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Why Does Globalization Fuel Populism? Economics, Culture, and the Rise of Right-Wing Populism

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Abstract

There is compelling evidence that globalization shocks, often working through culture and identity, have played an important role in driving up support for populist movements, particularly of the right-wing kind. I start with an empirical analysis of the 2016 presidential election in the United States to show that globalization-related attitudinal variables were important correlates of the switch to Trump. I then provide a conceptual framework that identifies four distinct channels through which globalization can stimulate populism, two each on the demand and supply sides of politics. I evaluate the empirical literature with the help of this framework, discussing trade, financial globalization, and immigration separately. I conclude the review by discussing some apparently anomalous cases in which populists have been against, rather than in favor of, trade protection.

1. INTRODUCTION

Globalization figures prominently in discussions of populism. Especially in its post-1990s variant—which might be better called hyperglobalization—international economic integration seems to have produced domestic *disintegration* in many countries, deepening the divide between the winners and the losers of exposure to global competition. There is nothing particularly surprising about this from the standpoint of economic theory. Standard trade theory is quite clear about the sharp redistributive effects of free trade, and open economy macroeconomics has long grappled with the instability of global financial markets. Economic history is equally suggestive. The high points of globalization in previous eras have also been marked by a populist backlash.¹

However, there are still many open questions. First, what are the mechanisms through which globalization fuels populism? Answering this question requires a fully fleshed out model of political economy. Second, globalization is not just one thing: We can distinguish among international trade, international finance, and international labor flows, specifically. How does each one of these facets of globalization work its way through the political system? Third, globalization is clearly not the only economic shock that creates redistributive effects or economic anxiety—and it may not even be the most important one. Why does globalization appear to have an outsized effect on politics compared to, say, technological change or regular business cycles?

Fourth, the populist response so far seems to have taken a mostly right-wing form. On the face of it, this is surprising, since left-wing populist movements with their redistributive economic agendas could have been the more obvious beneficiary of economic dislocations. Why have nativist, ethno-nationalist populists been the ones to take advantage instead? Fifth, and related to the previous question, what are the roles of culture, values, and identities? Could it be that populism is rooted not in economics but in a cultural divide—social conservatives versus social liberals, traditionalists versus modernists, nationalists versus cosmopolitans, and ethnically homogenous dominant communities versus outsider minorities of various kinds?

The economics versus culture question has been a source of controversy in discussions of populism. The literature on the economic determinants of populism—globalization in particular—is quite rich, as the studies I discuss in this review attest to. On the other side, Sides et al. (2018), Norris & Inglehart (2019), and Margalit (2019), among others, have made strong cases for the culture thesis. In the United States, the culture argument revolves around the strong undercurrent of racism in American society. In Europe, the argument centers on aversion to Muslim and African immigrants, which has long been the basis of support for far-right parties such as the French National Front.

Some of the disagreement revolves around empirical methods. For example, observational studies tend to favor the economics argument, while survey experiments give greater credence to culture (Naoi 2020). But there is a key conceptual difference at the heart of the matter as well. The relative importance one ascribes to economics versus culture depends crucially on whether we are interested in a question about levels or about changes—that is, whether we ask why so many people voted for a populist candidate or why the populist vote share increased so much (Margalit 2019).² My focus in this review, as in much of the economics-centered literature, is on the latter

¹Readers are referred to Rodrik (1997, 2011) on the economic and social rifts created by advanced stages of globalization and to Rodrik (2018) for an earlier overview of the relationship between globalization and populism.

²Margalit (2019) calls this “outcome” versus “explanatory” significance, but I am not sure this nomenclature is quite appropriate. The difference has to do more with the kind of outcome we are trying to explain. The level of and change in support for populists are both outcomes, and we could be interested in explaining either.

question. Culture generally transforms slowly, and a constant cannot explain a change. So culture is unlikely to do a good job in answering the question about changes. Of course, economic and technological shocks or the rise of social media can raise the salience of latent cultural sentiments and increase cultural polarization; but in these cases, culture is an intermediate variable rather than the ultimate driver. As we shall see, culture does play such an intermediary role in amplifying the political effects of globalization shocks in some of the literature I discuss here.

In any case, I do not aim to resolve the economics versus culture debate here. My goal is more limited. By unpacking globalization and specifying the channels through which its different components work their way into politics, I try to bring greater clarity to the discussion on the contribution globalization has made to the rise of populist politics. There is compelling evidence, from diverse settings, that globalization shocks, often working through culture and identity, have played an important role in driving up support for populist, particularly right-wing, movements. The argument does not dismiss the possibility that purely cultural factors may have been at play as well, and I briefly discuss some of the historical evidence on immigration in the United States that leans that way. While I draw on an extensive literature, this is by no means a survey paper. For a recent survey on the political economy of populism, readers are referred to Guriev & Papaioannou (2020). The political science literature on the relationship between globalization and the rise of the far right is surveyed by Bornschier (2018).

I start the next section with an empirical look at the 2016 presidential election in the United States. I focus on the characteristics of both Trump voters in general and switchers—i.e., voters who supported Obama in 2012 but voted for Trump in 2016. This relatively unstructured data analysis shows that globalization-related attitudinal variables were important correlates of the switch to Trump, even in survey data. Section 3 then presents a conceptual framework to clarify the various channels through which globalization can stimulate populism. I distinguish here between the demand and supply sides of politics and describe the different causal pathways that link globalization shocks to political outcomes. I identify four mechanisms in particular, two each on the demand and supply sides: (a) a direct demand-side effect from economic dislocation to demands for anti-elite, redistributive policies; (b) an indirect demand-side effect through the amplification of cultural and identity divisions; (c) a supply-side effect through the adoption by political candidates of more populist platforms in response to economic shocks; and (d) another supply-side effect through the adoption by political candidates of platforms that deliberately inflame cultural and identity tensions in order to shift voters' attention away from economic issues.

