

# **“From a better understanding of the drivers of populism to a new political agenda”**

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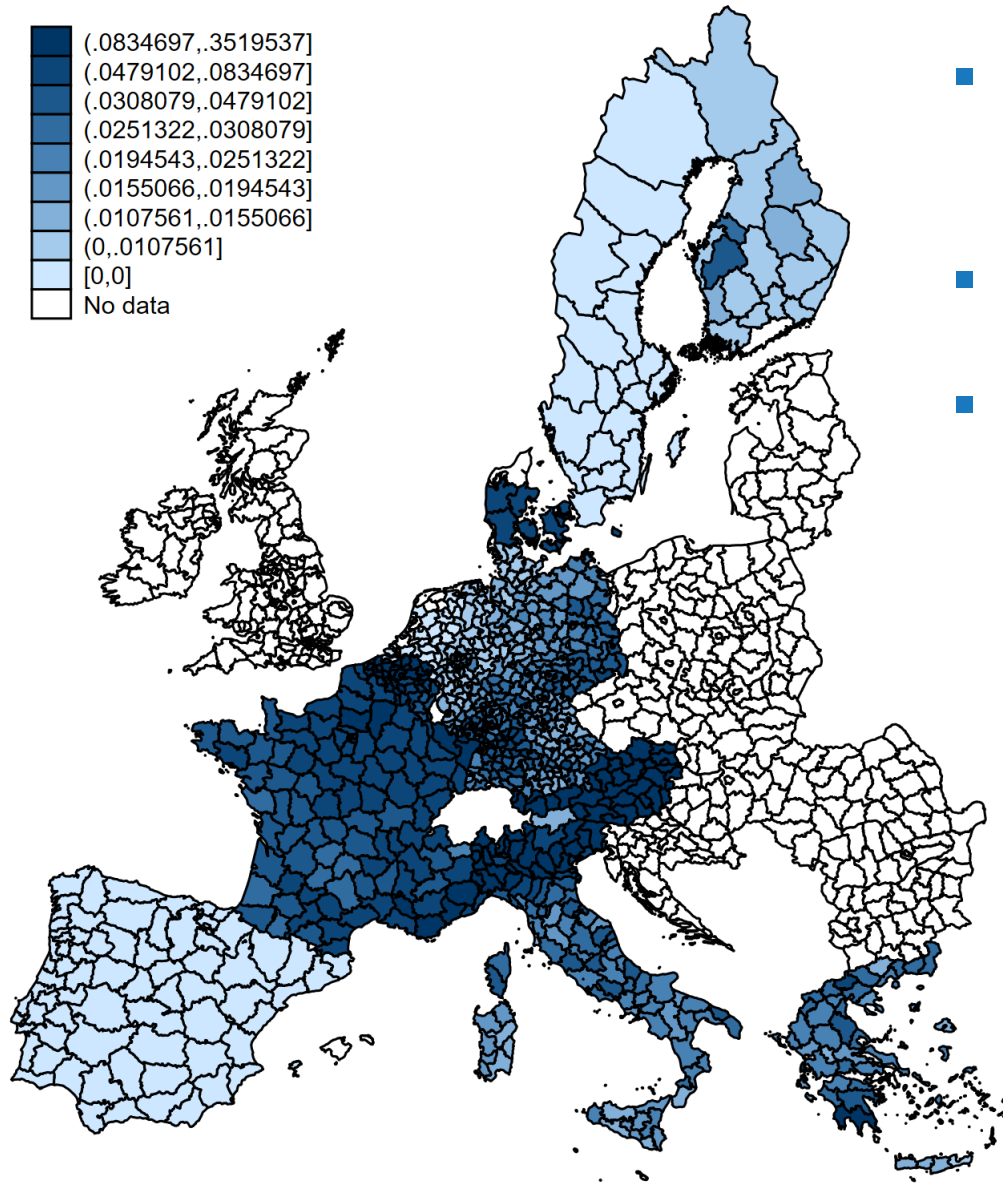
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# Drivers of populism

