

CONTENTS

Interpreting Economic
Populism

Populist Policy Outlooks

Is Economic Populism Temporary or Fatal?

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EXECUTIVE SUMMARY

In young democracies, politicians habitually pursue populist policies in order to get re-elected. But if they fail to curb them in a timely way, such policies can lead to hyperinflation, defaults, banking crises and long-lasting stagnation. Economic hardships often make a way to plutocratic dictators, or juntas that promptly restore macroeconomic balance by putting the workforce back into the harness. Having tightened all the screws on an almost-beaten nation, those leaders are forced to cede power to a democratic government – which likewise seems unable to resist the temptation of populism. Such cycles are common in certain Latin American countries; recent developments in Ukraine leave one rightly wondering about whether this country will enter into a similar vicious circle, or develop the kind of liberal (conservative)/social democratic cycles seen in Western Europe and the U.S. >>>

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