Section 4 reviews the empirical literature with the help of this framework, discussing trade, financial globalization, and immigration separately. The existing literature has focused mostly on the first two channels, with the second two (and especially the last) receiving considerably less attention. Section 5 focuses specifically on the outsized political response to globalization shocks and the reasons right-wing populists have benefited disproportionately. The answers to these two questions may be related, having to do with the way in which globalization shocks interact with latent cultural divisions. Section 6 concludes the review with a discussion that reverses the direction of causation and examines some apparent exceptions in which populists have been against, rather than in favor of, trade protection.

2. EVIDENCE ON THE EMPIRICAL CORRELATES OF VOTING PATTERNS IN THE 2016 US PRESIDENTIAL ELECTION

In this section I provide the results of some exploratory data analysis of the 2016 presidential election in the United States. I focus on two types of voters: Trump voters in general and those who switched from voting for Obama to voting for Trump. I try to answer three questions. First, what

were the distinguishing characteristics of Trump voters? Second, what were the distinguishing characteristics of switchers? Third, how did the switchers differ from other Obama voters from 2012? The answers to the first two questions are provided in **Table 1**. The answers to the third question are shown in **Table 2**, where the sample is restricted to Obama voters in 2012. I make no claim to causal or structural interpretation, to which I will turn in the next section. My objective is to understand the broad correlates of these distinct voting patterns.

I use data from the American National Election Studies (ANES), which is a representative survey of Americans before and after the 2016 presidential elections (Am. Natl. Elect. Stud. 2019). Of the 4,270 individuals in the survey, 1,245 report having voted for Trump in 2016, and 1,728 recall having voted for Obama in 2012. There are 154 respondents in the intersection of these two groups, who constitute the switchers. The survey includes a broad range of demographic and attitudinal questions. Note that the regressions reported in the tables have fewer than 4,270 observations because not all respondents answered all the questions.

As my primary indicator of economic insecurity I use the question, How worried are you about your current financial situation? The five possible valid responses for this question range from “not at all worried” to “extremely worried.” I supplement this measure with views on trade, immigration, and banks to gauge the strength of economic correlates. To measure social identity, I use respondents’ self-assessment of the social class to which they belong. This is a 4-point measure taking the values 1 = lower class, 2 = working class, 3 = middle class, and 4 = upper class.

To measure racial attitudes, I use the same index as Sides et al. (2018, appendix to chapter 8). Sides et al. (2018) combine answers to four questions, gauging agreement/disagreement with the following statements:

- Over the past few years, Blacks have gotten less than they deserve.
- Irish, Italian, Jewish, and many other minorities overcame prejudice and worked their way up; Blacks should do the same without any special favors.
- It’s really a matter of some people not trying hard enough; if Blacks would only try harder they could be just as well off as Whites.
- Generations of slavery and discrimination have created conditions that make it difficult for Blacks to work their way out of the lower class.

The responses to these questions are averaged to obtain a single indicator of attitude toward racial inequality, with a higher value indicating greater hostility to racial equality.

My benchmark specification is a logit regression with attitudes toward racial inequality, social class, and economic insecurity (financial worries) used as the main regressors in addition to basic demographic variables (age, gender, race, and education). For each dependent variable, I start with this specification and then add specific regressors related to globalization individually. The latter are binary (i.e., 0 or 1) variables meant to capture attitudes toward different aspects of economic globalization. They gauge the respondents’ support for (a) trade agreements, (b) immigration, and (c) regulation of banks. Note that there are no questions in the ANES data set that gauge views on financial globalization specifically; I use the bank regulation variable as a proxy for support for financial globalization. A final kitchen-sink regression shows the results when all regressors are included.

The first six columns of **Table 1** probe characteristics of Trump voters in general. Trump voters were more likely to be White, older, and college educated³ (these results are not shown).

³The education level of Obama-to-Trump switchers, by contrast, was not statistically distinguishable from that of the rest of the sample, controlling for the other covariates in the baseline specification.

