist and whether they are identified as left-wing or right-wing populists. Our analysis specifically focuses on all populist candidates who finished as runner-up (i.e., those who lost the election), as listed in Tables 1 and IA3. We do not provide a detailed review of populist leaders who have lost previous elections but later won in subsequent ones. The reason for this focus is that populist leaders who have eventually won elections have already been reviewed by Funke et al. (2023) and are documented in their Internet Appendix (https://www.aeaweb.org/doi/10.1257/aer.20202045.appx).

Austria: Jörg Haider

Jörg Haider, a prominent Austrian politician, led the Freedom Party of Austria (FPÖ) during a pivotal period in the late 1990s, including the 1999 election. Haider is widely recognized as a quintessential right-wing populist, known for his anti-establishment rhetoric and nationalist ideology. His political style and discourse have been extensively analysed by scholars such as Mudde and Rovira Kaltwasser (2017), who categorize him within the broader trend of European right-wing populism. Haider positioned himself and his party in opposition to what he depicted as a corrupt and out-of-touch political elite, which he accused of ignoring the needs and concerns of the "ordinary" Austrian people (Heinisch, 2003). His rhetoric sharply divided society into the "good" native Austrians and the "bad" elites, including not only the political establishment but also immigrants and foreigners, whom he portrayed as threats to national identity and social cohesion (Friedman, 2017).

Haider's populism was also marked by his appeal to nationalist sentiments, emphasizing Austrian sovereignty and traditional values (Friedman, 2017). He frequently criticized the European Union and other international bodies, arguing that they undermined Austria's autonomy. His rhetoric included strong anti-immigrant and xenophobic elements, associating immigration with crime and social decay, and framing the political struggle as one between the native Austrian population and external influences (Heinisch, 2003). Economically, Haider's populism was less focused on redistributive justice and more on protecting the Austrian welfare state from being "exploited" by non-natives. He leveraged fears of globalization and economic liberalization to gain support, presenting himself as the defender of Austria's middle class against both domestic elites and the forces of international capitalism (Friedman, 2017).

Haider's leadership style was characterized by strong personal charisma, through which he claimed to directly represent the will of the people. He cultivated an image of himself as an outsider and a saviour, someone uniquely capable of challenging the status quo and delivering the Austrian people from the

perceived threats posed by elites and foreigners. This populist positioning, combined with his nationalist and anti-immigrant stances, firmly places Haider in the category of right-wing populism (Friedman, 2017; Mudde and Rovira Kaltwasser, 2017).

Belgium: Tom Van Grieken

Tom Van Grieken, leader of the far-right Vlaams Belang (VB) party in Belgium since 2014, exemplifies right-wing populism, particularly evident during the 2019 elections (Wauters and Pittoors, 2019; Maly, 2020). Van Grieken's rhetoric centers on a strong anti-elitist stance, positioning himself and his party as defenders of ordinary Flemish citizens against a corrupt and disconnected political elite. This anti-establishment message resonates with voters who feel betrayed by the political class (Mudde, 2007; Swyngedouw, 2000).

A key aspect of Van Grieken's populism is his nationalist agenda, advocating for Flemish independence and the protection of Flemish culture from perceived external threats, particularly immigration. His party's platform capitalizes on fears related to immigration, often portraying immigrants, especially those from Muslim-majority countries, as incompatible with Flemish values and a threat to social cohesion (Betz, 1994; Mudde, 2007). This rhetoric fits the populist narrative of "the people" versus "the others", where "the people" are defined in ethnic and cultural terms, and "the others" are immigrants and minorities.

Van Grieken also emphasizes his direct connection to the Flemish people, cultivating an image as a charismatic leader who stands outside the mainstream political system. He presents himself as the true representative of the people's will, a common trait among populist leaders. This personalistic leadership style, combined with his nationalist and exclusionary policies, firmly positions Van Grieken within the framework of right-wing populism (Mudde, 2007).

Canada: Preston Manning

Preston Manning, leader of the Reform Party of Canada, is often identified as a right-wing populist figure (Barney, 1996; Patten, 1996; Cody, 1998). Manning's rhetoric prominently featured an anti-establishment and anti-elite sentiment, positioning his party as the voice of "ordinary" Canadians, especially those from Western provinces, against what he portrayed as a disconnected and self-serving political elite based in Ottawa. This narrative of regional alienation resonated strongly with voters who felt marginalized by the traditional power structures in Central Canada.