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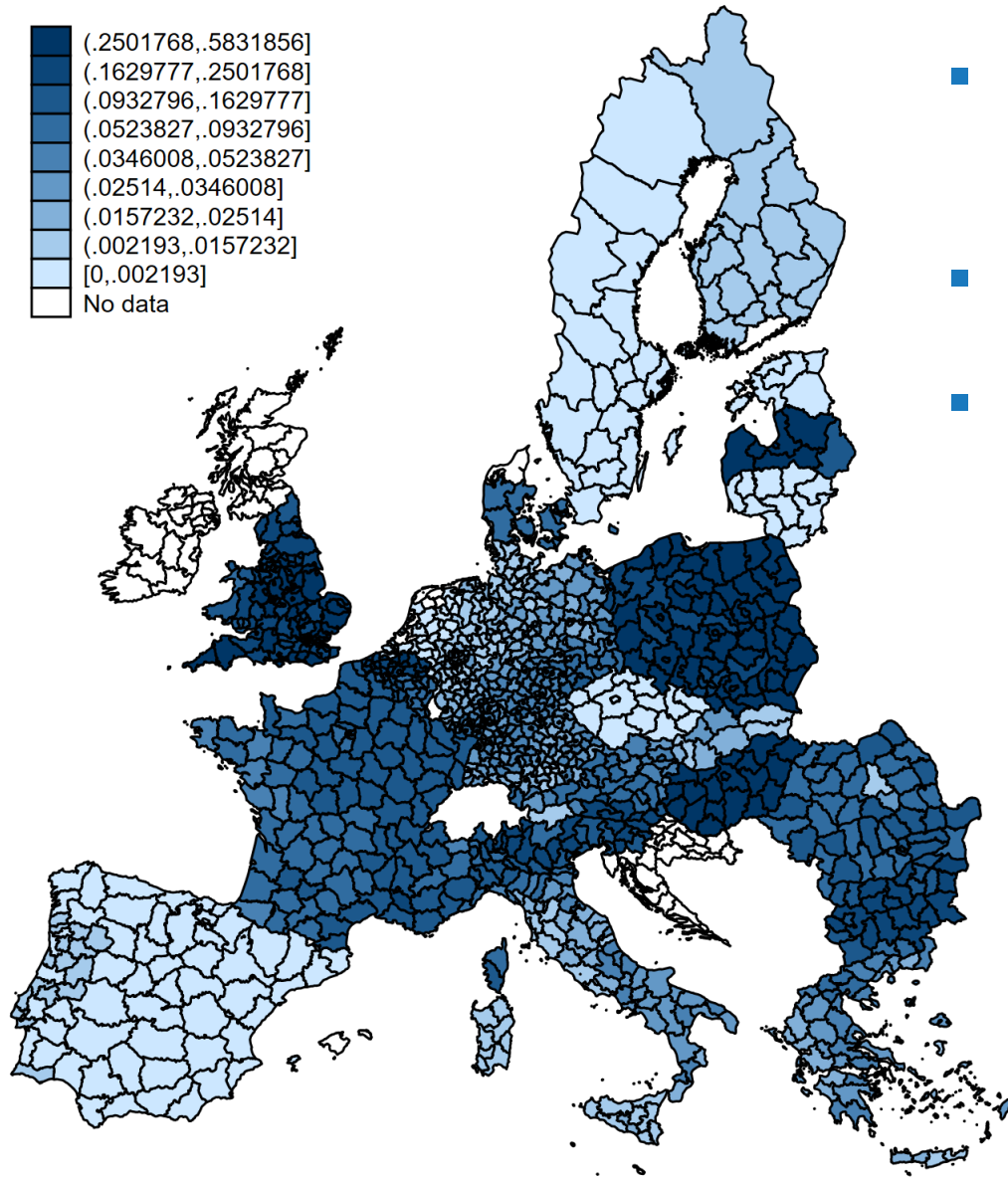
- Root causes of populism can be roughly categorized into
  1. Cultural Roots
    - Norms/Values/Beliefs, Ideology, Psychological factors
  2. Economic Roots
    - Inequalities caused by macro-economic developments
- Populist campaigning concentrates on 1., while 2. makes people susceptible to populism
- Focus here on economic roots, since
  - 2. is more relevant for explaining recent dynamics
  - 2. can be addressed by economic policy