Table 1 Correlates of Trump vote in 2016 election

	Dependent variable: vote for Trump in 2016					Dependent variable: switch from voting for Obama in 2012 to voting for Trump in 2016						
	(1) Baseline	(2) Baseline + Republican	(3) Baseline + trade	(4) Baseline + immigration	(5) Baseline + banks	(6) All	(7) Baseline	(8) Baseline + Republican	(9) Baseline + trade	(10) Baseline + immigration	(11) Baseline + banks	(12) All
Racial inequality attitude (5-point scale)	0.282* (0.014)	0.189* (0.015)	0.274* (0.014)	0.246* (0.016)	0.273* (0.016)	0.157* (0.016)	0.026* (0.008)	0.035* (0.009)	0.022* (0.008)	0.021* (0.008)	0.029* (0.008)	0.029* (0.009)
Social class, self-reported (4-point scale)	0.044* (0.015)	0.004 (0.014)	0.046* (0.016)	0.047* (0.015)	0.043* (0.015)	0.013 (0.013)	-0.007 (0.007)	-0.004 (0.007)	-0.005 (0.008)	-0.007 (0.007)	-0.007 (0.007)	-0.001 (0.008)
Financial worries (4-point scale)	-0.003 (0.008)	0.005 (0.007)	-0.003 (0.008)	-0.013 (0.008)	0.001 (0.009)	0.000 (0.007)	0.011** (0.005)	0.010** (0.005)	0.011** (0.005)	0.010** (0.005)	0.010** (0.005)	0.008 (0.005)
Being Republican	NA	0.281* (0.015)	NA	NA	NA	0.254* (0.016)	NA	-0.045* (0.015)	NA	NA	NA	-0.047* (0.015)
Opposition to trade agreements (binary variable)	NA	NA	0.106* (0.024)	NA	NA	0.091* (0.023)	NA	NA	0.029* (0.011)	NA	NA	0.027** (0.011)
Belief that immigrants steal jobs (binary variable)	NA	NA	NA	0.147* (0.018)	NA	0.095* (0.016)	NA	NA	NA	0.020** (0.010)	NA	0.023** (0.010)
Support for bank regulation (binary variable)	NA	NA	NA	NA	-0.081* (0.20)	-0.051* (0.018)	NA	NA	NA	NA	0.021** (0.010)	0.018*** (0.010)
N	2,153	2,144	2,137	2,149	2,134	2,115	2,153	2,144	2,137	2,149	2,134	2,115

* $\alpha = 0.01$; ** $\alpha = 0.05$; *** $\alpha = 0.10$.

All specifications include age, gender, race (White), and education (high-school or below) as additional regressors. Estimates and standard errors are generated with logistic regressions using sample weights and clusters from the American National Election Studies (ANES) data set. Variables are described in the text. Reported coefficients are average marginal effects. Delta-method standard errors are in parentheses. Abbreviation: NA, not available. Data from Am. Natl. Elect. Stud. (2019).

Table 2 Correlates of switching to Trump in 2016 among 2012 Obama voters

	Dependent variable: switch from voting for Obama in 2012 to voting for Trump in 2016					
	(1) Baseline	(2) Baseline + Republican	(3) Baseline + trade	(4) Baseline + immigration	(5) Baseline + banks	(6) All
Racial inequality attitude (5-point scale)	0.134* (0.018)	0.127* (0.019)	0.125* (0.018)	0.110* (0.018)	0.137* (0.018)	0.102* (0.018)
Social class, self-reported (4-point scale)	-0.020 (0.016)	-0.025 (0.016)	-0.018 (0.016)	-0.017 (0.016)	-0.020 (0.016)	-0.024 (0.016)
Financial worries (4-point scale)	0.018** (0.009)	0.016*** (0.009)	0.015*** (0.009)	0.011 (0.008)	0.017*** (0.009)	0.006 (0.009)
Being Republican	NA	0.093* (0.032)	NA	NA	NA	0.096* (0.030)
Opposition to trade agreements (binary variable)	NA	NA	0.065* (0.023)	NA	NA	0.054** (0.021)
Belief that immigrants steal jobs (binary variable)	NA	NA	NA	0.093* (0.021)	NA	0.081** (0.020)
Support for bank regulation (binary variable)	NA	NA	NA	NA	0.025 (0.024)	0.029 (0.024)
N	885	884	881	883	878	874

* $\alpha = 0.01$; ** $\alpha = 0.05$; *** $\alpha = 0.10$.

The sample is restricted to respondents who reported voting for Obama in 2012. All specifications include age, gender, race (White), and education (high-school or below) as additional regressors. Estimates and standard errors are generated with logistic regressions using sample weights from the American National Election Studies (ANES) data set. Variables are described in the text. Reported coefficients are average marginal effects. Delta-method standard errors are in parentheses. Abbreviation: NA, not available. Data from Am. Natl. Elect. Stud. (2019).

More germane to our analysis, they were significantly more hostile to racial equality and perceived themselves to be of higher social class. The estimated coefficient on racial attitudes is particularly large: A one-point increase in the index of racial hostility—which theoretically ranges from 1 to 5—is associated with a 0.28 percentage point increase in the probability of voting for Trump (column 1). By contrast, economic insecurity does not seem to be associated with a propensity to vote for Trump.

The finding that Trump voters thought of themselves as belonging to upper social classes may seem surprising, but this largely reflects the role played by party identification in shaping voting preferences. When we control for Republican party identification (columns 2, 6), the estimated coefficient for social class drops sharply and ceases to be statistically significant. In other words, Republican Party identification is a strong correlate of support for Trump, and Republicans tend to be wealthier than Democrats. Note, however, that racial hostility remains significant, although its estimated coefficient becomes smaller (columns 2, 6).

The remaining columns examine attitudes toward globalization (columns 2–5). All three of our measures are statistically significant: Trump voters disliked trade agreements and immigration, and they were also against bank regulation (presumably in line with the general anti-regulation views of the Republican Party). These indicators remain significant in the kitchen-sink version, where they are all entered together (column 6).

In none of these regressions does economic insecurity (financial worries) enter significantly. This changes when we move from Trump voters in general to switchers from Obama to Trump (columns 7–12). There are two essential differences from the baseline specification: Financial worries now become statistically significant, and switchers do not identify with the upper social classes. Switchers, in other words, view their economic and social status very differently (and as much more precarious) compared to run-of-the-mill Republican voters for Trump.

With respect to attitudes towards globalization, there are interesting parallels and differences. Switchers are similar to Trump voters insofar as they too dislike trade agreements and immigration (columns 9–11);⁴ but they are dissimilar in that they view regulation of banks favorably. Hence switchers appear to be against all aspects of globalization—trade, immigration, and finance. Economic insecurity remains statistically significant when these globalization indicators are added to the regression. But in the kitchen-sink regression—with all the regressors included simultaneously—economic insecurity is no longer significant, while the globalization attitudes all retain their statistical significance (column 12).

