

The Political Economy of Populism*

Sergei Guriev[†] and Elias Papaioannou[‡]

October 13, 2020

Abstract

We synthesize the literature on the rise of populism. First, we go over definitional aspects and present descriptive evidence on the increased support for populists in the past decades. Second, we go over the historical evolution of populist regimes since the late 19th century. Third, we discuss the role of secular economic factors related to cross-border trade and automation. Fourth, we review studies on the role of the 2008-2009 Global Financial Crisis and subsequent austerity, connect them to historical work looking at the Great Depression, and discuss likely mechanisms. Fifth, we discuss studies on identity politics, trust, and cultural backlash. Sixth, we discuss the economic and cultural consequences of growth in immigration and of the recent refugee crisis. We also discuss the gap between perceptions and reality regarding immigration. Seventh, we review studies of the role of the internet and social media. Eighth, we discuss works on the implications of the recent rise populism. Finally, we outline the scope for further theoretical and empirical research.

*This review is dedicated to the memory of our friend, mentor, and collaborator Alberto Alesina, whose pioneering work helped establish the modern field of political economy. Alberto provided feedback and comments on this project and pushed us to explore new avenues. We thank the editor Steven Durlauf and four anonymous referees for useful comments and suggestions. We also thank Bruno Caperttini, Ben Enke, Spyros Kosmidis, Kostas Matakos, Moises Naim, Thorsten Persson, Andrei Shleifer and Jeff Frieden for useful comments and suggestions. We also thank participants of the 2020 NBER Summer Institute, the Global Labor Organization's webinar, MIT (IAP), Harvard, and UBS-Zurich for suggestions. Maxim Chupilkin, Nicolo Dalvit, and Kuljeetsinh Nimbalkar provided excellent research assistance. The paper was mostly written before the COVID-19 crisis and due to space constraints it covers the emerging literature on the relation between populism and COVID only briefly. All errors are our responsibility.

[†]Sciences Po, Paris, and CEPR. Department of Economics, Sciences Po, 28 rue des Saints Peres, Paris 75007, France. Email: sergei.guriev@sciencespo.fr. Webpage: <https://sites.google.com/site/sguriev/>

[‡]London Business School and CEPR. London Business School, Economics Department, Regent's Park, London, NW1 4SA, United Kingdom. Email: eliasp@london.edu. Webpage: <https://sites.google.com/site/papaioannouelias/>

1 Introduction

The specter of populism is haunting the West.¹ A few years ago, populism was regarded mostly as a Latin American phenomenon (Dornbusch and Edwards 1991). Nowadays, populism is spreading globally, reaching countries like Germany and Sweden, previously considered immune to it. Many argue that the wave of authoritarian populism poses an existential threat to the liberal world order, democracy, open markets, protection of minorities, civil liberties, and constitutional checks and balances. Even if one does not embrace such an extreme view, there are evident cracks in the system’s foundations. Since Brexit, the European Union has lost a member, while an increasing number of Europeans views the Union with skepticism.² Voters question globalization, protectionism is on the rise, and attacks on experts and the mainstream media are increasingly common. Hate crime against immigrants and minorities, often fueled by populists, is also rising.

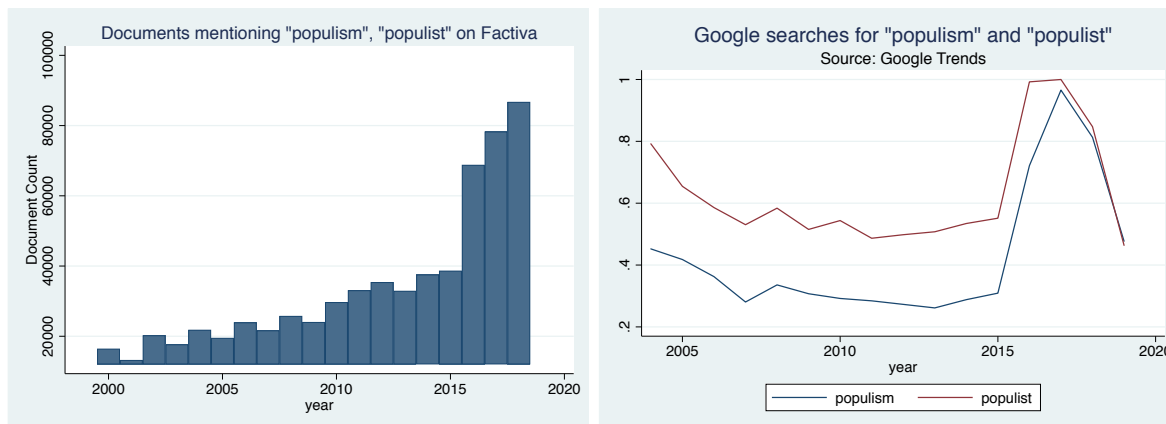
At the first glance, these patterns look striking, given the historically unprecedented levels of prosperity and security after World War II and the Fall of the Berlin Wall (see Rosling, Rosling, and Rosling Rönnlund (2018) and Pinker (2018)). On the other hand, they are worrisome, as they are contemporaneous with rising within-country inequality (Atkinson, Piketty, and Saez 2011), stagnating social mobility (Chetty et al. 2017), falling confidence in core democratic institutions (Mounk 2018), and political polarization (Klein 2020).

The rise of populism has been swift and synchronized across the world. Its upswing became apparent with the global economic crisis. 2010 marked the rise of the Tea Party movement in the United States (US). In the same year, Victor Orban took power in Hungary, advocating the paradigm of *Illiberal Democracy*. In the following years, the appeal of populist parties rose further. In 2014, populists did well in the European Parliament elections, securing the first spot in France (Front National) and the United Kingdom (UKIP). In early 2015, a “strange” coalition between SYRIZA, a radical-lefty party, and Independent Greeks, a nationalist, conspiracy-theory, far-right party took power in Greece. Employing

¹The first time the famous Marx and Engels quote was rephrased as an opening sentence in a study of populism was probably in Ionescu and Gellner (1969, p.1). More recently, it was also done in Mueller (2016, Ch. 1) and Algan et al. (2017).

²See, for example, the letter signed by 30 intellectuals to the EU leaders on the Existential Threat that Populism Poses to the European Union. Signatories include Milan Kundera, Orhan Pamuk, Salman Rushdie, Mario Vargas Llosa, and Bernard-Henri Lévy (“Europe is coming apart before our eyes,” 21 January 2019).

Figure 1: Mentions of populism over time in the news and Google searches.



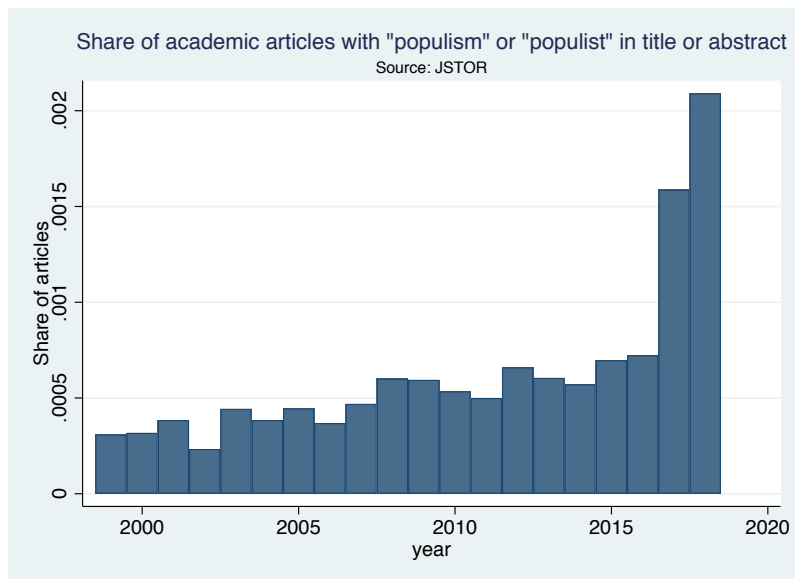
Note: Google searches are relative and are normalized to the share of “populism” in 2017. We use global data for searches in English language only.

aggressive anti-institutions and anti-media rhetoric, the coalition threatened to take the country out of the euro area. In 2015, Poland’s Law and Justice party came to power, initiating a period of attacks on the judicial system, media, and minorities. In 2016, populism reached its apogee, with Brexit and the election of Donald Trump in the US. Even in countries where populists failed to take over, they substantially increased their support. In 2017, the Front National’s leader Marine Le Pen entered the second round of the French presidential elections, and AfD won seats in Germany’s Bundestag for the first time. Italy was next; in 2018, right-wing *Lega* that used to advocate the secession of northern regions formed a coalition with *Movimento 5 Stelle* (M5S, the Five Star Movement), another populist party.

Emerging markets have followed suit. In addition to the traditional left-wing populist movements of Chavez-Maduro in Venezuela, Rafael Correa in Ecuador, and Evo Morales in Bolivia that focused on inequality and redistribution, there was a surge of authoritarian far-right populism, represented by Jair Bolsonaro in Brazil and Rodrigo Duterte in the Philippines. Leaders like Recep Tayyip Erdogan in Turkey and Narendra Modi in India have been increasingly relying on nationalism, attacking religious and ethnic minorities, subverting and/or bypassing constitutional checks and balances.

Figure 1 illustrates the salience of populism as a topic in the news media. There is

Figure 2: Mentions of populism over time in academic research.



a steady rise until 2015; in 2016, the number of documents doubles; then (albeit slower) growth continues. Google Trends are similar, peaking in 2016 (see the right-hand side panel in Figure 1). In 2018 and 2019, interest reverts to pre-2016 levels, most likely because by now, people have a clearer view of the issue.

Before 2016, academics paid relatively little attention to populism. As populism spread, research moved quickly (Figure 2). Employing various approaches, researchers in economics, political science, and sociology aim to identify the correlates, origins, and implications of populism. There is also an explosion of general-audience books on the topic (e.g., Müller (2016), Judis (2016), Mudde and Rovira Kaltwasser (2017), Eichengreen (2018), Eatwell and Goodwin (2018), Norris and Inglehart (2019), De Vries and Hobolt (2020)).³

Given the surge of research in the past years and the public's interest, we believe that it is time to summarize the main takeaways. Our review is centered around four main sets of questions:

1. What is populism? What are its key characteristics? How can we quantify its evolution?

³Besides, Acemoglu and Robinson (2019) and Levitsky and Ziblatt (2018) discuss more generally the role of institutional and cultural features in sustaining liberty, democracy, and development.

2. What are the main drivers of its recent (and past) rise? Are they mostly economic or cultural? Or is the interaction between economic and cultural drivers that matters? In particular,
 - (a) What is the role of secular trends related to industrial decline, such as trade globalization and automation?
 - (b) Is populism an offspring of the recent (2008-2009) global financial and economic crisis? And what is the role of austerity that many countries implemented shortly after the crisis?
 - (c) Is there a cultural backlash? How do social capital, identity, and morality matter?
 - (d) What is the role of immigration?
 - (e) Has the expansion of the internet and of the social media platforms contributed to the rise of populism?
3. What are the populism's implications for growth, inequality, institutions, and beliefs? What do populists do once in power? Do they stick to their promises or adjust?
4. If the recent rise of populism is a problem, what can societies do about it?

We structure the survey around these questions. Two caveats are in order. First, the quantity and quality of research is not even across these questions; for example, there are dozens of empirical works on the role of trade and that of the crisis, but few on austerity and welfare state policies. Likewise, most recent research is empirical, while theoretical research on the recent rise of populism is still limited. There is virtually no empirical research on the effectiveness of specific policy solutions. Second, in order to identify causal relationships, most recent empirical studies look at the role of a single driver of populism. In reality, different drivers are likely to interact with each other; for example, cultural factors may be activated by economic shocks.

Our survey starts with a discussion of definitions of populism (Section 2). Section 3 provides an overview of the history of populism and its recent resurgence. In Section 4, we review evidence on the role of secular economic trends, cross-border trade, and technological progress. Section 5 is devoted to studies on the role of the global financial crisis and

austerity. In Section 6, we review the evidence on the cultural backlash and identity politics; in addition to empirical work, we also discuss the emerging theoretical literature. In Section 7, we discuss the role of immigration and of the refugee crisis. Section 8 reviews papers on the role of the internet and social media. Section 9 looks at the evidence on the impact of populists in power and other implications of the recent rise of populism; we briefly discuss the fast-growing literature on the relationship between rise of populism and response to COVID-19. In Section 10, we conclude, outlining avenues for further research.

2 Definitions and Core Features of Populism

Populism is not easy to define, as it comes in vintages and continuously evolves. Populists include different personalities (e.g., Recep Tayyip Erdogan in Turkey, Rodrigo Duterte in the Philippines, Donald Trump in the United States, Hugo Chavez in Venezuela) who embrace different ideologies (radical-left and extreme-right; pro-church, like Law and Justice Party in Poland and anti-church as the Dutch Party of Freedom). Populists often claim not to be ones, further complicating their categorization. Interestingly, in public debate, it is often assumed that it is clear who the populists are. Eichengreen (2018) describes this view by rephrasing Justice Stewart’s definition of pornography: “*I know it when I see it.*” However, in order to quantify and analyze the recent rise of populism, it is crucial to employ an operational definition, as there is always a temptation to use the “populist” label for “*everyone we do not like.*”

2.1 Definitions

The Lowest Common Denominator Our preferred definition of populism is the one introduced by Cas Mudde. Mudde (2004; 2007) and Mudde and Rovira Kaltwasser (2017) define populism as a “*thin-centered ideology*” that considers society to be ultimately separated into two homogenous and antagonistic groups: “*the pure people*” and “*the corrupt elite*” . This definition has several implications. First, it does not entail any socioeconomic priorities. Populism is about “people’s” *moral* superiority over the “elites” and, therefore, people’s moral right to govern. “*Thin-centeredness*” means that populists have heterogeneous objectives. Extending this argument, populism is not an ideology, but a theory of society (Bonikowski et al. 2019). Second, the two groups’ “homogeneity” leaves no

room for pluralism, protection of minorities, and diversity of opinions. Third, the *anti-elite* aspect implies that populists can bypass or suppress checks and balances — as they are considered tools of “corrupt elites.” Although Mudde’s definition does not explicitly refer to anti-democratic and nativist aspects, it does imply an incompatibility of populism with liberal democracy.

Plus Identity Other definitions of populism add more features — thus becoming special cases of Mudde’s definition. Müller (2016) concurs with the anti-elite and anti-pluralism aspects, but appends *identity politics*, as populists need to define who the “real” people is. Identity can take many forms: race, ethnicity, religion; it may also expand to citizen nation.

Plus Authoritarianism Eichengreen’s (2018) definition shares the anti-elite and nativist (i.e., identity) angles, adding *authoritarianism*, as populism goes hand in hand with the weakening of checks and balances on the executive, attacks on minorities, and violence. His definition is close to Norris and Inglehart (2019), who define “*authoritarian-populism as a philosophy and style of governance which blends two sets of ideas:*

1. *Populists typically adopt a rhetorical language and governing style, which challenges the authority of establishment elites. Legitimacy, in this view, flows from popular sovereignty and vox populi, over-riding minority rights, constitutional checks-and-balances, and decision-making by elected representatives.*
2. *Authoritarian parties and leaders adopt policy positions which endorse the values of tough security against threats from outsiders, xenophobic nationalism rather than cosmopolitanism, strict adherence to conventional moral norms, and intolerance of multiculturalism. This orientation prioritizes the values of tribal conformity, collective security, and loyalty to standard-bearers defending the group.”*

Economic Populism These definitions differ substantially from the one that has been used in economics until recently. As formulated by Dornbusch and Edwards (1991), populism is “*an approach to economics that emphasizes growth and income redistribution and de-emphasizes the risks of inflation and deficit finance, external constraints and the reaction of economic agents to aggressive nonmarket policies.*” This definition described

well the pro-redistribution Latin American populist movements that date back to Juan Peron in Argentina and Getulio Vargas in Brazil. This vintage has not disappeared, as the recent examples of Nestor and Christina Kirchner, Hugo Chavez, Evo Morales, and Rafael Correa illustrate. But this paradigm has not been very successful electorally in Western economies, except for SYRIZA in Greece.⁴

The recent rise of populism has mostly brought about politicians with a very different agenda: nationalistic, focusing on identity and morality rather than on economics — and mostly originating from the far right part of political spectrum. We thus find Cas Mudde’s “anti-elite and anti-pluralism” definition more suitable and generic, as it captures both traditional and modern vintages. Moreover, many modern populists avoid the basic monetary and fiscal policy mistakes that characterized Latin American populism (Rodrik 2018b).⁵ Yet, as all populists dislike checks and balances, the weakening of institutions (e.g., property rights protection, executive constraints, and contract enforcement by the independent judiciary) will result in lower investment, misallocation, and slower growth.⁶

Taking Stock To sum up, there is no consensus in the literature on what populism is. However, Mudde’s definition based on two essential features—anti-elitism and anti-pluralism—provides the most general description of populism. Other modern definitions that add nativism, authoritarianism, attachment to tradition, and over-simplification of solutions to difficult problems are eventually special cases of Mudde’s.⁷

2.2 Populist agenda and communication style

We now apply Mudde’s definition to describe the main features of modern populism.

⁴The other examples of left-wing populists include Podemos in Spain, Bernie Sanders in the United States, and Jean-Luc Mélenchon in France.

⁵For example, while Recep Tayip Erdogan and Vladimir Putin started off with an anti-elite agenda, their economic policies in the early years were sustainable and even successful. They would therefore qualify as populists under Mudde’s definition, but not under Dornbusch and Edwards’.

⁶On the importance of institutions on economic development, see Acemoglu, Johnson, and Robinson (2005) and Acemoglu and Robinson (2012).

⁷Mudde’s definition is probably the broadest possible one. Dropping either anti-elitism or anti-pluralism would result in including politicians that are not populist. For example, anti-elitism is a property of any democratic movement that strives to bring change and fight corruption, be it anti-communists in 1980s Eastern Europe or former US President Barack Obama (Gurri 2018). Anti-pluralism alone does not suffice as well as it would include regimes with elites sowing ethnic and religious divisions. Neither of these is usually considered populist.

(i) *No clear common ideology.* Populism is a “thin-centered” ideology or even non-ideology, a style of political discourse. Left-wing populists support redistribution while right-wing ones oppose it. Left-wing populist parties are usually secular, while the far right (most but not all, see Minkenberg (2018)) places Christianity at the center of their political agenda. Most right-wing populists are culturally conservative, but some, like Geert Wilders in the Netherlands, have a liberal position on gender and LGBT rights.

(ii) *Anti-elite and anti-expert sentiment.* The specific types of elites that populists target may include center-right and center-left parties who have alternated in power in recent decades in the West, judges, unelected technocrats running central banks, independent regulatory agencies and international organizations, mainstream media, national and international NGOs and corporate lobbyists. The anti-elite sentiment naturally extends to rejecting experts who are allegedly not objective as they are coopted by the elites to justify the status quo. The left-wing populists usually suspect experts to be paid by corporate interests, while the right-wing populists emphasize the links between experts and unelected cosmopolitan elites. In either case, populists leaders accuse experts of failing to offer fair solutions of pressing issues, like automation, trade, or immigration.

The anti-expert narrative is also related to the populists’ suspicious attitude to science. Populists often support anti-vaccination movements and deny the anthropogenic view of global warming as an “elite conspiracy” or simply a “hoax.” As the climate agenda is formulated by scientists, anti-expert politicians cannot pursue it in a consistent way. Not surprisingly, there are no Green populist parties. Anti-elite and anti-science sentiments drive certain politicians to be open about and even proud of making factually incorrect statements. In 2016, Newt Gingrich told CNN’s Alisyn Camerota (who said, contrary to Gingrich’s insistence, that data showed that violent crime in the US was falling) that ‘*as a political candidate, I’ll go with how people feel, and I’ll let you go with the theoreticians*’. In 2019, Alexandria Ocasio-Cortez (D-N.Y.), when confronted by Anderson Cooper on CBS about her misstatement, said, “*I think that there’s a lot of people more concerned about being precisely, factually, and semantically correct than about being morally right*”.

(iii) *Anti-globalization and anti-EU angle:* The anti-elite sentiment extends to the opposition to globalization and supranational institutions that are considered to be “elite projects” detached from normal people. The anti-globalization and anti-EU angle is often (although not always) associated with nativism and identity politics. The “open vs.

closed” cleavage replaces the conventional left-right divide as the main dimension of political conflict (De Vries 2018; Algan et al. 2018); anti-globalization bias helps explain how extreme left and extreme right populists now join forces to defend parochial agenda against the mainstream center that represents markets and globalization. For example, in Europe, both the extreme left and the extreme right oppose the EU: the radical and communist left for EU’s pro-market agenda; the extreme right for interventionism, redistribution, and suppressing national identities. Both claim that “Brussels” does not represent ordinary people.

(iv) *Anti-pluralism and authoritarian angle.* As the populists treat the “moral” people as homogeneous, they reject the need for democratic checks and balances. Since all “people” are similar to each other, politics can be reduced to a single leader representing the whole people. There is little—if any—need for parliaments, independent agencies (including central banks), and media; these institutions serve the elite and obstruct people’s direct rule. The choice of judges should be based on “morality” and ideology rather than competence and independence. The simplification of the governance process enables the need for a “strong leader.” This has happened both in autocratic or hybrid regimes (e.g., Russia, Turkey, Brazil, and Venezuela) with relatively low levels of democratic capital (Persson and Tabellini (2009)) and also in established democracies (e.g., Italy, Hungary, or the United States).⁸

(v) *Communication style.* The nature of populist politics implies certain distinctive patterns of communication:

- Simplicity of message. Populists fit complex economic or security issues into Twitter feeds or even single tweets. Trump often discusses NATO policy via Twitter, while the Brexiteers bypass the complexity of the UK-Europe relations into “*we want our country back*” slogans. As the choices are moral—“*with us*” or “*against the people*”—there is no need for nuances. Additionally, sophisticated arguments and discussions about trade-offs have to involve experts, who are not supposed to be trusted.

⁸Not all populists are authoritarian, nor all strong leaders are populist. Guriev and Treisman (2019) identify many “*informational autocrats*” (including the pioneer of informational autocracy, Lee Kuan Yew in Singapore) who are not populist. Furthermore, while there have been and still are anti-elitist and anti-pluralist dictators who rely on repression, they are not generally classified as populists—as their legitimacy relies on fear rather than on populist discourse. Anti-elitist dictatorships are uncommon. Geddes et al. (2018) classify dictatorships into military, party, and personalistic. By definition, the military and party dictatorships reflect the corresponding elites. Among personalistic regimes, monarchies cannot be anti-elitist as well.

- Aggressive style. As the populists discuss “security” and identity, they raise the stakes. The debate is no longer about tax rates or welfare state policies, but about the quintessential survival of the nation. This “war-like” situation entails aggressive tactics and controversial messages, often labeling opponents as “*enemies of the people*.” For example, Nigel Farage argued that “*parliament will start to fear the electorate and gosh they need to*.”
- Social media. The internet has played a major role in the rise of many populist leaders, such as Beppe Grillo and Five Star Movement in Italy (Campante, Durante, and Sobbrío 2018). The fact that Donald Trump’s main communication tool is Twitter is not a coincidence. This is not the first time in history populists use new communication technology to circumvent the gatekeeping by the mainstream media. However, as we discuss in Section 8, certain features of modern online media make them especially conducive to the dissemination of populist narrative.

3 History

In this Section we discuss the evolution of populism in the 20th century and present evidence on its rise since 2000.

3.1 Historical Precedents

Arguably, the first populist party in the modern sense of the term was the American People’s Party of the late 19th century (also known as the Populist Party) that had an anti-elite and anti-globalization agenda.⁹ Its leader William Jennings Bryan said in 1896: “*You shall not crucify mankind upon a cross of gold.*” The first wave of globalization, 1870-1913, marched forward due to reduced transportation costs (after the universal adoption of steamboats and the spread of railroads) and other technological improvements (in energy and medicine),

⁹It is tempting to refer to Russian *narodniki* in the 1860s and 1870s as the first populists — as “*narodniki*” literally means “populists” in Russian. However, as Eichengreen (2018) argues correctly, this is a misleading parallel. *Narodniki*—representatives of intelligentsia—indeed focused on “*going to the people*,” as peasants, who represented the vast majority of Russian empire’s population, were presumably the source of moral values superior to the upper classes. Peasants, however, viewed *narodniki* with suspicion and even with hostility as *narodniki*’s understanding of peasants’ life was disconnected from reality.

while the gold standard facilitated cross-border financial and trade flows.¹⁰ The People’s Party also fought against corruption and abuse of market power by trusts that dominated steel, oil, railroads, and other crucial sectors.¹¹ The People’s Party also objected to the influx of immigration from Asia and Eastern Europe. Although the movement included Black Populists, the vast majority of the Populists supported segregation and believed in Caucasian suprematism (Kazin 1998; Postel 2007). On the other hand, Populists supported women’s voting rights and access to jobs. They also believed in the importance of education and science as the drivers of progress. The anti-trust and anti-corruption concerns of the Populists were not only legitimate but benefited the US economy and society, as Theodore Roosevelt and the Progressives endorsed them, implementing a bold reforming agenda in the early 20th century (Rodrik 2018a).

Fascism was a very different type of populism. Fascism emerged after the Great War, alongside communism and other radical movements. It spiked with the Great Depression, where far-right parties took control throughout Europe via coups, elections, and civil violence. According to Capoccia (2005), there were 24 fully democratic countries in Europe in 1920, but only 11 in 1939. Germany, Italy, Spain, and Greece, among others, moved from democratic rule to fascism. Extreme right gained ground even in countries that stayed democratic, like the United Kingdom and France. Rodrik (2018a), among others, attributes US exceptionalism of not endorsing far-right nationalism and xenophobia in the 1930s to Franklin Delano Roosevelt’s New Deal policies that preempted populist leaders, like Huey Long and Father Coughlin. Eco (1995) identifies 14 common features of fascist regimes, which include distrust of intellectuals and a fear of diversity. Eco’s (1995) definition of “Ur-Fascism” has many other properties, some of which are recognizable in modern populist movements, like the cult of tradition, brute force, and victimhood. Yet, some features—such as the use of doublethink and newspeak—are no longer relevant.¹²

¹⁰ *The Wizard of Oz* eloquently portrays populists fight against the gold standard; the populist team includes Bryan (the Cowardly Lion), farmers (Scarecrow), workers and miners (Tin Woodman), and Dorothy with the Silver Shoes marching over the Yellow Brick (i.e., golden) Road. “Free Silver” was an important part of the Populist agenda that wanted to move away from the gold standard to bimetallic money. Free coinage of silver would result in higher inflation — which would facilitate achieving one the Populists’ main goals, reducing the real value of farmers’ debt burden.

¹¹ Eichengreen et al. (2019) explore the correlates of populist votes in the 1896 US presidential election. Bryan did well in areas with high mortgage rates, low railroad penetration, and a considerable decline in crop prices in the earlier years. Postel (2007) attributes the post-1896 decline of the Populist movement to the increase in global agricultural prices.

¹² Rydgren (2018) compares today’s far right to the “*fascist minimum*” that consists of three elements:

Gradually, populism moved to Latin America and effectively came to define its economic, social, and political development. Populist leaders like Peron, Vargas, Cardenas, and Ibarra advocated quick and easy solutions for reducing their countries' high levels of inequality (that originated in colonialism and early industrialization). Yet, their redistribution policies were ineffective: as subsidies and transfers were financed via deficits monetized by the central banks, they led to recurrent macroeconomic crises. The studies collected by Dornbusch and Edwards (1991) on the origins and the aftermath of populist policies in Argentina, Brazil, Chile, Peru, Mexico, and Nicaragua identify the following common features: inflation, capital outflow, devaluations, pervasive shortages, and decline in real wages despite populist's message that they would serve the interests of the people (see also Edwards (2019)).¹³

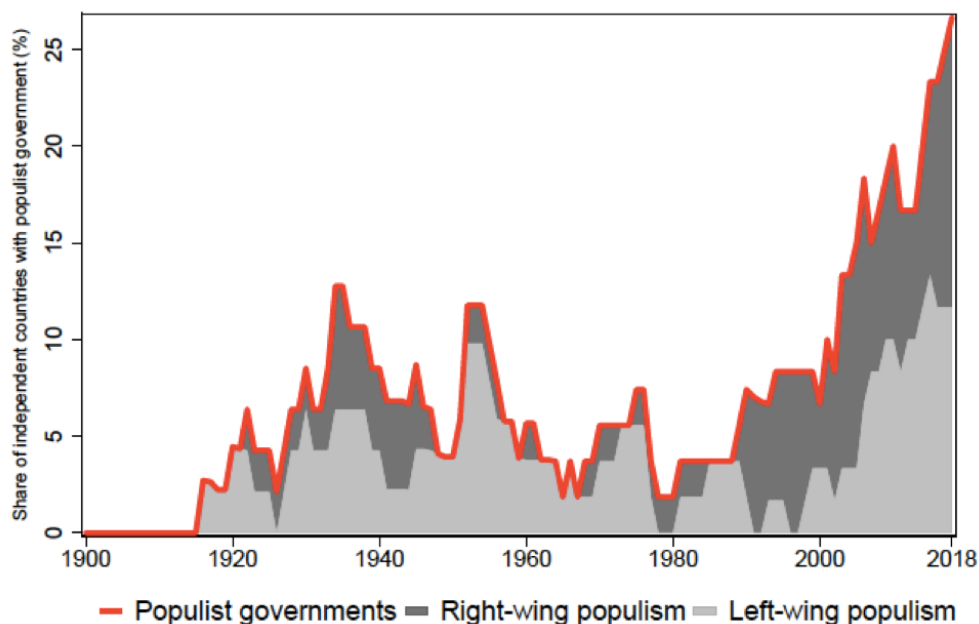
3.2 Recent Trends

Even for a given a definition of populism, quantifying the recent rise of populism is not an obvious task, as there are several reasonable proxy measures: the presence of populists in government (as a senior or junior member in a coalition), populists' vote share in the latest elections, the populists' share of seats in national or European parliaments, survey-based voter attitudes to populist ideas, parties, and ideology, and politicians' values and ideology

(i) the rebirth myth, (ii) populist ultra-nationalism, and (iii) the myth of decadence. He argues that the second element is prominent among modern right-wing populists; the third one less so, and the first one is virtually absent — radical right's narrative nowadays is to restore the glorious past rather than to create a “new society.” Yet, while new far-right movements differ from the fascist ones of the 1930s, it is hard making a watertight demarcation between the two.

¹³Acemoglu, Egorov, and Sonin (2013) explore Latin American populism theoretically, asking why populists propose policies noticeably to the left from the median voter's ideal point. They consider a signaling model in an environment with weak institutions; after elections, right-wing elites may capture elected politicians. To distinguish themselves from corruptible politicians, honest candidates choose left-wing policies. The unscrupulous politicians also announce left-wing policies ex-ante to portray themselves as honest and shift to the right ex-post in exchange for bribes. The model's nice feature is that while it uses left-wing populism as an inspiration, it integrates the anti-elite nature of the populist agenda, demonstrating the link between Mudde's and Dornbusch and Edwards' definitions. The fact that the populists propose policies left of the median voter in equilibrium stems from the ex-post political capture by right-wing elites. Acemoglu, Egorov, and Sonin (2013) further show that if there is potential ex-post collusion with left-wing elites, then right-wing populism can emerge in equilibrium. Furthermore, if there is potential for capture by both left- and right-wing elites, there will be both types of populists with stronger re-election chances for the one opposing the more influential elites. Matsen, Natvik, and Torvik (2016) apply this model to the resource-rich countries and describe “petro-populism” where populists overspend resource rents at the expense of future generations (rather than sacrificing macroeconomic stability with fiscal deficits or slowing down growth with higher taxes).

Figure 3: Left-wing and right-wing populists in power since 1900.



Source: Funke, Schularick, and Trebesch (2020). The sample includes 60 large countries.

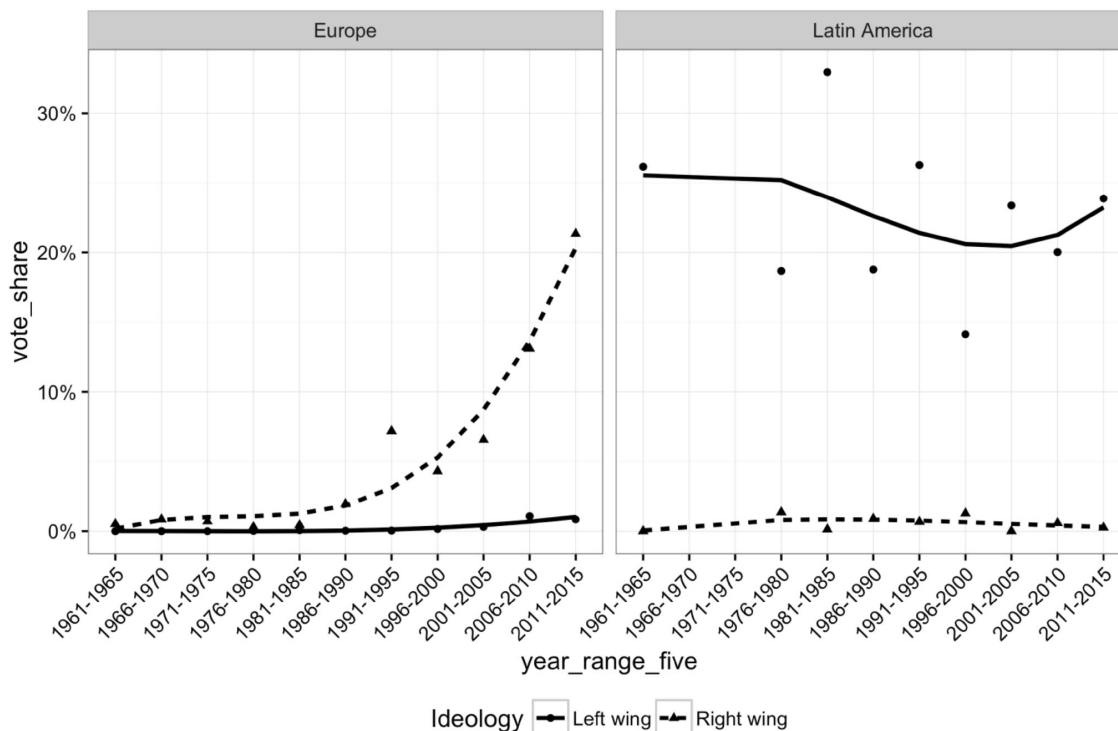
as reflected in their speeches.¹⁴ These measures are correlated but are not exactly the same. For example, different electoral systems imply a nonlinear association between vote shares, shares of seats, (and the membership in the ruling coalition.

Funke, Schularick, and Trebesch (2020) focus on populists in power across 60 countries that account for more than 95% of global GDP. They show that the recent rise of populism has been unprecedented in history (Figure 3): in 2018, populists run the government in 16 countries (26% of their sample). The number of left-wing (right-wing) populists in power increased from 2 (2) at the turn of the 21st century to 7 (9) by 2018.