# Rise of Right-Wing Populism in Europe



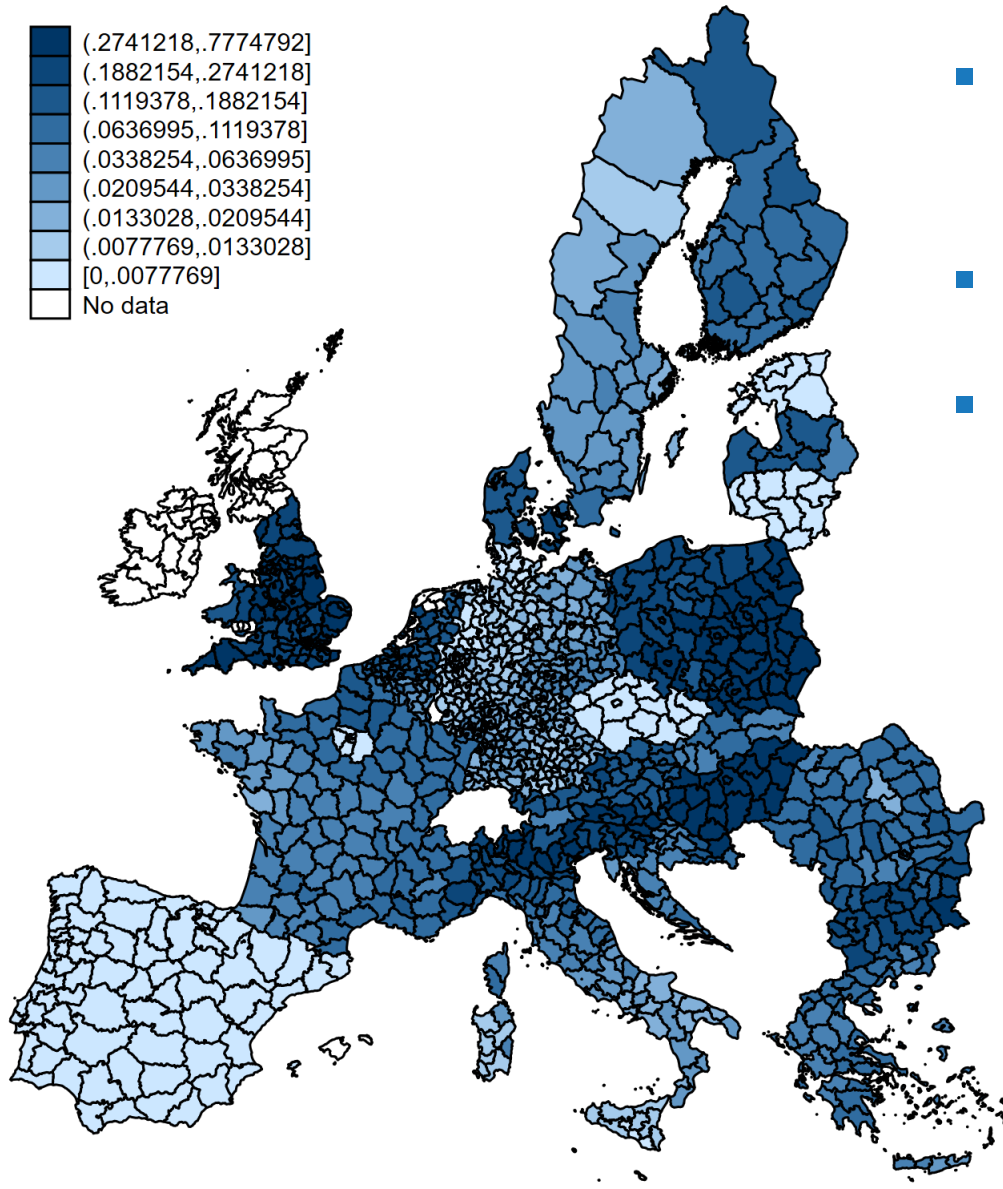
- 1999 European Parl. Elections
- Far-right vote share
- Ø 3.89%