Finally, in **Table 2** I focus on how switchers differ from other Obama voters. For this purpose, I restrict the sample to those respondents who report having voted for Obama in 2012. I repeat the second set of regressions from **Table 1** (columns 7–12) for this restricted sample.

The baseline regression shows that switchers are both generally more hostile to racial equality and feel greater economic insecurity; they do not seem to differ from other Obama voters in their self-assessed social class (**Table 2**, column 1). They are also significantly more anti-trade and anti-immigration (columns 3, 4). Their views on bank regulation are not distinctive (column 5). When all indicators are included, trade and immigration attitudes enter significantly, while economic insecurity loses statistical significance (column 6).

These results suggest that switchers to Trump are different both from Trump voters and from other Obama voters in identifiable respects related to social identity and views on the economy in particular. They differ from regular Trump voters in that they exhibit greater economic insecurity, do not associate themselves with an upper social class, and look favorably on financial regulation. They differ from others who voted for Obama in 2012 in that they exhibit greater racial hostility, more economic insecurity, and more negative attitudes toward trade agreements and immigration.

3. A CONCEPTUAL FRAMEWORK

These empirical results suggest, at a first look, that the vote for Trump was influenced by perceptions about economic conditions as well as by social and racial attitudes. Anti-globalization views appear to be strongly associated with the decision to vote for Trump instead of Hillary Clinton. But these are merely suggestive empirical associations. Parsing the specific causal relationships between economic and attitudinal variables, on the one hand, and political outcomes, on the other, requires a more fleshed-out structural model. In particular, social identities, cultural sensitivities, and racial attitudes may well be endogenous, determined in part by objective economic conditions. Economic conditions, in turn, are shaped by a number of different forces, including globalization shocks. In addition, voters' political preferences may be formed also by narratives and messages (i.e., propaganda) emanating from political parties and leaders, and political leaders may choose to formulate their campaign messages in response to economic conditions as well.

⁴Note that the magnitude of coefficients in columns 7–12 of **Table 1** cannot be directly compared with that of coefficients in columns 1–6, since switchers are a much smaller percentage of the sample than Trump voters.

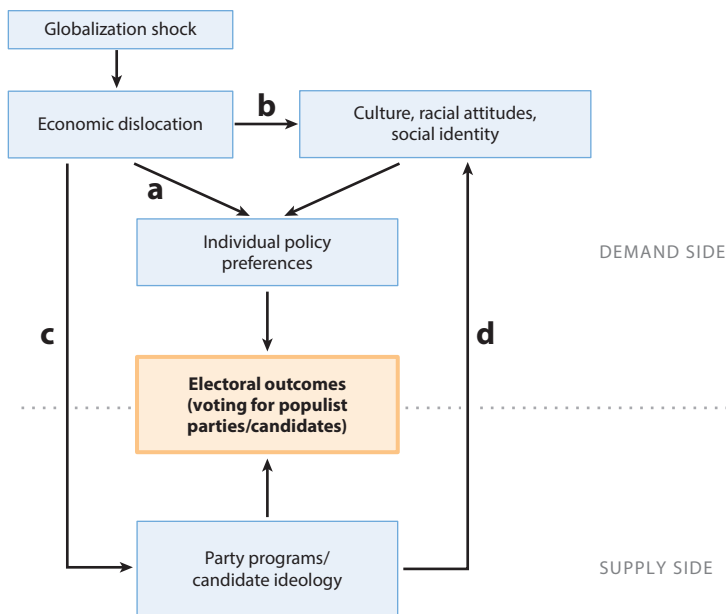


Figure 1

A causal framework highlighting four different causal pathways (labeled *a*, *b*, *c*, *d*) from globalization to populist response.

Figure 1 sketches a causal framework that highlights the key causal relationships, emphasizing the mechanisms through which globalization may drive support for populism. I distinguish between the demand and supply sides of politics, allowing a role for political leaders' programs and strategies as well as individual voters' preferences. Different types of globalization shocks (trade, immigration, finance) enter the system through their impact on economic conditions—economic dislocation in particular. Economic dislocation, in turn, can influence political outcomes—here, the electoral success of populist politicians—through four different causal pathways. These four causal explanations are identified by arrows *a*, *b*, *c*, and *d* in **Figure 1**.

First, and most directly, economic dislocation can determine voters' preferences for policies and leaders (arrow *a*). Voters in a region where employment prospects have been adversely affected by a rise in imports may choose to cast their vote for a politician who advocates protectionism and a tougher line against foreign exporters. Second, economic dislocation may shape voters' preferences indirectly through the effect it has on identity or the salience of certain cultural values (arrow *b*). Concretely, economic shocks can heighten feelings of insecurity, inducing voters to make sharper distinctions between insiders ("us") and ethnic, religious, or racial outsiders ("them"). They can lead voters to yearn for an earlier era of prosperity and stability, increasing the political salience of traditional cultural values and hierarchies. And to the extent that they generate wider economic and social gaps within a nation, economic shocks may reinforce more local, less encompassing identities. To the extent that such effects operate, political preferences that appear to be driven by cultural values do in fact have deeper economic roots.