Figure 4 presents the five-year average vote shares for left- vs. right-wing populist parties using Rodrik’s (2018a) classification; he defines populist “loosely as those [parties], which pursue an electoral strategy of emphasizing cleavages between an in-group and an out-group. Parties are coded as populist in the dataset if they are labeled as such in the academic or journalistic literature at some point in their history and fit this definition.” His sample

¹⁴Castanho Silva et al. (2019) reveal various inconsistencies of cross-country proxies of populist attitudes. Wuttke, Schimpf, and Schoen (2020) discuss conceptual challenges of measuring populism and propose operational ways to compare survey-based measures across countries.

Figure 4: Left-wing and right-wing populists in Europe and Latin America.



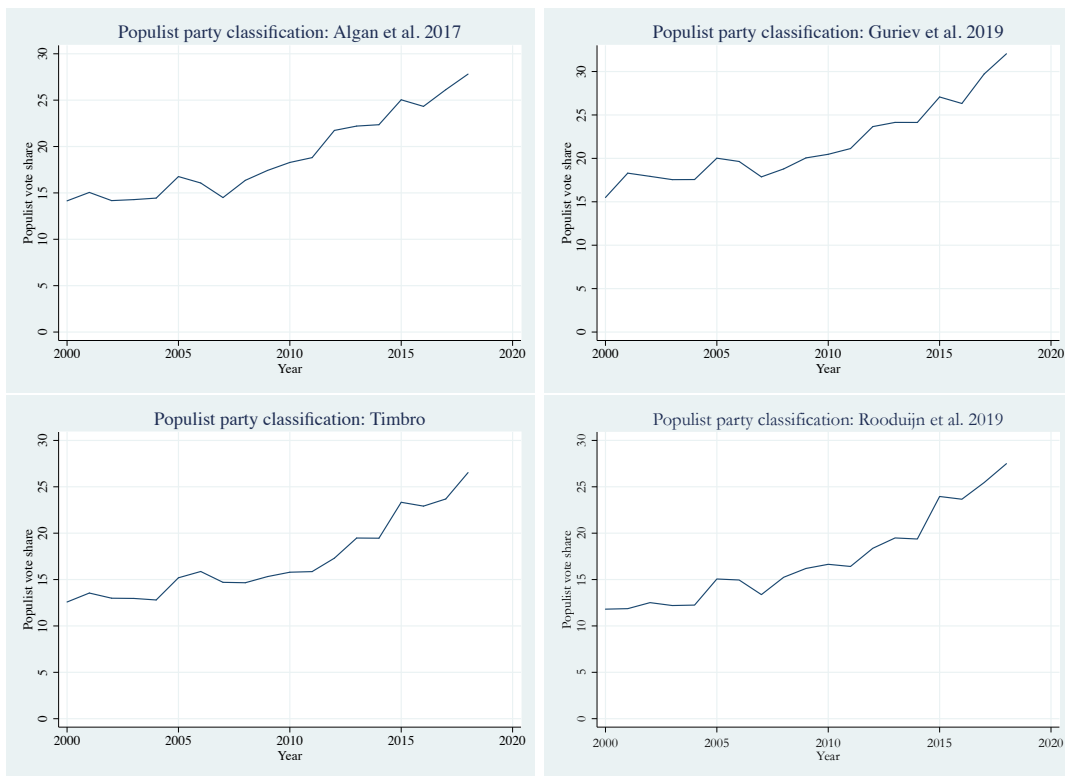
Source: Rodrik (2018a). The sample only includes countries with at least one populist party in their history.

includes 19 countries in Europe and Latin America. The rise of populism in Europe in the 21st century reflects the increasing popularity of right-wing nationalistic parties, such as UKIP, Front National, Golden Dawn, Sweden Democrats, and Jobbik. The level of support for populism in Latin America is stable; there, populism mostly focuses on redistribution; far-right populism is virtually absent, though Jair Bolsonaro’s recent rise may change this (Rodrik’s data end before Bolsonaro’s election).

In Figure 5, we consider four alternative classifications of populist parties and produce a population-weighted annual average populist vote share in Europe over 2000-2018 (using the latest election).¹⁵ All classifications show a steady growth of populist vote share in

¹⁵The respective country samples are: (i) Algan et al. (2017): EU-28 excl. Croatia, Latvia, Lithuania, Luxembourg and Malta plus Iceland, Norway, Switzerland; (ii) Guriev, Melnikov, and Zhuravskaya (2019) — EU-28 excl. Ireland and Malta plus Norway, Switzerland, Montenegro, and Northern Macedonia; (iii) Timbro — EU-28 plus Iceland, Norway, Switzerland, Montenegro, and Serbia; (iv) Rooduijn et al. (2019) — EU-28 plus Iceland, Norway, Switzerland; this classification follows Van Kessel (2015) that however

Figure 5: Evolution of populists’ vote share in Europe.



Sources: Algan et al. (2017), Guriev, Melnikov, and Zhuravskaya (2019), Rooduijn et al. (2019), populis-index.com (assessed in October 2019).

the 2000s and a take-off after 2010. The populist vote share roughly doubles from 10 – 15 percentage points in 2000 to 25 – 30 percentage points in 2018.

While most studies rely on binary classifications of populist parties, there are also finer measures of continuous “degree of populism.” The Chapel Hill Expert Survey (CHES), an ongoing project of the University of North Carolina at Chapel Hill’s Center of European Studies, regularly surveys leading scholars of European politics. In 2014, CHES included two questions on the “*saliency of anti-establishment and anti-elite rhetoric*” and the “*saliency of reducing political corruption*” in the public stance of each European party. Three hundred thirty-seven experts provided saliency scores (on 0-10 scale) for 268 parties in 31 countries (EU-28 plus Norway, Switzerland, and Turkey). CHES (2014), therefore, provides a comprehensive cross-sectional mapping of populism in Europe when populism stops in 2013.

was gaining momentum (see Polk et al. (2017)). CHES posed these questions again in 2017 (but only for 14 European countries) and again in 2019 for 31 countries. Figure 6 compares the anti-elite scores in 2014 and 2019 for the 206 political parties covered in both surveys. While some parties have become much more anti-establishment (e.g., Poland’s PiS and Hungary’s FIDECZ), the intensity of parties’ anti-elite sentiment has declined slightly (from 4.5 to 4.0). However, one should not interpret this decline as evidence of lower support for populism. First, populist parties’ vote share has increased.¹⁶ Second, there has been substantial entry and exit of parties. According to CHES, both exiting and entering parties are disproportionately populist. In 2019, CHES included 71 new parties that did not exist in 2014; their mean anti-elite salience is 5.6 (the difference in anti-elite salience between the new and the old parties is statistically significant). Bakker et al. (2020b) also document a similar relationship between new and old parties on Euroscepticism.

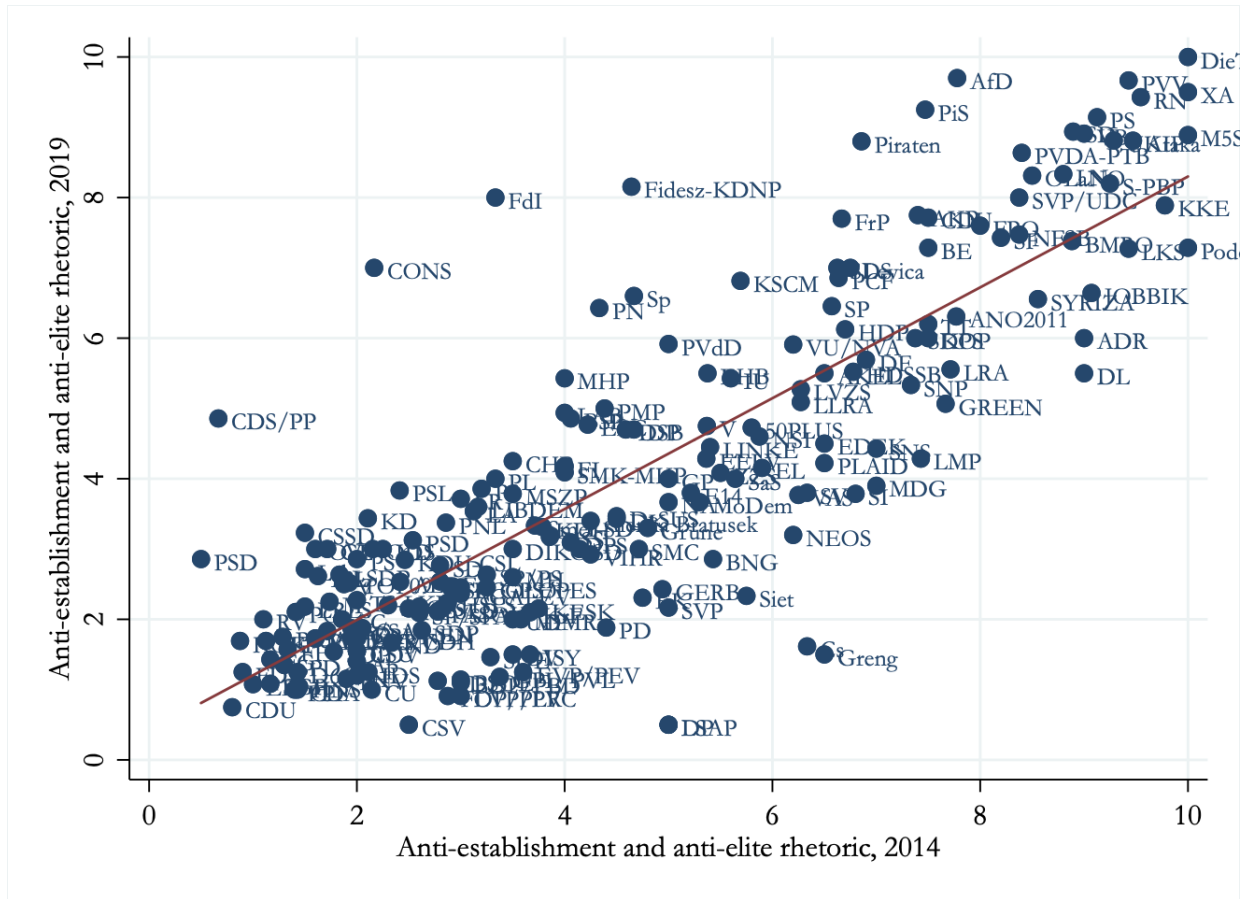
CHES’ continuous measure of populism is highly correlated with binary classifications of populist parties. For example, in 2019, the average anti-elite salience score for parties classified as populist by Rooduijn et al. (2019) was 7.4; for those not classified as populists by Rooduijn et al. (2019) — only 3.9. The difference is highly statistically significant. For Guriev, Melnikov, and Zhuravskaya’s classification, the respective numbers are 6.9 and 3.7; for Timbro’s — 7.4 and 3.5; for van Kessel’s — 7.0 and 4.1; all these differences are statistically significant with t-statistics ranging from 6 to 13.

The Guardian’s Team Populism (Lewis et al. 2019) has also produced a continuous index of populism ranging from zero to two, studying leaders’ speeches.¹⁷ Hugo Chavez gets (almost) the maximum score, 1.9, followed by his successor Nicolas Maduro, and Evo Morales and Recep Tayyip Erdogan rated 1.5-1.6. Viktor Orban, Silvio Berlusconi, and Donald Trump score around 0.8-0.9. Angela Merkel and Tony Blair get the minimum scores, 0 and 0.1, respectively. During 2000-2018, the average score across 40 countries doubled from 0.2 to 0.4. In Europe, the average increased from 0.14 to 0.24. As the index ranges from 0 to 1, this change roughly translates into a 10 percentage point increase.

¹⁶We have calculated the vote-share weighted populism score in each of the 14 countries present in both 2014 and 2017 CHES surveys and then averaged across countries (weighted by population). This weighted average anti-elite score increased from 3.7 to 4.8 between 2014 and 2017.

¹⁷The Team Populism’s dataset includes EU-28 minus Belgium, Cyprus, Denmark, Estonia, Finland, Ireland, Lithuania, Luxembourg, Malta, Slovenia plus Norway, Argentina, Bolivia, Brazil, Mexico, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Paraguay, Peru, Venezuela, US, India, Russia, and Turkey. See also Gennaro, Lecce, and Morelli (2019) for a similar speech-based measure of populism.

Figure 6: European political parties' anti-elite rhetoric in 2014 and 2019.



Note: The salience of anti-establishment and anti-elite rhetoric in 2014 and 2019 for 206 European political parties present in both 2014 and 2019 CHES surveys. The straight line: linear fit (R-squared=0.68). Sources: Chapel Hill Expert Survey (Bakker et al. 2020a), authors' calculations.

Taking Stock To sum up, various attempts to classify populists and to quantify their rise deliver a similar message: in the 21st century, there has been a rise in populist support by 10–15 percentage points of the vote, effectively doubling the populists' vote share. This rise mostly took place in advanced economies and mostly stems from the rise of nationalist, right-wing, and authoritarian populist parties.

4 Economic Drivers: Secular Trends

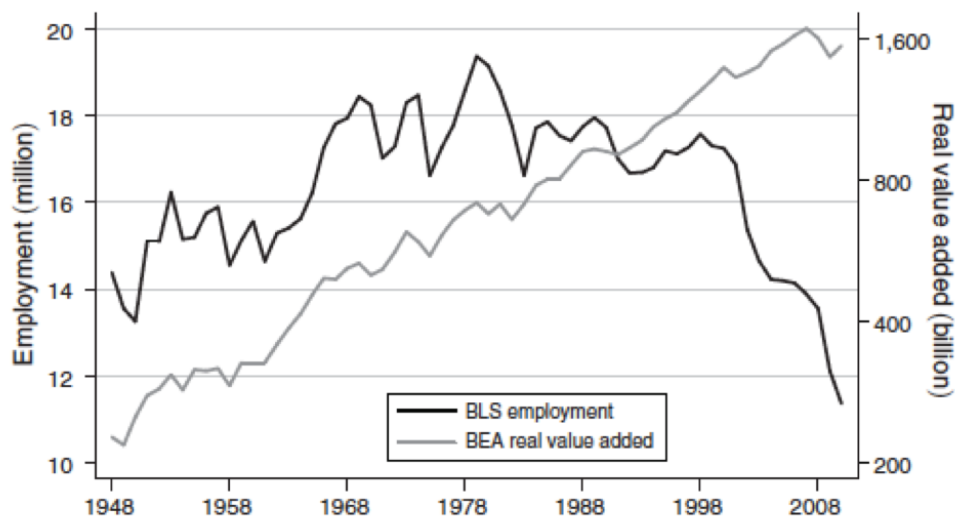
In this section, we consider the role of trade globalization and automation in the rise of populism. Both globalization and automation have allegedly contributed to de-industrialization of advanced economies in recent decades. The formerly manufacturing-based communities provided a fertile ground for populists (see Frieden (2019)). Donald Trump did well in the Rust Belt; support for Brexit concentrated in manufacturing towns in the Midlands; Marine Le Pen’s *Front National* did very well in deindustrializing areas. Using data from 63,417 electoral districts across all EU countries in the 2019 Elections for the European Parliament, Dijkstra, Poelman, and Rodríguez-Pose (2020) show that voting for anti-EU parties is considerably higher in areas of industrial decline. Broz, Frieden, and Weymouth (forthcoming) show that urban centers’ specialization in services shielded them from the populist wave that spread in rural and suburban communities in the US and Western Europe.

Growing competition from imports from low-wage countries, such as China and Vietnam, and increased automation of low/middle-skilled jobs have contributed to stagnation of real wages of noncollege graduates and rising inequality in the advanced economies. These shocks have been particularly salient in manufacturing. Figure 7, taken from Pierce and Schott (2016), provides a stark illustration of these two phenomena in the United States. In roughly ten years, from the late 1990s until the crisis in 2008, US manufacturing lost a staggering six million jobs, a third of its workforce. Automation’s impact is evident: while employment fell, the total value added doubled (from 800 billion to 1.6 trillion). The “China Import Shock” is also apparent: the decline in employment accelerated in the early 2000s when China joined the World Trade Organization (WTO).

While globalization and technological progress are separate forces, they reinforce each other. Technology reduces transportation costs facilitating cross-border commerce. Improvements in information and communication technology (ICT) also promote trade in both services and goods, allowing for better inventory management and cheaper cross-border marketing. In turn, the integration of goods and services markets accelerates technological progress, as the potential access to a larger market incentivizes investments in research and development (R&D) and the adoption of new technologies.

We first discuss the major trends in trade and technology over the past decades and review studies of their impact on advanced economies’ labor markets. Then, we go through

Figure 7: US Manufacturing Employment and Value Added.



Source: Pierce and Schott (2016), Figure 3.

the evidence on their role in the rise of populism, as well as their influence on trust, values, and beliefs. As the literatures on trade and technology employ similar empirical designs, we discuss methodological details in Section 4.1 on trade and then only briefly refer to this discussion in Section 4.2 on technology.

4.1 Trade

4.1.1 Patterns

The world economy experienced rapid growth of cross-border trade since the late 1980s, when tariffs, quotas, and nontrade barriers fell considerably. World Bank data suggest that the ratio of global trade to GDP rose from below 40 percent in the 1980s to an unprecedented 61 percent in 2008. After a slight decline during the global crisis, this ratio currently hovers around 60 percent — more than double the level half a century ago. Trade growth was especially fast in emerging economies. In 1985, high-income countries accounted for more than 80 percent of world exports of goods and services; in 2015, this share was 61 percent (Pavcnik 2017). China accounts for more than half of emerging markets' increase, as its exports grew from 1% of the world exports in 1985 to 12% in 2015. The rise of

Chinese exports has been especially stark since the early 2000s, when China joined the World Trade Organization (WTO), contributing crucially to the “commodity supercycle” of 2001-2007. Other low-wage countries, such as India and Vietnam, have also expanded their exports of finished and intermediate goods.

4.1.2 Winners and Losers

Neoclassical trade theory, based on technological differences (Ricardo) or differences in factor proportions (Heckscher-Ohlin), suggests that globalization increases aggregate output, but there are winners and losers. High-skilled workers in rich (human capital abundant) countries benefit from market integration as low-skilled workers in poor (human capital scarce) countries. While low- and middle-skilled workers in advanced economies may benefit from cheaper (imported) goods and “aggregate demand” effects, their jobs are at risk, as the production of goods with low human capital intensity shifts to low-wage countries. The middle-skilled jobs are especially vulnerable as their higher wages (relative to the low-skilled jobs) create stronger incentives for outsourcing and offshoring; also low-skilled jobs usually involve manual services and thus require presence in the country. In line with this framework, globalization is a major contributor to *job polarization* in advanced economies and the increased inequality.¹⁸ If social safety nets do not counter the adverse impact of trade, an anti-globalization constituency may emerge. Populist politicians gain support accusing the principal beneficiaries of globalization — the highly educated elites residing in metropolitan areas, and producing knowledge-intensive services (banking, consulting, software) that industrial countries export. Part of the anti-EU rhetoric is also related to trade integration — as it is the “unelected, amorphous, and bureaucratic” European Commission that enforces the Single Market. Pastor and Veronesi (2020) establish theoretically that globalization spurs populism when voters dislike inequality. The authors also present cross-country correlations between inequality, trade deficits, and protectionist attitudes.

¹⁸Autor and Dorn (2013) sort US occupations by skills and show that in 1980-2005 the employment share declined for jobs from the 15th to 55th percentile; the highest decline was for the 25th percentile (10 percentage points). They also show that middle-skilled occupations experienced the slowest growth in real wages. Goos, Manning, and Salomons (2014) show that in Europe, the “middling” occupations’ share of employment declined by 9.3 percentage points in 1993-2010 while the share of low-wage and high-wage occupations increased 3.7 and 5.6 percentage points, respectively.

4.1.3 The “China Shock” in Advanced Economies’ Labor Markets

The share of imports in the US from low-wage producing countries almost doubled over the 2000-07 period (15% to 28%) with China accounting for 89% of this growth (Autor, Dorn, and Hanson 2013). A large body of research suggests that a nonnegligible portion of manufacturing’s decline is attributable to the “China shock” that started in the early/mid-1990s and accelerated in the early 2000s. Bernard, Jensen, and Schott (2006), Pierce and Schott (2016), and Acemoglu et al. (2016) document that increased exposure to import competition from low-wage countries is associated with the closure of manufacturing plants and a sizable drop in employment in industries that faced the largest declines in Chinese import tariffs.¹⁹ For example, Autor et al. (2014) compare observationally similar workers across industries during 1992-2007; they show that in sectors exposed to higher import penetration from China, workers earn lower wages and there is greater job churning.

In a very influential paper, Autor, Dorn, and Hanson (2013) assess the impact of the China shock on the US local labor markets. The starting point of their analysis is the calculation of the shock at the level of commuting zones (CZ). ΔIP_τ^c is the product of the growth of Chinese imports at the national level at a given industry (i) over a given time period (τ) and employment share of the industry i in a commuting zone c , summed across industries:

$$\Delta IP_\tau^c = \sum_i \left(\frac{L_{i,t}^c}{L_t^c} \frac{\Delta M_{i,\tau}^{US}}{L_{i,t}^{US}} \right).$$

Here $\Delta M_{i,\tau}^{US}$ is the share of the US imports from China in the industry i over the period τ and $L_{i,t}^{US}$ is the total US employment in this industry in the beginning of the period t .

In order to identify causal effect of the rising Chinese imports on the US labor market, Autor, Dorn, and Hanson (2013) use industry-level data on the growth of Chinese exports to eight other high-income countries $\Delta M_{i,\tau}^{other}$. This allows constructing the following instrument for ΔIP_τ^c (to account for anticipation effects, they lag all employment variables by ten years):

$$\Delta IP_\tau^{c,other} = \sum_i \left(\frac{L_{i,t-10}^c}{L_{t-10}^c} \frac{\Delta M_{i,\tau}^{other}}{L_{i,t-10}^{US}} \right). \tag{1}$$

¹⁹Caliendo, Dvorkin, and Parro (2019) calibrate a dynamic trade model with spatially distinct labor markets subject to varying exposure to international trade, labor, and good mobility frictions, and input-output linkages. They estimate that the China shock has contributed to a loss of half a million jobs in the US, approximately 16% of the overall decline during 2000-07.

Autor, Dorn, and Hanson (2013) find that commuting zones with a higher share of industries affected by the increased penetration of Chinese imports experienced a significant drop in manufacturing employment. Affected areas did not see an increase in employment in services, mining, and agriculture. The population was stable, indicating little emigration. Hence, unemployment and nonparticipation in the labor force increased considerably. Employment decreases went hand in hand with falling wages, only modestly compensated by transfers (see Autor et al. 2014). The China shock is not purely economic; it is also related to poorer health, inferior marriage outcomes, unstable mental health, use of opioids, and deaths of despair (Colantone, Crinò, and Ogliari 2019; Hummels, Munch, and Xiang 2016; Pierce and Schott 2020; Autor, Dorn, and Hanson 2019; Case and Deaton 2020).

The growing research on the local labor market impact of the “China shock” in other industrial countries reaches similar conclusions. For example, Malgouyres (2017a) estimates that the average increase in Chinese import competition between 2001 and 2007—approximately \$1,000 per worker—across French local labor markets caused a fall in regional manufacturing employment growth of about 6 percentage points. There is an adverse spillover effect on the local service sector implying local multiplier effects that may amplify resentment. Likewise, Dippel et al. (2018), Marin (2018), and Dauth, Findeisen, and Suedekum (2014) find that increased imports from China since the late 1990s and Eastern Europe since the late 1980s go hand in hand with falling wages and employment across German regions.

4.1.4 The Political Implications of Trade Shocks in the US

Early Correlational Studies Margalit (2011) regresses the change in the county-level Republican vote share between the 2004 and the 1996 elections on the percent of workers hurt by trade, proxied by petitions filed at the Department of Labor’s Trade Adjustment and Assistance division. US firms filed 22,287 such applications during this period, representing 2,110,310 employees; most applications listed import competition (43%) and offshoring (42%) as the main reasons. “*Electronic components and accessories*” and “*men’s and boys’ furnishing, work clothing, and allied garments*” were the most affected industries. The correlational analysis conditions on the unemployment level and changes, racial composition, and employment characteristics. One percentage point increase in the share of a county’s workforce loss due to competition with imports costs the incumbent President

0.15 percentage points, twice as large as the drop due to other job losses (such as domestic competition).

Jensen, Quinn, and Weymouth (2017) examine the impact of trade on the US presidential elections from 1992 till 2012, distinguishing between trade in manufacturing and services. The US is a net exporter of services. Its exports of services have expanded in recent decades; in 2016 they accounted for a third of total US exports. As services are R&D-intensive, comparative advantage logic suggests US gains. The analysis associates the incumbent vote share' change with employment interacted with indicators for tradable high-wage manufacturing, tradable low-wage manufacturing, tradable high-wage services, and tradable low-wage services (the omitted categories being nontradable manufacturing and services). Incumbents fare worse in counties experiencing a drop in low-wage manufacturing employment but perform better when employment rises in high-wage manufacturing and service sectors. While these estimates do not necessarily point to a causal relationship, they suggest both electoral gains and losses driven by trade in line with trade theory.

Causal Estimates. Autor et al. (2020) study the political implications of increased competition from China in the US, examining political alignment and actual voting (using the instrument for China shock similar to (1)). Their analysis establishes the following important regularities. First, the China shock has affected TV News viewership; Fox News share increased considerably in commuting zones exposed to the China shock at the expense of CNN and, to a lesser extent, of MSNBC. Second, the China shock has moved Americans to the right, as reflected by the Pew Ideology Score. The impact is heterogeneous; the correlation between the penetration of Chinese imports and right-wing ideology is strong across CZs with a sizable white population, but absent in areas with large Hispanic and African American communities. Third, Chinese import penetration increases both left-wing and right-wing campaign contributions, while there is no correlation with moderate donors' contributions. Trade shocks therefore partly explain the rising polarization of US politics, a trend that started in the 1980s.

The electoral implications of the China shock are as follows. First, Chinese import competition is associated with higher turnout. Second, while the China shock helped the Democratic Party candidates in commuting zones that have been strongholds of *either* party, in the competitive districts the shock benefited the Republicans. (The competitive districts are those where neither party obtained more than 55%; there are 129 "safe"

Democratic districts, 124 “safe” Republican districts, and 179 competitive ones.) As a consequence, districts with greater exposure to Chinese imports were more likely to elect a Republican Congressperson. This pattern did not emerge after China’s WTO accession and the dramatic rise of Chinese imports to the US; it arose after the 2010 Congressional elections that brought many *Tea Party* Republicans to the House of Representatives and persisted afterwards. Third, the impact is strong in districts with a majority non-Hispanic white population in 2000; it is weak and statistically indistinguishable from zero in other districts.

Autor et al. (2020) also examine the impact of rising trade exposure on the ideology of elected representatives. Districts facing a higher penetration of Chinese imports were much more likely to elect a conservative Republican — at the expense of moderate Democrats and, to a lesser extent), of moderate Republicans. Conservative candidates benefitted from the China shock considerably more in counties with white majorities. In contrast, in minority non-Hispanic white districts exposed to the China shock, liberal Democrats fared better, at the expense of moderate Democrats.

Finally, Autor et al. (2020) explore the role of the China shock on the change in Republican vote share between the 2000 presidential elections (George W. Bush vs. Al Gore) and the 2008 elections (Barack Obama vs. John McCain) and between the 2000 and 2016 (Donald Trump vs. Hillary Clinton). Rising import competition from China is associated with a significant increase in the vote share of *both* Mc Cain in 2008 and Trump in 2016. The estimates imply that the Republican two-party vote share rose by approximately one percentage point for an interquartile range of Chinese imports’ penetration. The gains are substantial, especially taking into account the “winner takes all” nature of the US Electoral College system.

Feigenbaum and Hall (2015) show that politicians from districts experiencing a rise in Chinese imports are more likely to vote for protectionist legislation; this pattern is stronger in competitive districts. There is not much of an impact on other kinds of legislation. A \$1,000 increase in import penetration per worker results in a 0.7 percent fall in the likelihood that the district’s representative casts a “*right-leaning*” or “*free-trade*” vote in Congress, according to the trade score from Political Institutions and Public Choice (PIPC) Roll-Call Database, and a 2.1 percentage-point decrease in the probability that the district’s representative casts a “free-trade” vote according to the Cato Score that only

looks at the most salient trade bills.

Che et al. (2016) use data for 1992-2016 to explore the role of granting of the Permanent Normal Trade Relations (PNTR) to China in late 2000 both on the US congressional elections and on the legislative activity of the elected representatives. PNTR had differential sectoral effects. As industrial production is unevenly allocated across regions, the exposure of US countries to the impact of PNTR was also differential. The analysis establishes two main results. First, difference-in-difference specifications suggest that counties with a greater exposure to Chinese competition experience relative increases in the vote share of Democrats in the early 2000s (compared to the 1990s). However, this shift towards Democrats disappeared after 2010; the authors explain this change by the rise of the Tea Party wing of the Republican party in 2010. Second, analyzing close elections, they find that after the implementation of the PNTR, Democrat members of the House were more likely to vote for trade-restricting legislation — as well as for legislation providing economic assistance to those hurt by trade. This effect also disappeared after Tea Party’s electoral success. Since 2010, Democrats and Republicans from PNTR-affected districts have converged in their Congress voting on trade. Jointly, these results suggest that the Republican Party’s policy change on trade (due to the rise of Tea Party) paid off.

4.1.5 Europe: Subnational Regions

Chinese exports to other advanced economies have also grown substantially. Autor et al. (2014) estimate that imports from China in Australia, New Zealand, Japan, Switzerland, Denmark, Germany, Spain, and Finland increased from 28.2 billion USD in 1991 – 1992 to 262.8 billion in 2007. Colantone and Stanig (2018b) explore the impact of Chinese imports across 15 Western European countries over 1988-2007. They construct proxies of the Chinese import shock across 198 NUTS-2 regions,²⁰ interacting the share of sectoral employment in the 1990s in a given region with the country-wide increase in Chinese imports per industry, instrumented with this industry’s imports to the US. They combine vote shares with information on parties’ platforms about traditional morality, law and order, protectionism, nationalism, and the EU from the Comparative Manifesto Project (Volkens et al. 2016). Exposure to Chinese imports goes hand in hand with voting for nationalist,

²⁰NUTS is the EU-wide nomenclature of (subnational) territorial units. There are 104 NUTS-1 regions (3 to 7 million inhabitants), 281 NUTS-2 regions (from 0.8 to 3 million), and 1348 NUTS-3 regions (150 to 800 thousand inhabitants each).

far-right, and anti-EU parties. A one standard deviation increase in import competition from China increases the vote share of nationalist-right parties by 1.7 percentage points, a considerable magnitude, as the far-right parties' vote share in the 1990s was about 5%. The biggest winners are far-right parties that blend nationalism with a protectionist manifesto. The losers are pro-trade left parties; there is no association between the trade shock proxy and the vote share of protectionist left and mainstream left or right parties. Individual survey data suggest that these patterns apply generally, as there is not much heterogeneity on employment status (employed, retired) and sector.

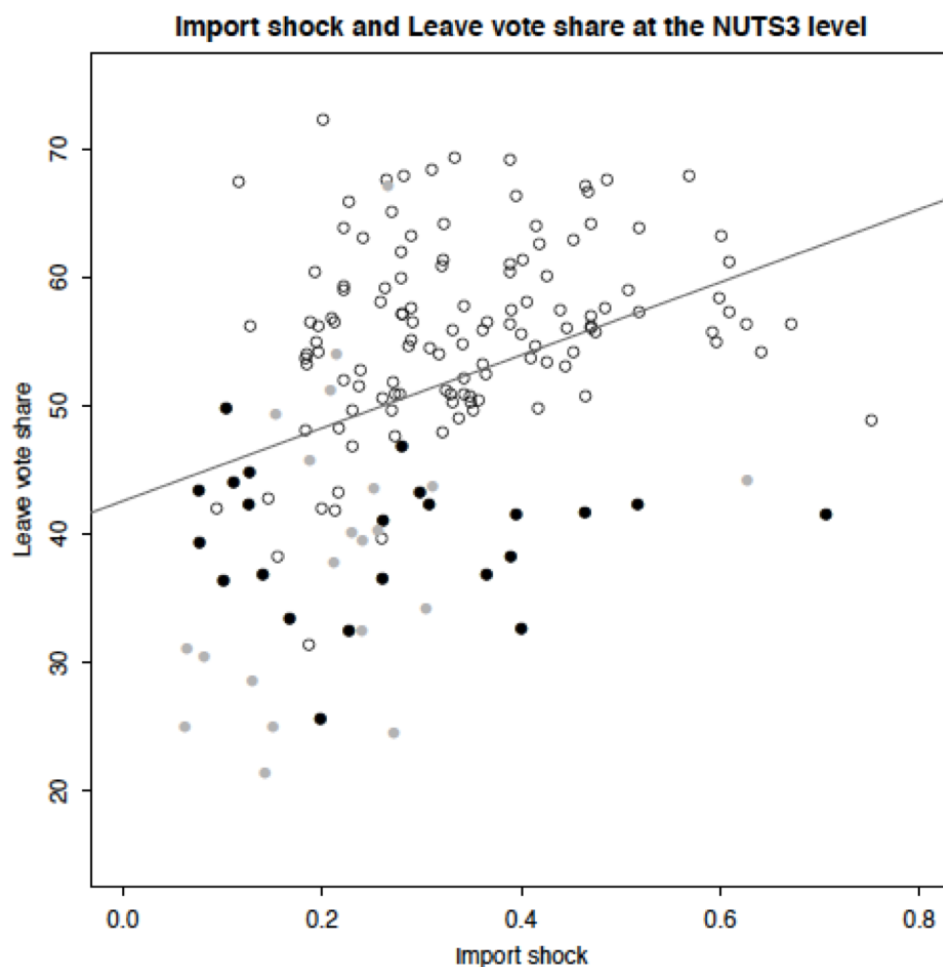
4.1.6 Europe: Country Studies

United Kingdom Manufacturing imports from China as a share in the total UK manufacturing imports rose from about 1% in the late 1980s to 8.6% in 2007, while total manufacturing imports doubled in real terms. Colantone and Stanig (2018a) explore the role of Chinese import penetration in the June 2016 referendum to *Leave* or *Remain* in the European Union. The referendum epitomized populism, reflecting most of its salient features. First, the debate was portrayed as standoff between people and elites; Conservative MP and leader of the Leave camp, Michael Gove argued on TV that “*the people in this country have had enough of experts.*” Second, the Leave campaign was built on nationalism; its major slogan was “*we want our country back.*” Third, the Leave campaign used misleading statements and outright lies (among others, about refugees and immigrants, UK contributions to the EU); it offered simplistic solutions to very complex issues.

Colantone and Stanig (2018a) construct regional trade-shock measures multiplying the increase in Chinese imports in a given industry with employment shares across districts in 1989. The Chinese import penetration was on average 320 euros per worker; but it varied considerably across 167 NUTS-3 regions, from €60 in Camden and the City of London to €750 in Leicester. Then they link the *Leave* vote share—high in the Midlands and Northern England and low in London and the main metropolitan areas—with the penetration of Chinese imports, instrumented with the US analog. One standard deviation increase of the Chinese import shock in the same macro-region (Wales, England, Scotland) yields a two percentage points increase in the share of *Leave* (Figure 8); China shock explains a seventh of the variation in the *Leave* vote.