# Rise of Right-Wing Populism in Europe



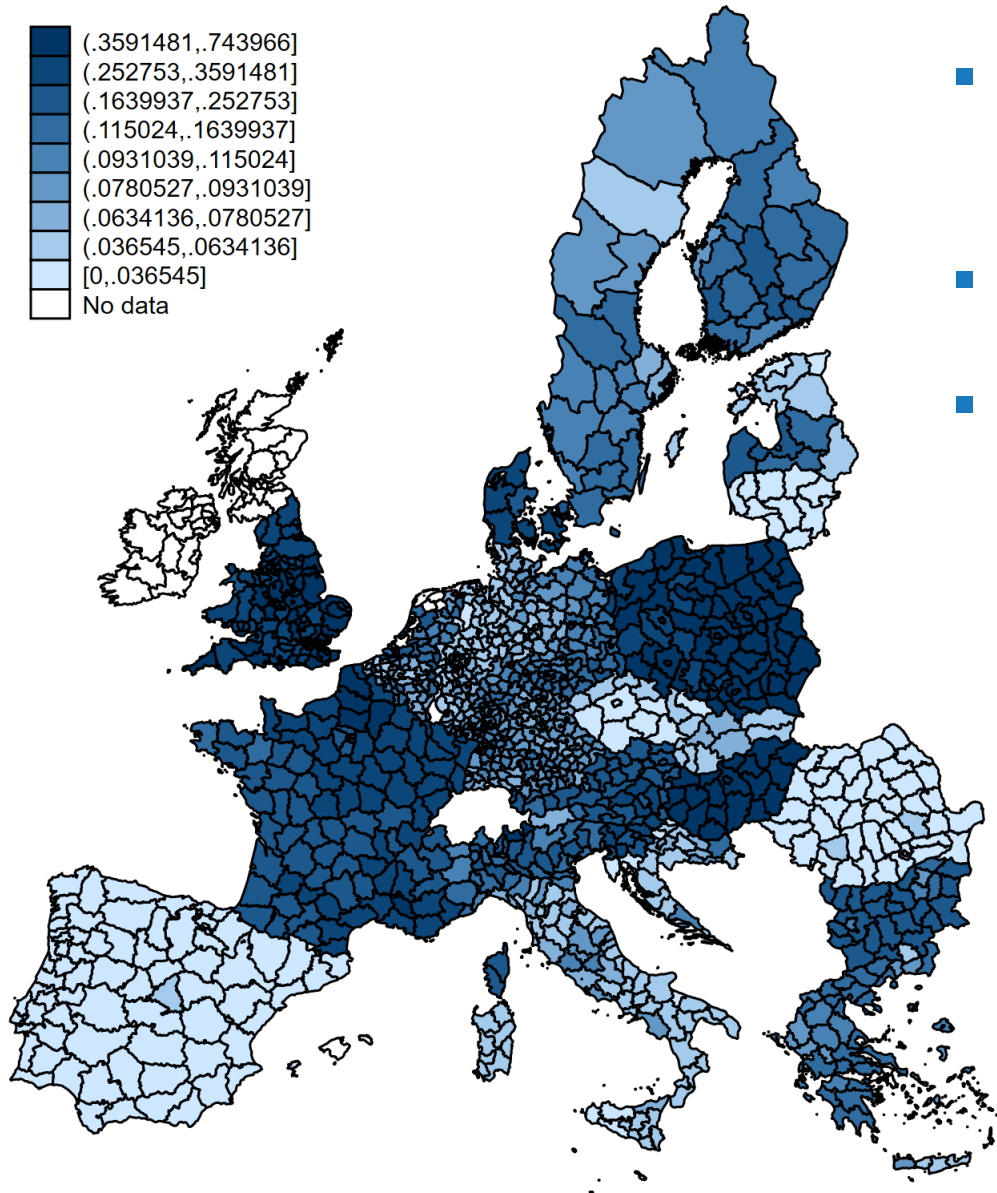
- 2004 European Parl. Elections
- Far-right vote share
- Ø 9.33%