These two causal pathways operate on the demand side of the political equilibrium. The other two channels work through the supply side. Hence, a third possibility is that economic shocks affect the ideology of political candidates or the platforms of competing political parties (arrow *c*). Even if their preferences remain unchanged, voters may find themselves confronted with parties

or candidates that are more polarized on issues such as trade protection or immigration. The fourth and final channel is that economic shocks may induce some parties—typically those on the right—to try to render culture and identity more salient in voters’ decisions at the polling booth (arrow *d*). For example, suppose that greater economic inequality results in the loss of median-voter support for a right-wing party. The party may counter by attempting to shift the electoral competition away from economics to issues of identity and culture. If such a strategy is successful, it will appear as if electoral outcomes were driven voters’ cultural preferences; but the ultimate determinant will be economics, via party strategies, rather than voters’ cultural values per se.

Hence, globalization shocks can feed into support for populism directly (arrow *a*) as well as indirectly (arrows *b–d*); it can activate supply-side (arrows *c, d*) as well as demand-side (arrows *a, b*) causal pathways. A full causal explanation of the rise of populism—and its links to globalization—would have to not only separately identify each one of these channels but also gauge their importance vis-à-vis all the other causal pathways in **Figure 1**, including, most crucially, those that originate from cultural or identity determinants that are orthogonal to economic dislocation. This is a tall order. Perhaps not surprisingly, no single piece of empirical work has attempted to provide such a comprehensive analysis. What we have instead are empirical papers that focus on some of the individual pieces of the larger puzzle. Collectively, they paint a consistent picture on the importance of globalization shocks on the demand side, both directly (arrow *a*) and indirectly (arrow *b*). Supply-side causal pathways have received less attention than others. In particular, there has been virtually no systematic empirical work on the channel represented by arrow *d*, even though the informal evidence (discussed in Section 5) is quite suggestive. Moreover, convincing tests of the economics versus culture hypothesis have proved elusive.

4. EMPIRICAL STUDIES

I summarize the empirical literature on the determinants of populism in four separate tables (**Tables 3–6**). I have organized the literature based on the main explanatory category that is the focus of the studies: trade (**Table 3**), immigration (**Table 4**), financial globalization (**Table 5**), and economic insecurity (**Table 6**). **Supplemental Table 1**, available online, covers studies that emphasize culture and identity as fundamental drivers. Since this review hones in on globalization and economic insecurity, I have tried to be comprehensive in those areas, but less so with respect to culture and identity; **Supplemental Table 1** on culture and identity should be viewed as illustrative of the empirical work in this area. For each paper covered, the tables include information on the key explanatory variables, dependent variables, main results, geographical setting and time period of the study, and estimation method. Note that some papers focus on more than a single determinant (e.g., trade and immigration); in those cases I have listed the papers in one table rather than repeating the reference. Below, I focus on selected papers to discuss the more salient findings; readers are referred to the tables for a fuller sense of the empirical literature.

Supplemental Material >

4.1. Trade

Autor et al.’s (2013) original paper analyzing the local labor market effects of the China trade shock has spawned a small cottage industry of papers using a similar approach to document the political consequences of trade shocks.⁵ That paper developed a plausibly exogenous instrument for the increase in imports from China by combining (*a*) the contemporaneous change in imports

⁵Broz et al. (2019) provide a broader overview of the political backlash associated with regional economic decline and deindustrialization, linked in turn to globalization.

Table 3 Trade

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Autor et al. (2020)	Chinese import penetration (shift-share instrument)	Consumption of polarized media; political leaning of campaign contributors; conservative GOP gains in Congress	Import shocks from China contribute to a shift to the right in media-viewing habits and political beliefs, more competitive congressional elections, greater polarization in ideological orientation of campaign contributors, and net gains in the number of conservative GOP representatives at the cost of moderate Democrats.	US, CZs mapped onto CDs, 1990–2010	OLS, DiD, IV
Ballard-Rosa et al. (2018)	Chinese import penetration (based on ADH instrument)	Authoritarian values (as measured by a nationally representative survey)	Individuals in regions where labor markets were more exposed to increased import from China, and where the local population is more diverse, express more authoritarian values.	US, CZs, 2017	OLS, IV
Barone & Kreuter (2019)	Chinese import penetration (based on ADH instrument)	Vote shares for populist parties in national elections for lower house of parliament	Trade globalization (import competition with China in particular) increases support for populist parties; it also increases protest vote by increasing invalid ballot papers and decreasing turnout.	Italy, municipalities, 1992–2013	OLS, IV
Cerrato et al. (2018)	Chinese import penetration based on ADH instrument. Candidates' mentions of free trade/immigration based on presidential candidates' speech data from the American Presidency Project.	Individual appreciation for Republican presidential candidates (ANES feeling thermometer data)	Republican candidates consistently assume harsher stances on immigration/minority inclusion and move from support of free trade to protectionism; local Chinese import competition drives negative attitudes toward immigrants and ethnic/racial minorities; local import exposure does not significantly affect attitudes toward trade integration; pro-conservative effect is mediated by individual attitudes toward ethnic minorities/religious groups.	US, CZs, individuals; 2008–2016	Text analysis, IV, IV with mediator (per Dippel et al. 2018)

(Continued)