Manning's brand of populism emphasized a clear distinction between the "virtuous" people and the "corrupt" elites, advocating for greater direct democracy through mechanisms like referendums and recall processes to return power to the public. This approach aligned with his calls for political reform, including

decentralization and reducing the influence of federal institutions, which he argued were out of touch with the needs of ordinary Canadians. Manning's economic platform was conservative, focusing on fiscal responsibility and smaller government, but it did not embrace the redistributive justice typically associated with left-wing populism.

Manning also opposed federal policies on bilingualism and multiculturalism, which he criticized as elitist and divisive, appealing to Canadians who were skeptical of these policies. He portrayed himself as an outsider to the traditional political class, despite his political lineage, and cultivated an image of a grassroots leader who truly represented the concerns of everyday citizens. This personalistic leadership style, coupled with his regional and anti-elite rhetoric, solidified Manning's place as a populist leader in Canadian politics (Patten, 1996).

Denmark: Kristian Thulesen Dahl

Kristian Thulesen Dahl, the leader of the Danish People's Party (Dansk Folkeparti, DF) in 2015, epitomized the populist wave that swept through Europe during the mid-2010s. Under his leadership, the Danish People's Party surged to become the second-largest party in Denmark's Folketing, marking a significant shift in Danish politics. Dahl's political messaging and the party's platform were heavily characterized by populist elements, particularly through their strong anti-immigration stance and Euroskepticism, which resonated with a significant portion of the Danish electorate.

Dahl's rhetoric during this period was a textbook example of populist discourse. He frequently framed the political landscape as a battle between the "ordinary Danes" and a corrupt, out-of-touch elite, which he argued was failing to protect Danish interests. This rhetoric often extended to the European Union, which Dahl and his party criticized for undermining Danish sovereignty and imposing policies that were detrimental to the Danish people. This "us versus them" narrative is a defining feature of populism, where the leader claims to represent the true will of the people against an elite that is portrayed as self-serving and disconnected.

Policy-wise, Dahl's leadership saw the Danish People's Party advocate for strict immigration controls, a reduction in asylum seekers, and a staunch defense of Danish cultural identity. These positions were framed as necessary to protect the welfare state and the social fabric of Denmark, which Dahl claimed were under threat from both immigrants and the political establishment that allowed high levels of immigration. This fusion of nationalism with welfare policies, known as welfare chauvinism, is a common strategy among right-wing populists, appealing to voters' fears of cultural and economic erosion.

Given his rhetoric, policy positions, and the overall ideological stance of the Danish People's Party under his leadership, Kristian Thulesen Dahl can be clearly identified as a populist leader in 2015. His political

strategy revolved around defending the "ordinary people" against both the elite and perceived external threats, such as immigration and the EU, which aligns closely with the core tenets of populism (Meret, 2015; Pappas and Kriesi, 2015).

France: Jean-Marie Le Pen

Jean-Marie Le Pen, the founder and long-time leader of the National Front (Front National, FN) in France, is one of the most prominent figures in European populism. Throughout his political career, particularly during his leadership of the FN from its founding in 1972 until 2011, Le Pen's rhetoric and political strategy were deeply rooted in populist ideology. His approach was characterized by an appeal to the "common people" against what he described as a corrupt and out-of-touch elite, and his emphasis on nationalism and xenophobia further solidified his populist credentials.

Le Pen's populism was evident in his consistent portrayal of French society as being under threat from both internal and external enemies. He often depicted the French political elite as betraying the nation by allowing unchecked immigration, particularly from Muslim-majority countries, which he claimed was eroding French cultural identity. This rhetoric framed the FN as the defender of a beleaguered French population against both the political establishment and foreign influences. The emphasis on a dichotomy between the "pure" French people and the "corrupt" or "dangerous" others is a key element of populist discourse.

In terms of policy, Le Pen's platform was marked by strong nationalist and protectionist tendencies. He advocated for strict immigration controls, law and order policies, and a return to traditional French values. His economic policies also reflected populist themes, as he often criticized globalization and the European Union for undermining French sovereignty and harming the French economy. These stances resonated with a segment of the electorate that felt marginalized by the forces of globalization and alienated from the political mainstream.

Jean-Marie Le Pen's combination of anti-elitism, nationalism, and nativism makes him a quintessential populist figure. His ability to tap into widespread public discontent with the political establishment and his emphasis on protecting the "true" French identity against perceived threats are key indicators of his populism. Le Pen's legacy in French and European politics is a testament to the enduring appeal of populist rhetoric, particularly in times of social and economic upheaval (Evans and Ivaldi, 2008; Ivaldi, 2018).