# Rise of Right-Wing Populism in Europe



- 2009 European Parl. Elections
- Far-right vote share
- Ø 10.64%

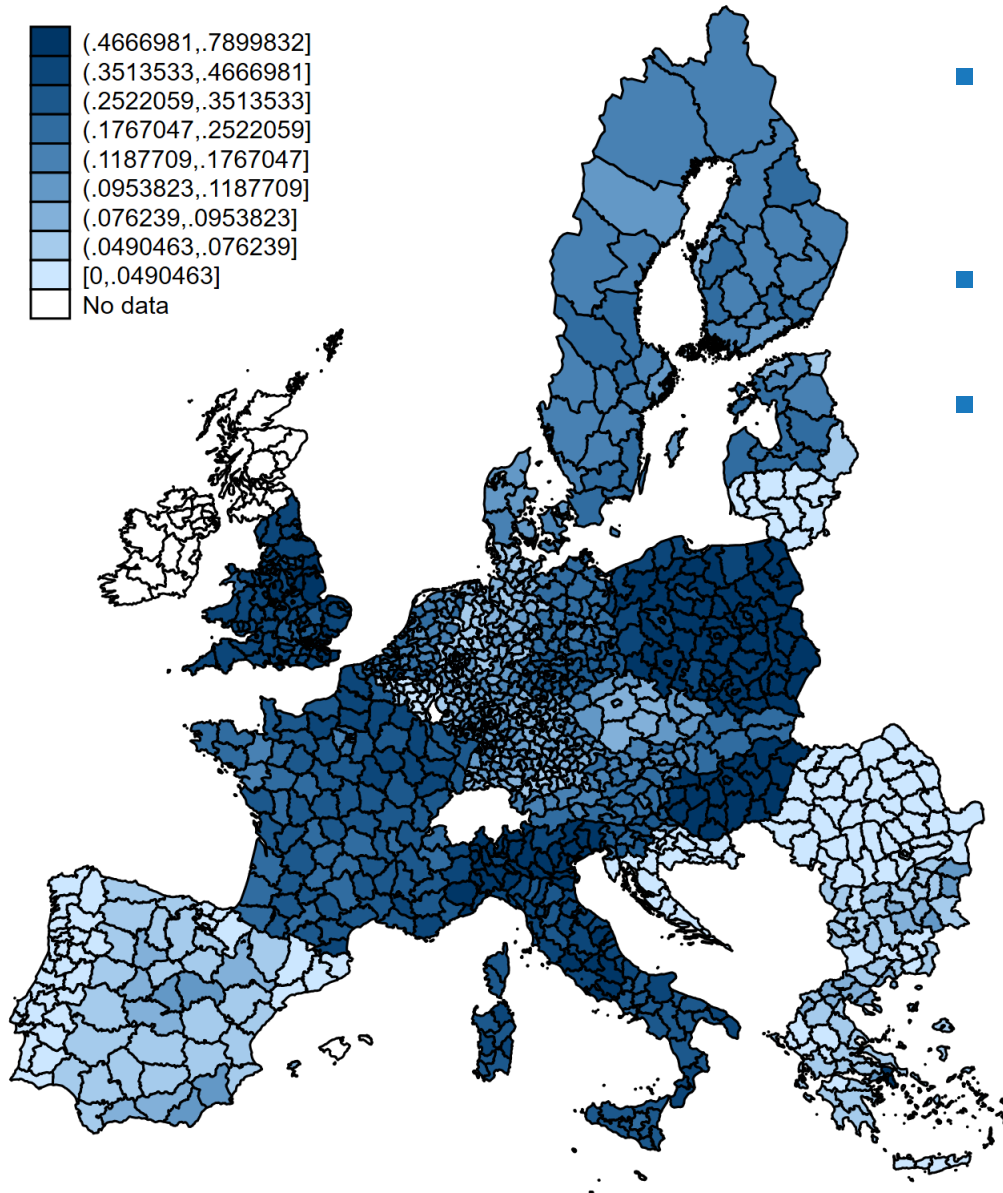
# Rise of Right-Wing Populism in Europe



- 2014 European Parl. Elections