Table 3 (Continued)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Che et al. (2016)	Exposure to NTR status of China (employment-share-weighted industry gap in tariff induced by NTR)	US House elections, protectionist voting by Representatives	Studies the granting of PNTR status to China; US counties subject to greater competition from China via PNTR exhibit relative increases in turnout, the share of votes cast for Democrats, and the probability that the county is represented by a Democrat.	US, counties, 1992–2010	DiD, RD (close elections), IV
Choi et al. (2020)	NAFTA vulnerability, based on a Bartik-like variable that relies on 1990 tariff protection and industry mix	Switch from Democratic to Republican voting	Exposed counties shift sharply toward the Republican Party in House elections following the 1993 passage of NAFTA; they also see employment decline but no population decline and limited wage effects on average.	US; CZs, counties; 1980–2016 (focus on pre-/post-NAFTA passage in 1993)	Event-study OLS
Colantone & Stanig (2018a)	Chinese import penetration (based on ADH instrument using industry specialization in 1989 and 1990–2007 data)	Regional shares of Brexit leave votes, individual vote based on British Election Study	Chinese import shocks lead to higher leave vote share.	UK, NUTS 3 region, 2016 (Brexit referendum)	OLS, IV
Colantone & Stanig (2018b)	Chinese import penetration (based on ADH instrument)	Attitudes from ESS and EVS: political (democracy, liberalism, etc.); personal (authoritarian parenting, traditional values, etc.); toward immigration	Chinese import shock leads to lower support for democracy and liberal values but has no bearing on individual private attitudes; it leads to cultural but not economic concerns about immigration.	15 Western European countries, NUTS 2 region, 1988–2008	OLS, IV
Colantone & Stanig (2018c)	Chinese import shock (based on ADH instrument)	Ideology scores (from Manifesto Project Database)	Chinese import shock leads to increased support for nationalist and isolationist parties, increased support for radical-right parties, and a general rightward shift in electorate.	15 Western European countries, NUTS 2 region, 1988–2007	OLS, IV

(Continued)

Table 3 (Continued)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Dippel et al. (2018)	Imports from/exports to China with ADHM instrument, labor market conditions from IAB's HES database	Party vote shares in federal elections	The study finds effects of trade exposure on far-right populist voting but not on other-party votes. When considering the trade exposure → labor market effects → populist voting channel, labor market explains 107–137% of total effects on populist voting due to trade exposure. If identification assumptions are relaxed, labor market explains at least 70% of the total effect.	Germany, counties (<i>Landkreise</i>), 1987–2009	OLS, IV, IV with mediator
Jensen et al. (2017)	Trade exposure in goods and services, distinguishing between import and export exposure	Incumbent vote share in US presidential elections	Incumbents fare worse in counties experiencing a drop in low-wage manufacturing employment but fare better when employment rises in high-wage manufacturing and service sectors.	US, counties, labor market area; 1992–2012	OLS
Malgouyres (2017)	Import exposure based on sector exposure to low-wage country imports, instrumented with China export exposure of other similar countries (data from DADS matched employer-employee data set, UN Comtrade Database)	National Front vote share in national elections	The study finds a small but significant effect of import exposure on the propensity of communities to vote for the National Front.	France, small communities (cantons), 1995–2012	OLS, IV

(Continued)

Table 3 (Continued)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Margalit (2011)	Requests for trade adjustment assistance from Department of Labor	Incumbent vote share in US presidential elections (with focus on change in George W. Bush vote share in 2000 and 2004 elections)	A 1 percentage point increase in the share of county workforce losing a job due to foreign competition lowers incumbent vote share by 0.15 percentage points, twice as large as the vote share drop due to job losses caused by other factors.	US, counties, 1996–2004	OLS
Rommel & Walter (2018)	Exposure to occupation, respondent education (from ESS)	Economic policy preferences and support for various families of political parties (from Manifesto Project Database)	Offshorability is associated with support for leftist and center-right parties and is not associated with support for populist right parties.	18 Western European countries, individuals, 2002–2010	OLS, probit random effects
Steiner & Harms (2020)	China shift-share import penetration variable	Within-individual changes in attitudes on nationalism and economic policy	Individuals in regions with greater exposure to higher imports from China express more nationalistic sentiments and become more critical of the EU and international cooperation. There is no evidence that trade shocks produce economic policy attitudes to shift to the left.	UK (British Household Panel Study), individuals, 1999–2008	OLS, with lagged individual preferences
Strain & Veuger (2019)	Chinese import penetration (based on ADH instrument)	Changes in social attitudes on race, religion, guns, immigration	Increases in Chinese import penetration are associated with hardening of existing attitudes of Whites on immigrants, minorities, guns, and religion.	US (General Social Survey), CZs, 1993–2007	IV

Abbreviations: ADH, Autor et al. (2013); ADHM, Autor et al. (2020); ANES, American National Election Studies; CD, county–district cell; CZ, commuting zone; DADS, Déclaration annuelle des données sociales; DiD, difference in differences; ESS, European Social Survey; EVS, European Values Survey; HES, Historic Employment and Establishment Statistics; IAB, Institut für Arbeitsmarkt- und Berufsforschung; IV, instrumental variable; NAFTA, North American Free Trade Agreement; NTR, normal trade relations; NUTS, Nomenclature of Territorial Units for Statistics; OLS, ordinary least squares; PNTR, permanent normal trade relations; RD, regression discontinuity; UN, United Nations.

from China in eight other developed countries and (b) the industrial composition of production within commuting zones. Since some commuting zones have more industries exposed to Chinese competition than others, this approach allows an examination of the effects of Chinese imports across different localities. In subsequent work, Autor et al. (2020) have mapped commuting zone data to congressional districts and established several interesting findings.

