

Rise in Populism: Economic and Social Perspectives

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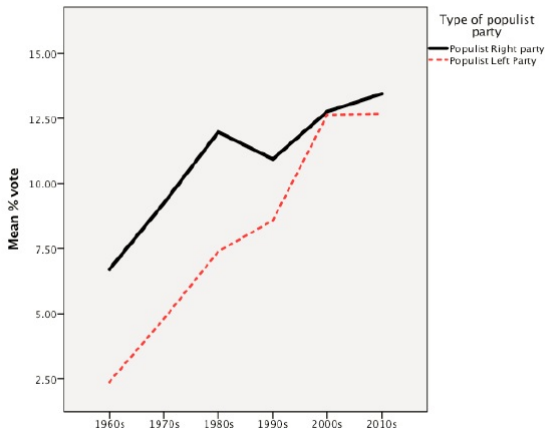
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Rise of Populist Parties in Europe

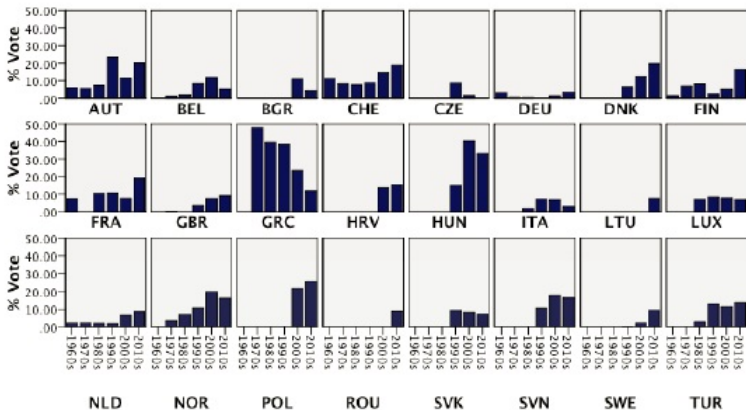
Figure 4: Mean vote share for populist parties in European societies



Note: The mean share of the vote won by Populist-Left and Populist-Right parties in national parliamentary and European parliamentary elections in 24 European societies.

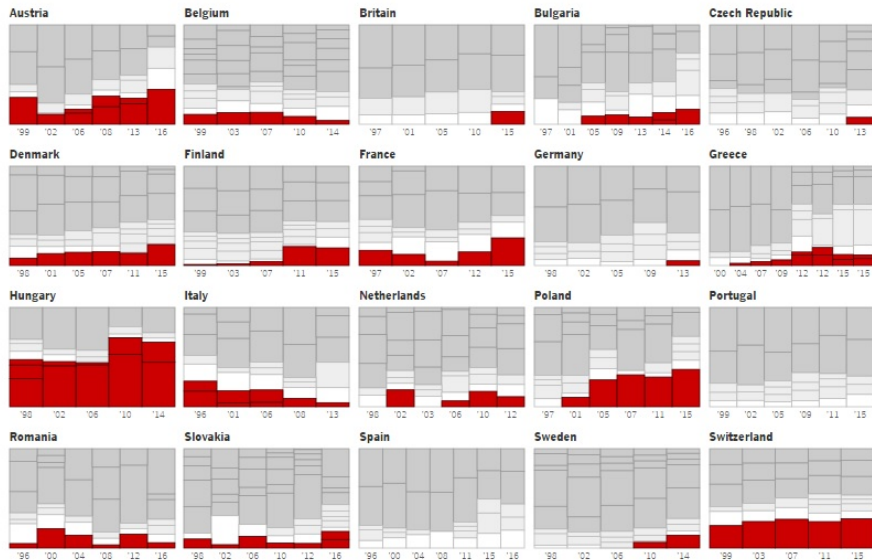
Rise of Populist Parties in Europe

Figure 5: Voting support for populist parties by country, 1970-2016



Note: The mean share of the vote won by all types of populist parties in national parliamentary and European parliamentary elections in 24 European societies.

Rise of Far-Right Populists in Europe



What is populism?