- Far-right vote share
- Ø 16.09%

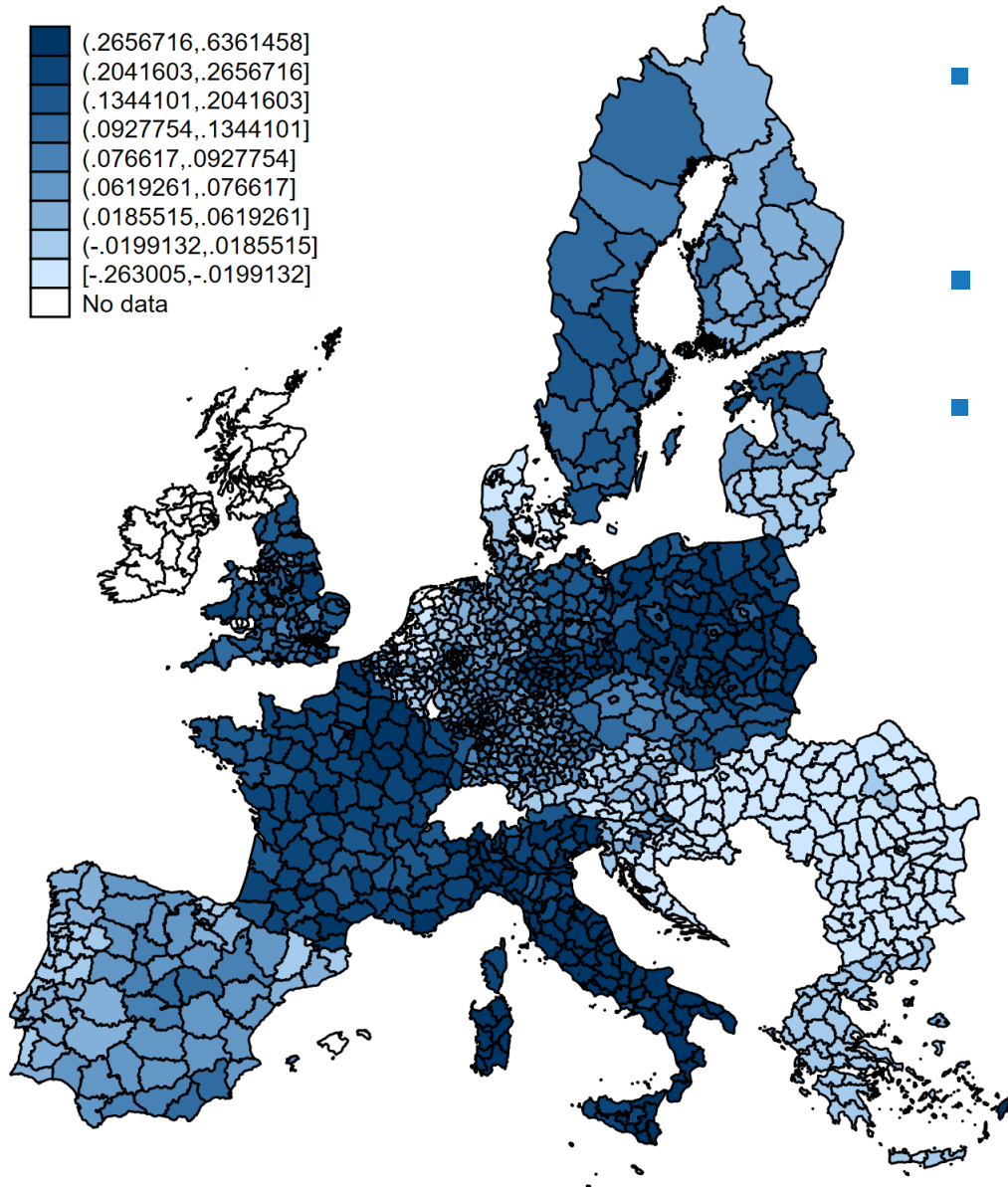


# Rise of Right-Wing Populism in Europe



- 2019 European Parl. Elections
- Far-right vote share
- Ø 21.27%

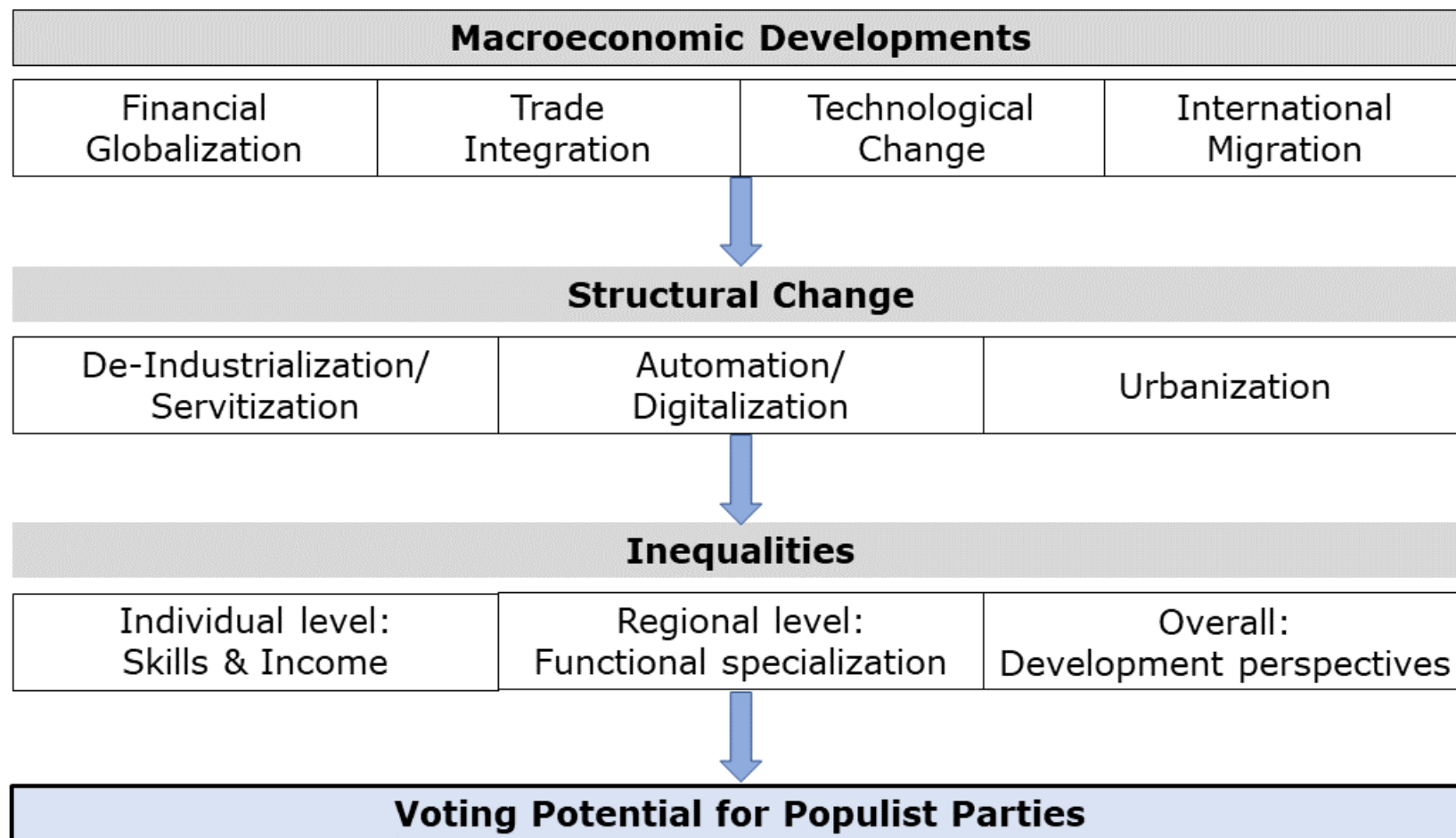
# Rise of Right-Wing Populism in Europe



- 2009-2019  
European Parl. Elections
- $\Delta$  Far-right vote share
- $\bar{\Delta}$  +10.62 pp



# Research on economic causes of populism



→ Policy options?