First, they document that Chinese import penetration had an impact on political preferences. Localities where the China trade shock was greater experienced an increase in the market share of Fox News (at the expense of viewership for CNN and MSNBC), stronger conservative beliefs (as measured by Pew Research Center surveys), and greater campaign contributions by both left- and right-leaning donors (relative to moderate donors at the center of the ideological spectrum). In the authors' words, "localized economic shocks stemming from rising trade pressure in the 2000s increased the relative demand for conservative media content, support for conservative viewpoints, and campaign contributions by more ideologically extreme donors" (Autor et al. 2020, pp. 3165–66). Next, they show that the China trade shock increased the likelihood that GOP legislators would get elected in congressional elections, especially after 2008. This is so even though the shock appears to have reduced the GOP vote share somewhat in impacted areas; the increase in Republican support in competitive districts more than compensated. When candidates are classified according to political ideology, the biggest winners are those on the farthest right (conservative Republicans). The paper also uncovers an interesting interaction with race. GOP candidates were especially helped by trade shocks in majority White districts, where many Democratic voters switched to the Republican candidates. In majority non-White districts, the switch was from moderate to liberal Democrats, not a net gain for the Democratic Party.

Autor et al. (2020) also show that the China import shock produced a boost for the GOP in the presidential elections of 2008 and 2016 (relative to 2000). In a particularly interesting side note that builds on the results of their paper, the authors estimate that a reduction of the China trade shock by half between 2000 and 2014 would have produced a majority for the Democrats in 2016 (rather than a defeat) in the key battleground states of Pennsylvania, Wisconsin, and Michigan and would have swept Hillary Clinton to the Oval Office in lieu of Donald Trump (Autor et al. 2020, appendix). This is a particularly stark illustration of the electoral consequences of trade and of how trade shocks drive populists into office.

The China trade shock instrument proposed by Autor et al. (2020) has been used in a number of other papers looking at the effect of trade on political preferences. Ballard-Rosa et al. (2018) find that individuals living in relatively diverse regions in which the China trade shock was more powerful have more authoritarian values. They interpret this as evidence that economic dislocation shapes political identity by producing social-norm conformity among historically dominant groups. Strain & Veuger (2019) find that increases in Chinese import penetration are associated with hardening of preexisting attitudes among Whites towards immigrants, minorities, guns, and religion. These papers are an illustration of the causal pathway represented by arrow *b* in **Figure 1**. By contrast, the original paper by Autor et al. (2020) is largely agnostic on whether trade shocks work directly (arrow *a* in **Figure 1**) or through their effects on culture and identity (arrow *b* in **Figure 1**).

Another paper that sheds light on the mechanisms through which economic insecurity may drive support for right-wing populists is by Cerrato et al. (2018). The authors focus explicitly on the cultural backlash produced by the China trade shock. Interestingly, they argue that the political impact of the trade shock described by Autor et al. (2020) works primarily through (negative) attitudes toward immigrants and racial/ethnic minorities. Attitudes toward international trade per se do not seem to be affected by Chinese import penetration. One specific finding is indicative of what the authors call the "pure" cultural backlash effect: Greater import penetration

produces negative sentiment toward Muslims.⁶ Since Muslims are a tiny share of the labor market, it is difficult to provide this finding with an alternative economic interpretation. In terms of **Figure 1**, arrow *b* trumps arrow *a*. Using text analysis of campaign speeches, Cerrato et al. (2018) also provide evidence of the anti-immigrant and anti-trade shift in Republican presidential candidates over 2008–2016, which would be consistent with the mechanism represented by arrow *c* being at play as well. The import of these findings is that they suggest that the cultural determinants of support for populists highlighted in some studies (e.g., Inglehart & Norris 2016, Norris & Inglehart 2019) may themselves have economic underpinnings. They again illustrate the need for a fully fleshed-out structural causal model à la **Figure 1**.

The approach advanced by Autor et al. (2020) has been used in a growing number of studies on Europe as well, demonstrating an apparently causal impact of trade shocks on the rise of the populist right. Chinese import penetration has been linked to increased support for nationalist, far-right parties in empirical analyses covering regions within 15 European countries (Colantone & Stanig 2018c), Italian municipalities (Barone & Kreuter 2019), German counties (Dippel et al. 2018), and French cantons (Malgouyres 2017). It is significantly associated with the strength of the pro-Brexit vote in Britain's 2016 referendum (Colantone & Stanig 2018a). It is also found to lead to lower support for democracy and liberal values in a study of regions covering 15 European nations and to cultural, but not economic, concerns on immigration (Colantone & Stanig 2018b). This last finding parallels Cerrato et al.'s (2018) results for the United States.⁷

It is perhaps surprising that so many studies covering different European nations have found such strong causal effects of Chinese import penetration on political preferences. Safety nets and labor market protections are much stronger in Europe than in the United States. While imports from China and other low-cost nations have drawn ire as a culprit behind economic decline in industrial regions, they have not figured as prominently in national political campaigns in Europe as they have in the United States. While public opposition to trade agreements has been on the rise in Europe, this opposition generally revolves around trade with the United States and Canada, specifically the proposed Transatlantic Trade and Investment Partnership (TTIP) and the Canada–Europe Comprehensive Economic and Trade Agreement (CETA) (Young 2019). The apparent fact that the local labor market effects of Chinese imports have left a measurable political imprint even in Europe is suggestive of an oversized sensitivity to trade shocks, a question I return to below.