France: Marine Le Pen

Marine Le Pen, who succeeded her father Jean-Marie Le Pen as the leader of the National Front (Front National, FN) in 2011, has continued and expanded the populist legacy of the party. Under her leadership,

the FN (rebranded as the National Rally, or Rassemblement National, in 2018) has maintained a strong populist stance, characterized by anti-elitism, nationalism, and a strong opposition to immigration and the European Union. Marine Le Pen has modernized the party's image, attempting to distance it from some of the more extreme positions associated with her father while retaining its core populist elements.

Marine Le Pen's populism is evident in her consistent framing of the political debate as a struggle between the "people" and the "elite". She positions herself as the defender of the French people against a corrupt and self-serving political class that, in her view, has betrayed the nation by embracing globalization, multiculturalism, and European integration. This rhetoric is a classic example of populist discourse, where the leader claims to represent the "true" will of the people against the interests of a detached and often demonized elite (Mudde, 2007).

In her policy platform, Marine Le Pen has emphasized a return to French sovereignty, both politically and economically. She has advocated for strict immigration controls, protectionist economic policies, and a reassertion of French national identity. Her opposition to the European Union is a central theme, with calls for a renegotiation of France's relationship with the EU, including a potential exit from the Eurozone. These positions are designed to appeal to voters who feel left behind by globalization and disillusioned with traditional political parties, a key demographic for populist movements.

Marine Le Pen's leadership of the National Rally is a clear continuation of the populist tradition within the party, albeit with a more polished and strategic approach compared to her father. Her ability to connect with a broad base of voters through a message of national sovereignty, anti-elitism, and protectionism underscores her populist credentials. While she has attempted to soften the party's image, the core populist elements remain central to her political identity and strategy (Stockemer and Amengay, 2015; Stockemer, 2017; Soffer, 2022).

Ireland: Mary Lou McDonald

Mary Lou McDonald, the leader of Sinn Féin since 2018, represents a significant figure in contemporary Irish politics, and her leadership has drawn considerable attention regarding its populist elements. Under her leadership, Sinn Féin has embraced a platform that combines traditional left-wing economic policies with a strong emphasis on Irish nationalism, aiming to appeal to a broad spectrum of voters disillusioned with the traditional political establishment in Ireland. McDonald's rhetoric and policies suggest elements of populism, particularly in how she positions Sinn Féin as a voice for the ordinary people against an elite political class.

McDonald's populism is evident in her frequent critiques of the Irish political establishment, which she often portrays as out of touch with the needs of ordinary citizens. Her discourse emphasizes the failures of

the traditional parties, such as Fianna Fáil and Fine Gael, in addressing issues like housing, healthcare, and economic inequality. This anti-elitist stance is a core component of populist rhetoric, where the political leader claims to represent the true interests of the people against a corrupt or ineffective elite.

Policy-wise, McDonald has pushed for significant changes in the social and economic landscape of Ireland, advocating for policies that are aimed at redistributing wealth and enhancing social welfare. These policies, which include affordable housing, healthcare reform, and increased taxation on the wealthy, are designed to appeal to working-class and marginalized groups who feel left behind by the existing political system. While these policies are not inherently populist, the way they are framed—as a necessary corrective to the policies of the political elite—aligns with populist style (O'Malley, 2008; Suiter, 2016; Ryan, 2020).

However, while Mary Lou McDonald exhibits populist traits, particularly in her rhetoric and critique of the establishment, it is also important to note that her brand of populism is less extreme than that seen in other European contexts. Her approach is often described as pragmatic, aiming to broaden Sinn Féin's appeal to a wider electorate. However, since it is the leader of populist party, we still classify her as populists.

Netherland: Pim Fortuyn

Pim Fortuyn, a charismatic and controversial figure in Dutch politics, is often cited as a key example of early 21st-century populism in Europe. His political career, though tragically cut short by his assassination in 2002, left a lasting impact on the Dutch political landscape. Fortuyn's rhetoric and political platform were characterized by a strong populist orientation, particularly in his criticism of the Dutch political elite and his stance on immigration and multiculturalism, which resonated with a significant portion of the Dutch electorate.

Fortuyn's populism was most evident in his sharp critique of the political establishment, which he accused of failing to address the challenges posed by immigration and the integration of Muslim communities. He portrayed the ruling elites as out of touch with the concerns of ordinary Dutch citizens, particularly on issues related to national identity and cultural cohesion. This anti-elitist stance is a hallmark of populist rhetoric, where the leader claims to represent the true interests of the people against a disconnected and often corrupt elite.

In his policy proposals, Fortuyn emphasized the need to limit immigration and protect Dutch cultural values, arguing that the country's liberal traditions were under threat from the growing influence of Islam. Unlike traditional far-right populists, however, Fortuyn's arguments were often framed in terms of protecting liberal values such as gender equality and freedom of expression, which he claimed were incompatible with Islamic culture. This approach allowed him to appeal to a broader base of voters, including those who might

not typically align with far-right politics but were concerned about the impacts of immigration (Akkermans, 2005).