Becker, Fetzer, and Novy (2017) show that trade with European countries (proxied with

Figure 8: Import shock and 2016 Leave vote share.



Notes: Black dots are NUTS3 regions of Scotland, grey dots are the NUTS3 of London, the hollow dots are the remaining NUTS3 of England and Wales. The grey solid line is least-squares fit on the whole sample. Source: Colantone and Stanig (2018a), Figure 4.

the share of value-added in UK NUTS-2 regions attributed to consumption and investment demand in the EU) is also a robust correlate of the *Leave* vote (see also Springford et al. (2016)).²¹

²¹Trade integration with the EU is the highest in East Yorkshire and Northern Lincolnshire, Cumbria, Leicestershire, Rutland and Northamptonshire (over 14%), manufacturing areas that import and export final and intermediate goods to Europe. EU integration is the lowest in Inner London, North Eastern Scotland, Eastern Scotland and the Highlands and Islands (around 4%).

Germany Dippel et al. (2018) study the political implications of rising exposure to trade across 322 German regions (*landkreise*) over 1987-2009, looking at the role of Eastern European imports that increased following the fall of the Iron Curtain, 1987-98, and of Chinese imports that rose during 1998-2009. For each shock, they construct a shift-share instrument interacting import increases in Germany with pre-shock industrial specialization across districts; to account for Germany-specific conditions, they instrument German industry-level imports and exports with their analogs in Australia, Canada, Japan, Norway, New Zealand, Sweden, Singapore, and the UK. They find, first, that the increases in the *net* exposure to trade are associated with adverse effects on manufacturing wages and employment.²² Second, trade competition increases support for fringe extreme right parties. One standard deviation increase in trade-exposure (1,372 euros per worker) boosts extreme-right parties vote share by 0.12 percentage points. Third, the authors examine the role of the China shock on the vote share of the *Alternative for Germany* (AfD). AfD was established during the European crisis and initially focused on criticizing the bailouts of Greece and Portugal. It quickly moved to the far right. There is a significant relationship between trade competition and voting for AfD that is gaining ground in regions where voters were already moving towards the far right. Fourth, there is a countervailing effect of increased exports, a finding that is consistent with trade theory that has immediate policy implications, as exports can mitigate adverse impacts due to import penetration from low-wage countries. Fifth, the German Socioeconomic Panel data analysis shows that these patterns stem mostly from manufacturing workers with no college education.

Italy Barone and Kreuter (2019) and Caselli, Fracasso, and Traverso (2019) explore the electoral impact of the China shock in Italy. China's rise in the world markets had an especially large impact on the Italian economy which specialized in apparel, textile, leather, furniture — industries increasingly dominated by China. Both papers follow the identification approach of Autor, Dorn, and Hanson (2013). Conducting the analysis of 8,000 Italian municipalities, Barone and Kreuter (2019) find that one-standard-deviation increase in the annual change of imports from China (about 145 dollars per worker in 2000 prices) is associated with a shift in populist vote share by 0.4 percentage points — about a third of its mean

²²Autor et al. (2013, 2014, 2019) focus on gross imports from China in the US and consider net import change only in the sensitivity analysis. However, German imports from low-wage countries and German exports to these countries are more balanced than in the US and are positively correlated across countries (Dauth, Findeisen, and Suedekum 2014).

value and a tenth of its standard deviation. These are the far-right nationalistic parties—rather than the radical left ones—who benefit. Caselli, Fracasso, and Traverso (2019) find similar results across 600 labor market areas. In contrast to Autor et al. (2020), Barone and Kreuter (2019) find that increased trade exposure is associated with lower turnout and a higher share of invalid ballots (though electoral participation is higher in Italy than in the US).

France Malgouyres (2017b) examines the impact of competition from low-wage countries on the vote share of the popularity Front National (FN), whose popularity expanded under the leadership of Marine Le Pen. Malgouyres employs the shift-share identification strategy of Autor, Dorn, and Hanson (2013) and Autor et al. (2020). The analysis spans 3500 districts over 1995-2012. There is a statistically significant but economically small impact of import competition on voting for Front National: one-standard-deviation (1,000 USD per worker) increase in imports leads to an increase in the FN vote share by 0.7 of a standard deviation (*0.4percentagepoint*). This effect increases over time (and the paper does not include the 2017 presidential elections, where Le Pen secured 21.3% in the first round and 33.9% in the second round). Marine Le Pen’s strategy to move *Front National* manifesto away from the free-market towards redistributive and protectionist policies seems to have paid off (Ivaldi and Lanzone 2016).²³

4.2 Technological Progress

4.2.1 The Argument

Technology has transformed labor relations, employment, and wages. Many tasks have become routine and automation has replaced millions of jobs. As the Fourth Industrial Revolution is marching forward, artificial intelligence, Big Data, machine learning, and robotization penetrate every industry. The International Federation of Robotics estimates that in 2009 there were around 6 million industrial robots globally; in 2017, there were 381 million. The 2022 forecast is for 700 million.

Technological progress and innovation are engines of growth. However, as with trade,

²³Marine Le Pen has tried to distance the party from its racist origins. At the end of 2011, National Front withdrew from the far-right Alliance of European National Movements and joined the somewhat more moderate European Alliance for Freedom in the European Parliament.

there are winners and losers. The winners have mostly been high-skilled “knowledge workers”, whose “abstract” jobs complement new technology while the losers have been the low- and middle-skilled workers whose “routine” jobs are easier to automate. Autor (2014), Acemoglu and Autor (2011), and Harrison, McLaren, and McMillan (2011) review the large body of research showing that the rising education premium explains a nonnegligible part of the recent increase in inequality (outside the very top).

The main empirical strategy for identifying the impact of technology on populism is similar to the one employed in the literature on trade. As for the data, most authors rely on the International Federation of Robotics (IFR) that collects the data on industrial robots from the robots’ producers and then reports them by industry-country-year. By definition, these data cannot measure job-displacing technologies that are not related to industrial robots, like software.

Another popular approach relies on the occupation-specific “*routine task intensity*” (RTI). Goos, Manning, and Salomons (2014), Autor and Dorn (2013), and Autor, Dorn, and Hanson (2015) use data on routine, manual, and abstract task inputs for each occupation from the Dictionary of Occupational Titles (DOT). The RTI index is the log routine task input per occupation minus the log manual and abstract task inputs. Compared to the industrial robot data, the RTI index provides a more nuanced view as it helps distinguish jobs with differential vulnerability to automation within the same sector.

4.2.2 Historical Precedents

The political and social implications of automation have been recognized at least since the mid-19th century. Marx and Engels (1848) viewed revolutions in the modes of production and exchange as transforming “*the whole relations of society*,” leading naturally to political change. John Maynard Keynes and Wassily Leontief worried about the political consequences of “*technological unemployment*.” Eichengreen (2018) and Frey, Berger, and Chen (2018) discuss the Luddite movement that violently opposed the spread of machines in textile in England. The Luddites engaged in riots, broke the machines, and burned factories (see Hobsbawm (1952) for an insightful overview).

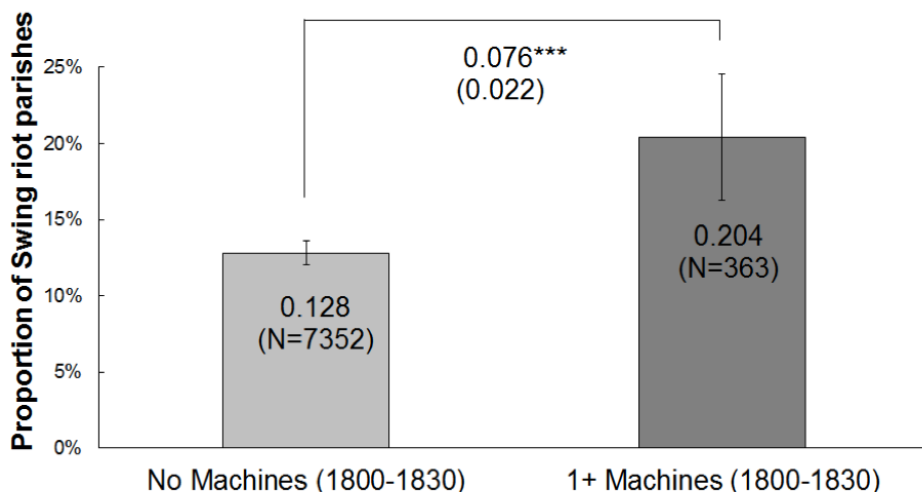
Caprettini and Voth (2020) study another important historical case of violent opposition against automation: the “Captain Swing” riots in 1830s’ England and Wales. They explore show that the introduction of the threshing machines that separated grains from the chaff,

replacing hand-threshing with a flail swung overhead, led to the riots that, in turn, played a major role in the extension of the franchise (Aidt and Franck 2015). Threshing machines increased productivity per worker by a factor of 10. As threshing was rural workers' most important income source during the nonfarming period, the introduction of this labor-saving technology led to deprivation and fueled unrest (Hobsbawm and Rudé 1969). In the second half of 1830, more than 3,000 riots erupted across 45 counties. There is a strong correlation between the presence of a machine and riots (see Figure 9). In order to identify the causal effect of new technology on unrest, the authors use soil suitability for grain as an instrument for the adoption of threshing machines. There were no pre-trends in riots nor significant differences in socioeconomic features between regions with "suitable" and "unsuitable" soil. A new machine translated into 6.5 more riots. This effect is muted in areas proximate to manufacturing hubs, as those provided alternative employment opportunities. On the contrary, in enclosed areas where such opportunities were limited, the correlation between threshing machines and riots was strong. These results are related to the modern debate on the urban-rural differentials in recent rise of support of populism.

4.2.3 Automation and the Recent Rise of Populism

United States Frey, Berger, and Chen (2018) analyze the political impact of vulnerability to automation in the US. Their starting point is the Acemoglu and Restrepo's (2020) mapping of industrial robots' penetration across commuting zones (CZs) in 1993-2007. As shown in Figure 10, there is substantial geographical heterogeneity. The empirical exercise associates changes between the 2012 and the 2016 presidential elections to changes in robot exposure. The authors extract the historical component of industrial specialization using sectorial employment shares in 1980 and use robot penetration in ten European countries to instrument for its US analog. The 2SLS specification (Figure 11) suggests that one standard deviation (5 percentage points) increase in the share of jobs vulnerable to robotization is associated with a 0.2 standard deviation increase in the vote share of Donald Trump. They then conduct a simple counterfactual analysis that predicts the votes for Donald Trump and Hillary Clinton in nine swing states had the impact of the robots been 10%, 75%, or 90% lower. Wisconsin would have moved to Clinton had the impact of robots been just 10% lower than actual; yet for Michigan and Pennsylvania to turn Democrat,

Figure 9: The spread of threshing machines and Swing riots, 1800-1830.



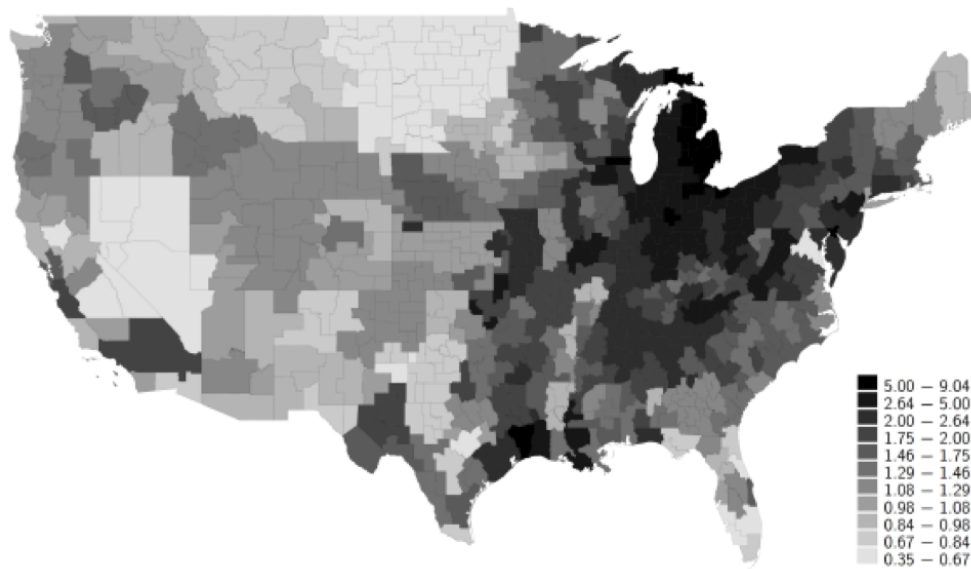
Notes: Proportion of Swing riots by whether a threshing machine was in use in the parish. Source: Caprettini and Voth (2020), Figure 1.

automation's impact had to be 25% of actual.

Petrova, Schubert, Taska, and Yildirim (2020) also find a reduced-form association between commuting zones' automation and voting for Republicans in 2012 and 2016. The correlation remains significant controlling for McCain's vote share in 2008. It is the employment and wages of African Americans and Hispanics—rather than the Whites—that declined the most in automation-affected areas. This result casts some doubt on the prevalent explanation that the impact of automation on Trump vote share was driven by non-college-educated non-Hispanic Whites.

Europe Anelli, Colantone, and Stanig (2019) carry out a similar analysis across 192 subnational NUTS-2 regions in 14 European countries over 1993-2016. They calculate time-varying regional exposure to automation by interacting industrial specialization with changes across 11 industries in the use of robots in each country. One standard deviation increase in regional exposure to automation increases the support for far-right nationalist parties by one percentage point. (The average vote share of these parties was about 6 percentage points.) Far-right parties' gains come at the expense of pro-trade left and

Figure 10: Geographic distribution of exposure to robots 1993-2007.



Notes: The figure presents the increase in number of robots per thousand of workers in 1993-2007. Source: Acemoglu and Restrepo (2020), Figure 4.

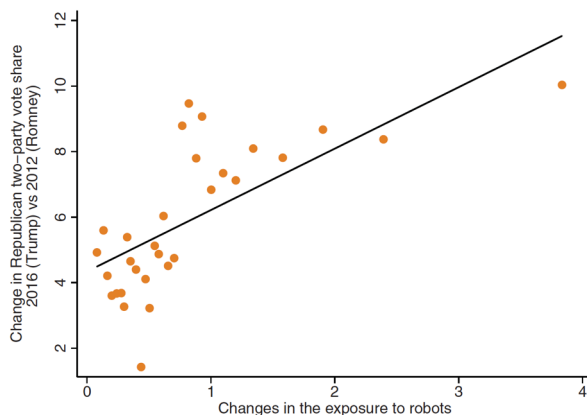
liberal-right parties.

A parallel study by Im et al. (2019) correlates voting and automation, using the European Social Survey (ESS) data (rounds 6, 7, and 8) across 11 European countries. The results are similar. The likelihood of voting for radical right parties is considerably higher for occupations affected by automation. The far-right gains mostly come at the expense of mainstream right-wing parties. The correlation between automation and voting for the far right is especially strong for individuals reporting (very) low income security.²⁴

United Kingdom Gallego, Kurer, and Schöll (2018) examine the impact of digitization on voting. They combine the British Household Panel Study and the Understanding Society Survey with industry investment in Information, Communication, and Technology (ICT) from the EU-KLEMS database. The correlation between ICT investment and wages is sig-

²⁴Besides voting, recent studies examine automation's impact on policy preferences. Thewissen and Rueda (2019) explore the impact of RTI on preferences for redistribution across 17 European countries using ESS data for 2002-2012. The correlation is statistically significant though the magnitude is moderate. One standard deviation increase in RTI raises redistribution preferences by 0.05, roughly comparable to the impact of one standard deviation change in education or in offshoring.

Figure 11: Exposure to robots and the vote for Trump



Notes: nonparametric county-level relationship with 30 equal-sized bins. The straight line: a fitted OLS regression based on the underlying data. Source: Frey, Berger, and Chen (2018), Figure 1.

nificantly positive for college-educated workers but negative for their non-college-educated counterparts. Moreover, in industries with above-average ICT investment, workers with higher education are more likely to vote for incumbents (especially the Tories).

4.3 Summary

There is substantial evidence on the impact of trade and automation on advanced economies' labor markets, that in turn gives rise to dissatisfaction with the *status quo* and to the increased support for populists. The integration of China into the world economy has had a differential impact on *local* labor markets. In particular, communities specializing in labor-intensive manufacturing have lost jobs, as multinationals moved operations offshore and upgraded technology; many smaller producers were forced to shut down. Limited internal migration led to rising unemployment, falling labor force participation, depressed wages of noncollege graduates, and an overall feeling of decline.

Although the “China shock” can explain only about 20% of the recent decline of employment in US manufacturing, it has had major political implications. Voters in the communities exposed to the shock have, on average, moved to the right. The US evidence suggests a shift towards conservative (Republican) candidates, at the expense of free-trade Republicans and Democrats. This electorate's move is especially strong in non-Hispanic

White communities, hinting that economic grievances may interact with deeper cultural and social ones. The evidence on Brexit is similar; Leave votes—and the support of UKIP—have been high in the areas of manufacturing decline, while the rich, cosmopolitan metropolitan areas (that have benefitted from globalization) have been overwhelmingly against the UK leaving the EU. The detailed country-level studies in Germany, France, and Italy, and pan-European analyses of subnational regions also point to a link between exposure to Chinese imports and support for anti-establishment populist parties, especially those on the right. The main losers are moderate, liberal, and pro-trade left (Social Democrat) parties whose electoral power has declined substantially after the crisis. Interestingly, radical left and communist parties have not benefited, although many affected communities have been strongholds of the left.

These findings regularities raise obvious questions: why now? and why nationalist and right-wing populists — rather than their pro-redistribution left-wing counterparts. The studies we discuss in the next two sessions shed some light on these issues.

5 The Role of the Crisis

In this Section, we examine the impact of economic crises on populism. First, we present the argument. Second, we review contemporary and historical studies linking crises to the rise of populism as well as values and attitudes. Third, we discuss studies focusing on austerity policies that often follow major economic downturns.

5.1 The Argument

As we show in the Section 3.2, the recent rise of populism took place during and shortly after the 2008-2009 global financial crisis. Many nonmainstream parties in the European periphery capitalized on the deep recessions, often aggravated by austerity. In Greece, the radical left SYRIZA and the far-right Independent Greeks ran on anti-establishment platforms, demonizing “old” politicians and the European Commission. Golden Dawn, a neo-Nazi party at the fringe of Greece’s political system, received 7% in the 2012 elections. The rise of Podemos in Spain also took place at times of crisis and austerity.

An old argument in political science asserts that voters punish incumbents when the economy is weak (e.g., Kinder and Kiewiet (1981), Lewis-Beck and Stegmaier (2000), and

Lewis-Beck, Nadeau, and Elias (2008)) and that sharp output contractions drive political turnover (Frieden et al. 2017). For example, tabulating cross-country data for 16 Western European countries over the 1970s and the 1980s, Jackman and Volpert (1996) show that economic downturns push voters to support the far-right parties.

The global financial crisis of 2008-2010 was the deepest since the Great Depression across both developed and developing countries.²⁵ In Greece, GDP fell by 25%, and unemployment reached 30%. In Spain, unemployment exceeded 20%, while in the US, it doubled to 10%. Besides the intensity of the crisis, four additional factors may have made an important contributor to the rise of populism. First, as center-right and center-left mainstream parties were in power before the crisis, it was easier for populist leaders to put the blame on the “mainstream” political players. Second, popular resentment of bank bailouts provide populists the opportunity to claim that bankers, connected with old parties, got away with their mistakes (or alleged crimes). Third, in countries that implemented austerity policies after the crisis, the weakening of social safety nets led to a pervasive feeling of unfairness. Fourth, austerity was often part of economic adjustment programs, imposed by supranational institutions (the International Monetary Fund and the European Union). This allowed populists to run on the anti-globalization and anti-EU platform. While mainstream politicians could put the blame for the crisis itself on the faults of the US financial system, austerity policies were a conscious choice of national or supra-national elites — thus naturally resulting in an anti-elite backlash.

5.2 Crisis and Populism: the Evidence

5.2.1 Historical Evidence from 140 Years of Crises

Funke, Schularick, and Trebesch (2016) contrast the political aftermath of major financial crises from ordinary recessions studying 827 general elections across 20 advanced economies over 1870-2014. The before-vs.-after analysis reveals that financial crises are followed by a significant increase in the vote share of far-right parties. In contrast, radical-left parties do not benefit. Far-right parties also gain in the aftermath of ordinary recessions. Moreover,

²⁵In contrast to globalization that has mostly affected the political landscape of advanced economies, the global crisis affected developing countries as well. The evidence we discuss refers to both developed and developing countries. There is more work on developed economies: first, due to data availability and, second, because populism is mostly a feature of democracies that are, on average, more prosperous.

crises are followed by increased political fractionalization, as the number of parties represented in parliament increases considerably. At the same time, strikes, violent riots, street protests, and anti-government demonstrations also rise.

5.2.2 Historical Evidence from the Great Depression

The 2008-2009 global economic crisis has brought about parallels with the Great Depression, in particular because it has contributed to the rise of totalitarianism in the 1930s (e.g., Payne (1996), Berg-Schlosser and Mitchell (2000)).

Global Evidence De Bromhead, Eichengreen, and O'Rourke (2013) examine the impact of the Great Depression on the rise of right-wing and other anti-establishment parties (communist and secessionist) in 1919-1939. Using data from 171 elections in 28 countries, they show that economic performance over the past years (or cumulatively since the crisis onset) is a robust correlate of the electoral success of extreme-right parties. This correlation is strong in new—rather than established—democracies, suggesting that democratic capital may shield countries from extremism (see Persson and Tabellini (2009)).

Germany Voth et al. (2020) study the rise of the Nazi party in Germany, whose vote share increased from 2.6% in 1928 to 43.9% in 1933, as the country lost 40% of its output. They examine the 1931 banking crisis, triggered by the collapse of Danatbank, one of Germany's four universal banks, led by a prominent Jewish banker Jakob Goldschmidt. This crisis contributed to the rise of Nazis by amplifying the impact of the Great Depression and allowing Nazis to blame Jews. The authors merge firm-bank data with city-level incomes to assess how exposure to Danatbank and another failed lender Dresdner affected voting for NSDAP. One standard deviation fall in city income caused by the Danat and Dresdner's collapse leads to a 4.3 percentage point increase in the NSDAP vote share — around 20% of the average increase over 1930-1933. In contrast, one standard deviation income drop, unrelated to the exposure to Danatbank and Dresdner, increased Nazi votes by 1.1 percentage points. The link between the banking crisis and the rise of the Nazi vote is especially strong in cities with a history of anti-Semitism, proxied either by voting for anti-Semitic parties before World War I or by pogroms during Medieval times (see Voigtländer and Voth (2012)). Anti-Semitism related to the Danatbank collapse persisted

after the Nazi's electoral victory: cities more exposed to the bank's failure experienced higher rates of deportations of Jewish citizens to concentration camps and more attacks on synagogues and Jewish property.

China Braggion, Manconi, and Zhu (2020) examine the effects of the 1933 banking crisis in China triggered by the US silver purchase program. As China was at that point on the silver standards, the massive purchases of silver by the US cut Chinese banks' lending capacity. The authors exploit variation in Chinese firms' exposure to Chinese banks with different silver reserves that were differentially impacted by US policies. Firms exposed to banks with lower silver reserves (that cut lending more) experienced a disproportionately large increase in labor unrest and Communist cells' rise. While this study does not connect banking supply shocks to actual voting, it shows that adverse credit conditions fuel unrest and the popularity of anti-regime movements.

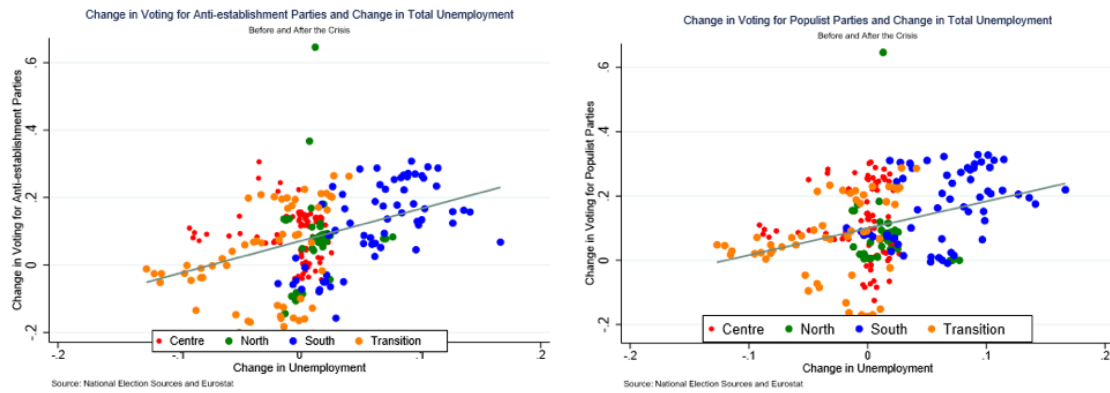
5.2.3 The Recent Crisis in Europe (2009-2013)

Algan et al. (2017) examine the impact of the recent crisis on voting for anti-establishment parties and trust in institutions, exploiting within-region variation across 220 regions in 26 European countries in 2000-2016. The first part of the analysis documents a strong link between increases in unemployment and voting for nonmainstream parties. Figure 12 illustrates these patterns. The magnitudes are substantial: One percentage point increase in unemployment is associated with a one percentage point increase in the populist vote. The correlation is the strongest in the European South, but also present in the East and the Centre. In the South, unemployment goes hand in hand with voting for radical-left parties with a redistributive agenda (e.g., Podemos, SYRIZA). But in the European "core" and in the Eastern Europe, unemployment correlates with far-right party voting, as citizens are turning their backs to communist and far-left parties.

In an "out-of-sample" test, Algan et al. (2017) show that before-vs.-after the crisis changes in regional unemployment—rather than the unemployment *levels*—are strong correlates of Brexit vote (Figure 13).

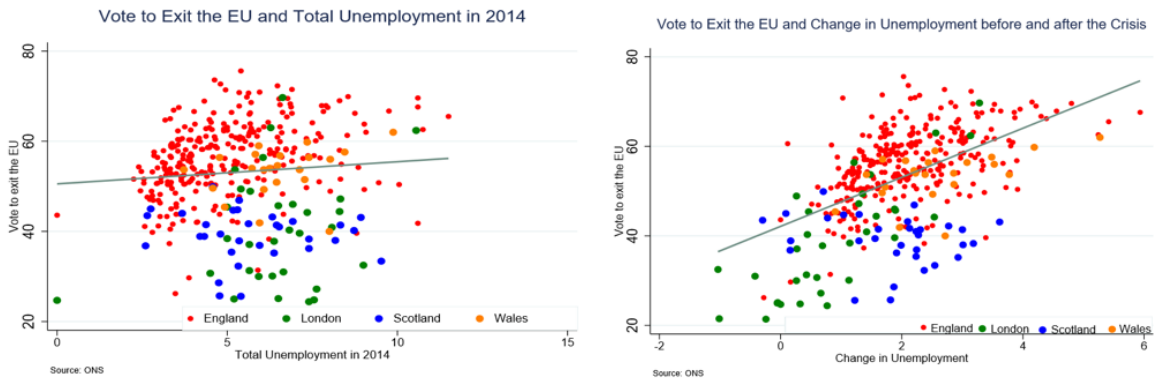
To identify the causal effects, Algan et al. (2017) extract the component of the regional change in unemployment predicted by the pre-crisis share of construction in the regional economy. Construction and real estate played had an important role in the build-up of the

Figure 12: Change in unemployment and change in populist vote share in European regions.



Source: Algan et al. 2017

Figure 13: Change in unemployment and Brexit vote in British electoral districts.



Source: Algan et al. 2017

financial bubble and thus the shock of the crisis. Pre-crisis share of construction in the regional economy correlates positively with the increase in unemployment during the crisis (the first stage) and with the increase in the populist vote (the reduced form). The same applies to the Brexit vote. The construction-unemployment-voting nexus does not seem to reflect other time-varying regional variables, such as immigration, corruption, or education. The second-stage instrumental variable estimated confirm that the impact of the increase in the regional change in unemployment on the populist vote is causal.

Algan et al. (2017) also analyze ESS data on Europeans' beliefs and attitudes. Increases in regional unemployment map into significant declines in confidence in the national and European political institutions. Unemployment does not correlate with distrust in the police or the United Nations. There is negative impact on generalized social trust (trust in other people) but the effect is small in magnitude and often statistically insignificant. The changes in regional unemployment do not correlate with respondents' self-identification on the traditional left-right axis. Despite the emergence of new political parties, respondents in the crisis-hit regions are more likely to report that *no* party is close to them.

The authors also examine the impact of unemployment on beliefs regarding European integration. On average, changes in unemployment correlate neither with changes in the view that the EU has gone too far nor with attitudes that the EU unification should proceed. But this average nonresult masks an important heterogeneity emerges. In the South, increases in unemployment map with aspirations for deeper integration. In the North and in the Center, respondents in crisis-hit regions believe that the European project has gone too far.

Lechler (2019) also connects regional employment shocks to anti-EU sentiment, using both voting data and survey data from Eurobarometer on 260 European NUTS-2 regions over the past two decades. For causality, she uses a "Bartik"-style instrument for the change in regional employment rates. Her results are similar in term of both signs and magnitudes.

Dustmann et al. (2017) use ESS data to document a robust negative relationship between populist voting and trust towards national and European parliaments. They also show that regional GDP and unemployment are significant correlates of political trust. One percentage point increase in local unemployment explains 4.2 percentage point fall in trust in the European Parliament and 22.8 percentage point decline in trust in national parlia-

ments. Conversely, a 1% decrease in GDP per capita explains 3.2% of the decline in trust in the European Parliament and 20.1% of the reduction of trust in national parliaments. Second, adverse economic conditions correlate with a higher vote share of parties with an anti-EU agenda.

Guiso et al. (2020) also use ESS data to study the drivers of populism across Europe. First, they show that economic insecurity, proxied by individual responses on employment status, income difficulties, and exposure to globalization, is a significant predictor of populist vote. Second, pan-European (ESS) and Italian individual-level panel data show that economic stress also impacts views on immigration, political trust, and nativist beliefs. Third, they show that economic insecurity leads to a sizable decrease in turnout among traditional mainstream parties' voters. The turnout channel is quantitatively large, explaining more than a third of the change in the intentions to vote for populist parties.

The ESS-based results above are consistent with the studies using Eurobarometer data. Guiso et al. (2019) present cross-country correlations between economic insecurity, political distrust (dissatisfaction with democracy, nationalism, Euroscepticism), and populist voting are much stronger across Eurozone member countries as compared to other EU nations. The authors argue that this heterogeneity reflects two mechanisms. First, the “policy straitjacket” effect stresses the much-constrained policy space of eurozone countries on fiscal and monetary policy. Second, the “relocation” effect related to firms' response to competitiveness pressure from abroad (related to trade globalization) is more pronounced for eurozone regions. Foster and Frieden (2017) also use Eurobarometer and show that the relationship between economic stress and political distrust is especially strong in highly indebted countries.

5.2.4 The Recent Economic Crisis: Country Studies

Sweden Dehdari (2020) studies the role of economic insecurity and unemployment on the rise of the far-right Sweden Democrats party using granular data of layoff notices spanning 5,668 electoral precincts. He uses a Bartik-style instrument using an interaction between the sectorial composition of local economy and nationwide industry-specific layoff trends. He then constructs predicted layoffs for each precinct looking separately across high-skilled (those with college education) and low-skilled workers, further distinguishing between natives and foreign-born. Yearly layoffs are below 25,000 in 2005-2006; they

increase to 40,000 in 2008. In 2009, they reach 100,000, including 70,000 layoffs of low-skilled workers. Unemployment notices among native low-skilled workers predicts right-wing populist vote. The magnitudes are large: for each two laid-off low-skilled natives, Sweden Democrats gain an additional vote. These estimates imply that layoffs of low-skilled natives explain roughly a third of total increase in voting for Sweden Democrats. Layoffs among foreign-born low-skilled workers are unrelated to far-right voting, most likely because Sweden Democrats' anti-immigration ideology keeps them away. Layoffs among high-skilled workers, especially foreign-born, is negatively related to Sweden Democrats' vote share. The effect driven by the layoffs of low-skilled natives dominates: in the net terms, it explains about 20% of the total increase in the far-right voting. The relationship between unemployment notices among low-skilled natives and far-right voting is especially strong in areas with many low-skilled immigrants, suggesting that the impact of economic distress may interact with that of immigration.

Netherlands Gidron and Mijs (2019) study the impact of the crisis on political preferences in the Netherlands, using micro-data from the Longitudinal Internet Studies for the Social Sciences that traced 5,000 Dutch households over 2007-2015. Including individual fixed effects allows examining whether changes in income/employment relate to changes in political preferences. The loss of income raises sympathy for the radical Socialist party and support for redistribution; however, the magnitudes are small and the correlations are significant only among middle-income citizens. Income loss also increases the support for Geert Wilders' far-right party, but this correlation is present only among low-income individuals.

United States Besides a stark increase in unemployment, the crisis has also resulted in loss of access to credit. Antoniadou and Calomiris (2020) study the impact of the crisis-driven credit supply shocks on the 2008 US Presidential election that took place during a massive contraction of private credit (including mortgage). The Republican candidate John McCain performed worse in counties with sizable mortgage contractions. This correlation is stronger in nine swing states though the estimates suggest that Barack Obama would have won almost all of them even in the absence of mortgage contraction (with the exception is North Carolina where Obama's winning margin was only 0.3%, or 15,000 votes). In the 2012 presidential election, Obama, now being the incumbent, lost in counties with high

mortgage delinquencies. When the authors look at the boom phase of the housing market and mortgage origination (1996-2004), they do not detect any association between credit supply and voting. Voters punish incumbents in crisis times, but do not reward them in good times.

Van Straelen (2018) explores the link between crisis-induced swings in housing wealth—US households' largest asset—and political donations of around 1 million Americans. He compares households within the same zip code subject to differential housing price shocks and finds that in 2000-2014 one standard deviation yearly decrease in house prices is associated with a 22% increase in polarization of donations; the effect is even strong in the crisis years (30%).

Garro (Accepted) links the state-level business cycle to polarization in state legislative chambers, measured as the differences between the median ideological scores of the Democrat and the Republican representatives. Garro instruments the state output growth with the world oil prices interacted with the state's oil production. The within-state specifications suggest that downturns are associated with increased political polarization, a pattern driven by first-time Republican candidates; the latter are more likely to be conservative if elected in periods of economic hardship. Furthermore, in these periods, contributions from individuals favoring more extreme candidates also rise.