# Welfare Policies

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- Welfare policies help to cushion adverse impacts of economic shocks, including political consequences
    - E.g. Colantone and Stanig (2018): Import competition increases populist support in structurally declining regions in Europe
    - Glitsch (2021): This effect is centered on countries with weak welfare states (as in Rodrik, 2018) ...
    - ... and countries that cut down welfare benefits (as in Fetzner, 2019)
  - Welfare policies alone are not sufficient to counter populism
    - Welfare policies may insure against most severe consequences of economic shocks
- Policy must provide new development perspectives, not to just compensate income losses

# Labor Market Policies

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- Labor market adjustments translate economic shocks into “populist backlash” (e.g. Dippel et al., 2021)
- Unemployment is a driver of populist support, but also skill-divide
  - High skilled individuals benefit from structural change  
→ populist support decreases
  - Lower skilled individuals fear losing their jobs, and face decreasing upward mobility → populist support increases
- LM policies may not aim at decreasing unemployment only
  - Must invest into training and qualification of lower-skilled workforce  
→ Policy must enable employees with comparatively low qualification to participate in job upgrading that comes with globalization and technological change

# Regional Policies

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- People living in deprived regions turn to supporting populists, even if not directly affected by LM adjustments
  - Regional development policies like ERDF help to mitigate “populist backlash” (Gold and Lehr 2021, Albanese et al. 2019)
    - But cannot revert trend of functional specialization of regions
  - Shift focus from “convergence” to “smart specialization”
    - Create development trajectories according to regional strengths, taking regional embeddedness into account, e.g.
      - Invest into transport and digital infrastructure in commuting regions
      - Invest into green tourism in remote but scenic regions
      - Provide assistance in regional planning to local administrations
- Policy must enable peripheral regions to participate in the success of urban centers

# Migration

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- Anti-migration rhetoric is THE uniting element for right-populists, but difficult to identify effects of migration
    - “Perception” matters more than actual “exposure” to migration
    - Effects depend on salience, type of migration, migrant characteristics, characteristics of recipient regions, etc.
  - Scope for economic policies along 3 dimensions:
    1. Deprived regions/voters are more susceptible to populist rhetoric
    2. Labor market competition between migrants and “natives”
    3. Competition for public goods
  - Both 1) and 2) can be addressed by policies above
  - Public goods supply should not be shortened when immigration is high
  - Policy design may mitigate perception of competition
- Economic policy must accompany migration and integration policies

# Communication

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- Economics may explain increasing “demand for populism”, but populists successfully tap into this voting potential
  - Success of the supply side relates to communication style
    - Little ideology
    - People vs. Elites, “will of the people” vs. institutions
    - Opinion & emotion vs. facts & figures
    - Easy solutions vs. complex negotiations
  - This style has transcended into the mainstream, obstructing serious political debates in public
- Political communication has to adjust to successfully reach out to the voters left behind by globalization and technological change



# Conclusion

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- To counter populism, policy must address its economic roots, i.e. inequalities from globalization and tech-change
  - Individual disadvantages due to skill bias
  - Regional disadvantages due to functional specialization
- Policy must not “compensate losers”, but generate perspectives for disadvantaged communities
  - Welfare state policies to provide basic security
  - Labor market policies that increase upward (sectoral) mobility
  - Regional policies that create new development trajectories
  - Public spending to reduce (perceived) distributional conflict
- Political communication must adjust to better inform voters about economic developments and related policies

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Thank you for your attention

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