- 1 Not an easy concept to define
- 2 Characteristics:
 - Rhetoric that pits a **good and homogeneous people against an elite and dangerous 'others'** who deprive the sovereign people of their rights, values, prosperity, identify and voice
 - **Charismatic and authoritarian leader** exercises power seeking to **relate directly to large mass of followers**
- 3 Right-wing "nativism": others are foreigners, immigrants, cultural or religious minorities.
- 4 Left-wing: others are big companies, Wall Street, the 1%.

Is populism a threat?

- ① People's sovereignty is the main principle of democracies, so makes sense to criticize an elite that doesn't work for the general interest and common good
- ② Populists don't call themselves populists
=> A pejorative qualification used as an attack by opponents
- ③ Their main opponents are the ruling political elites
 - ① Rhetoric tends to artificially split society in groups: the good people and the bad elites
 - For right-wing: target some minorities
 - ② The solutions to the current problems are unrealistic and demagogic
 - ③ Authoritarian and personalized exercise of power may be anti-democratic
- ④ Symptomatic of a discontent of part of the population regarding the current policies, rules of sharing power and resources

Problem: Questioning the "left-behind" narrative

- 1 Many (on the left or in establishment) relate this rise of populism to lack of democracy and in particular, economic democracy
 - unemployment, low-growth,
 - rise in inequality, rise in job insecurity
 - globalization, relocation of jobs
 - lack of representation of low and middle class individuals => failure of the old welfare states to address the new risks of post-industrial economies
- 2 However, are they sufficient to explain the rise?
 - "Cultural backlash"
 - Immigration
 - Neo-nationalism and reaction to weakening of traditional Nation-States
 - Supply-side: right-wing parties create the "migration" problem
 - Contagion across countries

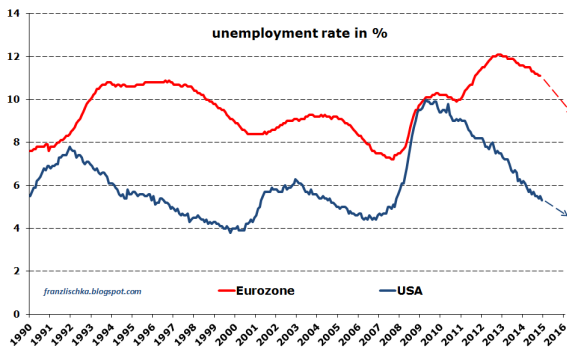
- 1 Introduction
- 2 Economic hypothesis: The left-behind narratives
 - Short-term factors: financial crisis, unemployment and growth slow-down
 - Long-term factors: inequalities, globalization
- 3 Alternative hypothesis
- 4 Conclusion

Testing the short-term hypothesis

- ① Recession, unemployment, financial crisis and growth are key determinants of the rise of far-right parties.
 - Well-known facts that popularity of government is strongly correlated with state of the growth and labor market state.
 - Eichengreen et al. (2012) study the 30's: the key variable is the cumulative size of the recession (in length and amplitude) and to a lesser extent not having been a democracy before WWI
 - Bruckner et al. (2010) show that a one-percentage point decline in growth leads to a one-percentage point increase in the vote share of right-wing or nationalist parties (panel of 16 OECD countries from 1970 to 2002)
 - Funke et al. (2015) show that far-right parties are the biggest beneficiaries of financial crisis (but not other recessions), while fractionalisation of parliaments complicated post-crisis governance (panel of 20 advanced economies since 1870).
- ② Problem: no clear theoretical channels
- ③ Cyclical factor vs structural factors : Optimistic view

Medium-long run factors

- 1 High structural unemployment in south European countries (eurosceleris).



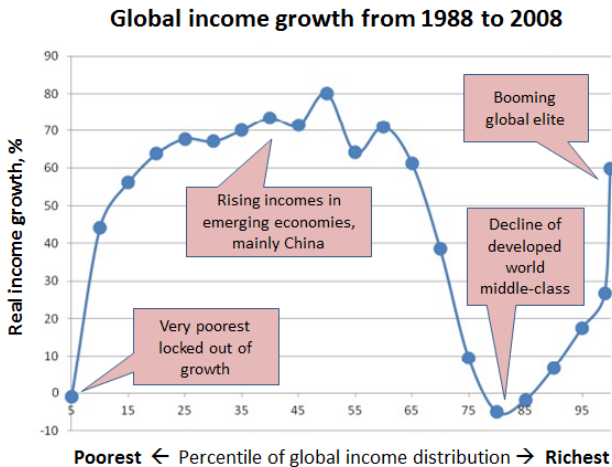
Medium-long run factors

1 Increase in inequalities in the US



Causes

- Globalization has been costly for middle class in rich economies (Milanovic, 2016)