Hungary The role of household debt in the rise of polarization and populism is not limited to the US. Gyöngyösi and Verner (2020) connect crisis-driven increase in household debt to the rise of populism in Hungary. Household debt soared from less than 3% of GDP in 2000 to 30% in mid-2008; two-thirds of household debt was denominated in Swiss francs. Thus, when the forint lost a quarter of its value during the crisis, the political impact was substantial. The vote share of the far-right Jobbik (Movement for a Better Hungary) rose from 2.2% in 2006 to 16.7% in the 2010 Parliamentary Elections. Gyöngyösi and Verner (2020) calculate foreign currency household loans across zip codes in September 2008 and show that Jobbik's vote share increased considerably in high-exposure areas. The shock persisted with Jobbik's popularity continuing to surge in devaluation-hit communities. Jobbik's gains came at the expense of the center-left party that ruled Hungary during 2002-2010. Foreign currency debt exposure accounted for around 20 percent of the overall rise in the far-right vote share. Viktor Orban, a leader of the originally moderate right-wing FIDESZ party, moved the party to the far right and won the 2010 elections on

a populist agenda.

Poland Ahlquist, Copelovitch, and Walter (2020) look at Poland, where the Law and Justice Party (PiS) has challenged country's relationship with the European Union and attacked core democratic institutions. PiS secured a narrow parliamentary majority in the October 2015 elections, getting 235 out of 460 seats with a 38% vote share. A major campaign issue was the treatment of approximately 575,000 households, which had Swiss-franc denominated mortgages; in total, the stock of these mortgages was about 8% of GDP. These households suffered significant losses after the unexpected decision of the Swiss National Bank in January 2015 to let the franc appreciate. As trade and financial links between Poland and Switzerland are tiny, the authors isolate a clean exogenous shock, unrelated to the Polish government's policies. During the campaign, parties took different views on the issue. Both left-wing Democratic Left Alliance and right-wing PiS advocated generous bailouts. The nationalist PiS emphasized the fact that the creditors were subsidiaries of international banks. The ruling center-right Civic Platform party offered a middle-ground adjustment with borrowers and banks sharing costs equally. A liberal Nowoczesna (Modern) party did not see any need for government intervention. Ahlquist, Copelovitch, and Walter (2020) run surveys and experiments just before the elections. Polish voters with foreign-currency denominated loans favored generous bailout policies and were more likely to vote for PiS; this was not the case for the respondents without Swiss-franc denominated loans.

Brazil Barros and Santos Silva (2019) examine the impact of Brazil's deep recession in 2014-2018 on the success of a right-wing populist Jair Bolsonaro who won the 2018 presidential election. On average, the association between regional employment shocks and voting for Bolsonaro is weak and statistically indistinguishable from zero. This nonresult, however, masks substantial heterogeneity. Bolsonaro gained considerably in regions where the downturn hit male jobs (due to regional industrial specialization). In contrast, in areas where the crisis hit mostly women's employment, Bolsonaro lost. These findings may be interpreted as evidence of the interaction between economic shocks and cultural factors. During the campaign Bolsonaro made a number of misogynistic, homophobic and racist comments. Not surprisingly, while he obtained 54% of male votes, he got only 41% of female votes in the runoff. There was no evidence of a gender gap in Brazil's earlier elections.

5.3 Austerity

In many countries, the recent crisis was accompanied by fiscal austerity. While some countries, most notably the United States and China, implemented large fiscal expansion programs in 2008-2010, the repricing of global risk, the cost of bank bailouts, and high debt made it impossible for many countries to increase government spending and mitigate the shock of the crisis. In sharp contrast to Keynesian prescriptions, many countries drastically cut down public spending and raised taxes. Austerity was especially painful in the European periphery. The EU and IMF bailouts for Ireland, Portugal, Greece, and Cyprus came with strict conditionality of fiscal tightening. The debate on the macroeconomic consequences of such abrupt and large fiscal consolidations continues (e.g. see Alesina, Favero, and Giavazzi (2018)).

Post-crisis austerity may contribute to the rise of populism for several reasons. populism. First, deprived households may radicalize, expressing dissatisfaction with the political system. Unlike the shock of the global crisis per se which may be exogenous and not the responsibility of the national elites, the response to the crisis—including austerity—is carried out by the elites. The populists therefore can blame the elites for the social cost of austerity. Resentment may be especially strong when the welfare state buffers are weak and when fiscal cuts target social safety nets.²⁶ Second, as in many countries austerity was part of economic adjustment programs imposed by international organizations (EU or IMF), it was easier for nationalists to blame global elites and their local collaborators.

5.3.1 Historical Evidence

Distinguishing the impact of austerity from that of the crisis is challenging.²⁷ Nevertheless, a couple of innovative recent papers isolate the effects of idiosyncratic aspects of austerity.

²⁶Kaplanoglou, Rapanos, and Bardakas (2015) show the correlation between the success of fiscal consolidations and various proxies of the fairness welfare state systems in the OECD countries in 1971-2009.

²⁷The descriptive literature on the political implications of austerity does not provide a clear picture. Tabulating data from 19 OECD countries over 1971 – 2008, Alesina, Carloni, and Lecce (2013) find no evidence that governments implemented large fiscal consolidation plans are voted out of office. Similarly, Arias and Stasavage (2019) fail to detect a systematic within-country correlation between expenditure cuts and leader turnover across 32 countries over the 1870-2011 period. Ponticelli and Voth (2020) examine the within-country correlation between fiscal policy shocks and political instability (riots, demonstrations, general strikes, assassinations, and attempted revolutions) across 24 European countries in 1919-2008. Small to moderate public expenditure cuts (less than 3% of GDP) do not correlate with any aspect of instability. However, cuts over 3% and especially 5% triple, on average, political instability (mostly riots and demonstrations). Tax hikes do not correlate significantly with political unrest.

Galofré-Vilà et al. (2020) examine austerity's contribution to the rise of Nazi party in Germany. In 1930-1932, Chancellor Henrich Brüning's centrist government implemented a drastic fiscal consolidation program. The program included higher tax rates and major spending cuts across all main budget categories. The authors associate the results of the 1930, 1932, and 1933 elections with the impact of austerity across cities and districts. In order to identify the causal effect of austerity, Galofré-Vilà et al. use the local-level variation in pre-austerity shares of spending in various categories combined with the nationally imposed spending cuts, conditioning on unemployment, wages, and output. They find that one standard deviation increase in austerity causes a 2-5 percentage point increase in Nazi vote share. The most important determinants of the increase in Nazi vote share were the cuts in housing and health. The austerity's contribution to the rise of Nazis was comparable to that of unemployment.

Similarly, Voigtländer and Voth (2019) show that the construction of Autobahn network undertaken by Hitler once he was in office further raised the popularity of the Nazi party — exactly because this project reversed austerity and restored national pride.

5.3.2 Contemporary Evidence

United Kingdom Fetzner (2019) studies the impact of welfare state cuts in 2012-2015 on the rise of UKIP, UK's far-right anti-EU party that accelerated after 2010. During this period, UK was not in a recession, its GDP per capita was growing at 1.5%-2.5% per year. The May 2010 parliamentary elections brought to power a coalition between the Conservatives and the Liberal Democrats led by Conservative Prime Minister David Cameron. The government implemented a series of austerity measures. There were large budget cuts in education and welfare protection and a freeze on public healthcare spending. As pension spending was unaffected, austerity differentially affected working age citizens and retirees. Total government spending on unemployment, housing, disability-related benefits, and social allowances fell by around 15% in real terms. Some districts experienced cuts over 40%. The poorest areas, where citizens rely the most on social welfare, were hit especially hard. Drawing on earlier work by Beatty and Fothergill (2013), Fetzner (2019) shows that the Welfare Reform Act of 2012 cost, on average, GBP 440 for every working-age citizen, ranging from £177 in the City of London to £914 in Blackpool. For every £1 reduction in spending, local income fell by around £2.5, suggesting that the cuts did not

bring much to the government coffers.²⁸

Fetzer (2019) runs district-level difference-in-difference specifications linking UKIP vote share to austerity. He finds that austerity increased UKIP vote share by 3.5-11.9 percentage points. Given the close link between voting for UKIP and voting for Brexit, back-of-the-envelope calculations suggest that Leave support in the 2016 referendum would have been 6-8 percentage points lower. As the UKIP vote, if anything, understates the support for Leave, the results suggest that without the austerity the outcome of the referendum would have been for the UK to Remain in the EU. While one should interpret these extrapolations with caution, the magnitudes are sizable and the implications are profound. Fetzer (2019) also analyzes individual-level data on 40,000 households from the Understanding Society Study. He finds that Britons exposed to the welfare cuts moved to UKIP shortly after the implementation of austerity; subsequently, these households voted for *Leave*. Moreover, they were more likely to report that they “*do not have a say in government policy*,” that their “*vote is unlikely to make a difference*,” and that “*public officials do not care*.”

Fetzer, Sen, and Souza (2019) quantify the political impact of another austerity measure of Cameron’s government: the reduction of housing allowances for low-income renting families. This policy impacted about 1 million households (3.5% of all households and around 22% of renting households); the cuts amounted to around 470 GBP per year per household. Exploiting quasi-exogenous variation in the cut, Fetzer, Sen, and Souza (2019) find that the policy resulted in higher individual insolvencies, increased evictions, and higher homelessness. The savings were limited, as the policy doubled the costs of council housing (that assists the homeless). The policy had important electoral implications. In the affected communities, there was a considerable decline in electoral registration and turnout in elections (and the Brexit referendum). One standard deviation higher district-level exposure to the cut is associated with a two percentage points higher support for *Leave*. The lower turnout played an important role: polls suggest that among those who did not vote, support for *Remain* outnumbered support for *Leave* by 2 : 1.

Sweden Dal Bó et al. (2019) examine the impact of austerity on the rise of the far right in Sweden. In 2006, the newly-elected center-right government implemented a flagship “*make work pay*” program. There were severe cuts in spending sick leaves, disability insur-

²⁸See Chodorow-Reich (2019) for an overview of local multiplier studies that across many settings yield multipliers around 2.

ance, and unemployment benefits. The new legislation made it harder to claim allowances; 235,000 workers had to leave unemployment insurance (around 8% of all covered). The reform included tax cuts on labor income; these cuts were implemented over five years and brought a person at Sweden's median income about 10% of disposable income. The authors distinguish between three sets of workers (*i*) "secure insiders," who benefited from the tax cuts and were shielded from the most adverse effects of the crisis, (*ii*) "outsiders" with unstable or no jobs that were hit the hardest by the weakening of the welfare state, (*iii*) "vulnerable insiders," workers who had a job but were employed in sectors subject to intense competition from low-wage producing countries and automation.

The authors then examine the implications of the reform and macroeconomic shocks for the support for the far-right parties. Controlling for municipality fixed effect, they find a significant correlation between the welfare cuts and voting for Sweden Democrats, whose vote share rose from less than 2.9% in 2006 to 12.9% in 2014 (and 17.5% in 2018).

The correlation between austerity and the rise of the far right is significant even controlling for the direct impact of the crisis. One standard deviation higher share of vulnerable insiders led to 2.5 percentage point higher vote share for the Sweden Democrats. Moreover, one standard deviation increase in the income gap between insiders and outsiders was associated with one percentage point higher vote share for the far right. Why did not voters return to the mainstream left party, which had ruled Sweden for most of the past decades and favored an active welfare state? The authors address this question using a unique dataset that covers all local politicians and provides information on their income, occupation and family background. They show that the politicians from the parties (both on the left and right) are much more likely to be secure insiders, while Sweden Democrat politicians are more likely to be "outsiders" and "vulnerable insiders." The latter are especially likely to represent Sweden Democrats in austerity-hit districts, suggesting that the populist party strategy chooses its candidates for local elections.

5.3.3 Redistribution

The importance of austerity for the rise of populism implies the need for empirical work assessing the role of redistributive policies in countering populism.²⁹ A recent paper by

²⁹On the impact of redistribution on the re-election of incumbents, see, among others, Zucco (2013), Manacorda, Miguel, and Vigorito (2011), and Bechtel and Hainmueller (2011). These studies show nontrivial electoral gains that are however short-lived.

Caprettini, Casaburi, and Venturini (2019) examines the electoral impact of a flagship redistributive policy of Italy’s Christian Democratic party after WWII. The policy aimed at slowing down the rise of communism by redistributing land in specific areas. Employing a panel spatial regression discontinuity design, the authors compare voting dynamics just inside and outside the policy’s boundaries. The vote share of the Christian Democrats rose sharply and immediately in towns experiencing redistribution. The effects were substantial. In the first post-reform elections the Christian Democrats gained four percentage points (the mean in the nontreated areas was 35%). These gains were mirrored by the losses of the Communist party. The gains persisted for forty years. The authors show that people in treated areas have a vivid recollection of the reform many years later. Moreover, there is evidence that Christian Democrats continued investing in these areas once the benefits started to wane. There is not much evidence of differences in beliefs and norms. While we need more case studies, these results hint that the broad redistribution policies that many European countries implemented after the World War II have contributed to the consolidation of democracy and protection from radicalism.

Albanese, Barone, and De Blasio (2019) study a more recent episode of redistribution. They examine the impact of the EU transfers to Italian municipalities in 2007-2013. Using regression discontinuity design, they show that eligibility for the EU transfers reduces the populist vote in the 2013 election by about three percentage points.

5.4 Summary

Adverse economic shocks, like the Great Recession of 2008-2009 and the subsequent 2010-2012 crisis in the European periphery, provided fertile ground for populist leaders. The evidence on the political implications of these crises is in line with the takeaways from research on the Great Depression — the interest to which has naturally increased in recent years. However, some important questions remain open. First, most studies are “reduced-form” and do not pin down the exact channels driving the relationship between crisis and populism. But the few studies that do, point to the importance of the impact of the crisis on attitudes and beliefs, especially on trust in political institutions. Second, it is not clear why nationalist, far-right parties gain the most, while redistribution-oriented radical-left parties are less successful. This pattern implies the need to study the noneconomic forces; we discuss this research in the next section. Third, there are a handful of studies on

the role of redistribution and social safety nets in protecting societies from populist leaders. As the world is preparing for the post-COVID-19 era, it is important to assess the impact of the size and structure of the welfare state on social cohesion and populism.

6 Identity, Status, and Culture

Cross-border trade, automation, crisis and austerity may not fully explain the rise of populism (Margalit 2019). In recent years, the populist narrative is evidently related to cultural aspects such as identity, political distrust, and nationalism. In this section, we discuss the noneconomic explanations of populism. First, we describe the main arguments related to the cultural backlash, social capital and other noneconomic factors. Second, we review the empirical evidence. Third, we discuss theoretical research on the role of cultural factors and on the interaction between cultural and economic factors.

6.1 The Argument

People care deeply about nonmonetary factors, such as identify, fairness, morality, equality, and status (see Alesina and Angeletos (2005), Bénabou and Tirole (2006), Di Tella and MacCulloch (2009), Guriev (2018), and Enke (2019), among many others). The rise of populism may be driven by perceptions that elites neglect these important issues.

Cultural Backlash Norris and Inglehart (2019) argue that the rise of populism reflects the rejection of “progressive” values, preferences, and beliefs that the “liberal elites” promoted during the past decades’ “*Silent Revolution*.”³⁰ The empowerment of women, support for underprivileged ethnic, racial, and religious groups, the protection of minorities, and cultural globalization have transformed societies. This however made the formerly “dominant” groups (e.g., white men) feel endangered, isolated, and fear that their identity is under attack. It may not be, therefore, surprising that people with traditional values support populists, who promise to fight the expansion of liberal values and political correctness (see Fukuyama (2018) and Noury and Roland (2020)).

³⁰Inglehart (1971) introduced the concept of Silent Revolution, arguing that the post-WWII economic growth would bring an intergenerational shift towards post-materialist values.

Ideology Mukand and Rodrik (2018) highlight the role of ideas in political economy. They distinguish two broad sets of political ideas: the “worldview politics” and “identity politics.” The worldview politics tries to shape the voters’ views on the links between policies and outcomes. Identity politics focuses on changing the voters’ perceptions on who they are. By discussing pride and victimhood, identity politicians influence the voters’ choice of their group identity. In their framework, these two kinds of ideational politics reinforce each other which helps explaining why low-income voters may support a right-wing politicians advocating lower redistribution.

Religion The far-right, nationalist vintage of contemporary populism is often linked to religion. PiS and FIDESZ claim that their main goal is to protect Christian values. Donald Trump has tweeted “*we want God*” and gets photographed in churches holding the Holy Bible. The effort of (populist) politicians to appeal to religion is not new. The Populists of the US People’s Party placed religion at the core of their agenda. Besides being fierce churchgoers, populists drew on Methodist networks, had a strong anti-Catholic ideology, and argued that their movement was a “*cooperative crusade*.” Marzouki, McDonnell, and Roy (2016) and Dehanas and Shterin (2019) provide a collection of case studies on right-wing populist parties seeking to mobilize religion.

We can distinguish various channels linking religion and populism. First, populists use religion to shape group identity. Religion markers are appealing to the populists’ separation of the society into moral people and corrupt elites, “we, the pure and righteous and them, the impure and undeserving.” This grouping relates to Brubacker’s *Christianism* idea, which relates Christianity to belonging rather than believing. In addition, Oliver and Wood (2014) show that the support of ideological conspiracy theories, which is especially strong for very conservative voters, is strongly correlated with an attraction to Manichean narratives. Second, there is an analogy between some religions’ worldview and the populist leader’s messianic self-image — related to modern populism’s anti-pluralism. Third, religiosity may be correlated with anti-science views supported by many populists. Bénabou, Ticchi, and Vindigni (2015, 2020) document the relationship between religious views and church attendance, on one hand, and sceptical attitudes towards science, technology and innovation, on the other.

Moral Values Sandel (2005) and other political philosophers emphasize morality, arguing that successful politicians embrace values that voters care about, like loyalty. As we discuss below, Enke (2020) provides compelling evidence that the rise of populism is related to the gradual shift of Americans’ moral values from universalist towards the communal ones.

Status Loss In her influential analysis of the 2016 US Presidential election, Mutz (2018) argues that Trump supporters were not driven by “pocketbook” concerns but by the threat to their status within the society — and to the US global dominance. Trump was successfully conveying the message of re-establishing past status hierarchies. This argument sounds plausible, as the recent spread of populism wave goes hand in hand with the rise of traditional values and nationalism rather than promises of large-scale redistribution.

Social Capital A somewhat distinct cultural explanation focuses on the role of social capital, civicness and trust. Algan et al. (2018), Boeri et al. (2018), and Giuliano and Wacziarg (2020), argue that social capital helps coping with economic shocks; thus it may slow down the spread of populist views.³¹ Social connectedness has declined in recent decades. As Putnam (2000) puts it, Americans have increasingly been “*Bowling Alone*,” and the importance of loneliness for supporting the politics of intolerance dates back at least to Hannah Arendt. Deteriorating social capital and alienation make the “left-behind” stressed, isolated, and more likely to blame the “elites.”

6.2 Empirical Evidence

6.2.1 Identity and Cultural Backlash

It is challenging to identify the causal impact of culture on the recent rise of populism. Almost by definition, cultural factors are persistent over time. It is, therefore, unclear why they suddenly rose to prominence in recent years. Proponents of cultural explanations of the recent rise of populism put forward two alternative theories: “culture *plus* economics” and “culture *times* economics” (Gidron and Hall (2017) refer to them as “additive” and “interactive”).

³¹Algan and Cahuc (2014), Guiso, Sapienza, and Zingales (2011), and Durlauf and Fafchamps (2005), provide detailed surveys of research on social/civic capital. Fernández (2011) and Alesina and Giuliano (2015) review the literature on culture and economic performance and culture and institutions, respectively.

The “*culture plus economics*” view suggests that slow-moving cultural features enabled the gradual rise of anti-liberal values, political distrust, and nationalism, empowering populism. Economic insecurity related to automation, cross-border trade, and the crisis added a relatively minor contribution. Margalit (2019) argues that economic explanations have “*outcome significance*” but not “*explanatory significance*,” while the opposite holds for cultural aspects. He argues that economic reasons account for a few percentage points increase of the vote share of UKIP (and Brexit) or Trump. At the margin, these economics-driven additional votes may be decisive. For example, empirical studies suggest that trade globalization, the crisis, and austerity have shaped the Brexit referendum outcome. However, even if the economic factors explain jointly ten percentage points (a generous assessment), deeper cultural—and perhaps historical—factors must explain the remaining 42 percentage points of *Leave’s* 52% vote share.³² Likewise, economic factors explain a relatively small portion of populism-related individual attitudes and beliefs (Gidron and Hall 2017). Norris and Inglehart (2019) document correlations consistent with the “culture plus economics” view. In pooled regressions using ESS, both economic and cultural factors correlate with populist voting and attitudes. Although cultural proxies have a higher explanatory power, repeated cross-sectional tabulations do not allow for a causal interpretation.

The “*culture times economics*” view asserts that recent economic shocks *triggered* dissatisfaction with the *status quo* leading to (re-)emergence of identity politics alongside pre-existing cultural fault lines. Economic and cultural factors reinforce each other. Providing descriptive evidence, Inglehart and Norris (2017) argue that economic considerations are instrumental in the timing of the cultural backlash. Elites benefitted disproportionately in the past decades, while median wages stagnated. Rising inequality activated the backlash against the Silent Revolution, leading to a “*Silent Revolution in Reverse*.”

Cerrato, Ferrara, and Ruggieri (2018) analysis of the US presidential elections in 2008, 2012, and 2016 supports the “*culture times economics*” view. The “China shock” triggers an anti-immigration and anti-minorities backlash, which bolsters support for conservative anti-trade Republicans (as Che et al. (2016) document for the post-2010 period). Commuting zones with higher import penetration express more negative attitudes to Asians, Hispanics,

³²There is an important counter-argument to Margalit’s (2019) logic. He ascribes all time-persistent variation to cultural factors, although part of persistent variation may be due to (slow-changing) economic factors. In most empirical analyses of the economic drivers of populism, (regional) fixed effects absorb slow-moving economic factors.

and Muslims (but not African Americans). The economic shock triggers identity issues boosting populism. Textual analysis of candidate speeches reveals that Trump was the only Republican candidate that was more protectionist than his democratic opponent; Trump was also the most anti-immigration candidate among all his Republican predecessors. Autor et al. (2020) also provide some support to the economics times culture view; the China shock boosts Trump and conservative Republicans' support *only* in commuting zones with (non-Hispanic) white majorities. Colantone and Stanig (2018c) produce similar evidence for Europe. Respondents in regions adversely impacted by Chinese imports are less supportive of democratic institutions and less likely to hold liberal values; in these regions, respondents favor strong leaders and express concerns about immigrants' cultural impact.

The extreme version of the “*culture times economics*” view implies that cultural factors fuel support for populism only if activated by economic shocks. This is not always the case: populists sometimes manage to take advantage of pre-existing cultural divides even without any economic dislocations. The story of the Austrian Freedom Party (FPÖ) is illustrative (Ochsner and Roesel 2019). Before its leadership change in 2005, FPÖ neither used anti-Turkish nor anti-Muslim rhetoric. Heinz-Christian Strache, the new FPÖ leader, brought the Ottoman sieges of Vienna in 1529 and 1683 to public memory. Before 2005, there were no significant differences in anti-Muslim sentiment in Austrian municipalities that were pillaged during the sieges vs. the nonpillaged ones. By 2008, 32% of respondents in pillaged municipalities said they don't want to have a Muslim neighbor — with only 20% in nonpillaged municipalities. The resulting increase in FPÖ's vote share was not dramatic — 1-2 percentage points (in the 2008 general election, FPÖ received 18%), partly because the center-right party, ÖVP, adopted the anti-immigration rhetoric and managed to expropriate the “Vienna Siege” gain from the FPÖ. In the 2017 election, ÖVP did better—by one percentage point—in pillaged villages (at the expense of FPÖ).

Similarly, Cantoni, Hagemeister, and Westcott (2019) document a significant correlation between AfD vote share in the 2017 elections and the vote share of the Nazis in the 1933 elections. The correlation is statistically indistinguishable from zero in the 2013 elections, when the party had not yet moved to the far right. There is no evidence that the history of antisemitism interacts with unemployment or trade shocks.

6.2.2 Moral Values

In important work that is not limited to the study of populism, Enke (2020) examines the demand for and supply of moral values in recent US presidential elections. Building on insights from psychology (namely, the Moral Foundations Theory), he develops a scalar measure of relative importance of “universalist” vs. “communal” values and then uses this measure to evaluate the moral values of both voters and politicians (based on the text analysis of their speeches). Universalist values, like justice, individual rights, impartial fairness, and avoidance of externality have the key characteristic that they apply irrespective of the context or identity of the people involved. Communal or particularist moral values, like loyalty, betrayal, respect, and tradition, are tied to certain relationships or groups.

The textual analysis of the speeches’ in the US Congress between WWII and 2016 demonstrates the divergence of the two parties’ moral appeal since the 1960s, with Democrats increasingly stressing universalist moral concepts. The textual analysis of 2016 presidential candidates’ speeches shows that Trump’s moral language is the most communal of all candidates, including his rivals in the Republican primaries. Enke further shows that the 2016 difference in moral language between the Republican and the Democratic candidates (Trump and Clinton) is striking compared to earlier presidential elections. Enke also uses a self-implemented nationally represented survey of 4,000 voters to analyze the association between individual morality and voting. Respondent’s relative importance of universalist versus communal values correlates negatively with: (i) voting for Trump, rather than Clinton, in the presidential election; (ii) the difference in the propensity to vote for Trump as compared to Romney and McCain; and (iii) voting for Trump in the Republican primaries. These correlations remain significant when Enke controls for a rich set of individual characteristics and county fixed effects. Similar patterns apply across counties. Moral values explain a larger fraction of voting variation than socioeconomic factors such as income, crime, redistribution preferences, and religiosity. Fourth, Republicans fare better in counties that have become more communal in 2008-2016. (During this period, Americans have become more communal on average, especially in rural areas.)

6.2.3 Loss of Status

Mutz (2018) studies the 2016 US presidential election using cross-sectional voting data and a nationally representative *panel* of voters, surveyed in October 2012 and October 2016.

The latter helps her identify voters switching from Obama to Trump. She argues that switchers are mostly concerned with the threat of loss of status with economic hardship playing a secondary role. However, tabulating the same data, Morgan (2018) argues that economic explanations are at least as important as those related to the threat of the status loss. The first difference between Mutz (2018) and Morgan (2018) regards the interpretation of international trade: Morgan views it as primarily economic, Mutz as social. The surveys suggest that in 2016, US voters are slightly more anti-trade and *pro*-immigration than in 2012; both changes are in the range 0.3-0.4 on a 1-7 scale (Mutz 2018). The anti-trade shift is strong for Republican voters, with no change among Democrats.³³ As Morgan (2018) shows, the change in economic attitudes (including trade) accounts for two-thirds of the total explained variation in political views' swing. The second difference regards education, which captures both income and social status. Mutz (2018) focuses on the “*education gradient*,” the additional votes Trump received among Americans without a bachelor's degree relative to those with a bachelor's. Among all voters, the education gradient is 20 percentage points — out of which 14 are explained by economic factors (once trade is reclassified as an economic factors).

Gidron and Hall (2017) also examine the loss of status using data covering 15 developed countries from the International Social Survey Program (ISSP). They argue that subjective social status (self-reported placement on a ten-point social ladder) is a *channel* through which economic and social factors affect populism. The correlation analysis shows that individuals with lower subjective social status are more likely to vote for the populist right. However, as the data come from repeated cross-sections, it is hard to produce a rigorous evaluation of economic and cultural drivers' relative contribution. The authors speculate that economic and cultural issues are likely to interact rather than to add up.

6.2.4 Social Capital

The rise of populism goes hand in hand with a crisis of trust. Algan et al. (2017) show that regional unemployment shocks increase both distrust in political institutions and support for populists. Using ESS data, Boeri et al. (2018) find a negative correlation between

³³The pro-immigration shift is recorded among both Democrats and Republicans (but stronger among Democrats). The support for inclusive immigration policy is not inconsistent with Norris and Inglehart (2019) silent revolution conjecture. Young cohorts are more likely to adopt liberal values increasing support for immigration. This may contribute to the cultural backlash if older generations maintain traditional values.

membership in civic associations and voting for populist parties, controlling for respondents' economic situation (see also Dustmann et al. (2017)).³⁴ The correlation is significant both before and after the crisis, but it is stronger after 2008, most likely because social capital helps to coping with the crisis. Likewise, Giuliano and Wacziarg (2020) document a negative correlation between social capital (measured either by the density of memberships in civic, religious, and sports organizations or by the generalized trust) and support for Donald Trump in 2016.

Algan et al. (2018) use a monthly panel of 17,000 French to study the role of social capital in the 2017 presidential elections where both extreme left (Melenchon) and extreme right (Le Pen) candidates did well. Voters with low interpersonal trust were more likely to vote for Le Pen. In contrast, Melenchon voters had high levels of trust — similar to those of the voters for Emmanuel Macron and somewhat higher than those of the Francois Fillon voters. While Le Pen and Melenchon voters have similarly low levels of income and life satisfaction, they differ greatly on their preferences towards redistribution: Melenchon voters strongly support redistribution, Le Pen voters reject it.³⁵ The authors link preferences to redistribution to the large differences in social capital (trust): Le Pen voters do not trust others and therefore, do not want the state to fix injustices. Algan et al.'s (2018) findings suggest that the overall populist vote is related to the economic shocks, but its split between extreme left and far-right parties reflects deeper cultural traits.

Like other cultural factors, social capital is persistent. It is not surprising, therefore, that studies using administrative and survey data produce correlational evidence. To identify causal effects, economists rely on randomized experiments with informational treatments that affect political social trust. Di Tella, Dubra, and Lagomarsino (2019) run randomized controlled experiments to study the role of trust in government and business on redistribution preferences in the US. Distrust in government is inversely related to redistribution preferences, a pattern that may explain the rise of far-right populism. Alesina, Stantcheva,

³⁴Papaioannou (2020) presents correlations between populist voting and distrust towards institutions that he interprets via the lens of Besley's (2020) model on the co-evolution of civiness and state capacity.

³⁵While Le Pen's National Front favored redistribution much less than other parties, it has been shifting to the left in economic terms. Ivaldi (2015) analyzes National Front's manifestos since the 1980s and finds that in 2007 – 2012 the party has become less economically liberal, more economically egalitarian, and more supportive of welfare policies. Ivaldi explains this shift by attempting to attract the median voter after the global economic crisis — somewhat consistent with the “*culture times economics*” view. See also De Koster, Achterberg, and Van der Waal (2013) and Schumacher and Van Kersbergen (2016) for an analysis of the populist right's opportunistic transition from the *welfare populism* (“*the poor do not deserve support*”) to the *welfare chauvinism* (“*the natives deserve more support but immigrants do not*”).

and Teso (2018) show that a substantial share of low-trust Republican voters believes that the government should play no role mitigating falling intergenerational mobility. Kuziemko et al. (2015) show that low trust could explain the somewhat paradoxical result that while many voters care about inequality, they are skeptical about government policies tackling it.

6.3 Theoretical Explorations

As the recent reincarnation of populism focuses on identity rather than on redistribution, the traditional median-voter approach to modeling political conflict between the left and the right needs to be revisited. Recent theoretical research on populism departs from the classical paradigm (Acemoglu et al. 2013) adding models of social identity and multi-dimensional political calculus. Economic theory is increasingly drawing on political science, social and cognitive psychology (in particular, Tajfel’s (1974) social identity theory and Turner et al.’s (1987) self-categorization theory). Identity has been discussed by economists at least since Akerlof and Kranton (2000; 2010), but now this work is taking a central role in political economy (Shayo (2020) provides a survey of this literature).

Recent research recognizes that individuals have several identities (e.g., gender, race, occupation, region, religion etc.) and therefore, can choose which identity to prioritize. Shayo (2009) models this choice as a trade-off between gains from group status in the society and costs of joining the group related to distance from the other members of the group. Therefore the formation of social identity is endogenous to economic factors. This creates a two-way relationship: economic shocks affect the choice of identity; in turn, identity affects voting and political change, shaping economic policy. While Shayo (2009) initially applied this framework to redistributive taxation, Grossman and Helpman (2020) use it to understand trade policy. A change in the economic environment (e.g., terms of trade) may bring a discrete shift in people’s self-identification as “workers” against the “elites” and a resulting discrete increase in protectionism. Starting with heterogeneity by skills, they show how endogenous identity may result in polarization (of low-skilled workers against the high-skilled elites) and the rise of populism.

Gennaioli and Tabellini (2019) develop a model with endogenous social identities, adding multiple political cleavages (economic left vs. economic right, open vs. closed, culturally

liberal vs. conservative).³⁶ Gennaioli and Tabellini (2019) emphasize that social identity reflects the salience of the issue that may change due to economic shocks and allow for identity-based cognitive biases.³⁷ Under some conditions, a political equilibrium emerges where the left-right divide is replaced by liberal-conservative or by open-closed one. They also show how identity politics results in polarization of beliefs and of voting. This is similar to Karakas and Mitra (2019), who apply identity politics theory to immigration policy. Voters filter information through the lens of their identities — which results in polarization. Levy, Razin, and Young (2020) assume that some citizens hold oversimplified views of reality (ignore certain relevant facts). Although their world view is incorrect, they occasionally win elections against rational citizens in a dynamic citizen-candidate model with learning. Once in power, the citizens with a misspecified model choose extreme and ineffective policies. Besley and Persson (2019) consider a dynamic setup, where voters' beliefs change over time — which results in endogenous party/group formation. The main drivers of change are economic outcomes and the salience of the non-economic dimension (for example, preferences over immigration).

Bordalo, Tabellini, and Yang (2020) show that beliefs and views held by Republicans and Democrats are not very dissimilar, yet voters exaggerate these differences, especially on issues that individuals consider more important. They then develop a salience theory of stereotypes that explains (perceived) ideological polarization and populism. They further show that distortions on social beliefs and values became more salient after the collapse of the Iron Curtain that shifted away Americans from external threats. The reverse happened after 9/11 as the terrorist attack in New York City switched people's attention back to foreign affairs.

Cultural issues related to identity and cognitive biases are certainly essential for understanding modern populism. Nonetheless, Buisseret and Van Weelden (2020) show that populist challengers to the establishment may emerge even in a traditional voting model with multiple dimensions of preferences. They consider two parties organized around left-right cleavage, but there is also a division within each party along the open-closed axis. The distribution of voters' preferences is uncertain. The two-dimensional nature of political

³⁶Grossman and Helpman (2020) also consider a model extension with a second dimension of identity based on race/ethnicity.

³⁷This approach follows the salience paradigm developed by Bordalo, Gennaioli, and Shleifer (2012; 2013; 2016).

conflict creates an opportunity for an outside politician to run either as a third-party challenger (an equilibrium when the electorate is not too polarized) or in an internal primary (if polarization is high). The outsider creates a significant challenge for party elites. While the elites prefer an establishment candidate, they understand that blocking an outsider from a primary may result in a third-party challenge with the outsider who would draw anti-globalist voters from both the left and the right. This result is similar to Besley and Persson (2019), where a new anti-immigration party emerges when economic polarization is not too high. In Agranov, Eilat, and Sonin (2020), high inequality results in the breakdown of trust between the public and the elite: the public knows that the elite is better informed but prefers to ignore the elite's proposals.