Pim Fortuyn's political style and rhetoric clearly align with populist principles. His ability to articulate the frustrations of a significant portion of the Dutch population and his willingness to challenge the political status quo marked him as a quintessential populist leader. Although his life and career were tragically cut short, his influence on Dutch politics persists, and his legacy is often cited as a precursor to the rise of other populist figures in Europe (Koopmans and Muis, 2009; Vossen, 2010; Oudenampsen, 2023).

Netherland: Geert Wilders

Geert Wilders, the leader of the Dutch Party for Freedom (Partij voor de Vrijheid, PVV), is widely recognized as one of Europe's most prominent populist politicians. Since founding the PVV in 2006, Wilders has consistently employed a populist narrative that centers on anti-elitism, nativism, and strong opposition to Islam and immigration. His political style and rhetoric align closely with the core elements of populism, particularly in how he frames the political struggle as one between the "pure" Dutch people and a corrupt, self-serving elite that has allowed the country to be overtaken by foreign influences.

Wilders' populism is most evident in his consistent portrayal of the Dutch elite as out of touch with the needs and values of ordinary citizens. He frequently accuses the ruling political class of betraying the Netherlands by permitting mass immigration and accommodating Islamic culture, which he views as incompatible with Dutch traditions and values. This anti-elitist and nativist discourse is a hallmark of populism, where the leader positions themselves as the sole true representative of the people's will against a corrupt elite.

The policy platform of the PVV under Wilders is also steeped in populist rhetoric. Wilders advocates for policies that are intensely nationalist, including the closing of Dutch borders to Muslim immigrants, banning the Quran, and closing mosques, all under the banner of preserving Dutch identity. These extreme positions are framed as necessary measures to protect the Dutch people from the supposed dangers of Islam and multiculturalism, resonating with voters who feel alienated by the mainstream parties' more moderate stances on immigration and integration (Vossen, 2011; Bot, 2017).

Geert Wilders' political strategy and rhetoric fit squarely within the populist tradition. His emphasis on defending the Dutch nation against both external threats and internal elites positions him as a classic populist leader. While his rhetoric has often been criticized as incendiary and polarizing, it has also proven effective in garnering significant electoral support (Vossen, 2010, 2011, 2016).

Peru: Keiko Fujimori

Keiko Fujimori, a prominent Peruvian politician and the daughter of former president Alberto Fujimori, has often been labeled as a populist, though her populist credentials are nuanced and debated. Keiko has built her political career on the legacy of her father, leveraging his name and political achievements, particularly his aggressive stance on crime and economic policies that stabilized Peru in the 1990s. Despite this, her brand of populism diverges from the classic leftist populism seen in much of Latin America. Instead, Keiko's populism is more aligned with a right-wing, authoritarian style, echoing her father's approach, which resonates with a significant portion of the Peruvian electorate, especially among those who view Alberto Fujimori's tenure as a period of economic recovery and national security (McNulty, 2018).

Keiko Fujimori's political rhetoric and campaign strategies have displayed several populist characteristics. She has consistently positioned herself as a defender of the "people" against the corrupt elites, which is a hallmark of populist discourse. Her campaigns often emphasize her connection to ordinary Peruvians, and she has repeatedly criticized the Peruvian political establishment as being disconnected from the needs and realities of the broader population. However, unlike many populists who rise from outside the traditional political system, Keiko's political lineage complicates her populist identity, as she is both a product of and a challenger to the Peruvian political establishment (Bejar-Garcia, 2021).

Despite these populist traits, Keiko's populism is not as ideologically driven as other populist leaders in the region. She has avoided the radical economic policies typically associated with populism in Latin America, such as expropriations or extensive social spending programs. Instead, her policies have generally leaned toward maintaining market-friendly approaches, albeit with strong rhetoric against corruption and a focus on law and order. This combination of populist rhetoric with relatively conservative economic policies positions Keiko Fujimori as a unique figure within the broader Latin American populist landscape (Muñoz, 2021).

In summary, Keiko Fujimori can be seen as a populist, but her populism is more a continuation of her father's authoritarian style rather than a fully-fledged populist ideology. Her political approach blends populist rhetoric with conservative policies, making her a hybrid figure in the context of Latin American politics. While she appeals to popular discontent and presents herself as an outsider fighting against the elite, her political lineage and policy choices distinguish her from the more radical populists in the region (McNulty, 2018; Bejar-Garcia, 2021; Muñoz, 2021).

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