Causes

- ① Pro-rich and pro-capital income changes in tax rate
- ② Labor markets reforms towards more flexibility
- ③ Conservative monetary policy and hysteresis
- ④ Minimum wage
- ⑤ Skill-biased technical change
- ⑥ Decrease in union's bargaining power

Empirical Tests: Brexit vote

- 1 Vote for populist parties correlate with "economic insecurity", unemployment and income
- 2 Pro-brexit vote, Becker et al. (2016) find that age and education as well as the historical importance of manufacturing employment, low income and high unemployment are key drivers of the pro-brexit vote at the local level. Migration from Eastern Europe, fiscal cut are also important.
- 3 Zoega (2016) find that GDP per capital, low education, high proportion of people over 65 and high immigration are more likely to vote for Leave and UKIP and be suspicious of immigrants.
- 4 Colantone (2016) show that regions that were more exposed to the Chinese import shock are also the regions that are more prone to the UKIP vote.

Criticisms and remarks

1 Cons:

- Stagnating real income true for median American...
- ...but income inequalities have been stable in Europe
- Nordic countries show low unemployment and no increase in inequalities
- Trump vote doesn't correlate with income but due to two party-system.

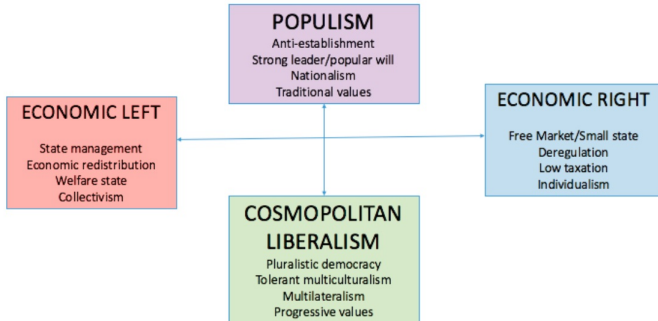
2 Remarks

- Even with constant economic conditions
- Weakening of post-war political media, ideologies and collectives: Union, Communist party and Marxism
- Right-wing ideology is one of the new expression of economic frustration

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 - Cultural backlash
 - Immigration
 - Political disillusion
 - Demand for Sovereignty
 - Supply-side explanations
- 4 Conclusion

Cultural backlash: Inglehart and Norris (2016)

- 1 Test the two hypothesis to explain rise in populism in Europe
- 2 Economic insecurity vs cultural backlash
 - Retro reaction by once-predominant sectors of the population to progressive value and cultural change
 - Values include: anti-immigrant attitudes, mistrust of global and national governance, support for authoritarian values, and left-right ideological self-placement.

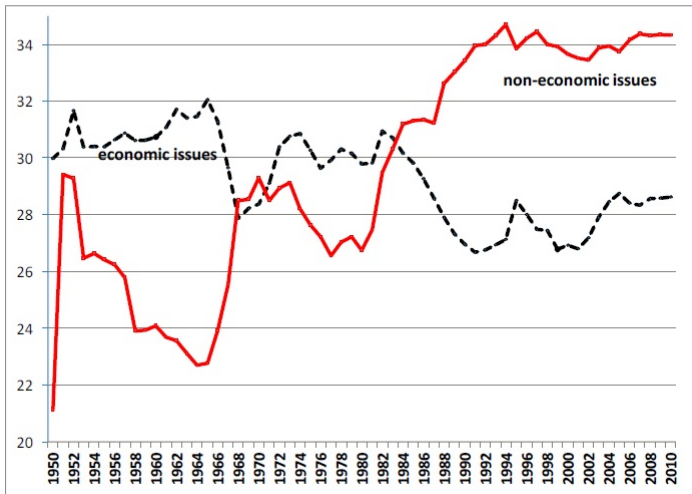


Cultural backlash: Inglehart and Norris (2016)

- 1 The model that best predicts populist vote is age, gender, religion, education, and values rather than economics
- 2 Populists parties are supported more strongly by older generation, men, less educated, religious and ethnic majorities
- 3 Economic insecurity becomes insignificant once these variables are added, unskilled workers not strong supporters, little support from dependents upon social welfare benefits.