6.4 Summary

Many cultural explanations of the recent rise of populism seem plausible. Yet, well-identified empirical analysis is scant. By definition, culture is persistent; it is therefore hard to identify causal relationships, explaining the role of culture in the fast growth of populist vote in recent years. Theoretical work has successfully modeled interactions between culture, economics, and support of populism, but testing these relationships empirically is hard. We expect more work in this area, as economists are increasingly studying culture to explain politico-economic phenomena and as the use of insights from social psychology and other neighboring disciplines is becoming more common.

7 Immigration

In this Section, we turn to the role of immigration and of the recent refugee crisis. Immigration is an economic and cultural issue; populist leaders have used both angles. We first discuss the main immigration patterns and summarize the key takeaways regarding its impact on labor markets. Second, we review studies documenting large discrepancies between reality and people's perception of immigrants' share, origin, and education. Gaps between perception and reality are crucial for understanding the rise of populists, who skillfully take advantage of stereotypes and further distort people's views. Third, we discuss studies exploring the impact of immigration and refugees on support for populism.

7.1 Patterns

Immigration is a top agenda issue of today’s populists. Some argue that immigrants take away jobs from native workers and suppress their wages. Others say that immigrants do not work and rely on the host country’s generous welfare system. Many claim that immigrants’ values and social norms are incompatible with those of the host country, posing an existential threat to its identity and culture.

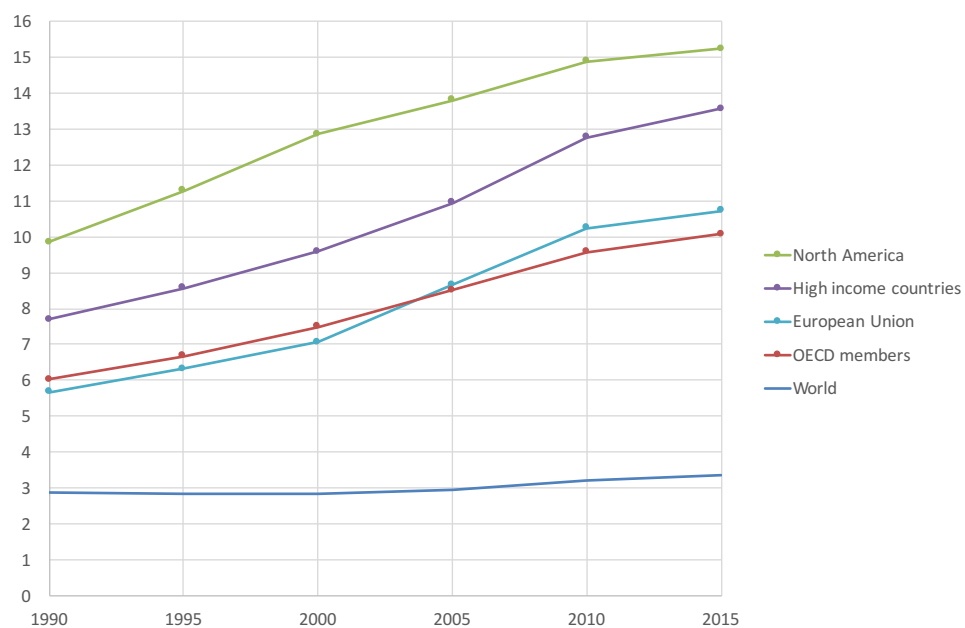
Immigration has always been a sensitive issue. Its salience, though, has increased in recent decades. While the share of international migrants in the world population has increased only slightly, from 2.9% in 1990 to 3.3% in 2015, advanced economies have experienced a much faster growth (see Figure 14). The share of international migrants as a share of population in OECD (high-income) countries has increased from 6% (8%) in 1990 to 10% (14%) in 2015; in North America it rose from 10% to 15% and in the EU from 6% to 11%.

Growth of cross-border migration reflects both “push” (supply) and “pull” (demand) factors. Industrial countries face demographic challenges; therefore, attracting working age population may be economically beneficial and help sustain “*pay-as-you-go*” pension systems. The increase in supply reflects declining costs of cross-border migration. Transportation costs are falling, as do information asymmetries. Furthermore, contrary to conventional wisdom, income growth in sending countries also fosters migration, as the relationship between development and emigration is nonlinear (e.g., Docquier, Peri, and Ruysen (2014), Dao et al. (2018)). As sending countries move from low- to middle-income, a greater share of their population has means to cover the migration costs.

In Europe, this secular growth of immigration has been complemented by an acute shock of the Syrian refugee crisis in 2015-2016 (see Figure 15). The number of Syrian refugees in Europe is small — both relative to the EU population and the total number of Syrian refugees and internally displaced persons. However, the abrupt spike in 2015 placed the refugee crisis at the center of political debate. For example, while only a handful of Syrian refugees reached the United Kingdom, this issue was very salient during the Brexit referendum campaign.

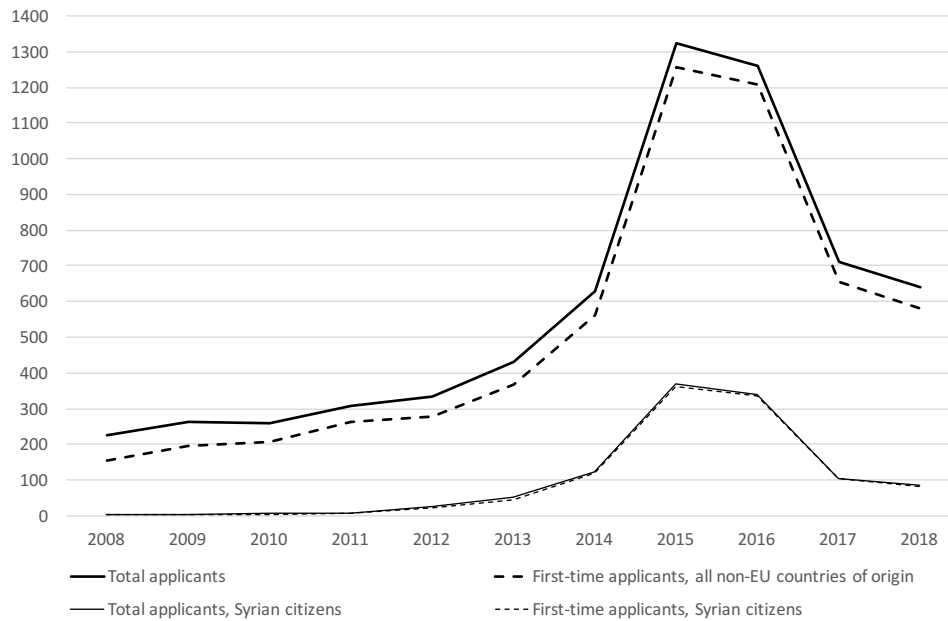
There is extensive research on the economic effects of immigration on wages, employment, innovation, and productivity. The evidence implies that immigration’s aggregate economic impact on receiving countries/regions/communities is likely to be positive (Peri

Figure 14: International migrant stock, as a percentage of population.



Source: UN Population Division. International migrant stock is the number of people born in a country other than that in which they live, including refugees.

Figure 15: Asylum applications in EU-28 by non-EU citizens (in thousands).



Source: Eurostat. Total: in 2008-14 Croatia not available. First-time applicants: in 2008 Bulgaria, Greece, Spain, France, Croatia, Lithuania, Luxembourg, Hungary, Austria, Romania, Slovakia and Finland not available; in 2009 Bulgaria, Greece, Spain, Croatia, Luxembourg, Hungary, Austria, Romania, Slovakia and Finland not available; in 2010 Bulgaria, Greece, Croatia, Luxembourg, Hungary, Austria, Romania and Finland not available; in 2011 Croatia, Hungary, Austria and Finland not available; in 2012 Croatia, Hungary and Austria not available; in 2013 Austria not available.

2016). On the other hand, immigration creates both winners and losers. If immigrants directly compete with specific groups of native workers in the labour market, the latter face a negative impact (Borjas 2014). This suggests that the political implications of immigration may be context-specific and depend on the skill composition of migrants and natives.

Populists do not only stress the adverse economic effects of immigration on selected categories of workers. They also emphasize issues related to security and crime, the costs to the social welfare system, and cultural differences. The political implications of the immigration-driven cultural concerns are also likely to depend on the scale and composition of migration flows. If migrants are culturally similar to natives (e.g., Ukrainians in Poland), the real or perceived threat to identity may be less salient. Even if migrants are different, local communities may be more welcoming towards a smaller number of migrants or refugees, as they are more likely to integrate. The “contact theory” (Allport 1954) suggests that the actual contact with migrants and refugees increases empathy and reduces support for xenophobic politicians.

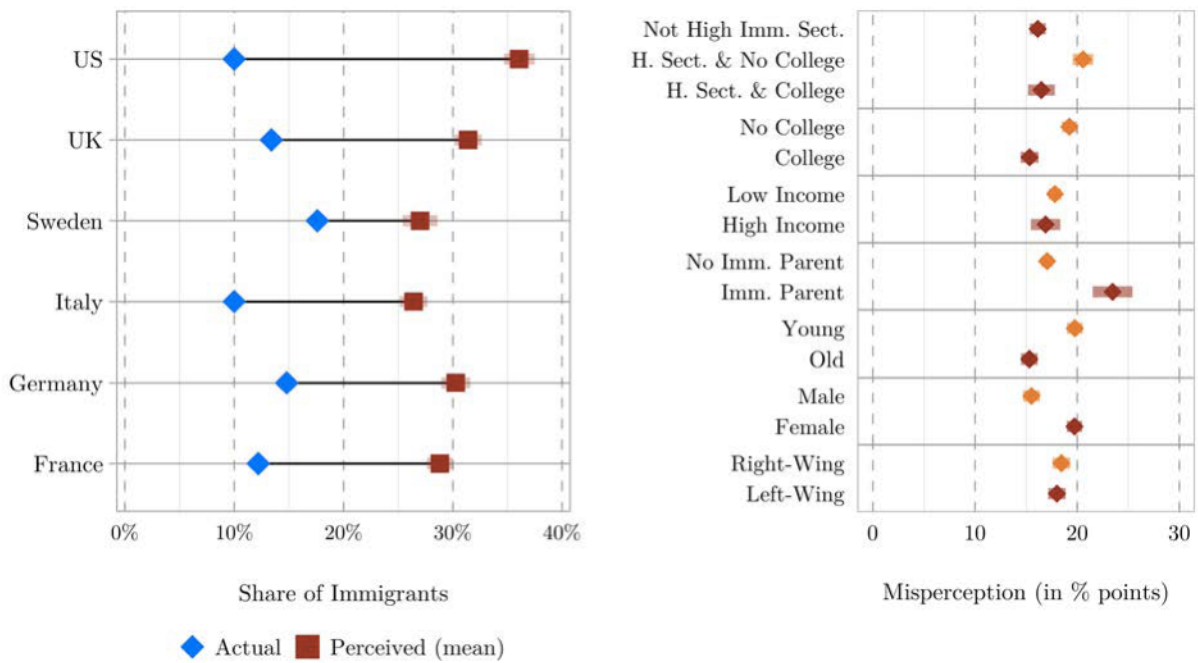
7.2 Perceptions versus Reality

While advanced economies have received a substantial number of immigrants in recent decades, actual immigration is much smaller than perceived by the public. Alesina, Miano, and Stantcheva (2019) run extensive surveys in France, Germany, Italy, Sweden, the U.K., and the U.S. and find that the migrants’ stocks are perceived to be twice or thrice as large as the actual levels (Figure 16). For example, Americans believe that immigrants are more than 35% of the population, while the actual number is about 10% (Ipsos surveys find similar results in other advanced economies, Duffy (2018)). The perceptions of composition of migrant population are also distorted. For example, Italians and Swedes believe that one in two immigrants is Muslim, while Muslim immigrants’ share is around 30%. UK citizens believe that only 25% of immigrants have a college education, while 50% actually do. Figure 16 further documents that the biases are substantial across all categories of respondents.³⁸

The overestimation of the scale of immigration helps explain the central role of immigration in political debate. Where do these gaps between perceptions and reality come from? Theories of endogenous social identity (discussed in Section 6.3) predict that the

³⁸Likewise, Alesina, Stantcheva, and Teso (2018) document considerable differences between perceptions and reality regarding social mobility, which strongly relates to political ideology. Alesina, Miano, and Stantcheva (2020) document a related striking polarization of Americans’ beliefs.

Figure 16: Perceived and actual level of immigration.



Notes: The left panel shows the average perceived share of immigrants and the actual share. The right panel shows the average misperception (perceived minus actual share) of the share of immigrants by groups (defined by the indicator variables listed to the left). The shaded areas are 95% confidence intervals around the mean. Source: Alesina, Miano, and Stantcheva (2019)

salience of a political issue may bias beliefs on the topic and increase political polarization. Individuals identifying with a group slant their beliefs towards their groups and against those of the respective “outgroups.” The socio-economic shocks may make a new issue, such as immigration, more salient replacing the old political cleavage (e.g., left-vs.-right divide regarding redistribution) with a new one (e.g., open-vs.-closed) forming new identities and biased beliefs on the issue. For example, Barrera et al. (2020) show how immigration’s salience draws support for Marine Le Pen even though voters understand that she misrepresents the facts.

The perception biases raise a major challenge when studying the relationship between immigration and populism. Most researchers use data on actual immigration flows, which may not capture the salience of the topic. Research on perceptions usually employs surveys and randomized controlled experiments. In the latter, informational treatments affect participants’ beliefs and attitudes towards immigrants and affect self-reported support for populist politicians. Both methods have pros and cons. Studies with the “actual” immigration data cannot observe perceptions (perception surveys are conducted after the immigration shocks). Studies of perceptions observe neither the real-world exposure to immigration nor the ultimate vote outcomes.

7.3 Empirical Evidence

The relationship between immigration and populism is multi-faceted and challenging to identify. The empirical analysis of this relationship has to address an array of endogeneity issues. First, there is reverse causality: potential immigrants may avoid areas with anti-immigrant attitudes; the resulting spurious correlation may erroneously suggest that immigration decreases populism. This is not an abstract possibility, as the support of populist politicians and parties is considerably lower in cities and urban hubs, where immigrants are likely to work. Second, there are obvious concerns related to omitted variables. Many factors may affect immigration, employment opportunities, and political attitudes at the same time. The large urban-rural gap in populist support (e.g., Dijkstra, Poelman, and Rodríguez-Pose (2020)), immigration, and development is likely to be explained by dozens of important variables. Third, measurement error is likely to be nonnegligible, since perceptions are correlated with socioeconomic characteristics and political preferences. In addition, migrants often move, making their assignments to localities tricky. Fourth, the

effects of immigration are heterogeneous depending on the composition of migration flows and characteristics of the host community.

The literature employs two primary identification schemes to address these challenges. First, there are studies that exploit quasi-random variation in the allocation of migrants and refugees to communities by central authorities. Second, as there is a tendency of immigrants to move into areas where earlier generations from their country of origin settled, some studies use a “shift-share” empirical design where historical settlements across regions are interacted with the overall migration inflow (see Card (2009) and Angrist and Krueger (1999)).

7.3.1 Immigration Increases Vote Share of Populist Parties

A few studies document that in some contexts, immigration increases populist support. Dustmann, Vasiljeva, and Piil Damm (2019) show that the Danish government’s quasi-random assignment of refugees in 1986-1998 increased anti-immigrant voting in small municipalities but reduced the anti-immigrant vote in large cities. Barone et al. (2016) find that Silvio Berlusconi’s *Forza Italia* gained in regions with higher immigration (instrumented by earlier immigrants’ settlements from the same country). Employing a similar identification strategy, Halla, Wagner, and Zweimüller (2017) find a positive impact of immigration on the vote share of Jörg Haider’s far-right Freedom Party (FPÖ) in Austria. Likewise, Edo et al. (2019) find that immigration (especially low-skilled workers from non-Western countries) increased the vote share of far-right presidential candidates in France during 1988-2017.

Becker and Fetzer (2016) show that the arrival of the Eastern European migrants to the UK following the UK’ labour market opening in 2004 boosted UKIP’s vote share. Viskanic (2019) focuses on Polish immigrants which were the largest part of the inflow of workers from EU’s new member states to the UK. He instruments the allocation of post-2004 Polish immigrants across the UK with the location of military bases, where the British government settled Polish officers fighting with the Royal Air Force during World War II. He finds that a greater influx of Polish workers after 2004 has a strong positive impact on the UKIP vote share.

An increasing number of researchers study the political impact of the inflow of refugees. Hangartner et al. (2019) and Dinas et al. (2019) show that the arrival of refugees at

Greek islands, instrumented by proximity to the Turkish coast, increased the vote share of the far-right Golden Dawn party. Ajzenman, Aksoy, and Guriev (2019) show exposure to refugee transit routes in 18 countries in Central and Eastern Europe decreases trust in political institutions and increases anti-migrant sentiments.

Immigration is not a new phenomenon. An interesting strand of the literature exploits historical accords and archives that have become increasingly accessible to analyze the impact of large historical episodes of migration. For example, Tabellini (2020) looks at European immigration across US cities between 1910 – 1930. Although natives benefited economically from immigration (via higher employment and industrialization), immigration resulted in the election of conservative legislators (who eventually voted to curb immigration) and lowered support for redistribution. Tabellini (2020) further shows that these patterns are stronger when linguistic and religious differences between natives and newcomers are considerable, pointing at the importance of cultural factors.

7.3.2 Immigration Lowers Vote Share of Populist Parties

There are other studies that produce the opposite results. Colantone and Stanig (2018a) and Alabrese et al. (2019) show that EU immigration is negatively correlated with the *Leave* vote in the Brexit referendum. Steinmayr (2020) shows that refugees' assignment to Austrian municipalities improved attitudes towards them and reduced the vote share of the far-right FPÖ party. (He, however, also shows that exposure to refugees' transit increases support for the FPÖ, in line with Ajzenman, Aksoy, and Guriev (2019).)

Vertier and Viskanic (2018) study the resettlement of refugees from the “Calais Jungle” informal camp to French municipalities. Refugees assignment to a municipality reduced populist and nativist votes. Lonsky (2020) finds similar results in Finland where a one percentage point increase (68% of the mean) of immigrants in a municipality decreases the vote share of the anti-immigrant True Finns Party by 3.4 percentage points (68% of the mean).

7.3.3 Emigration

While most of the debate on the relationship between cross-border migration and populism focuses on immigration's economic and cultural impacts of, in many countries it is *emigration* that plays a key role. For example, the exodus of East European workers may

have created a fertile soil for the rise of populism in the sending countries (Krastev and Holmes 2018). The brain drain undermines entrepreneurship and productivity growth. Emigration also accelerates depopulation that raises concerns related to identity. In the last 30 years, some East European countries have lost a quarter of their population; voters are naturally worried that the continuation of the trend may threaten the very survival of national language and culture. Balkan countries are also affected. EBRD (2018) explores the link in its *Transition Report*, using data from 510 elections, during 2001 – 2017 from 19 European countries. The regional analysis (across 160 subnational administrative units) does not detect a significant relationship between cross-border emigration and populist vote share. The relationship between emigration and the rise of populism thus remains an open question and requires further empirical research.

7.4 Taking Stock

While the studies of the relationship between immigration and the rise of populism use reasonably convincing identification strategies, they do not deliver unequivocal results. The evidence on the impact of immigration on populism is mixed, both in terms of direction of the effect and in terms of magnitudes. How can we reconcile these findings?

The first explanation stems is related to the substantial gap between perceptions and reality. The second potential explanation regards the magnitude of immigration flows. When the number of refugees per native is small, the contact theory suggests that increased exposure to refugees increases empathy and reduces the populist vote. If flows are large, the fear of non-integration overcomes empathy. In Steynmair’s study, only 1 – 1.5 refugees per 100 natives were assigned on average to Austrian municipalities. The *Calais Jungle* resettlement in France was, on average, similar. Vertier and Viskanic (2018) show that the impact of refugee resettlement on far-right vote changes sign at about 4 refugees per 100 natives: further increases raise support for anti-immigration populists. The evidence from the Greek Islands in the Aegean Sea is similar, as the median Greek island received 250 refugees per 100 natives. The third explanation is related to the distinction between settlement and transit. The contact theory implies that when refugees settle, contact promotes positive attitudes; this mechanism is unlikely to be present for refugees in transit.

The fourth explanation driving the differential political effects of immigration regards the skill composition. Host communities may be more open to high-skilled immigrants.

Moriconi, Peri, and Turati (2018) examine the role of immigrants’ skills using data from 28 elections across in 12 European countries in 2007-2016. Instrumenting immigration flows by prior settlement, they find that the arrival of high-skilled immigrants reduces nationalist vote, while the influx of low-skilled immigrants has the opposite effect. Mayda, Peri, and Steingress (2020) carry out a similar exercise for the US. They also find that high-skilled immigration reduces the Republican vote share in the presidential elections, while low-skilled immigration increases it.

The results suggest that the relationship between immigration and populist vote is complex. Another open question is whether this relationship is driven by economic or cultural factors. Algan et al. (2017) show that voters in regions hit by the economic crisis are more likely to become critical of immigrants for economic, but not for cultural reasons. Margalit (2019) acknowledges that immigration may affect voters’ incomes, but points to studies showing that anti-immigration attitudes systematically arise among those whose jobs are not directly involved. Margalit interprets this as evidence of the “cultural” mechanism.³⁹ He provides evidence—in agreement with Gennaioli and Tabellini’s theory—that the cultural divide may shift beliefs on economic insecurity.

8 Communication, Internet, and New Media

We now turn to the role of new media in spreading the populist message. We first discuss the main argument linking populists’ narrative to their communication strategy via the internet and social media. Second, we discuss the growing evidence.

³⁹This per se is not inconsistent with Algan et al. who show that it is the regional rather than individual unemployment that matters for populist vote. Even if a worker still has a job, the rise in local unemployment affects his/her labor market opportunities and quality of life in general. Similar critique applies to Adler and Ansell (2020) who show that support for Brexit and Front National is correlated with decline in local housing prices. They argue that while for homeowners this effect reflects an economic shock, for non-homeowners, this correlation should be interpreted as a “geotropic” effect. They interpret the geotropic effect as evidence of the noneconomic drivers of populism related to the sentiment of local decline. However, Adler and Ansell (2020) find no significant effect for non-homeowners. Second, even if the geotropic effect were present, it could also be interpreted as an economic driver of populism: declining local prices do reflect the lower economic opportunities in the future.

8.1 Argument

The recent rise of populism has been contemporaneous to the expansion of mobile broadband internet and social media. History suggests that it may not be a coincidence: populists have always used new communications technology. The US Populist Party’s presidential candidate William Jennings Bryan made unprecedented use of the railway and the telegraph (Eichengreen 2018). Nazis’ skillful use of radio contributed to their rise to power (Adena et al. 2015). One reason why successful populists have always relied on new media technology is straightforward: people often associate mainstream media with the elites and with the status quo. Hence, anti-elite narratives are easier to promote outside the established media environment.⁴⁰

Therefore it is not surprising that Donald Trump has been actively propagating his message via Twitter, where he has about 87 million followers — more than any media organization. As traditional media outlets often follow social media, Twitter feeds, and Facebook posts propagate both online and offline.⁴¹

Zhuravskaya, Petrova, and Enikolopov (2020) survey the literature on the political effects of the internet and social media. They argue, reviewing a plethora of studies, that online social media have additional features that make them more attractive for populists than the previous communications technologies. First, social media have practically zero entry barriers. Any anti-elite entrant can launch an online campaign without substantial external funding. The low cost makes the anti-establishment narrative more credible, as extensive financing likely comes from the elites. Second, the “internet 2.0” allows for two-way communications with the audience and immediate feedback. This environment appears more conducive for the populist discourse, as it emphasizes the populist leader’s direct (i.e., non-intermediated) reach to the “people.” Social media may further promote the idea of people’s homogeneity (rather than diversity), as their algorithms tailor news, tweets, and messages to initial beliefs, cultivating a sense that there are “many people who think like us.” Confirmatory biases are therefore likely to be reinforced. In addition, populists claim that the user-generated content is more likely to reflect “true people”. A

⁴⁰There may be a selection effect at work: populists who rely on mainstream communication technology are less likely to succeed; thus, only the populists who use new communication tools rise to the top.

⁴¹There is only one politician who has more followers than Donald Trump — his predecessor Barack Obama. However, Obama is much less active than Trump; for the latter, it is the essential element of his communications strategy.

third conjecture argues that social media are well-suited for generating and disseminating simplistic (even if distorted and misleading) messages. Fourth, modern social media create “cyber-cascades,” which lead to a proliferation of falsehood-based narratives within “echo-chambers” (Sunstein 2001; 2017). While there is no specific research on the issue, social media appear to be uniquely positioned in spreading conspiracy theories, which appear prevalent in the US (Oliver and Wood 2014).

Fifth, there is an evident regulatory vacuum that allows the spread of fake news on the social media.

8.2 Evidence

In an early contribution, Campante, Durante, and Sobbrío (2018) trace the political implications of the rollout of broadband internet across Italian municipalities in the 21st century. The identification strategy uses plausibly exogenous variation in broadband internet due to proximity to pre-existing voice telecommunications infrastructure (which lowered the costs of connecting to high-speed internet). The increased internet access and use initially suppressed turnout; the turnout decline is pronounced for potentially extreme voters. The authors attribute the negative effect on turnout by substitution of political information with entertainment. However, in 2008-2013, the negative impact on turnout was reversed. After 2008, the spread of the internet resulted in higher support for the populist Five Star Movement that consciously used online media to connect to voters; M5S got a larger number of votes in places with higher penetration of broadband internet.

Guriev, Melnikov, and Zhuravskaya (2019) consider the impact of the expansion of mobile broadband internet on the rise of populism across 398 subnational regions in 33 European democracies covering 102 elections between 2007 and 2018. The rollout of third-generation (3G) mobile telecommunications affects both left-wing and right-wing populist vote share. Over this decade, the average European subnational region’s population with 3G access increased from 37% to 90%. Guriev, Melnikov, and Zhuravskaya (2019) show that this increase in 3G coverage by 53 percentage points results in 4.6 percentage points higher vote share for the right-wing populists and 3.6 percentage points higher vote share for left-wing populists. The magnitudes are considerable, as the mean vote shares for the right-wing and left-wing populists in the sample are 13.6% and 6.5%, respectively. The authors find no relationship between 3G expansion and the vote share of nonpopulist

opposition. They also fail to detect any association between increased 3G expansion and the rise of Green parties. These results are consistent with the conjecture that green parties are qualitatively different from their populist counterparts: the Greens' message depends on scientific knowledge (hence cannot be anti-elite) and sophisticated rather than simplistic narratives.

Liberini et al. (2020) examine the role of social media in the 2016 presidential election campaign. They use data on Facebook advertising prices and show that micro-targeting Facebook users has first order effects on voting, especially when targeting is based on location, ethnicity, gender, and political orientation (following Facebook's algorithm). They find that micro-targeted ads reduced turnout among Clinton supporters, whereas they increased turnout and support for Trump among targeted moderates and less-informed voters.

How and why populists benefit from the spread of modern online media? There is growing evidence that social media facilitate disseminating false news and xenophobic stereotypes, enhance polarization, and create echo-chambers.⁴² Allcott and Gentzkow (2017) quantify the importance of the propagation of false news stories on Facebook during the 2016 US presidential election. In the three months before the election, false stories favoring Trump were shared about 30 million times; false stories in favor of Clinton were shared 8 million times. Allcott and Gentzkow (2017) estimate that the average American was exposed to one false news story during this election period. Guess, Nyhan, and Reifler (2020) find that Trump's voters were visiting websites with factually dubious content during the 2016 election and subsequently posted them on Facebook. However, such news accounted for a small share of the total information consumed. Most importantly, there is considerable self-selection, as these stories were mostly read by people with views that were very close to Trump's.

Guess, Nagler, and Tucker (2019) study the characteristics of Facebook users, who shared false news during the 2016 campaign. Partisanship and age are significant predictors of sharing false stories. Users over 65 years shared seven times as many false news stories as younger peers. Vosoughi, Roy, and Aral (2018) study the circulation of false stories on Twitter in 2016-2017. They use data on 126,000 stories tweeted and re-tweeted over 4.5

⁴²See Lazer et al. (2018) and Nyhan (2020) for surveys of research on "fake news" and misperceptions, respectively. We prefer "false news" and "alternative news" to "fake news" as the latter term has been recently appropriated by Donald Trump for attacking the mainstream media.

million times by 3 million people. Their analysis yields alarming results. Dissemination of false stories is significantly faster, broader (to a larger number of users), and deeper (with a larger number of re-tweets). The difference between the speed and the width of spreading false vs. true stories is unusually large for stories with political content, as compared to reports on terrorism, natural disasters, science, urban legends, or finance.

There is also growing evidence on the emergence of echo-chambers in recent years. When the social media were in their infancy, there was no segregation of online and offline information sources (Gentzkow and Shapiro 2011). However, more recently, such evidence emerged both for Facebook (Bakshy, Messing, and Adamic 2015) and Twitter (Halberstam and Knight 2016). Allcott et al. (2020a) ran a randomized experiment on 2,743 Americans in the run-up to the 2018 midterm elections. They showed that a month-long deactivation of Facebook accounts significantly reduced users' political polarization (also decreasing their awareness of political news and increasing their well-being).⁴³

8.3 Summary

As Twitter, Facebook, and other social media transform communication, and as user data become increasingly accessible and easy to process, research on their impact is likely to grow. The amounts spent on social media by political campaigns and the rapid professionalization of social media political consulting suggest that their role is already substantial. It is too early to judge whether social media is just a new communication technology where innovative populists—possibly, temporarily—outpace the mainstream politicians who are slow to adapt. It may also be the case that the very design of social media is especially conducive to foster stereotypes, increase isolation, propagate fake news, and thus amplify the economic concerns and anxieties, thus making them uniquely suited for the populist narrative (see Tufekci (2018) and Haidt and Rose-Stockwell (2019)).

⁴³Boxell, Gentzkow, and Shapiro (2017) provide descriptive evidence on the relationship between internet use and political polarization in the US. While the long-run increase in polarization is larger in demographic groups that are less likely to use the internet, the situation is different in recent years. In 2012-2016—the years of the take-off of mobile broadband internet and social media—polarization increased substantially among the groups with the highest use of the internet and slightly decreased among the groups with the lowest internet use.

9 Implications

The impact of populism is manifold. First, as populists often come to power, they directly influence policies. In the past decade, populist parties have won elections in Hungary, Greece, Poland, United States, Italy, and Brazil. Second, populist parties may get enough votes to have veto power or join the government as minority partners.⁴⁴ Third, even in cases where populists do not hold an office, their rising support pushes establishment parties to shift their platforms towards populists (Haegel and Mayer 2018).⁴⁵

We first review the evidence on the economic performance of populists when they are in office.⁴⁶ Second, we discuss the implications of the rise of populism for institutions, beliefs, and social norms.

9.1 Economic Performance of Populists

9.1.1 Historical Evidence

An extensive body of research studies the consequences of Latin American populism (see Kaufman and Stallings (1991) and Edwards (2019) for overviews). Dornbusch and Edwards (1991) collect evidence from many populist regimes and show how their disrespect of macroeconomic constraints ends in crises. Dornbusch and Edwards identify a common four-phase cycle. During the first phase, there is popular dissatisfaction with high inequality, populists take over and pursue fiscal expansion, redistribution, often coupled with “import substitution” and loose monetary policy. There is a short-term boost in economic performance. Populists seem vindicated. In the second phase, as aggregate supply does not catch up with fiscal and monetary expansion, inflation starts to rise, there is a growing lack of foreign currency. Higher inflation expectations result in the buildup of inventories and further decline of aggregate supply. Third, as inflation gets out of control, there is capital flight and the slowdown of economic activity. Populist governments respond with food and

⁴⁴Increased populist vote share may or may not put populists in power depending on electoral rules (Norris and Inglehart 2019). In a majoritarian system, a populist party with 20% uniformly distributed across the country may not secure many seats in the parliament. In a proportional system, such a party forms a large faction in the parliament.

⁴⁵Bernhardt, Krassa, and Shadmehr (2019) shows theoretically how a benevolent government may choose suboptimal policies when faced with competition from “demagogues” catering to myopic voters.

⁴⁶These studies fit a more general literature on the impact of leaders on macroeconomic performance (e.g., Jones and Olken (2005) and Easterly and Pennings (2020)).

transportation subsidies that weaken the fiscal stance and further raise inflation expectations. Eventually, the economy becomes “dollarized” with multiple exchange rates (official and black market). Real wages fall, often dramatically. If the government introduces price controls, it results in pervasive shortages. The populist government eventually falls, unable to cope with rising unemployment, high inflation, shortages, and capital flight. In the fourth phase, a new government pursues orthodox stabilization, often with IMF support. Real wages further decline and stabilize at a level below the beginning of cycle. But as stabilization takes place amidst austerity and without substantial improvement in institutions, trust in the new government and the system collapses, planting the seeds of the new crisis cycle (Di Tella and MacCulloch 2009).

Funke, Schularick, and Trebesch (2020) carry out a quantitative evaluation of 50 populist regimes in power in 60 large countries (that account for 95% of global GDP) over 1900-2018, looking at the evolution of real GDP growth in 15 years before and 15 years after the populist takeover (thus excluding the recent 20 populist regimes and focusing on the 30 populists who took power in the 20th century). The authors employ the “synthetic control” methodology of Abadie, Diamond, and Hainmueller (2010); for each populist-run economy, they construct a “synthetic” counterfactual, a weighted average of nonpopulist economies based on the matching of pre-treatment characteristics. The authors show that the populists underperform significantly: 15 years after the populist takeover, GDP per capita is 10% below the nonpopulist counterfactual, implying a yearly cost of around 0.7 percentage point. There is no evidence of an efficiency-vs.-equity trade-off: under the populist rule, income inequality does not fall. The authors further show that the slowdown is likely to be driven by economic nationalism and the weakening of institutions.

9.1.2 Populism in the 21st Century

We start the discussion on the impact of contemporary populism with the two best-studied cases: the Brexit referendum and Donald Trump’s rise to power in 2016. We then review the studies of other countries taken over by populist parties and politicians.

United Kingdom Strictly speaking, the 2016 Brexit referendum is not per se an example of a populist party winning an election. But Brexit came to define the populist wave not only because of its profound impact on the UK, the European and the world economy but

also because it demonstrated the toolkit that helps populists succeed.

A methodological benefit of studying Brexit is that the referendum was very close (51.9% for *Leave* and 48.1% for *Remain*). Its outcome can therefore be considered quasi-random. There is by now a considerable empirical literature on Brexit’s impact on output, firm productivity, inflation, trade, and FDI (see Sampson (2017) for an overview). Research on Brexit started immediately after the referendum, with economists calibrating workhorse macroeconomic and trade models in an effort to estimate its impact.

Output Employing the synthetic control method, Born et al. (2019b) analyze UK GDP growth before and after the 2016 referendum, comparing it to a weighted average of other industrial countries. They find large negative results: each year since June 2016, UK GDP has been losing one percentage point of annual GDP relative to the counterfactual. Contrary to the famous *Leave* Campaign’s “Brexit bus” that Brexit would save 350 million pounds per week, there has been about 350 million pounds weekly *loss* for the economy.