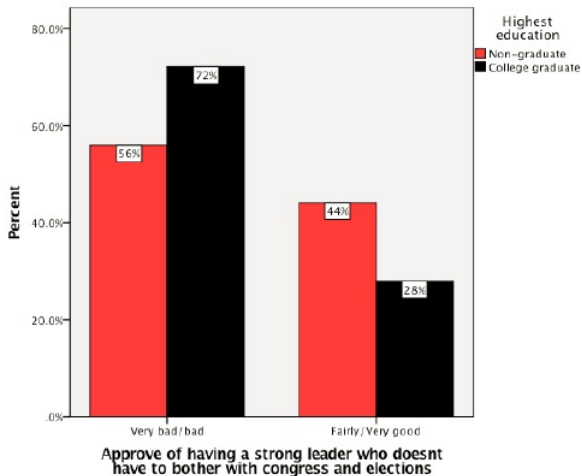
Old and new cleavages

Figure 6. Rising salience of non-economic issues in the party manifestos of thirteen Western Democracies, 1950-2010



Old and new cleavages: education

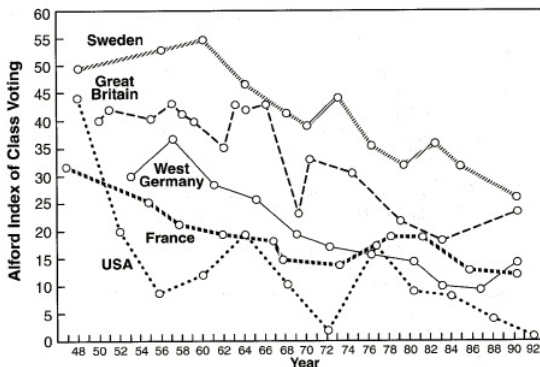
Figure 10. The education gap in American approval of authoritarian leadership, 2011



Old and new cleavages: class

1 Class as become less relevant to explain vote

Figure 7. The trend in social class voting in five Western Democracies, 1947-1992.



Source: Ronald Inglehart.1997. *Modernization and Postmodernization: Cultural, Economic and Political*

Example 1: Brexit

- 1 Age: 18-24 73% Remain - 60% Leave 65+
- 2 Employed : Majority Remain - Majority Leave : Unemployed
- 3 University education: 65% Remain - Majority Leave : Secondary School
- 4 White : 53% Leave - 66% and 73% Remain : Asian and Black
- 5 Large divide on positive view on liberalism, feminism, multiculturalism, immigration, globalization.

Example 2: Trump

▶ [Link](#)

Criticisms to the Cultural backlash hypothesis

- 1 Support the cultural backlash hypothesis
- 2 Shows the most salient cleavages in electoral coalition
- 3 But descriptive and not explicative of the formation of these new coalitions and cleavages
- 4 Doesn't explain the rise, the "reaction".

Immigration

- 1 Attitudes towards immigration and propensity to vote for anti-immigrants candidates seem to be correlated with immigration.
- 2 Halla (2012): countries that have the highest share of migrants have also the highest propensity to vote for far-right parties
- 3 Halla (2012): in Austria the increase in the percentage of immigrant at the local level increase the shares of far-right vote (the skill composition of immigrants matter: high-skilled immigrants has no effect on FPO votes)
- 4 Becker (2016): places that experienced the highest inflow of Eastern European migrants also saw a significant increase in anti-European sentiment measured by vote shared for the UKIP.
- 5 Card et al. (2009) show that more than fiscal spillovers and wages or employment, compositional amenities (such as maintaining customs, tradition, sharing a common language and religion) is very important in shaping attitudes toward immigration.