Using a different model, Dhingra et al. (2017) estimate the Brexit’s long-term effects on UK GDP. In different scenarios, the impact of Brexit ranges from -6.3% to -9.4% .⁴⁷

Productivity Bloom et al. (2019) look at Brexit’s impact on firm productivity. First, they document a substantial impact of Brexit on uncertainty; this effect is present three years after the referendum; half of the surveyed firms list uncertainty as one of the three main concerns. Second, the anticipation of the UK’s exit from the Single Market has reduced investment by around 10%. This decline has occurred gradually, rather than abruptly. Third, UK productivity has declined by about 2%-5% over the three years since the referendum, reflecting mostly an adverse within-firm effect. There is also a smaller negative between-firm effect, as more productive internationally exposed firms have reduced investment more than less productive firms servicing the domestic market.

Foreign Investment Breinlich et al. (2020) focus on Brexit’s impact on foreign direct investment. They also use the synthetic control method to construct appropriate counterfactuals of inward and outward FDI trends. The results reveal sizable costs. First,

⁴⁷As we are writing this survey, there is still no clarity on the ultimate Brexit trade deal. There is also uncertainty on the UK’s relationship with the EU. The effort of the UK government in September 2020 to bypass specific provisions of the agreement with the EU—thus violating international law—has added confusion and uncertainty.

Brexit resulted in 17% increase in outward investment transactions in the remaining EU-27 member states, whereas transactions in non-EU OECD countries were unaffected. Following the referendum, British companies started setting up European subsidiaries to retain access to the EU market after Brexit. Second, inward FDI from EU-27 declined by around 9%. Serwicka and Tamberi (2018) estimate a roughly 20% decline in greenfield foreign investment from mid-2016 until mid-2018.

Inflation Broadbent et al. (2019) show that nontradable sectors were hit by the referendum the most. As the pound sterling depreciated shortly after the referendum, tradable sectors were more resilient. These results are consistent with Breinlich et al. (2018) stock return analysis of showing that investors anticipated an economic downturn and steep depreciation of the pound sterling.

Breinlich et al. (2019) assess the Brexit impact on inflation, exploiting product-level heterogeneity on import costs stemming from input-output linkages. Their detailed analysis reveals many interesting patterns. First, inflation increased considerably more for product groups with higher import shares. This applied both to direct consumption of imported goods and to the use of imported inputs in domestic production. Second, there we almost a complete pass-through of import costs to consumer prices. Brexit raises consumer prices by 2.9 percent; this implies an additional cost for the average household of £870 per year. Third, the heterogeneity analysis indicates similar costs for low, middle-class, and high-income households. But, there is a sizable regional variation; inflation costs are the highest in Northern Ireland, Wales, and East Midlands and the lowest in London and the South East.

Costa, Dhingra, and Machin (2019) show that wages and training fell considerably after the sterling's sharp depreciation after Brexit in sectors where intermediate goods prices increased the most. The complementarity between wages and intermediate goods prices is interesting, as it reveals a potential channel linking Brexit with productivity slowdown and wage stagnation.

Global Effects Hassan et al. (2019) use computational linguistic tools and develop a text-based method to proxy Brexit's impact on listed firms in 71 countries. The authors first construct a measure on firm-level exposure to Brexit with the share of discussions in quarterly earnings conference calls on the costs, benefits, and risks associated with Brexit.

The analysis reveals considerable adverse effects of Brexit across the world. For example, due to Brexit risk, the average listed Irish firm cut down investment and employment by 4%. For the US-domiciled firms (which are, on average, about as exposed to Brexit as Italian firms), reductions in average investment and employment growth rates are 0.4% and 1.2%, respectively. The impact for firms with UK exposure appears more extensive, as these firms also face a sizable drop in market capitalization. The textual analysis further shows that firms expect difficulties from regulatory divergence, frictions and caps on labor mobility, and limited trade access.

United States A growing strand of research is assessing the impact of Donald Trump’s surprise victory in 2016. Empirical studies examine both the aggregate macroeconomic performance of the US economy and specific policies such as the trade war with China and the tax cuts.

Output Born et al. (2019) use the synthetic control methodology to evaluate the impact of Trump’s election on output dynamics. They build a “doppelganger” of the US economy, a weighted average of GDP of 24 OECD economies where the weights are chosen to minimize the difference between actual and “matched” growth rates before Trump’s election (using quarterly data since 1995). They find no significant difference between the behavior of the actual US economy (GDP, employment, and labor force participation) and its “analog” after Trump’s election. It is plausible that the gains due to deregulation and tax cuts were offset by the costs of Trump’s trade wars.

Trade In early/mid-2018, Trump administration imposed tariffs, ranging from 10% to 50%, on about \$300 billion of US imports, mostly from China. Many trade partners, including China, the EU, Canada, and India, retaliated by imposing tariffs on imports from the US. Early studies reveal substantial costs for the US economy. For example, Amiti, Redding, and Weinstein (2019) estimate that US consumers had lost 3.2-4.6 billion by the end of the year. Fajgelbaum et al. (2020) document a complete pass-through of tariffs on consumers. They approximate the short-run costs at about \$50 billion or 0.3% of US GDP. Rose (2019) further shows that Trump’s low popularity abroad and the weakening of the US’ leadership lowered US exports.

As shown by Blanchard et al. (2019) and Fetzer and Schwartz (2019), these costs

already had an impact on the outcomes 2018 mid-term elections when Republicans were more likely to lose in counties affected by trade retaliation.

Taxes Expectations of corporate tax cuts were an important driver of the stock market's positive reaction to Trump's victory in 2016. Wagner, Zeckhauser, and Ziegler (2018) document relative stock price increases for high-tax-paying firms and firms with large deferred tax liabilities; the stock market thus anticipated that Trump would cut corporate taxes.

The evidence suggests that Trump's 2017 tax cuts of 2017 did result in a modest short-run boost (e.g., Barro and Furman (2018)). For example, Mertens (2018) calculates an increase of the US economy of about 1.3% over 2018-2020.

Emerging Economies The populists of the 21st century have mostly learned from the macroeconomic mistakes of their Latin American predecessors; unsustainable deficits and hyperinflation are no longer common. There are, however, two major exceptions: Venezuela and Turkey.

Hugo Chavez tried to reduce inequality via massive redistribution policies. His rule coincided with the period of high oil prices which helped to pay for redistribution as well as compensated for growing inefficiencies, corruption and outright theft. Under Chavez, Venezuelan GDP per capita quadrupled in nominal dollars, increasing by 70% in constant purchasing power dollars. There is also evidence of falling inequality and poverty alleviation, though the statistics should be interpreted cautiously (Hetland 2018). However—unlike other oil exporters who understood the need for macroeconomic prudence and created substantial reserves for the rainy day—Venezuela was left unprepared for the decline in the oil prices which started in 2014. In the five years after Chavez, under his hand-picked successor Nicholas Maduro, Venezuelan GDP declined by half. Besides capital, millions of Venezuelans left the country. Hyperinflation, shortages, and political conflict has eroded all the gains of the booming period.

Turkey has also failed to learn the lessons from the 20th century's Latin American populists. The recent credit expansion resulted in economic overheating, inflation, devaluation, underinvestment, and loss of real output. Acemoglu and Üçer (2020) provide an eloquent discussion of macroeconomic developments since 2001, tracing low productivity and rising inequality to Erdogan's populist policies and the deterioration of the country's political

and economic institutions.

European South Populism spread in Southern Europe in the 2010s, alongside deep recessions and austerity, blamed on foreigners, international institutions, and the political and economic establishment.

In Greece, radical-left SYRIZA came to power in January 2015 on a platform of reversing austerity, blamed on establishment parties, and the “Troika” of international creditors (IMF, EU, and the ECB). SYRIZA formed an alliance with Independent Greeks, a populist and nationalistic offspring of the conservatives. The coalition tried to “blackmail” the EU and the IMF, on the basis that a Grexit would result in global financial turbulence potentially threatening the survival of the euro. Months of negotiations with international creditors resulted in the July 2015 referendum asking the Greek citizens whether they approve a third bailout and the associated preliminary Debt Sustainability Analysis (this was literally the question.) The referendum was a vast—and largely unexpected—success for SYRIZA as 63% of the electorate rejected the deal with international creditors. However, after the referendum, Prime Minister Alexis Tsipras reversed course: the ruling coalition rejected the results of the referendum and signed a new (third) economic adjustment program with terms inferior to those he had turned down before (Mounk 2018). SYRIZA expelled many of its radical MPs and pursued orthodox macroeconomic policy. Building on the fiscal consolidations carried by the previous governments, this coalition of populists delivered budget surpluses over 3.5% GDP. By mid-2019, Greece had resumed growth, completed the bailout program, and managed to return financial markets. However, as SYRIZA failed to deliver on its (unrealistic) promises, it was voted out of office. The example of Greece is interesting, as it shows that populist parties may dramatically change their policy platforms when confronted with reality.

Italian populist government, formed in 2018, followed a different trajectory. The coalition brought together the far-right *Lega* that won Italy’s Northern regions and the redistribution M5S that won most Southern provinces. While both parties used the populist rhetoric and communication strategies, their economic manifestos were very different. *Lega* advocated lower taxes, while M5S campaign promised generous social support. High levels of government debt, coupled with tight monitoring by financial markets and the European Commission, made it impossible to deliver on both parties’ electoral promises. The coalition government entered a heated debate with the EU on the new budget; the

associated uncertainty raised the cost of borrowing and slowed investment. Balduzzi et al. (2020) show that political risk shocks have adversely affected the economy and estimate that the downturn would have been much larger had the ECB not followed accommodative monetary policy. Differences among coalition parties were increasingly becoming apparent, and the government fell apart after just one year in office.

Central and Eastern Europe In Hungary, the return of Victor Orban’s FIDESZ party to power in 2010 and subsequent electoral victories in 2014 and 2018 has not resulted in major economic achievements. In 2010-2018, growth of Hungary’s GDP per capita in constant purchasing power parity adjusted dollars was 2.8% per year. The (unweighted) average and median growth of other Central European and Baltic countries (Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia) were somewhat higher, 3.3% p.a. EBRD (2017) carried out a synthetic control analysis for its member countries. This analysis showed that despite receiving about 3% of GDP from the EU funds every year, Hungary has underperformed relative to its doppelganger since 2010.

Poland, on the other hand, has outperformed comparators and remained the poster child of post-communist transition. The populist Law and Justice (PiS) party did deliver on its flagship campaign promises. Most importantly, PiS has launched out a pro-family redistribution program that gives 500 zloty (150 euros) per month per child. This “500+” program turned out to be both popular and effective in reducing poverty (Goraus and Inchauste 2016; Brzezinski and Najsztub 2017), especially in rural areas where the purchasing power of 500 zloty is much higher than in Warsaw.⁴⁸ Furthermore, this redistribution program has undermined neither fiscal health nor growth. There may be several explanations for Poland’s robust performance under the populist rule. First, it is still premature to quantify the implications of PiS’s assault on political and legal institutions. Second, due to the previous governments’ reforms, the Polish economy remains competitive. Third, PiS improved tax collection. Fourth, the economy has greatly benefitted from the influx of cheap, skilled, and ethnically similar Ukrainian workers following Russian aggression in East Ukraine in 2014 and the subsequent economic crisis. About 2 million Ukrainians re-

⁴⁸Initially, the 500+ Program only targeted larger families, but it was extended to all families. Textbook economics would suggest that poverty alleviation programs should target low-income and under-privileged families. However, targeted social assistance may be costly to administer. Programs similar to 500+ may therefore be effective and not too different from the universal basic income schemes supported by some liberals and libertarians.

ceived work permits in Poland by 2019 (with the total Polish employment of 16.5 million). For a Central European country suffering from ageing and emigration, this inflow of labor is an important positive aggregate supply shock.

9.2 Institutions and Norms

The impact of populism is not purely economic. Populism often destroys political institutions such as constraints on the executive, checks and balances, rule of law, and independent bureaucratic agencies.⁴⁹ At the same, while populism reflects deeper cultural factors, it also *shapes* beliefs, norms, and values. As institutions and cultural norms evolve slowly, it is early to examine the impact of the recent rise of populism, but some research has already emerged.

Institutions Even when populists do not perform well, they are not always voted out of office. When populists realize that they cannot deliver on their promises, in order to entrench themselves in office they try to capture the political and economic institutions, weaken independent agencies, and bypass checks and balances. In this scenario, populists can create lasting damage. Funke, Schularick, and Trebesch (2020) show that during 1900-2018 populist leaders have stayed in power, on average, longer than nonpopulist ones despite weaker GDP growth. The populists were rarely peacefully voted out and likelier to leave after a scandal, impeachment, resignation, coup or even suicide. The authors show that this is consistent with the view that populists—to prevent being voted out after disappointing economic performance—undermine democratic institutions (including judiciary constraints on the executive, press freedom, free and fair elections).

Szeidl and Szucs (Forthcoming) illustrate how Viktor Orbán has carried out a takeover of independent media by pro-regime oligarchs. Under Orbán's rule, Hungary has become much more corrupt (Magyar 2016; Civitas Institute and Transparency International Hungary Foundation 2018). According to the World Bank's Governance Indicators in 2010, Hungary was a median Central European/Baltic country in terms of corruption. By 2017, it was behind the region's mean and median by 0.5 global standard deviations—and close to the global average (unusually inferior performance for a high income country).

⁴⁹Sasso and Morelli (2020) model the interaction between populism and public administration. Populists prefer loyal bureaucrats over competent ones. In equilibrium, the quality of the administration deteriorates and bureaucracy partly loses its independence.

Beliefs and Norms One of the implications of the rise of far-right nationalist politicians is the normalization of previously unacceptable behavior. Bursztyn, Egorov, and Fiorin (2021) conduct online experiments in the weeks just before and after the 2016 US presidential elections. Participants were offered cash if they authorized the authors to donate to a strongly anti-immigrant organization on the participants' behalf. Before Trump's victory, such profitable xenophobic behavior was associated with a major social stigma (the authors also examined differences between anonymous and potentially observable donations). This stigma completely disappeared after Trump's victory. The authors ran an additional experiment in Pittsburgh in 2018; participants were informed whether Trump or Clinton won in their district. The "Clinton won" participants still attached a stigma to xenophobic behavior — while there was no stigma in the "Trump won" group. Using dictator games, the authors further show that individuals are judged less negatively for expressing xenophobic views in the environment where these views are widespread. The authors find no evidence that exposure to Trump's victory changes views; instead, it "normalizes" public expression of such opinions.

The rise of populism has impact on policies even when populists do not win elections. Abou-Chadi and Krause (2020) measure the impact of radical right parties's entry into parliament on mainstream parties' policy positions on multiculturalism across 23 European countries. They use a regression discontinuity design and exploit variation around electoral threshold, the minimum vote share needed to enter the parliament. They show that populists' entry into parliament has a substantial causal effect on mainstream parties' attitudes to multiculturalism. The magnitude of the shift is roughly equivalent to the distance between center-right and center-left parties in the Netherlands. It is double the sample standard deviation of the change of parties' positions over time.

Hate Crime The spread of xenophobia after Trump's election has had profound social implications beyond changing perceptions and norms. Müller and Schwarz (2020) identify a causal relationship between Trump's anti-Muslim tweets and hate crimes in counties with high Twitter penetration. In order to identify causal effect, the authors instrument the county-level Twitter penetration with the number of county's residents attending South by Southwest festival in 2007 that triggered the early adoption of Twitter. Trump's anti-Islam tweets correlate positively with hate crimes against Muslims after his campaign started (but not before). The effects are considerable, as one standard deviation increase in Twitter

usage relates to a 38% increase in anti-Muslim hate crimes. Trump’s tweets also predict anti-Muslim Twitter activity by his followers and higher cable news coverage, particularly by Fox News. These correlations are also present when the authors look at (arguably more exogenous) Trump’s tweets about Muslims on days when he plays golf.

The link between the rise of populism and the hate crime is not unique to the United States. Albornoz, Bradley, and Sonderegger (2020) document a substantial increase in hate crime in the UK after the Brexit referendum. Romarri (2020) studies close elections in Italian municipalities over 2008-18 and shows that far-right’s mayors elections result in a 4-5 percentage points increase in hate crime. Müller and Schwarz (2021) study users’ posts on the Facebook page of AfD (German right-wing populist party). They find a correlation between the number of anti-refugee posts on this page by users from a given municipality in a given week and anti-refugee hate crime in this municipality-week (controlling for municipality and week fixed effects). In order to identify the causal effects, they exploit quasi-exogenous outages of internet and Facebook, and show that during such outages the correlation between hate posts on AfD Facebook page and local hate crime disappears.

9.3 COVID-19

The unanticipated and rapid spread of the coronavirus (COVID-19) is major challenge from both mainstream and populist politicians who need to simultaneously tackle the pandemic’s health implications and its adverse economic impacts. In this section, we survey the rapidly growing literature that tries to identify the implications of the recent rise of populism for the effectiveness of response to COVID.

Kavakli (2020) finds that populist governments were slower in their response to the pandemic than their nonpopulist peers. In particular, populists implemented fewer health measures in February and March 2020.

There are several potential mechanisms that may drive the differential impact of COVID in countries run by populists — and on populists themselves. First, in order to respond to the pandemic, the governments had to rely on science, experts, and capable civil servants. Populists attacking experts and weakening technocratic state agencies now had to respect and work with them. Second, the effective response to the pandemic required social capital and interpersonal trust, the values that are at odds with those promoted by right-wing populists. Third, virus undermined the messianic image of many populist leaders; the

pandemic showed that all were vulnerable, more so if they did not follow social distancing (defying scientific advice). Jair Bolsonaro and Donald Trump, whose countries have the highest number of COVID deaths, were diagnosed positive.

At the time of writing this survey, the pandemic is far from over, so taking stock of the literature on populism and COVID-19 is premature. Most of this literature reports correlations rather than identifies causal effects. Nonetheless, it is worth to discuss the main directions of this recent research at least briefly.

9.3.1 Political Beliefs and COVID-19

The first strand of this literature looks at the role of political attitudes and polarization of beliefs about the pandemic and social distancing. Working with a nationally representative sample of about 50 thousand US residents, Makridis and Rothwell (2020) show that political affiliation is the most significant correlate of social distancing and beliefs about COVID-19. Partisanship matters more than age, race, poor health, and infections at the county level. Gadarian et al. (2020) find similar patterns in a self-conducted survey of 3,000 American citizens in mid-March. Allcott et al. (2020b) also show that partisanship explains a sizable fraction of the large variation in Americans' response to the pandemic. Political beliefs correlate strongly with social distancing (measured via mobile data and surveys), even conditioning on state, county, and individual characteristics; Republicans appear considerably less likely to follow social distancing than Democrats. Grossman et al. (2020) show that US state governors' social distancing recommendations were more effective in Democratic-leaning than in Republican-leaning counties. Using microdata and machine learning, Milosh et al. (2020) demonstrate that partisanship is the most important predictor of mask use — far more important than local policies or the severity of COVID-19; policy does not offset the impact of partisanship on mask use. On the other hand, Donald Trump's public endorsement of masks in mid-July increased people's positive sentiment towards mask use.

Cornelson and Miloucheva (2020) examine how political polarization affects compliance with social distancing measures. They focus on US states where the governor won a close election — thus using the quasi-random variation in the election outcomes to identify the causal effects of governor's partisanship. They find that individuals who live in states governed by the other party are significantly less likely to report hand washing, staying

home, and canceling/postponing planned travel. The authors show that this bias does not stem from differences in perceived gravity of the pandemic nor by differences in trust in healthcare experts (these differences are small).

In contrast, there are large differences in trust in the state government. These differences are greater in states with high levels of political polarization. Druckman et al. (2020) study to the role of affective polarization—the tendency to dislike and distrust supporters of the other parties. The authors use a panel of roughly 2,500 Americans before and during the pandemic (summer 2019 and spring 2020, respectively). The authors ask the survey participants about their views on government’s handling of the pandemic, randomizing the wording of the questions between “Trump” and the “United States” government. On average, Republicans rank the handling of the health crisis by Trump higher than the handling by the generic United States. The opposite is the case for Democrats. Polarization also matters: polarized Democrats assign similarly low scores to Trump and the “US”; likewise, polarized Republicans score equally highly the response of Trump and of the “US”.

9.3.2 Social Capital, Civicness, and COVID-19

The second strand of research explores the role of social capital and civicness (which, as we showed above, is negatively correlated with the support for populists).

A number of papers document that areas with a higher social capital level and civicness exhibit greater voluntary social distancing. Durante, Guiso, and Gulino (2020) demonstrate a link between civil values and social distancing across Italian provinces both in the early phase of the pandemic when social distancing was largely voluntary and during the lockdown. Barrios et al. (2020) provide similar evidence in the US using mobile data to measure social distancing. Brodeur, Grigoryeva, and Kattan (2020) also find a positive correlation between trust and social distancing across US counties. Similarly, Bian, Li, Xu, and Foutze (2020) establish a relationship between individualist culture and the absence of social distancing across the US. Bazzi, Fiszbein, and Gebresilasse (2020) link rugged individualism to a weaker collective response to the health crisis, lower civicness, partisanship, and distrust in science. This US-based evidence is in line with the cross-country correlations in Frey, Presidente, and Chen (2020), who show that societies with more collectivist than individualist values have been more successful in taking social distancing measures.

Bartscher et al. (2020) find a similar correlation across Austrian, German, Dutch, Swiss, and British regions. They show that regions with high social capital experienced 12%-32% fewer COVID-19 cases per capita from mid-March until mid-May.

9.3.3 Distrust in Science and COVID-19

The third avenue of research focuses on the role of distrust in science. Brzezinski et al. (2020) show that the proportion of people who stay at home after local lockdowns and follow social distancing (proxied by county-level data on mobile use) is significantly lower in counties with high concentration of climate change skeptics. Beliefs on climate change predict social distancing both across and within Democratic and Republican-leaning counties. Swami and Barron (2020) show that rejection of conspiracy theories goes hand in hand with social distancing. Evans and Hargittai (2020) find that Republicans' distrust of medical experts during COVID-19 mostly stems from Protestants' and Catholics' skepticism of scientific knowledge.

9.3.4 Media and Communication

Fourth, several papers identify the role of media and communication. Simonov et al. (2020), Ash et al. (2020), and Ananyev et al. (2020) use quasi-exogenous variation in TV viewership and identify a causal impact of exposure to Fox News on mobility. Bursztyn et al. (2020) compare two popular Fox News shows, Hannity and Tucker Carlson Tonight which covered COVID in very different ways. They document that misinformation during the pandemic led viewers to downplay the COVID's threat and subsequently resulted in higher numbers of cases and deaths. Ajzenman et al. (2020) and Mariani et al. (2020) show that public speeches of President Bolsonaro opposing preventive health policies has a substantial negative impact on social distancing in municipalities with higher support for the president. Arceneaux et al. (2020) present experimental evidence that people's views on the pandemic are malleable, as endorsements by politicians change behavior.

9.4 Summary

The evidence suggests that the rise of populism bears substantial economic and non-economic costs. First, the Latin American vintage of populism is associated with recurrent

crises, devaluations, (hyper)-inflation, and falling real wages. While populism emerges from people’s rejection of inequality, all studies suggest that radical redistribution with inefficient transfers, weakening political institutions, and demagoguery are not the solution. Second, while recent populists have avoided their (Latin American) predecessors’ ineffective macro policies, the overall economic performance is meager. Synthetic control analyses that compare output in populist-run countries with plausible counterfactuals suggest substantial medium-term costs. Many studies on Brexit establish that the people have incurred non-negligible losses (even before Brexit took place in 2020): lower inward FDI, capital flight, staggering wages, anemic growth, and rising inflation. However, these costs have been milder than the catastrophic ones that Remain supporters predicted in the media during the campaign. Third, the negative impact of populism are is likely to be substantially larger in the long run — due to the weakening of institutions and the altering of cultural norms that matter crucially for development and growth in the long run.

Similar results emerge from a fast-growing literature on the relationship between populism and COVID. Populist leaders have been slower in responding to the pandemic. Populist anti-science attitudes and lower social capital among populist supporters are significantly correlated with lower likelihood of taking the health risks seriously, lower social distancing and laxer preventive measures.

10 Conclusions

We conclude summarizing the main takeaways regarding the four questions we formulated in the introduction and then discuss the potential avenues for future research.

10.1 Summary

Definitions and Trends While there are many definitions of populism, there is a consensus on the lowest common denominator: anti-elitism and anti-pluralism. While other definitions add more features, such as authoritarianism, nativism, and identity politics, the minimal definition remains a useful reference point.

Whatever definitions are used, there is no doubt that there is a major rise of populism in advanced economies, especially in Europe. In the last two decades the vote share of populist parties has increased by about 10-15 percentage points (i.e., roughly doubled)

and populist parties have taken power in more countries than ever before. The rise was especially salient after the global financial crisis. The main beneficiaries of this increase have been mostly right-wing, nativist, xenophobic, and authoritarian parties rather than pro-redistribution radical-left parties.

Causes There is ample evidence that the rise of populism is caused by economic factors, both secular (trade and automation) and crisis-related (the rise in unemployment, credit squeeze, and the post-crisis austerity). There is growing evidence that the spread of broadband internet and of online social media have also played a major role. The jury on the importance of cultural factors is still out. While cultural traits correlate with populist voting, most studies are descriptive, as identification is challenging. Culture is highly persistent over time, so it is hard to explain why the rise of populism took place exactly now. The emerging consensus (yet to be backed by rigorous empirical research) is that economic shocks may have activated pre-existing cultural divides and exacerbated polarization and identity politics.

There is also substantial evidence on the role of immigration. However, the direction of the effect depends on many factors — the intensity of immigrant inflows, their skill composition, transit vs. settlement, rural-vs.-urban host municipalities. Exposure to a small number of refugees seems to create empathy, while a large influx triggers the fear of losing identity and law and order. Another important takeaway from this research is that perceptions of the scale of immigration are often very different from reality (especially in locations which are not exposed to immigration); the effect of immigration is therefore likely to interact with that of new communication technologies.

Implications There are a few preliminary takeaways on the implications of the recent rise of populism. Most modern populists have learned from the macroeconomic mistakes of their Latin American predecessors, where populism is a synonym of (hyper-)inflation, large fiscal deficits, unsustainable debts and inefficient redistribution. However, there is growing evidence that populists still imply nonnegligible economic costs. For example, the literature on the short-run effects of Brexit suggests that the referendum raised economic uncertainty, spurred inflation, led to the exodus of capital, and lowered wages and employment. More generally, no populist government (with an important exception of Poland) has outperformed the counterfactual in terms of GDP growth — and most have significantly

underperformed.

On the other hand, there have been almost no macroeconomic disasters (except for Venezuela). One potential explanation is the resilience of democratic institutions in advanced economies. Courts in the US, UK, Italy, Poland, Greece and other countries have blocked many irresponsible populist policies.

It is therefore not surprising that authoritarian populists almost everywhere try to subvert political institutions and remove constitutional checks and balances. For example, Hungary has become a substantially more corrupt country with much more limited freedom of speech — and Hungarian experience is a rule rather than exception. Also, populists in power often change social norms, for example legitimizing xenophobic discourse (which may eventually result in the rise of hate crimes).

Solutions Given the negative implications of populist rule, what should be done? What can be done? Unfortunately, there is very little empirical research on potential solutions. Generally sharing our diagnosis (attributing the rise of populism to economic factors, social media, and identity), political scientist Mounk (2018) suggests focusing on the following three solutions: *(i)* domesticating nationalism, *(ii)* fixing the economy, *(iii)* renewing civil faith. While reasonable, these are, of course, very general recommendations. Regarding more specific measures, the research on the causes of populism summarized above implies that governments should provide more generous social safety nets, fight corruption, tackle tax avoidance and tax evasion by the elites (in particular, being stringent on offshore tax havens, see Zucman (2015)). Governments should fight against the abuse of market power, which is especially likely in the “winner takes all” globalized economy. Rising concentration and markups, monopoly and monopsony power is a problem for both economic and political reasons (see Philippon (2019)).

The mainstream parties should invest in communications, especially online. Political selection should change — to provide greater opportunities of politicians without elite backgrounds to rise through their party ranks. Finally, governments should support a broader use of deliberative democracy (e.g., citizens’ assemblies) that promote ownership of the reforms and reduce the gap between voters and elites.

Another under-researched area is the role of spatial policies. Many drivers of populism are geographically concentrated: import and technology shocks affect whole communities, the same is true for crisis and austerity. Even cultural divides are often spatial — as people

with similar identities tend to live in the same areas (or, vice versa, people in the same community endogenously converge to the same identity). While this fact is recognized and studied in many of the papers we discuss in our survey, there is relatively little work on using place-based policies to prevent the rise of populism (with the notable exceptions of Rajan (2019), Dijkstra, Poelman, and Rodríguez-Pose (2020) and Bartik (2020)).

10.2 Future Research

The other important lesson from our survey is that while there is a lot of research in some areas, there are evident gaps in others. We believe that the following avenues appear most promising.

First, we need more work measuring the various facets of populism. For example, on immigration and redistribution, policies, as well as quantifying their interventions that remove institutional constraints. Likewise, research could measure more precisely their attacks on media, academic, and business elites.⁵⁰ Moving away from binary to finer measures will allow a deeper understanding of commonalities and differences of populist parties. Ideally, such finer measures should allow tracking the evolution of populism.

Second, as research on globalization’s role focused on trade, it is also important to examine the impact of financial openness and outsourcing. Regarding automation, future research should study the role of public expectations regarding the rise of new technologies. Also, as there has been substantial variation in both globalization and technological progress in the past centuries, it is important to study historical cases, especially because this allows identifying both short-run and long-run implications.

Third, while contemporary and historical research establishes a link between adverse economic shocks and populism, identifying the exact mechanisms is still an open question. It is important to understand why crises have recently led mostly to the rise of the right-wing—rather than left-wing—populism. A related issue that deserves more research is the role of austerity (and more generally of stabilization policies); the fascinating studies of Dal Bó et al. (2019), Fetzer (2019), and Fetzer, Sen, and Souza (2020) imply that austerity may result in very high political costs.

⁵⁰We see here an analogy with approaches measuring democratic rule. While there are merits using binary definitions of democracy (Papaioannou and Siourounis (2008); Acemoglu et al. (2019)), it is also important thinking about its main components; executive constraints, political competition, civil liberties and rights (as the widely-used Polity Project’s and Freedom House’s nonbinary measures do).

Fourth, more work is needed on the role of cultural factors—such as social norms, values, attitudes and beliefs—in the rise of populism. While there has been substantial work on identity and on trust, there is a scope for the systematic analysis of morality — the issue that populist politicians often spearhead (see Enke (2020) and Enke, Rodríguez-Padilla, and Zimmermann (2020)), and on the role of collective emotions (see Altomonte, Gennaro, and Passarelli (2019)). The major challenge for the research on culture is related to identification, as cultural factors are highly persistent.

Fifth, there is a very exciting avenue of research on the interactive effects — for example, on the interactions between economic shocks and cultural factors; or the interactions between misinformation and salience (see Alesina, Miano and Stancheva (2019, 2020) and Gennaioli and Tabellini (2019)). More generally, research on populism will certainly benefit from relying on insights from behavioral economics and social psychology.

Sixth, it is essential to separate economic from cultural factors if/where they are separable, for example in the case of immigration. Looking at historical episodes of immigration (e.g., Tabellini (2020)) and population movements (e.g., Benos et al. (2020)) seems promising in understanding their political and social implications.

Seventh, there is an open avenue of research on the strategy of populist parties and the supply of populism more generally. This requires blending demand features with textual analysis of political speeches and data on politicians' characteristics (see Gennaro, Lecce, and Morelli (2019) and Dal Bó et al. (2019)). The analysis of populism raises questions about the mainstream politics as well, in particular, why mainstream parties do not promote charismatic leaders that can withstand competition with the populist peers.

Relatedly, there is an emerging consensus that populists have successfully pursued communication strategies based on the use of social media and the internet. Why cannot mainstream parties and politicians follow suit? Is this because establishment politicians are complacent or because the very nature of mobile broadband internet is conducive to propagating the populist message? Tackling such questions will most likely entail an interdisciplinary approach, blending insights from data science, cognitive psychology, and economics.

Eighth, most research on the causes of populism focuses on factors that promote it; there is much less work on what prevents or slows down its rise. What is the role of redistribution policies? Does providing health care, education, and social protection protect societies from

populism? Can compensation programs targeting the losers from trade, automation, and immigration help? How should they be designed?

Ninth, as populists tenure in office increases, we expect seeing more papers analyzing their impact on growth, investment, employment, and wages. More work, however, should look at populists' impact on political institutions, such as courts, independent agencies, media freedom, political and human rights. Likewise, it is important to study the impact of populist rule on values, attitudes and social norms.

Tenth, there are important country-specific puzzles, related to the vast heterogeneity of the episodes of populist rule. While do some populist parties gradually move to the centre, and others do not? Why are there such wide differences in macroeconomic performance that ranges from the disaster in Venezuela to Poland's robust growth? Why have many years of corrupt and economically ineffective rule of Berlusconi not immunized Italians against populism? Why there has been no substantial rise of populism in Portugal?

Eleventh, while there is a rapid growth of empirical research, there are only a few recent theoretical studies. Clearly, we need more theoretical studies to make sense of the wealth of empirical findings produced since 2016.

Twelfth, there is rapidly growing—but still very small—literature on the relationship between populism and the COVID-19 pandemic. Populists' anti-expert and anti-“deep-state” rhetoric undermines effective policy response. As populism is likely to prevail in societies with low civic capital, populist-run countries are likely to suffer more from the epidemic. Whether the COVID-19 experience will affect the support for populists also remains an opens question for future research.

References

Abadie, Alberto, Alexis Diamond, and Jens Hainmueller. 2010. “Synthetic Control Methods for Comparative Case Studies: Estimating the Effect of California’s Tobacco Control Program.” *Journal of the American Statistical Association* 105 (490): 493-505.

<https://doi.org/10.1198/jasa.2009.ap08746>.

Abou-Chadi, Tarik, and Werner Krause. 2020. “The Causal Effect of Radical Right Success on Mainstream Parties’ Policy Positions: A Regression Discontinuity Approach.” *British Journal of Political Science* 50 (3): 829-47.

<https://doi.org/10.1017/S0007123418000029>.

Acemoglu, Daron, and David Autor. 2011. “Skills, Tasks and Technologies: Implications for Employment and Earnings.” In *Handbook of Labor Economics*, edited by David Card and Orley Ashenfelter, 4B:1043-1171. Elsevier B.V.

Acemoglu, Daron, David Autor, David Dorn, Gordon H. Hanson, and Brendan Price. 2016. “Import Competition and the Great US Employment Sag of the 2000s.” *Journal of Labor Economics* 34 (S1): S141-98.

<https://doi.org/10.1086/682384>.

Acemoglu, Daron, Georgy Egorov, and Konstantin Sonin. 2013. “A Political Theory of Populism.” *The Quarterly Journal of Economics* 128 (2): 771-805.

<https://doi.org/10.1093/qje/qjs077>.

Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2005. “Institutions as a Fundamental Cause of Long-Run Growth.” In *Handbook of Economic Growth*, edited by Philippe Aghion and Steven N. Durlauf, 1A:385-472. Elsevier B. V.