The refugee crisis

IMPORTANT ISSUES FOR SWEDES (Percent)

Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Immigrants/Refugees	7	8	11	14	13	19	26	12	14	13	10	10	12	11	13	20	12	11	15	15	14	13	15	19	14	20	22	27	
Education	12	8	10	10	10	8	10	8	7	10	22	32	37	36	38	32	23	18	19	24	21	22	21	26	25	24	30	40	
Health care	24	22	23	23	20	19	22	18	15	24	35	30	41	39	42	38	42	32	27	29	25	24	24	26	24	23	28	33	
Employment	17	8	3	8	40	49	60	59	51	59	50	52	30	16	15	16	15	21	34	46	23	22	38	35	30	38	33	24	
Pensions/Elderly care	10	10	16	14	17	14	17	12	10	17	20	16	21	24	23	24	21	20	20	16	14	16	13	14	17	16	17	18	
Social policy	14	18	18	13	14	10	8	13	12	12	9	21	6	9	9	11	12	14	11	12	15	11	11	16	17	14	14	12	
Environment/Energy	61	68	55	42	39	22	19	21	30	12	12	11	11	10	10	11	7	8	12	15	23	24	23	15	15	14	13	12	
Swedish economy	8	10	9	33	24	40	30	40	29	14	7	9	6	4	8	8	10	8	6	6	8	17	14	8	15	11	7	7	
Housing/Constructions	6	7	6	5	5	3	1	1	1	1	0	1	1	2	2	3	2	1	1	2	2	2	1	2	3	3	4	3	
Law and order	22	14	40	12	16	9	9	12	26	15	14	16	17	16	13	12	18	19	17	15	15	16	10	9	6	7	7	4	
Family/Child care	9	10	11	11	8	9	11	8	6	7	9	9	8	10	9	11	10	9	7	7	7	6	6	4	5	4	4	3	
Taxes	6	9	14	12	6	2	2	2	2	3	5	7	5	8	7	7	6	7	9	7	5	4	5	4	3	3	3	2	
Democracy/Human rights	1	3	2	2	2	2	1	2	2	3	4	3	3	3	3	3	4	4	5	4	5	4	4	4	3	3	3	4	
Swedish foreign policy	3	2	2	5	2	2	2	1	3	5	3	3	2	2	1	2	2	3	1	2	1	1	2	2	1	1	4		
Infrastructure	1	1	1	3	1	1	0	1	0	0	0	0	0	2	2	2	1	1	2	2	2	3	1	2	3	3	2	2	
Public service	1	1	1	3	1	2	1	2	3	6	1	1	3	3	2	2	5	1	1	1	1	1	1	1	1	2	2	2	
Politics	1	0	0	1	2	1	1	1	0	1	0	2	2	1	1	2	2	2	3	2	1	1	1	1	1	1	2	2	2
Morality/Ethics	4	5	3	8	7	12	9	16	7	3	2	5	4	5	5	4	8	3	2	1	1	1	1	1	1	2	1	1	
Number of respondents	1672	1643	1578	1582	1573	1869	1857	1777	1707	1779	1754	3561	3503	3546	3638	3609	3675	3612	3499	3336	3435	3259	4926	5007	4720	6289	6688	3431	

Comment: The percentages are based on all respondents. The respondents were asked to provide a maximum of three issues/societal problems in an open-ended question.

Question: "Which issue(s) or societal problem(s) do you think is/are the most important in Sweden today?"

The scapegoat theory

- ① This theory allows to link attitudes towards immigration and economic and social problems
- ② Hovland et al. (1940) studies of anti-black violence in the southern US between 1882 and 1930 show a correlation between poor economic conditions (price of cotton) and outbreaks of lynchings against blacks.
 - They conclude that a poor economy induced white people to take out their frustrations by attacking an outgroup
- ③ Poppe (2001) shows that stereotypes about foreigners become more negative as the economy deteriorates (East and Central Europe).
- ④ Frustration causes aggression: frustration-aggression theory (Dollard)

Political disillusion

- ① Dysfunctional democracies
 - Citizens don't feel parliaments and governments represent them
 - Feeling of disconnection between rulers and citizens
 - Measurement issue
- ② Populism is a "rational" demand