Acemoglu, Daron, and Pascual Restrepo. 2020. “Robots and Jobs: Evidence from US Labor Markets.” *Journal of Political Economy* 128 (6): 2188-2244.

<https://doi.org/10.1086/705716>.

Acemoglu, Daron, Suresh Naidu, Pascual Restrepo, and James A. Robinson. 2019. “Democracy Does Cause Growth.” *Journal of Political Economy* 127 (1): 47-100.

<https://doi.org/10.1086/700936>.

Acemoglu, Daron, and James A. Robinson. 2012. *Why Nations Fail: The Origins of Power, Prosperity and Poverty*. Profile Books.

—. 2019. *The Narrow Corridor: How Nations Struggle for Liberty*. Penguin UK.

Acemoglu, Daron, and E Murat Üçer. 2020. “High-Quality Versus Low-Quality Growth

in Turkey: Causes and Consequences.” In *Turkish Economy at the Crossroads: Facing the Challenges Ahead*, edited by Asaf Savaş Akat and Seyfettin Gürsel. World Scientific Publishing Company Pte Limited.

Adena, Maja, Ruben Enikolopov, Maria Petrova, Veronica Santarosa, and Ekaterina Zhuravskaya. 2015. “Radio and the Rise of The Nazis in Prewar Germany.” *The Quarterly Journal of Economics* 130 (4): 1885-1939.

<https://doi.org/10.1093/qje/qjv030>.

Adler, David, and Ben Ansell. 2020. “Housing and Populism.” *West European Politics* 43 (2): 344-65.

<https://doi.org/10.1080/01402382.2019.1615322>.

Agranov, Marina, Ran Eilat, and Konstantin Sonin. 2020. “A Political Model of Trust.” University of Chicago, Becker Friedman Institute for Economics Working Paper No. 2020-50, April.

<https://doi.org/10.2139/ssrn.3585370>.

Ahlquist, John, Mark Copelovitch, and Stefanie Walter. 2020. “The Political Consequences of External Economic Shocks: Evidence from Poland.” *American Journal of Political Science*.

<https://doi.org/10.1111/ajps.12503>.

Aidt, Toke S., and Raphaël Franck. 2015. “Democratization Under the Threat of Revolution: Evidence From the Great Reform Act of 1832.” *Econometrica* 83 (2): 505-47.

<https://doi.org/10.3982/ECTA11484>.

Ajzenman, Nicolas, Cevat Giray Aksoy, and Sergei Guriev. 2019. “Exposure to Transit Migration, Public Attitudes, and Entrepreneurship among the Native Population.” EBRD Working Paper No. 236, November.

Ajzenman, Nicolas, Tiago Cavalcanti, and Daniel Da Mata, 2020. “More Than Words: Leaders Speech and Risky Behavior during a Pandemic,” Mimeo, FGV.

Akerlof, George A., and Rachel E. Kranton. 2000. “Economics and Identity.” *The Quarterly Journal of Economics* 115 (3): 715-53.

<https://doi.org/10.1162/003355300554881>.

—. 2010. *Identity Economics: How Our Identities Shape Our Work, Wages, and Well-Being*. New Jersey: Princeton University Press.

Alabrese, Eleonora, Sascha O. Becker, Thiemo Fetzer, and Dennis Novy. 2019. “Who

Voted for Brexit? Individual and Regional Data Combined.” *European Journal of Political Economy* 56 (January): 132-50.

<https://doi.org/10.1016/j.ejpoleco.2018.08.002>.

Albanese, Giuseppe, Guglielmo Barone, and Guido de Blasio. 2019. “Populist Voting and Losers Discontent: Does Redistribution Matter?” Università Degli Studi Di Padova, Marco Fanno Working Papers - 239, September.

Albornoz, Facundo, Jake Bradley, and Silvia Sonderegger. 2020. “The Brexit Referendum and the Rise in Hate Crime; Conforming to the New Norm.” CEDEX Discussion Paper No. 2020-12, June. <https://www.nottingham.ac.uk/cedex/documents/papers/cedex-discussion-paper-2020-12.pdf>.

Alesina, Alberto, and George-Marios Angeletos. 2005. “Fairness and Redistribution.” *American Economic Review* 95 (4): 960-80.

<https://doi.org/10.1257/0002828054825655>.

Alesina, Alberto, Dorian Carloni, and Giampaolo Lecce. 2013. “The Electoral Consequences of Large Fiscal Adjustments.” *In Fiscal Policy after the Financial Crisis*, edited by Alberto Alesina and Francesco Giavazzi, 531-72. Chicago, IL: The University of Chicago Press and NBER.

<https://doi.org/10.7208/chicago/9780226018584.001.0001>.

Alesina, Alberto, Carlo A. Favero, and Francesco Giavazzi. 2018. “What Do We Know about the Effects of Austerity?” *AEA Papers and Proceedings* 108 (May): 524-30.

<https://doi.org/10.1257/pandp.20181062>.

Alesina, Alberto, and Paola Giuliano. 2015. “Culture and Institutions.” *Journal of Economic Literature* 53 (4): 898-944.

<https://doi.org/10.1257/jel.53.4.898>.

Alesina, Alberto, Stefanie Stantcheva, and Edoardo Teso. 2018. “Intergenerational Mobility and Preferences for Redistribution.” *American Economic Review* 108 (2): 521-54.

<https://doi.org/10.1257/aer.20162015>.

Alesina, Alberto, Armando Miano, and Stefanie Stantcheva. 2019. “Immigration and Redistribution.” NBER Working Paper No. 24733, September.

<https://doi.org/10.3386/w24733>.

—. 2020. “The Polarization of Reality.” *AEA Papers and Proceedings* 110 (May):

324-28.

<https://doi.org/10.1257/pandp.20201072>.

Algan, Yann, Sergei Guriev, Elias Papaioannou, and Evgenia Passari. 2017. "The European Trust Crisis and the Rise of Populism." *Brookings Papers on Economic Activity*, 309-82.

Algan, Yann, Elizabeth Beasley, Daniel Cohen, and Martial Foucault. 2018. "The Rise of Populism and the Collapse of the Left-Right Paradigm: Lessons from the 2017 French presidential election." CEPR Discussion Paper DP13103.

Algan, Yann, and Pierre Cahuc. 2013. "Trust, Institutions, and Economic Development." In *Handbook of Economic Growth*, edited by Steven Durlauf and Philippe Aghion, 1st ed., 2A:49-120. Oxford: North Holland.

Allcott, Hunt, and Matthew Gentzkow. 2017. "Social Media and Fake News in the 2016 Election." *Journal of Economic Perspectives* 31 (2): 211-36.

<https://doi.org/10.1257/jep.31.2.211>

Allcott, Hunt, Luca Braghieri, Sarah Eichmeyer, and Matthew Gentzkow. 2020a. "The Welfare Effects of Social Media." *American Economic Review* 110 (3): 629-76.

<https://doi.org/10.1257/aer.20190658>.

Allcott, Hunt, Levi Boxell, Jacob Conway, Matthew Gentzkow, Michael Thaler, and David Yang. 2020b. "Polarization and Public Health: Partisan Differences in Social Distancing during the Coronavirus Pandemic." *Journal of Public Economics*, 191: 104254.

<https://doi.org/10.1016/j.jpubeco.2020.104254>

Allport, Gordon W. 1954. *The Nature Of Prejudice*. Addison-Wesley.

Altomonte, Carlo, Gloria Gennaro, and Francesco Passarelli. 2019. "Collective Emotions and Protest Vote." CESifo Working Paper No. 7463.

Amiti, Mary, Stephen J. Redding, and David E. Weinstein. 2019. "The Impact of the 2018 Tariffs on Prices and Welfare." *Journal of Economic Perspectives* 33 (4): 187-210.

<https://doi.org/10.1257/jep.33.4.187>.

Ananyev, Maxim, Michael Poyker, and Yuan Tian. 2020. "The Safest Time to Fly: Pandemic Response in the Era of Fox News," Mimeo, University of Melbourne.

Anelli, Massimo, Italo Colantone, and Piero Stanig. 2019. "We Were the Robots: Automation and Voting Behavior in Western Europe." IZA DP No. 12485, July.

Angrist, Joshua D., and Alan B. Krueger. 1999. "Empirical Strategies in Labor Eco-

nomics.” In *Handbook of Labor Economics*, edited by Orley Ashenfelter and David Card, 1st ed., 3A: 1277-1366. Amsterdam: Elsevier Science B.V.

Antoniades, Alexis, and Charles W. Calomiris. 2020. “Mortgage Market Credit Conditions and U.S. presidential elections.” *European Journal of Political Economy* 64 (September): 101909.

<https://doi.org/10.1016/j.ejpoleco.2020.101909>.

Arceneaux, Kevin, Bert N. Bakker, Sara Hobolt, and Catherine E. De Vries. 2020. “Is COVID-19 a Threat to Liberal Democracy?” PsyArXiv. October 5. <https://doi.org/10.31234/osf.io/8e4pa>

Arias, Eric, and David Stasavage. 2019. “How Large Are the Political Costs of Fiscal Austerity?” *The Journal of Politics* 81 (4): 1517-22.

<https://doi.org/10.1086/704781>.

Ash, Elliott, Sergio Galletta, Dominik Hangartner, Yotam Margalit, and Matteo Pinna. 2020. “The Effect of Fox News on Health Behavior During COVID-19,” Mimeo, ETH Zurich.

Atkinson, Anthony B., Thomas Piketty, and Emmanuel Saez. 2011. “Top Incomes in the Long Run of History.” *Journal of Economic Literature* 49 (1): 3-71.

<https://doi.org/10.1257/jel.49.1.3>.

Autor, David H., and David Dorn. 2013. “The Growth of Low-Skill Service Jobs and the Polarization of the US Labor Market.” *American Economic Review* 103 (5): 1553-97.

<https://doi.org/10.1257/aer.103.5.1553>.

Autor, David H., David Dorn, and Gordon H. Hanson. 2013. “The China Syndrome: Local Labor Market Effects of Import Competition in the United States.” *American Economic Review* 103 (6): 2121-68.

<https://doi.org/10.1257/aer.103.6.2121>.

—. 2015. “Untangling Trade and Technology: Evidence from Local Labour Markets.” *The Economic Journal* 125 (584): 621-46.

<https://doi.org/10.1111/eoj.12245>.

Autor, David H. 2014. “Skills, Education, and the Rise of Earnings Inequality among the ‘Other 99 Percent’.” *Science* 344 (6186): 843-51.

<https://doi.org/10.1126/science.1251868>.

Autor, David H., David Dorn, Gordon H. Hanson, and Jae Song. 2014. “Trade Adjustment: Worker-Level Evidence.” *The Quarterly Journal of Economics* 129 (4): 1799-1860.

<https://doi.org/10.1093/qje/qju026>.

Autor, David, David Dorn, and Gordon Hanson. 2019. "When Work Disappears: Manufacturing Decline and the Falling Marriage Market Value of Young Men." *American Economic Review: Insights* 1 (2): 161-78.

<https://doi.org/10.1257/aeri.20180010>.

Autor, David, David Dorn, Gordon Hanson, and Kaveh Majlesi. 2020. "Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure." *American Economic Review* 110 (10): 3139-83.

<https://doi.org/10.1257/aer.20170011>.

Bakshy, Eytan, Solomon Messing, and Lada A. Adamic. 2015. "Exposure to Ideologically Diverse News and Opinion on Facebook." *Science* 348 (6239): 1130-32.

<https://doi.org/10.1126/science.aaa1160>.

Bakker, Ryan, Liesbet Hooghe, Seth Jolly, Gary Marks, Jonathan Polk, Jan Rovny, Marco Steenbergen, and Milada Anna Vachudova. 2020a. "2019 Chapel Hill Expert Survey." Available on chesdata.eu.

—. 2020b. "Who Opposes the EU? Continuity and Change in Party Euroscepticism between 2014 and 2019." Blog Post, London School of Economics and Political Science. June 1, 2020. <https://blogs.lse.ac.uk/europpblog/2020/06/01/who-opposes-the-eu-continuity-and-change-in-party-euroscepticism-between-2014-and-2019/>.

Balduzzi, Pierluigi, Emanuele Brancati, Marco Brianti, and Fabio Schiantarelli. 2020. "Populism, Political Risk and the Economy: Lessons from Italy." IZA Discussion Paper No. 12929, January.

Barone, Guglielmo, and Helena Kreuter. 2019. "Low-Wage Import Competition and Populist Backlash: The Case of Italy." FiFo Discussion Paper, No. 19-05.

Barone, Guglielmo, Alessio D'Ignazio, Guido de Blasio, and Paolo Naticchioni. 2016. "Mr. Rossi, Mr. Hu and Politics. The Role of Immigration in Shaping Natives' Voting Behavior." *Journal of Public Economics* 136 (April): 1-13.

<https://doi.org/10.1016/j.jpubeco.2016.03.002>.

Barrera, Oscar, Sergei Guriev, Emeric Henry, and Ekaterina Zhuravskaya. 2020. "Facts, Alternative Facts, and Fact Checking in Times of Post-Truth Politics." *Journal of Public Economics* 182 (February): 104-123.

<https://doi.org/10.1016/j.jpubeco.2019.104123>.

Barrios, John Manuel, and Yael V Hochberg. 2020. "Risk perception through the lens of politics in the time of the COVID-19 pandemic," University of Chicago, Becker Friedman Institute for Economics Working Paper 2020-32.

Barro, Robert J., and Jason Furman. 2018. "Macroeconomic Effects of the 2017 Tax Reform." *Brookings Papers on Economic Activity*, 257-313.

Barros, Laura, and Manuel Santos Silva. 2019. "#EleNã: Economic Crisis, the Political Gender Gap, and the Election of Bolsonaro." Ibero-America Institute for Economic Research Discussion Paper No. 242.

Bartscher, Alina K, Sebastian Seitz, Michaela Slotwinski, Sebastian Siegloch, and Nils Wehrhofer. 2020. "Social capital and the spread of Covid-19: Insights from European countries," CESifo Working Paper Series 8346.

Bartik, Timothy. 2020. "Using Place-Based Jobs Policies to Help Distressed Communities." *Journal of Economic Perspectives*, 34 (3): 99-127.

doi: 10.1257/jep.34.3.99

Bazzi, Samuel, Martin Fiszbein, and Messay Gebresilasse. 2020. "Rugged Individualism and Collective (In)action During the COVID-19 Pandemic" NBER Working Paper 27776.

Beatty, Christina, and Stephen Fothergill. 2013. "Hitting the Poorest Places Hardest: The Local and Regional Impact of Welfare Reform." Project Report. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University.

<https://doi.org/10.7190/cresr.2017.6378897426>.

Bechtel, Michael M., and Jens Hainmueller. 2011. "How Lasting Is Voter Gratitude? An Analysis of the Short- and Long-Term Electoral Returns to Beneficial Policy." *American Journal of Political Science* 55 (4): 852-68.

<https://doi.org/10.1111/j.1540-5907.2011.00533.x>.

Becker, Sascha O., and Thiemo Fetzer. 2016. "Does Migration Cause Extreme Voting?" CAGE Working Paper 306.

Becker, Sascha O., Thiemo Fetzer, and Dennis Novy. 2017. "Who Voted for Brexit? A Comprehensive District-Level Analysis." *Economic Policy* 32 (92): 601-50.

<https://doi.org/10.1093/epolic/eix012>.

Bénabou, Roland, and Jean Tirole. 2006. "Belief in a Just World and Redistributive Politics." *The Quarterly Journal of Economics* 121 (2): 699-746.

<https://doi.org/10.1162/qjec.2006.121.2.699>.

Bénabou, Roland, Davide Ticchi, and Andrea Vindigni. 2015. "Religion and Innovation." *American Economic Review* 105 (5): 346-51.

<https://doi.org/10.1257/aer.p20151032>.

—. 2020. "Forbidden Fruits: The Political Economy of Science, Religion, and Growth." Princeton University Working Paper, July.

Benos, Nikos, Stelios Karagiannis, Stelios Michalopoulos, Elie Murad, Elias Papaioannou, and Seyhun Orcan Sakalli. 2020. "Refugees in the Mediterranean: The Impact of 1920's Forced Population Exchange Between Greece and Turkey on the Greek Economy and Society." Mimeo, London Business School.

Berg-Schlosser, Dirk, and Jeremy Mitchell, eds. 2000. *The Conditions of Democracy in Europe 1919-39: Systematic Case Studies*. New York: St. Martin's Press.

Bernard, Andrew B., J. Bradford Jensen, and Peter K. Schott. 2006. "Survival of the Best Fit: Exposure to Low-Wage Countries and the (Uneven) Growth of U.S. Manufacturing Plants." *Journal of International Economics* 68 (1): 219-37.

<https://doi.org/10.1016/j.jinteco.2005.06.002>.

Bernhardt, Dan, Stefan Krasa, and Shadmehr Shadmehr. 2019. "Demagogues and the Fragility of Democracy." Mimeo, University of Illinois.

Besley, Tim, and Torsten Persson. 2019. "The Rise of Identity Politics." Mimeo, London School of Economics and Political Science.

Besley, Timothy. 2020. "State Capacity, Reciprocity, and the Social Contract." *Econometrica* 88 (4): 1307-35.

<https://doi.org/10.3982/ECTA16863>.

Bian, Bo, Jingjing Li, Ting Xu and Natasha Z. Foutz. 2020. "Individualism During Crises." COVID Economics 48.

Blanchard, Emily J, Chad P Bown, and Davin Chor. 2019. "Did Trump's Trade War Impact the 2018 Election?" NBER Working Paper No. 26434, Working Paper Series, , November.

<https://doi.org/10.3386/w26434>.

Bloom, Nicholas, Philip Bunn, Scarlet Chen, Paul Mizen, Pawel Smietanka, and Gregory Thwaites. 2019. "The Impact of Brexit on UK Firms." NBER Working Paper No. 26218, September.

<https://doi.org/10.3386/w26218>.

Boeri, Tito, Prachi Mishra, Chris Papageorgiou, and Antonio Spilimbergo. 2018. “Populism and Civil Society.” IMF Working Paper No. 18/245, November.

Bonikowski, Bart, Daphne Halikiopoulou, Eric Kaufmann, and Matthijs Rooduijn. 2019. “Populism and Nationalism in a Comparative Perspective: A Scholarly Exchange.” *Nations and Nationalism* 25 (1): 58-81.
<https://doi.org/10.1111/nana.12480>.

Bordalo, Pedro, Nicola Gennaioli, and Andrei Shleifer. 2012. “Salience Theory of Choice Under Risk.” *The Quarterly Journal of Economics* 127 (3): 1243-85.
<https://doi.org/10.1093/qje/qjs018>.

—. 2013. “Salience and Consumer Choice.” *Journal of Political Economy* 121 (5): 803-43.
<https://doi.org/10.1086/673885>.

—. 2016. “Competition for Attention.” *The Review of Economic Studies* 83 (2): 481-513.
<https://doi.org/10.1093/restud/rdv048>.

Bordalo, Pedro, Marco Tabellini, and David Yang. 2020. “Stereotypes and Politics.” Harvard Business School Working Paper No. 20-106, April.

Borjas, George J. 2014. *Immigration Economics*. Cambridge, MA: Harvard University Press.

Born, Benjamin, Gernot J. Müller, Moritz Schularick, and Petr Sedláček. 2019. “The Costs of Economic Nationalism: Evidence from the Brexit Experiment.” *The Economic Journal* 129 (623): 2722-44.
<https://doi.org/10.1093/ej/uez020>.

Born, Benjamin, Gernot Müller, Moritz Schularick, and Petr Sedláček. 2019. “Stable Genius? The Macroeconomic Impact of Trump.” CEPR Discussion Paper DP13798, June.

Boxell, Levi, Matthew Gentzkow, and Jesse M. Shapiro. 2017. “Greater Internet Use Is Not Associated with Faster Growth in Political Polarization among US Demographic Groups.” *Proceedings of the National Academy of Sciences* 114 (40): 10612-17.
<https://doi.org/10.1073/pnas.1706588114>.

Braggion, Fabio, Alberto Manconi, and Haikun Zhu. 2020. “Credit and Social Unrest: Evidence from 1930s China.” *Journal of Financial Economics*, May.
<https://doi.org/10.1016/j.jfineco.2020.05.001>.

Breinlich, Holger, Elsa Leromain, Dennis Novy, and Thomas Sampson. 2019. “Exchange Rates and Consumer Prices: Evidence from Brexit.” CEPR Discussion Paper No. DP14176, December. <https://papers.ssrn.com/abstract=3504605>.

—. 2020. “Voting with Their Money: Brexit and Outward Investment by UK Firms.” *European Economic Review* 124 (May).
<https://doi.org/10.1016/j.euroecorev.2020.103400>.

Breinlich, Holger, Elsa Leromain, Dennis Novy, Thomas Sampson, and Ahmed Usman. 2018. “The Economic Effects of Brexit: Evidence from the Stock Market.” *Fiscal Studies* 39 (4): 581-623.
<https://doi.org/10.1111/1475-5890.12175>.

Broadbent, Ben, Federico Di Pace, Thomas Drechsel, Richard Harrison, and Silvana Tenreyro. 2019. “The Brexit Vote, Productivity Growth and Macroeconomic Adjustments in the United Kingdom.” Bank of England External MPC Unit Discussion Paper No. 51, August.

Brodeur, Abel, Idaliya Grigoryeva, and Lamis Kattan. 2020. “Stay-At-Home Orders, Social Distancing and Trust,” IZA Discussion Paper No. 13234.

Broz, J. Lawrence, Jeffrey Frieden, and Stephen Weymouth. Forthcoming. “Populism in Place: The Economic Geography of the Globalization Backlash.” *International Organization*.

<https://doi.org/10.2139/ssrn.3501263>.

Brzezinski, Michal, and Mateusz Najsztab. 2017. “The Impact of Family 500+ Programme on Household Incomes, Poverty and Inequality.” *Polityka Społeczna* 44 (1(13)): 16-25.

Brzezinski, Adam, Valentin Kecht, David Van Dijke, and Austin L. Wright. 2020. “Belief in Science Influences Physical Distancing in Response to COVID-19 Lockdown Policies.” University of Chicago, Becker Friedman Institute for Economics Working Paper No. 2020-56.

Buisseret, Peter, and Richard Van Van Weelden. 2020. “Crashing the Party? Elites, Outsiders, and Elections.” *American Journal of Political Science* 64 (2): 356-70.
<https://doi.org/10.1111/ajps.12457>.

Bursztyjn, Leonardo, Georgy Egorov, and Stefano Fiorin. Forthcoming. “From Extreme to Mainstream: The Erosion of Social Norms.” *American Economic Review*.

<https://doi.org/10.1257/aer.20171175>.

Burzstyn, Leonardo, Aakaash Rao, Christopher Roth, and David Yanagizawa-Drott. 2020. "Misinformation during a Pandemic." Mimeo, University of Chicago.

Caliendo, Lorenzo, Maximiliano Dvorkin, and Fernando Parro. 2019. "Trade and Labor Market Dynamics: General Equilibrium Analysis of the China Trade Shock." *Econometrica* 87 (3): 741-835.

<https://doi.org/10.3982/ECTA13758>.

Campante, Filipe, Ruben Durante, and Francesco Sobbrino. 2018. "Politics 2.0: The Multifaceted Effect of Broadband Internet on Political Participation." *Journal of the European Economic Association* 16 (4): 1094-1136.

<https://doi.org/10.1093/jeea/jvx044>.

Cantoni, Davide, Felix Hagemeister, and Mark Westcott. 2019. "Persistence and Activation of Right-Wing Political Ideology." Collaborative Research Center Transregio Discussion Paper No. 143, February.

Capoccia, Giovanni. 2005. *Defending Democracy: Reactions to Extremism in Interwar Europe*. The Johns Hopkins University Press.

Caprettini, Bruno, Lorenzo Casaburi, and Miriam Venturini. 2019. "The Electoral Impact of Wealth Redistribution: Evidence from the Italian Land Reform." Working Paper, University of Zurich.

Caprettini, Bruno, and Hans-Joachim Voth. 2020. "Rage against the Machines: Labor-Saving Technology and Unrest in Industrializing England." *American Economic Review: Insights* 2 (3): 305-20.

<https://doi.org/10.1257/aeri.20190385>.

Card, David. 2009. "Immigration and Inequality." *American Economic Review* 99 (2): 1-21.

<https://doi.org/10.1257/aer.99.2.1>.

Case, Anne, and Angus Deaton. 2020. *Deaths of Despair and the Future of Capitalism*. Princeton University Press.

Caselli, Mauro, Andrea Fracasso, and Silvio Traverso. 2020. "Globalization and Electoral Outcomes: Evidence from Italy." *Economics & Politics* 32 (1): 68-103.

<https://doi.org/10.1111/ecpo.12147>.

Castanho Silva, Bruno, Sebastian Jungkunz, Marc Helbling, and Levente Littvay. 2019.

“An Empirical Comparison of Seven Populist Attitudes Scales.” *Political Research Quarterly*, March.

<https://doi.org/10.1177/1065912919833176>.

Cerrato, Andrea, Federico Maria Ferrara, and Francesco Ruggieri. 2018. “Why Does Import Competition Favor Republicans?” Mimeo, University of California, Berkeley.

Civitas Institute and Transparency International Hungary Foundation. 2018. *Black Book: Corruption in Hungary between 2010 and 2018*. <https://transparency.hu/wp-content/uploads/2018/00/BlackBook.pdf>.

Che, Yi, Yi Lu, Justin R Pierce, Peter K Schott, and Zhigang Tao. 2020. “Does Trade Liberalization with China Influence U.S. Elections?” Mimeo, Yale.

Chetty, Raj, David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, and Jimmy Narang. 2017. “The Fading American Dream: Trends in Absolute Income Mobility since 1940.” *Science* 356 (6336): 398-406.

Chodorow-Reich, Gabriel. 2019. “Geographic Cross-Sectional Fiscal Spending Multipliers: What Have We Learned?” *American Economic Journal: Economic Policy* 11 (2): 1-34.

<https://doi.org/10.1257/pol.20160465>.

Colantone, Italo, and Piero Stanig. 2018a. “Global Competition and Brexit.” *American Political Science Review* 112 (2): 201-18.

<https://doi.org/10.1017/S0003055417000685>.

—. 2018b. “The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe.” *American Journal of Political Science* 62 (4): 936-53.

<https://doi.org/10.1111/ajps.12358>.

—. 2018c. “The Economic Determinants of the ‘Cultural Backlash’: Globalization and Attitudes in Western Europe.” BAFFI CAREFIN Centre Research Paper No. 2018-91, October.

<https://doi.org/10.2139/ssrn.3267139>.

Colantone, Italo, Rosario Crinò, and Laura Ogliari. 2019. “Globalization and Mental Distress.” *Journal of International Economics* 119 (July): 181-207.

<https://doi.org/10.1016/j.jinteco.2019.04.008>.

Cornelson, Kirsten and Boriana Miloucheva. 2020. Political Polarization, Social Frag-

mentation, and Cooperation During a Pandemic.” Mimeo, University of Toronto.

Costa, Rui, Swati Dhingra, and Stephen Machin. 2019. “Trade and Worker Deskilling.” NBER Working Paper No. 25919, June. <https://www.nber.org/papers/w25919.ack>.

Dal Bó, Ernesto, Frederico Finan, Olle Folke, Thorsten Persson, and Johanna Rickne. 2019. “Economic Losers and Political Winners: Sweden’s Radical Right.” Mimeo, Stockholm University.

Dao, Thu Hien, Frédéric Docquier, Chris Parsons, and Giovanni Peri. 2018. “Migration and Development: Dissecting the Anatomy of the Mobility Transition.” *Journal of Development Economics* 132 (May): 88-101.
<https://doi.org/10.1016/j.jdeveco.2017.12.003>.

Dauth, Wolfgang, Sebastian Findeisen, and Jens Suedekum. 2014. “The Rise of the East and the Far East: German Labor Markets and Trade Integration.” *Journal of the European Economic Association* 12 (6): 1643-75.
<https://doi.org/10.1111/jeea.12092>.

De Bromhead, Alan, Barry Eichengreen, and Kevin H. O’Rourke. 2013. “Political Extremism in the 1920s and 1930s: Do German Lessons Generalize?” *The Journal of Economic History* 73 (2): 371-406.
<https://doi.org/10.1017/S0022050713000302>.

De Koster, Willem, Peter Achterberg, and Jeroen Van der Waal. 2013. “The New Right and the Welfare State: The Electoral Relevance of Welfare Chauvinism and Welfare Populism in the Netherlands.” *International Political Science Review* 34 (1): 3-20.
<https://doi.org/10.1177/0192512112455443>.

De Vries, Catherine E. 2018. “The Cosmopolitan-Parochial Divide: Changing Patterns of Party and Electoral Competition in the Netherlands and Beyond.” *Journal of European Public Policy* 25 (11): 1541-65.
<https://doi.org/10.1080/13501763.2017.1339730>.

De Vries, Catherine E., and Sara B. Hobolt. 2020. *Political Entrepreneurs: The Rise of Challenger Parties in Europe*. Princeton University Press.

Dehdari, Sirus H. 2020. “Economic Distress and Support for Radical Right Parties - Evidence from Sweden.” DIAL Working Paper Series 15/2020.

Dehanas, Daniel Nilsson, and Marat Shterin. 2019. *Religion and the Rise of Populism*. Routledge.

Dhingra, Swati, Hanwei Huang, Gianmarco Ottaviano, João Paulo Pessoa, Thomas Sampson, and John Van Reenen. 2017. “The Costs and Benefits of Leaving the EU: Trade Effects.” *Economic Policy* 32 (92): 651-705.

<https://doi.org/10.1093/epolic/eix015>.

Di Tella, Rafael, Juan Dubra, and Alejandro Lagomarsino. 2019. “Meet the Oligarchs: Business Legitimacy, State Capacity and Taxation.” Harvard University Working Paper.

Di Tella, Rafael, and Robert MacCulloch. 2009. “Why Doesn’t Capitalism Flow to Poor Countries?” *Brookings Papers on Economic Activity*, 285-321.

Dijkstra, Lewis, Hugo Poelman, and Andrés Rodríguez-Pose. 2020. “The Geography of EU Discontent.” *Regional Studies* 54 (6): 737-53.

<https://doi.org/10.1080/00343404.2019.1654603>.

Dinas, Elias, Konstantinos Matakos, Dimitrios Xeftaris, and Dominik Hangartner. 2019. “Waking Up the Golden Dawn: Does Exposure to the Refugee Crisis Increase Support for Extreme-Right Parties?” *Political Analysis* 27 (2): 244-54.

<https://doi.org/10.1017/pan.2018.48>.

Dippel, Christian, Robert Gold, Stephan Heblich, and Rodrigo Pinto. 2018. “Instrumental Variables and Causal Mechanisms: Unpacking The Effect of Trade on Workers and Voters.” NBER Working Paper No. 23209, June. <https://www.nber.org/papers/w23209.ack>.

Docquier, Frédéric, Giovanni Peri, and Ilse Ruyssen. 2014. “The Cross-Country Determinants of Potential and Actual Migration.” *International Migration Review* 48 (1 Special Anniversary Issue): S37-99.

<https://doi.org/10.1111/imre.12137>.

Dornbusch, Rudiger, and Sebastian Edwards, eds. 1991. *The Macroeconomics of Populism in Latin America*. The University of Chicago Press.

Druckman, James Samara Klar, Yanna Krupnikov, Matthew Levendusky, and John Barry Ryan. 2020. “How Affective Polarization Shapes Americans’ Political Beliefs: A Study of Response to the COVID-19 Pandemic.” Northwestern University, Institute for Policy Research Working Paper 20-30.

Duffy, Bobby. 2018. *The Perils of Perception: Why We’re Wrong About Nearly Everything*. London: Atlantic Books.

Durante, Ruben, Luigi Guiso, and Giorgio Gulino. 2020. “Social Capital: Civic Culture and Social Distancing during COVID-19.” CEPR Discussion Paper 14820.

Durlauf, Steven N., and Marcel Fafchamps. 2005. "Social Capital." In *Handbook of Economic Growth*, edited by Philippe Aghion and Steven N. Durlauf, 1B:1639-99. Amsterdam: Elsevier B.V.

Dustmann, Christian, Barry Eichengreen, Sebastian Otten, André Sapir, Guido Tabellini, and Gylfi Zoega. 2017. "Europe's Trust Deficit: Causes and Remedies." London: CEPR Press.

Dustmann, Christian, Kristine Vasiljeva, and Anna Piil Damm. 2019. "Refugee Migration and Electoral Outcomes." *The Review of Economic Studies* 86 (5): 2035-91.
<https://doi.org/10.1093/restud/rdy047>.

Easterly, William, and Steven Pennings. 2020. "Leader Value Added: Assessing the Growth Contribution of Individual National Leaders." NBER Working Paper No. 27153, Working Paper Series, May.
<https://doi.org/10.3386/w27153>.

Eatwell, Roger, and Matthew Goodwin. 2018. *National Populism: The Revolt Against Liberal Democracy*. Penguin UK.

EBRD. 2017. "Sustaining Growth: The Transition Report 2017-18." London: European Bank for Reconstruction and Development (EBRD).

—. 2018. "Work in Transition: Transition Report 2018-19." London: European Bank for Reconstruction and Development (EBRD).

Eco, Umberto. 1995. "Ur-Fascism." *The New York Review of Books*, June 22, 1995.
<https://www.nybooks.com/articles/1995/06/22/ur-fascism/>.

Edwards, Sebastian. 2019. "On Latin American Populism, and Its Echoes around the World." *Journal of Economic Perspectives* 33 (4): 76-99.
<https://doi.org/10.1257/jep.33.4.76>.

Edo, Anthony, Yvonne Giesing, Jonathan Öztunc, and Panu Poutvaara. 2019. "Immigration and Electoral Support for the Far-Left and the Far-Right." *European Economic Review* 115 (June): 99-143.
<https://doi.org/10.1016/j.euroecorev.2019.03.001>.

Eichengreen, Barry. 2018. *The Populist Temptation: Economic Grievance and Political Reaction in the Modern Era*. Oxford University Press.

Eichengreen, Barry, Michael Haines, Matthew Jaremski, and David Leblang. 2019. "Populists at the Polls: Economic Factors in the US presidential election of 1896." In

Research in Economic History, edited by Christopher Hanes and Susan Wolcott, 35:91-131. Emerald Publishing Limited.

Enke, Benjamin. 2021. "Moral Values and Voting." *Journal of Political Economy*.
<https://doi.org/10.1086/708857>.

Enke, Benjamin, Ricardo Rodríguez-Padilla, and Florian Zimmermann. 2020. "Moral Universalism and the Structure of Ideology." NBER Working Paper No. 27511, Working Paper Series, July.
<https://doi.org/10.3386/w27511>.

Evans John, and Eszter Hargittai. 2020. "Who Doesn't Trust Fauci? The Public's Belief in the Expertise and Shared Values of Scientists in the COVID-19 Pandemic." *Socius*, August.
[doi:10.1177/2378023120947337](https://doi.org/10.1177/2378023120947337)

Fajgelbaum, Pablo D., Pinelopi K. Goldberg, Patrick J. Kennedy, and Amit K. Khandelwal. 2020. "The Return to Protectionism." *The Quarterly Journal of Economics* 135 (1): 1-55.
<https://doi.org/10.1093/qje/qjz036>.