Weakening of Nation-States and Demand for Sovereignty

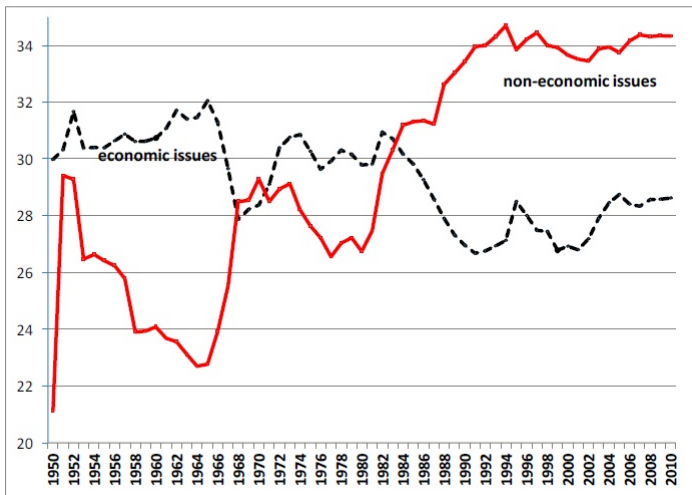
- ① Factors have weakened patriotic collective feelings
 - Second World War: fear and shame of nationalist ideologies
 - Rise in individualism and protection of individual's rights
 - European universalism
- ② Perception that States are losing control over their destiny
 - Trade and financial integration
 - European Integration
- ③ Lack of Nation and Collective existence triggers nationalistic reactions.

Supply-side explanations

- ① Right-wing parties have formulated a problem: immigration
- ② ... and have shifted attention on that problem
- ③ Supply creates its own demand: Say's law in politics
- ④ Preferences of voters are not pre-determined

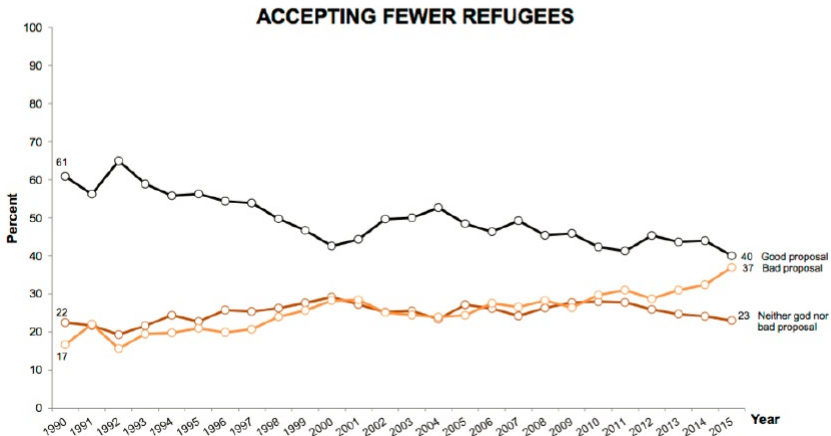
Shifts to non-economic issues

Figure 6. Rising salience of non-economic issues in the party manifestos of thirteen Western Democracies, 1950-2010



Attitudes towards immigration in Sweden

- 1 The country is not becoming more intolerant towards refugees



Immigration in the Public Debate

1 Immigration has become the most important topic

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Family/Child care	9	10	11	8	9	11	8	6	7	9	9	8	10	9	11	10	9	7	7	7	6	6	4	5	4	4	4	3
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Democracy/Human rights	1	3	2	2	2	2	1	2	2	3	4	3	3	3	3	3	4	4	5	4	5	4	4	4	3	3	3	4
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Infrastructure	1	1	1	3	1	1	0	1	0	0	0	0	0	2	2	2	1	1	2	2	2	3	1	2	3	3	2	2
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Conclusion

- 1 Hard to disentangle:
 - Economic discontent
 - Aversion of immigration
 - Scapegoat dynamics
 - Conservative reaction to rapid cultural change
 - Political disillusion
 - Demand for sovereignty
 - Supply-side dynamics
 - Contagion
- 2 Cyclical determinants (recessions, refugee) / Structural / Steady-state equilibrium (back to pre-WWII equilibrium)
- 3 Do not try to isolate one cause, but need to analyze the the determinants of enlargement of heterogeneous electoral base
- 4 We need more research on a panel of countries, that reveal the evolution of the electoral support of these parties and which voters characteristics contributed more to their rise.