Feigenbaum, James J., and Andrew B. Hall. 2015. "How Legislators Respond to Localized Economic Shocks: Evidence from Chinese Import Competition." *The Journal of Politics* 77 (4): 1012-30.
<https://doi.org/10.1086/682151>.

Fernández, Raquel. 2011. "Does Culture Matter?" In *Handbook of Social Economics*, edited by Jess Benhabib, Alberto Bisin, and Matthew O. Jackson, 1st ed., 1A:481-510. San Diego: North Holland.

Fetzer, Thiemo. 2019. "Did Austerity Cause Brexit?" *American Economic Review* 109 (11): 3849-86.
<https://doi.org/10.1257/aer.20181164>.

Fetzer, Thiemo, and Carlo Schwarz. 2019. "Tariffs and Politics: Evidence from Trump's Trade Wars." CEPR Discussion Paper DP13579, March.

Fetzer, Thiemo, Srinjoy Sen, and Pedro CL Souza. 2020. "Housing Insecurity, Homelessness and Populism: Evidence from the UK." CEPR Discussion Paper No. DP14184, March. <https://papers.ssrn.com/abstract=3504613>.

Foster, Chase, and Jeffrey Frieden. 2017. "Crisis of Trust: Socio-Economic Determinants

of Europeans' Confidence in Government." *European Union Politics* 18 (4): 511-35.
<https://doi.org/10.1177/1465116517723499>.

Frey, Carl Benedikt, Thor Berger, and Chinchih Chen. 2018. "Political Machinery: Did Robots Swing the 2016 US presidential election?" *Oxford Review of Economic Policy* 34 (3): 418-42.
<https://doi.org/10.1093/oxrep/gry007>.

Frey, Carl Benedikt, Giorgio Presidente and Chinchih Chen. 2020. "Democracy, Culture, and Contagion: Political Regimes and Countries Responsiveness to Covid-19." *COVID Economics* 18.

Frieden, Jeffrey A., David A. Lake, Michael Nicholson, and Aditya Ranganath. 2017. "Economic Crisis and Political Change in the United States, 1900 to the Present." Harvard University Working Paper.

Fukuyama, Francis. 2018. *Identity: The Demand for Dignity and the Politics of Resentment*. Farrar, Straus and Giroux.

Funke, Manuel, Moritz Schularick, and Christoph Trebesch. 2016. "Going to Extremes: Politics after Financial Crises, 1870-2014." *European Economic Review*, SI: The Post-Crisis Slump, 88 (September): 227-60.
<https://doi.org/10.1016/j.euroecorev.2016.03.006>.

—. 2020. "Do Populist Leaders Matter? Populist Governments and Economic Decline, 1900-2018." Mimeo, University of Bonn.

Gadarian, Shana Kushner, Sara Wallace Goodman, and Thomas Pepinsky. 2020. "Partisanship, Health Behavior, and Policy Attitudes in the Early Stages of the COVID-19 Pandemic." Mimeo, Syracuse University.
<http://dx.doi.org/10.2139/ssrn.3562796>.

Gallego, Aina, Thomas Kurer, and Nikolas Schöll. 2018. "Not so Disruptive after All: How Workplace Digitalization Affects Political Preferences." Barcelona GSE Working Paper Series Working Paper No. 1063.

Galofré-Vilà, Gregori, Christopher M Meissner, Martin McKee, and David Stuckler. 2020. "Austerity and the Rise of the Nazi Party." NBER Working Paper No. 24106, September.
<https://doi.org/10.3386/w24106>.

Garro, Haritz. Accepted. "Political Consequences of Economic Hardship: State Eco-

nomic Activity and Polarization in American Legislatures.” *Journal of Law, Economics, and Organization*.

Geddes, Barbara, Joseph George Wright, Joseph Wright, and Erica Frantz. 2018. *How Dictatorships Work: Power, Personalization, and Collapse*. Cambridge University Press.

Gennaioli, Nicola, and Guido Tabellini. 2019. “Identity, Beliefs, and Political Conflict.” CESifo Working Paper No. 7707, July. <https://papers.ssrn.com/abstract=3418631>.

Gennaro, Gloria, Giampaolo Lecce, and Massimo Morelli. 2019. “Intertemporal Evidence on the Strategy of Populism.” CEPR Discussion Paper No. DP13804, June.

Gentzkow, Matthew, and Jesse M. Shapiro. 2011. “Ideological Segregation Online and Offline.” *The Quarterly Journal of Economics* 126 (4): 1799-1839. <https://doi.org/10.1093/qje/qjr044>.

Gidron, Noam, and Peter A. Hall. 2017. “The Politics of Social Status: Economic and Cultural Roots of the Populist Right.” *The British Journal of Sociology* 68 (S1): S57-84. <https://doi.org/10.1111/1468-4446.12319>.

Gidron, Noam, and Jonathan J. B. Mijs. 2019. “Do Changes in Material Circumstances Drive Support for Populist Radical Parties? Panel Data Evidence from the Netherlands during the Great Recession, 2007-2015.” *European Sociological Review* 35 (5): 637-50. <https://doi.org/10.1093/esr/jcz023>.

Giuliano, Paola, and Romain Wacziarg. 2020. “Who Voted for Trump? Populism and Social Capital.” NBER Working Paper No. 27651, August. <https://doi.org/10.3386/w27651>.

Goos, Maarten, Alan Manning, and Anna Salomons. 2014. “Explaining Job Polarization: Routine-Biased Technological Change and Offshoring.” *American Economic Review* 104 (8): 2509-26. <https://doi.org/10.1257/aer.104.8.2509>.

Goraus, Karolina, and Gabriela Inchauste. 2016. “The Distributional Impact of Taxes and Transfers in Poland.” World Bank Policy Research Working Paper No. 7787.

Grossman, Gene M., and Elhanan Helpman. 2020. “Identity Politics and Trade Policy.” *The Review of Economic Studies*, July. <https://doi.org/10.1093/restud/rdaa031>.

Grossman, Guy, Soojong Kim, Jonah Rexer, and Harsha Thirumurthy. 2020. “Political partisanship influences behavioral responses to governors’ recommendations for COVID-19

prevention in the United States.” *PNAS* 17 (39): 24144-24153.

Guess, Andrew M., Brendan Nyhan, and Jason Reifler. 2020. “Exposure to Untrustworthy Websites in the 2016 US Election.” *Nature Human Behaviour* 4 (5): 472-80. <https://doi.org/10.1038/s41562-020-0833-x>.

Guess, Andrew, Jonathan Nagler, and Joshua Tucker. 2019. “Less than You Think: Prevalence and Predictors of Fake News Dissemination on Facebook.” *Science Advances* 5 (1). <https://doi.org/10.1126/sciadv.aau4586>.

Guiso, Luigi, Helios Herrera, Massimo Morelli, and Tommaso Sonno. 2019. “Global Crises and Populism: The Role of Eurozone Institutions.” *Economic Policy* 34 (97): 95-139. <https://doi.org/10.1093/epolic/eiy018>.

—. 2020. “Economic Insecurity and the Demand of Populism in Europe.” Unpublished, May. <https://www.heliosherrera.com/populism.pdf>.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales. 2011. “Civic Capital as the Missing Link.” In *Handbook of Social Economics*, edited by Jess Benhabib, Alberto Bisin, and Matthew O. Jackson, 1st ed., 1A:417-80. San Diego: North Holland.

Guriev, Sergei. 2018. “Revisiting Transition Reform.” In *Structural Reforms for Growth and Cohesion: Lessons and Challenges for CESEE Countries and a Modern Europe*, edited by Ewald Nowotny, Doris Ritzberger-Grünwald, and Helene Schuberth, 7-20. Massachusetts: Edward Elgar Publishing.

Guriev, Sergei, and Daniel Treisman. 2019. “Informational Autocrats.” *Journal of Economic Perspectives* 33 (4): 100-127. <https://doi.org/10.1257/jep.33.4.100>.

Guriev, Sergei, Nikita Melnikov, and Ekaterina Zhuravskaya. 2019. “3G Internet and Confidence in Government.” Unpublished, June. <https://doi.org/10.2139/ssrn.3456747>.

Gurri, Martin. 2018. *The Revolt of the Public: And the Crisis of Authority in the New Millennium*. Stripe Press.

Gyöngyösi, Gyozo, and Emil Verner. 2020. “Financial Crisis, Creditor-Debtor Conflict, and Populism.” MIT Sloan Working Paper 5480-18, September.

Haegel, Florence, and Nonna Mayer. 2018. “So Close, yet so Far: The French Front

National and Les Républicains (2007-2017).” In *Trumping the Mainstream: The Conquest of Democratic Politics by the Populist Radical Right*, edited by Lise Esther Herman and James Muldoon, 222-45. London: Routledge.

Haidt, Jonathan, and Tobias Rose-Stockwell. 2019. “The Dark Psychology of Social Networks: Why it feels like everything is going haywire.” *The Atlantic*.

Halberstam, Yosh, and Brian Knight. 2016. “Homophily, Group Size, and the Diffusion of Political Information in Social Networks: Evidence from Twitter.” *Journal of Public Economics* 143 (November): 73-88.

<https://doi.org/10.1016/j.jpubeco.2016.08.011>.

Halla, Martin, Alexander F. Wagner, and Josef Zweimüller. 2017. “Immigration and Voting for the Far Right.” *Journal of the European Economic Association* 15 (6): 1341-85. <https://doi.org/10.1093/jeea/jvx003>.

Hangartner, Dominik, Elias Dinas, Moritz Marbach, Konstantinos Matakos, and Dimitrios Xefteris. 2019. “Does Exposure to the Refugee Crisis Make Natives More Hostile?” *American Political Science Review* 113 (2): 442-55.

<https://doi.org/10.1017/S0003055418000813>.

Harrison, Ann, John McLaren, and Margaret McMillan. 2011. “Recent Perspectives on Trade and Inequality.” *Annual Review of Economics* 3 (1): 261-89.

<https://doi.org/10.1146/annurev.economics.102308.124451>.

Hassan, Tarek A., Stephan Hollander, Laurence Van Lent, and Ahmed Tahoun. 2019. “Firm-Level Political Risk: Measurement and Effects.” *The Quarterly Journal of Economics* 134 (4): 2135-2202.

<https://doi.org/10.1093/qje/qjz021>.

Hetland, Gabriel. 2018. “The Promise and Perils of Radical Left Populism: The Case of Venezuela.” *Journal of World-Systems Research* 24 (2): 277-92.

<https://doi.org/10.5195/jwsr.2018.868>.

Hobsbawm, E. J. 1952. “The Machine Breakers.” *Past & Present* 1 (1): 57-70.

<https://doi.org/10.1093/past/1.1.57>.

Hobsbawm, Eric, and George Rudé. 1969. *Captain Swing*. New York: Pantheon Books.

Hummels, David, Jakob Munch, and Chong Xiang. 2016. “No Pain, No Gain: The Effects of Exports on Effort, Injury, and Illness.” NBER Working Paper No. 22365, July.

<https://doi.org/10.3386/w22365>.

Im, Zhen Jie, Nonna Mayer, Bruno Palier, and Jan Rovny. 2019. "The 'Losers of Automation': A Reservoir of Votes for the Radical Right?" *Research & Politics* 6 (1): 2053168018822395.

<https://doi.org/10.1177/2053168018822395>.

Inglehart, Ronald. 1971. "The Silent Revolution in Europe: Intergenerational Change in Post-Industrial Societies." *American Political Science Review* 65 (4): 991-1017.

<https://doi.org/10.2307/1953494>.

Inglehart, Ronald, and Pippa Norris. 2017. "Trump and the Populist Authoritarian Parties: The Silent Revolution in Reverse." *Perspectives on Politics* 15 (2): 443-54.

<https://doi.org/10.1017/S1537592717000111>.

Ionescu, Ghita, and Ernest Gellner. 1969 "Introduction?", in Ghita Ionescu and Ernest Gellner, (eds.) *Populism: Its Meaning and National Character*. London: Weidenfeld and Nicolson, 1969.

Ivaldi, Gilles. 2015. "Towards the Median Economic Crisis Voter? The New Leftist Economic Agenda of the Front National in France." *French Politics* 13 (4): 346-69.

<https://doi.org/10.1057/fp.2015.17>.

Ivaldi, Gilles, and Maria Elisabetta Lanzone. 2016. "The French Front National: Organizational Change and Adaptation from Jean-Marie to Marine Le Pen." In *Understanding Populist Party Organisation: The Radical Right in Western Europe*, edited by Reinhard Heinisch and Oscar Mazzoleni, 131-58. Palgrave Studies in European Political Sociology. London: Palgrave Macmillan UK.

https://doi.org/10.1057/978-1-137-58197-6_6.

Jackman, Robert W., and Karin Volpert. 1996. "Conditions Favouring Parties of the Extreme Right in Western Europe." *British Journal of Political Science* 26 (4): 501-21.

<https://doi.org/10.1017/S0007123400007584>.

Jensen, J. Bradford, Dennis P. Quinn, and Stephen Weymouth. 2017. "Winners and Losers in International Trade: The Effects on US Presidential Voting." *International Organization* 71 (3): 423-57.

<https://doi.org/10.1017/S0020818317000194>.

Jones, Benjamin F., and Benjamin A. Olken. 2005. "Do Leaders Matter? National Leadership and Growth Since World War II." *The Quarterly Journal of Economics* 120 (3): 835-64.

<https://doi.org/10.1093/qje/120.3.835>.

Judis, John B. 2016. *The Populist Explosion: How the Great Recession Transformed American and European Politics*. Columbia Global Reports.

Kaplanoglou, Georgia, Vassilis T. Rapanos, and Ioanna C. Bardakas. 2015. “Does Fairness Matter for the Success of Fiscal Consolidation?” *Kyklos* 68 (2): 197-219.

<https://doi.org/10.1111/kykl.12080>.

Kaufman, Robert R., and Barbara Stallings. 1991. “The Political Economy of Latin American Populism.” In *The Macroeconomics of Populism in Latin America*, edited by Rudiger Dornbusch and Sebastian Edwards. The University of Chicago Press.

Karakas, Leyla, and Devashish Mitra (2019). “Immigration Policy in the Presence of Identity Politics.” Mimeo, Syracuse University.

Kavakli, Kerim Can. (2020). “Did Populist Leaders Respond to the COVID-19 Pandemic More Slowly? Evidence from a Global Sample.” Mimeo, Bocconi.

Kazin, Michael. 1998. *The Populist Persuasion: An American History*. Cornell University Press.

Kinder, Donald R., and D. Roderick Kiewiet. 1981. “Sociotropic Politics: The American Case.” *British Journal of Political Science* 11 (2): 129-61.

<https://doi.org/10.1017/S0007123400002544>.

Klein, Ezra. 2020. *Why We're Polarized*. Profile Books.

Krastev, Ivan, and Stephen Holmes. 2018. “Explaining Eastern Europe: Imitation and Its Discontents.” *Journal of Democracy* 29 (3): 117-28.

Kuziemko, Ilyana, Michael I. Norton, Emmanuel Saez, and Stefanie Stantcheva. 2015. “How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments.” *American Economic Review* 105 (4): 1478-1508.

<https://doi.org/10.1257/aer.20130360>.

Lazer, David M. J., Matthew A. Baum, Yochai Benkler, Adam J. Berinsky, Kelly M. Greenhill, Filippo Menczer, Miriam J. Metzger, Brendan Nyhan, Gordon Pennycook, David Rothschild, Michael Schudson, Steven A. Sloman, Cass R. Sunstein, Emily A. Thorson, Duncan J. Watts and Jonathan L. Zittrain. 2018. “The Science of Fake News.” *Science* 359 (6380): 1094-96.

<https://doi.org/10.1126/science.aao2998>.

Lechler, Marie. 2019. “Employment Shocks and Anti-EU Sentiment.” *European Jour-*

nal of Political Economy 59 (September): 266-95.

<https://doi.org/10.1016/j.ejpoleco.2019.03.005>.

Levitsky, Steven, and Daniel Ziblatt. 2018. *How Democracies Die: What History Reveals About Our Future*. Penguin UK.

Levy, Gilat, Ronny Razin, and Young. 2020. "Misspecified Politics and the Recurrence of Populism." Mimeo, London School of Economics and Political Science, March.

Lewis, Paul, Caelainn Barr, Seán Clarke, Antonio Voce, Cath Levett, and Pablo Gutiérrez. 2019. "Revealed: The Rise and Rise of Populist Rhetoric." *The Guardian*, March 6, 2019. <https://www.theguardian.com/world/ng-interactive/2019/mar/06/revealed-the-rise-and-rise-of-populist-rhetoric>.

Lewis-Beck, Michael S., and Mary Stegmaier. 2000. "Economic Determinants of Electoral Outcomes." *Annual Review of Political Science* 3 (1): 183-219.

<https://doi.org/10.1146/annurev.polisci.3.1.183>.

Lewis-Beck, Michael S., Richard Nadeau, and Angelo Elias. 2008. "Economics, Party, and the Vote: Causality Issues and Panel Data." *American Journal of Political Science* 52 (1): 84-95.

Liberini, Federica, Michela Redoano, Antonio Russo, Ángel Cuevas, and Cuevas. 2020. "Politics in the Facebook Era - Evidence from the 2016 US presidential elections." CESifo Working Paper No. 8235.

Lonsky, Jakub. 2020. "Does Immigration Decrease Far-Right Popularity? Evidence from Finnish Municipalities." *Journal of Population Economics*, July.

<https://doi.org/10.1007/s00148-020-00784-4>.

Magyar, Bálint. 2016. *Post-Communist Mafia State: The Case of Hungary*. Budapest: Central European University Press.

Makridis, Christos, and Jonathan Rothwell. 2020. "The Real Cost of Political Polarization: Evidence from the COVID-19 Pandemic." Mimeo, MIT.

Malgouyres, Clément. 2017a. "The Impact of Chinese Import Competition on the Local Structure of Employment and Wages: Evidence from France." *Journal of Regional Science* 57 (3): 411-41.

<https://doi.org/10.1111/jors.12303>.

—. 2017b. "Trade Shocks and Far-Right Voting: Evidence from French presidential elections." Robert Schuman Centre for Advanced Studies Research Paper No. RSCAS

2017/21, March.

<https://doi.org/10.2139/ssrn.2942173>.

Manacorda, Marco, Edward Miguel, and Andrea Vigorito. 2011. "Government Transfers and Political Support." *American Economic Journal: Applied Economics* 3 (3): 1-28. <https://doi.org/10.1257/app.3.3.1>.

Margalit, Yotam. 2011. "Costly Jobs: Trade-Related Layoffs, Government Compensation, and Voting in U.S. Elections." *American Political Science Review* 105 (1): 166-88. <https://doi.org/10.1017/S000305541000050X>.

—. 2019. "Economic Insecurity and the Causes of Populism, Reconsidered." *Journal of Economic Perspectives* 33 (4): 152-70. <https://doi.org/10.1257/jep.33.4.152>.

Mariani, Lucas Argentieri, Jessica Gagete-Miranda, and Paula Rettl. 2020. "Words can hurt: How political communication can change the pace of an epidemic." Mimeo, UNC.

Marin, Dalia. 2018. "Global Value Chains, the Rise of the Robots and Human Capital." *Wirtschaftsdienst* 98 (1): 46-49. <https://doi.org/10.1007/s10273-018-2276-9>.

Marx, Karl, and Friedrich Engels. 1848. *Manifesto of the Communist Party*.

Marzouki, Nadia, Duncan McDonnell, and Olivier Roy. 2016. *Saving the People: How Populists Hijack Religion*. C. Hurst & Company (Publishers) Limited.

Matsen, Egil, Gisle J. Natvik, and Ragnar Torvik. 2016. "Petro Populism." *Journal of Development Economics* 118 (January): 1-12. <https://doi.org/10.1016/j.jdeveco.2015.08.010>.

Mayda, Anna Maria, Giovanni Peri, and Walter Steingress. Forthcoming. "The Political Impact of Immigration: Evidence from the United States." *American Economic Journal: Applied Economics*. <https://doi.org/10.1257/app.20190081>.

Mertens, Karel. 2018. "The Near Term Growth Impact of the Tax Cuts and Jobs Act." Federal Reserve Bank of Dallas Research Department Working Paper No. 1803. <https://doi.org/10.24149/wp1803>.

Milosh, Maria, Marcus Painter, Konstantin Sonin, David Van Dijke, and Austin Wright. 2020. "Unmasking Partisanship: How Polarization Influences Public Responses to Collective Risk." University of Chicago, Becker Friedman Institute for Economics Working

Paper No. 2020-102.

Minkenberg, Michael. 2018. "Religion and the Radical Right." In *The Oxford Handbook of the Radical Right*, edited by Jens Rydgren, 366-93. Oxford University Press.

Morgan, Stephen L. 2018. "Status Threat, Material Interests, and the 2016 Presidential Vote." *Socius: Sociological Research for a Dynamic World* 4 (July): 2378023118788217. <https://doi.org/10.1177/2378023118788217>.

Moriconi, Simone, Giovanni Peri, and Riccardo Turati. 2018. "Skill of the Immigrants and Vote of the Natives: Immigration and Nationalism in European Elections 2007-2016." NBER Working Paper No. W25077, September.

Mounk, Yascha. 2018. *The People Vs. Democracy: Why Our Freedom Is in Danger and How to Save It*. Harvard University Press.

Mudde, Cas. 2004. "The Populist Zeitgeist." *Government and Opposition* 39 (4): 541-63. <https://doi.org/10.1111/j.1477-7053.2004.00135.x>.

—. 2007. *Populist Radical Right Parties in Europe*. Cambridge University Press.

Mudde, Cas, and Cristóbal Rovira Kaltwasser. 2017. *Populism: A Very Short Introduction*. Oxford University Press.

Mukand, Sharun, and Dani Rodrik. 2018. "The Political Economy of Ideas: On Ideas Versus Interests in Policymaking." NBER Working Paper No. 24467, March. <https://doi.org/10.3386/w24467>.

Müller, Jan-Werner. 2016. *What Is Populism?* University of Pennsylvania Press.

Müller, Karsten, and Carlo Schwarz. 2020. "From Hashtag to Hate Crime: Twitter and Anti-Minority Sentiment." Mimeo, Warwick University. <https://doi.org/10.2139/ssrn.3149103>.

—. 2021. "Fanning the Flames of Hate: Social Media and Hate Crime." *Journal of the European Economic Association*.

Mutz, Diana C. 2018. "Status Threat, Not Economic Hardship, Explains the 2016 Presidential Vote." *Proceedings of the National Academy of Sciences* 115 (19): E4330-39. <https://doi.org/10.1073/pnas.1718155115>.

Norris, Pippa, and Ronald Inglehart. 2019. *Cultural Backlash: Trump, Brexit, and Authoritarian Populism*. Cambridge University Press.

Noury, Abdul, and Gerard Roland. 2020. "Identity Politics and Populism in Europe."

Annual Review of Political Science 23 (1): 421-39.

<https://doi.org/10.1146/annurev-polisci-050718-033542>.

Nyhan, Brendan. 2020. "Facts and Myths about Misperceptions." *Journal of Economic Perspectives* 34 (3): 220-36.

<https://doi.org/10.1257/jep.34.3.220>.

Ochsner, Christian, and Felix Roesel. 2019. "Mobilizing History." Mimeo, University of Zurich.

Oliver, J. Eric, and Thomas J. Wood. 2014. "Conspiracy Theories and the Paranoid Style(s) of Mass Opinion." *American Journal of Political Science* 58 (4): 952-66.

<https://doi.org/10.1111/ajps.12084>.

Papaioannou, Elias. 2020. "A Comment on: 'State Capacity, Reciprocity, and the Social Contract' by Timothy Besley." *Econometrica* 88 (4): 1351-58.

<https://doi.org/10.3982/ECTA18028>.

Papaioannou, Elias, and Gregorios Siourounis. 2008. "Democratisation and Growth." *The Economic Journal* 118 (532): 1520-51.

<https://doi.org/10.1111/j.1468-0297.2008.02189.x>.

Pastor, Lubos, and Pietro Veronesi. 2020. "Inequality Aversion, Populism, and the Backlash Against Globalization." Chicago Booth Research Paper No. 20-11, May.

<https://doi.org/10.2139/ssrn.3224232>.

Payne, Stanley G. 1996. *A History of Fascism, 1914-1945*. London: Routledge.

Pavcnik, Nina. 2017. "The Impact of Trade on Inequality in Developing Countries." Paper presented at the Fostering a Dynamic Global Economy, Jackson Hole Economic Policy Symposium, Jackson Hole, WY.

Peri, Giovanni. 2016. "Immigrants, Productivity, and Labor Markets." *Journal of Economic Perspectives* 30 (4): 3-30.

<https://doi.org/10.1257/jep.30.4.3>.

Persson, Torsten, and Guido Tabellini. 2009. "Democratic Capital: The Nexus of Political and Economic Change." *American Economic Journal: Macroeconomics* 1 (2): 88-126.

<https://doi.org/10.1257/mac.1.2.88>.

Petrova, Maria, Gregor Schubert, and Pinar Yildirim. 2020. "Automation, Loss of Jobs, and Support for Populism." Mimeo, UPF.

Philippon, Thomas. 2019. *The Great Reversal: How America Gave Up on Free Markets*. Harvard University Press.

Pierce, Justin R., and Peter K. Schott. 2016. “The Surprisingly Swift Decline of US Manufacturing Employment.” *American Economic Review* 106 (7): 1632-62.
<https://doi.org/10.1257/aer.20131578>.

—. 2020. “Trade Liberalization and Mortality: Evidence from US Counties.” *American Economic Review: Insights* 2 (1): 47-64.
<https://doi.org/10.1257/aeri.20180396>.

Pinker, Steven. 2018. *Enlightenment Now: The Case for Reason, Science, Humanism, and Progress*. Penguin Random House LLC.

Ponticelli, Jacopo, and Hans-Joachim Voth. 2020. “Austerity and Anarchy: Budget Cuts and Social Unrest in Europe, 1919-2008.” *Journal of Comparative Economics* 48 (1): 1-19.
<https://doi.org/10.1016/j.jce.2019.09.007>.

Polk, Jonathan, Jan Rovny, Ryan Bakker, Erica Edwards, Liesbet Hooghe, Seth Jolly, Jelle Koedam, Filip Kostelka, Gary Marks, Gijs Schumacher, Marco Steenbergen, Milada Anna Vachudova and Marko Zilovic. 2017. “Explaining the Salience of Anti-Elitism and Reducing Political Corruption for Political Parties in Europe with the 2014 Chapel Hill Expert Survey Data.” *Research & Politics* 4 (1): 2053168016686915.
<https://doi.org/10.1177/2053168016686915>.

Postel, Charles. 2007. *The Populist Vision*. Oxford University Press.

Putnam, Robert D. 2000. *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.

Rajan, Raghuram. 2019. *The Third Pillar: How Markets and the State Leave the Community Behind*. Penguin Publishing Group.

Rodrik, Dani. 2018a. “Populism and the Economics of Globalization.” *Journal of International Business Policy* 1 (1): 12-33.
<https://doi.org/10.1057/s42214-018-0001-4>.

—. 2018b. “Is Populism Necessarily Bad Economics?” *AEA Papers and Proceedings* 108 (May): 196-99.
<https://doi.org/10.1257/pandp.20181122>.

Romarri, Alessio. 2020. “Do Far-Right Mayors Increase the Probability of Hate Crimes?”

Evidence From Italy.” August.

<https://doi.org/10.2139/ssrn.3506811>.

Rooduijn, Matthijs, Stijn Van Kessel, Caterina Froio, Andrea Pirro, Sarah De Lange, Daphne Halikiopoulou, Paul Lewis, Cas Mudde, and Paul Taggart. 2019. “The PopuList: An Overview of Populist, Far Right, Far Left and Eurosceptic Parties in Europe.” www.popu-list.org.

Rose, Andrew K. 2019. “Soft Power and Exports.” *Review of International Economics* 27 (5): 1573-90.

<https://doi.org/10.1111/roie.12435>.

Rosling, Hans, Ola Rosling, and Anna Rosling Rönnlund. 2018. *Factfulness: Ten Reasons We're Wrong About the World – and Why Things Are Better Than You Think*. Flatiron Books.

Rydgren, Jens. 2018. “The Radical Right: An Introduction.” In *The Oxford Handbook of the Radical Right*, edited by Jens Rydgren, 1-16. Oxford University Press.

Sampson, Thomas. 2017. “Brexit: The Economics of International Disintegration.” *Journal of Economic Perspectives* 31 (4): 163-84.

<https://doi.org/10.1257/jep.31.4.163>.

Sandel, Michael J. 2005. *Public Philosophy: Essays on Morality in Politics*. Harvard University Press.

Sasso, Greg, and Massimo Morelli. 2020. “Bureaucrats Under Populism.” SocArXiv, February.

<https://doi.org/10.31235/osf.io/uznxd>.

Schumacher, Gijs, and Kees van Kersbergen. 2016. “Do Mainstream Parties Adapt to the Welfare Chauvinism of Populist Parties?” *Party Politics* 22 (3): 300-312.

<https://doi.org/10.1177/1354068814549345>.

Serwicka, Ilona, and Nicolò Tamperi. 2018. “Not Backing Britain: FDI Inflows since the Brexit Referendum.” UK Trade Policy Observatory Briefing Paper 23, October.

Shayo, Moses. 2009. “A Model of Social Identity with an Application to Political Economy: Nation, Class, and Redistribution.” *American Political Science Review* 103 (2): 147-74.

<https://doi.org/10.1017/S0003055409090194>.

—. 2020. “Social Identity and Economic Policy.” *Annual Review of Economics* 12

(August): 355-89.

<https://doi.org/10.1146/annurev-economics-082019-110313>.

Simonov, Andrey, Szymon Sacher, Jean-Pierre Dub, and Shirsho Biswas. 2020. "The Persuasive Effect of Fox News: Non-Compliance with Social Distancing During the Covid-19 Pandemic." Mimeo, Columbia.

Springford, John, Philip McCann, Bart Los, and Mark Thissen. 2016. "Brexiting Yourself in the Foot: Why Britain's Eurosceptic Regions Have Most to Lose from EU Withdrawal." Centre for European Reform.

Steinmayr, Andreas. Accepted. "Contact versus Exposure: Refugee Presence and Voting for the Far-Right." *The Review of Economics and Statistics*, 1-47.

https://doi.org/10.1162/rest_a.00922.

Swami, Vireb, and David Barron. 2020. "Analytic Thinking, Rejection of Coronavirus (COVID-19) Conspiracy Theories, and Compliance with Mandated Social-Distancing: Direct and Indirect Relationships in a Nationally Representative Sample of Adults in the United Kingdom." OSF preprints

<https://doi.org/10.31219/osf.io/nmx9w>

Sunstein, Cass R. 2001. *Republic.Com*. Princeton: Princeton University Press.

—. 2017. *#Republic: Divided Democracy in the Age of Social Media*. Princeton: Princeton University Press.

Szeidl, Adam, and Ferenc Szucs. Forthcoming. "Media Capture through Favor Exchange." *Econometrica*.

Tabellini, Marco. 2020. "Gifts of the Immigrants, Woes of the Natives: Lessons from the Age of Mass Migration." *The Review of Economic Studies* 87 (1): 454-86.

<https://doi.org/10.1093/restud/rdz027>.

Tajfel, Henri. 1974. "Social Identity and Intergroup Behaviour." *Social Science Information* 13 (2): 65-93.

<https://doi.org/10.1177/053901847401300204>.

Thewissen, Stefan, and David Rueda. 2019. "Automation and the Welfare State: Technological Change as a Determinant of Redistribution Preferences." *Comparative Political Studies*, February.

<https://doi.org/10.1177/0010414017740600>.

Tufekci, Zeynep. 2018. "How social media took us from Tahrir Square to Donald

Trump.” *MIT Technology Review*.

Turner, John C., Michael A. Hogg, Penelope J. Oakes, Stephen D. Reicher, and Margaret S. Wetherell. 1987. *Rediscovering the Social Group: A Self-Categorization Theory*. Basil Blackwell.

Van Kessel, Stijn. 2015. *Populist Parties in Europe: Agents of Discontent?* Springer.

Van Straelen, Henry. 2018. “From Recession to Revolution: Housing Wealth and Political Polarization.” Mimeo, Kellogg School of Management, Northwestern University.

Vertier, Paul, and Max Viskanic. 2018. “Dismantling the ‘Jungle’: Migrant Relocation and Extreme Voting in France.” CESifo Working Paper No. 6927.

Viskanic, Max. 2019. “Fear and Loathing on the Campaign Trail: Did Immigration Cause Brexit?” Mimeo, Sciences Po.

Voigtländer, Nico, and Hans-Joachim Voth. 2012. “Persecution Perpetuated: The Medieval Origins of Anti-Semitic Violence in Nazi Germany.” *The Quarterly Journal of Economics* 127 (3): 1339-92.

<https://doi.org/10.1093/qje/qjs019>.

—. 2019. “Highway to Hitler.” NBER Working Paper No. 20150, January.

<https://doi.org/10.3386/w20150>.

Volkens, Andrea, Pola Lehmann, Therese Matthiess, Nicolas Merz, Sven Regel, and Anika Werner. 2016. *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR)*. Version 2016a. Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).

Voth, Hans-Joachim, Sebastian Doerr, Stefan Gissler, and José Luis Peydró. 2020. “From Finance To Fascism: The Real Effect of Germany’s 1931 Banking Crisis.” CEPR Discussion Paper DP12806, June.

Vosoughi, Soroush, Deb Roy, and Sinan Aral. 2018. “The Spread of True and False News Online.” *Science* 359 (6380): 1146-51.

<https://doi.org/10.1126/science.aap9559>.

Wagner, Alexander F., Richard J. Zeckhauser, and Alexandre Ziegler. 2018. “Unequal Rewards to Firms: Stock Market Responses to the Trump Election and the 2017 Corporate Tax Reform.” *AEA Papers and Proceedings* 108 (May): 590-96.

<https://doi.org/10.1257/pandp.20181091>.

Wuttke, Alexander, Christian Schimpf, and Harald Schoen. 2020. “When the Whole Is Greater than the Sum of Its Parts: On the Conceptualization and Measurement of

Populist Attitudes and Other Multidimensional Constructs.” *American Political Science Review* 114 (2): 356-74.

<https://doi.org/10.1017/S0003055419000807>.

Zhuravskaya, Ekaterina, Maria Petrova, and Ruben Enikolopov. 2020. “Political Effects of the Internet and Social Media.” *Annual Review of Economics* 12 (1): 415-38.

<https://doi.org/10.1146/annurev-economics-081919-050239>.

Zucco, Cesar. 2013. “When Payouts Pay Off: Conditional Cash Transfers and Voting Behavior in Brazil 2002-10.” *American Journal of Political Science* 57 (4): 810-22.

<https://doi.org/10.1111/ajps.12026>.

Zucman, Gabriel. 2015. *The Hidden Wealth of Nations: The Scourge of Tax Havens*. Chicago: University of Chicago Press.