In view of the appeal of Autor et al.'s (2013) instrument, causal studies on the political impact of trade have focused largely on the Chinese trade shock. A notable recent exception is a study by Choi et al. (2020) that applies a similar method to the passage of the North American Free Trade Agreement (NAFTA) in the United States. The authors develop a measure of localities' ex ante vulnerability to NAFTA based on industrial composition and preexisting tariff levels. Using an event-study method, they find that areas with greater exposure to Mexican exports experienced large employment reductions subsequent to the 1993 completion of the agreement. These areas also shifted sharply toward the Republican Party. Interestingly, prior to NAFTA the counties most exposed to Mexico, mainly in the upper South of the United States, tended to vote for the Democratic Party. By 2000, these same counties had turned heavily Republican. Choi et al. (2020) use

⁶In a similar vein, Steiner & Harms (2020) find that Chinese import shocks lead respondents in Britain to develop more nationalistic attitudes but not greater affinity to redistributive economic policies.

⁷As in the United States, trade shocks in Europe seem to have boosted the electoral fortunes of mostly right-wing populist movements, not the left. One exception is offered by Rommel & Walter (2018), who find that a measure of offshorability of occupation of European respondents is associated with support for leftist and center-right parties but not right-wing populists.

a wide variety of regressors to control for possibly confounding secular trends. They also include Autor et al.'s (2013) China trade shock variable. They note that the NAFTA trade shock preceded the China shock, which came in the 2000s.⁸ While many of the same localities were hit by the two shocks, the correlation with NAFTA exposure across commuting zones is low for the raw Chinese import penetration measure (0.17) and higher, but considerably less than one, for the instrumented version (0.42).

4.2. Immigration and Refugees

The relationship between presence of immigrants and support for populism is clearly a contingent one. Large metropolitan areas and highly diverse cities such as New York and London with a large immigrant footprint are not where populists get their votes. In Germany, electoral support for the anti-immigrant Alternative for Germany (AfD) is concentrated in the eastern part of the country, where there are few immigrants. The identity of source countries, recent changes in the volume of immigration, and spatial patterns of immigrant presence can be more important than the numbers of immigrants per se. In particular, a political backlash on account of either economics or culture seems more likely when there is a rapid increase in foreign presence; when immigrants are low-skilled and come from countries with different racial, ethnic, or religious characteristics; and when there is a high level of spatial segregation.⁹ The empirical studies summarized in **Table 4** are generally consistent with these ideas. While these studies cover a large number of countries and time periods, the majority are drawn from Europe, which has experienced a recent increase in low-skilled migration from Muslim and African countries, or from Eastern European countries that recently acceded to the European Union. The general message that comes out of the table is that this influx has been a boon to right-wing, anti-immigrant parties in Europe. The evidence on the United States, by contrast, is decidedly mixed (Hill et al. 2019, Mayda et al. 2019).

What are the specific mechanisms through which immigration generates political consequences? **Figure 1** suggests a number of possibilities. Consider the following three mechanisms in particular. First, a sudden influx of foreigners may generate a cultural backlash that has nothing to do with economics. This would be the case of xenophobia or anti-immigrant sentiment that arises purely out of psychological and identity-related processes: We dislike and reject foreigners because they are not like “us.” Analysts who give culture a primary independent role in driving populism have this mechanism in mind (e.g., Margalit 2019). Alternatively, the influx may generate a backlash because it creates economic dislocations. Such dislocations arise from competition in local labor markets or in public-goods provision. Immigrants, especially of the low-skill type, can drive local wages down. They can reduce the availability of government services such as public housing or social transfers to native-born citizens. As **Figure 1** shows, these economic factors can in turn play out politically in two different ways—either directly (arrow *a*) or indirectly, through culture and identity (arrow *b*). The direct channel refers to the case in which political support for populist, anti-immigrant parties increases because these parties allay the economic anxieties of voters (arrow *a*). The indirect channel refers to the case in which economic dislocation activates affirmation of traditional, dominant identities and triggers hostility toward perceived out-groups on cultural grounds (arrow *b*). In the latter case, anti-immigrant preferences appear to be driven

⁸The wage and employment consequences of the NAFTA shock, which appear to have been sizable in parts of the country competing directly with Mexican exports, are analyzed by Hakobyan & McLaren (2016).

⁹On the importance of geography and spatial segregation, readers are referred to Enos (2017).

Table 4 Immigration

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Barone et al. (2016)	Immigrant share, using shift-share IV	Center-right vote share (which includes extreme and moderate right)	The study finds more voting for center-right coalition in municipalities with larger inflows of immigrants; it also finds smaller absolute (but greater relative) effect on extreme-right voting than on moderate right voting.	Italy, municipalities, 2001–2008	OLS, IV
Becker & Fetzer (2017)	Migration from accession countries (relative to EU migration in the past and to total population)	Vote shares for UKIP party in European parliamentary elections; also uses British Election Study data on individual preferences	Places that received large numbers of migrants from Eastern Europe see small, but statistically significant increases in the vote shares for the UKIP; EU accession decreases wages at the lower end of the income distribution.	UK; local authority districts, individuals; 1999–2014 (with focus on 2004 migration shock)	Best subset selection, DiD using propensity score matching
Becker et al. (2017)	Growth rate of migrants	Brexit leave vote in 380 local authorities	The leave vote share is strongly associated with growth rate of migrants from EU accession countries; it is also strongly associated with old age, low education, high manufacturing employment share, and high unemployment.	UK; local authority areas, wards; 2016 (Brexit referendum)	OLS, penalized OLS
Brunner & Kuhn (2018)	Immigrant share, instrumented with immigrant share in (broader) local labor market; also incorporates cultural distance measure	Shares of anti-immigrant votes (based on votes on amendments related to migration policy, taking advantage of Swiss direct democracy); vote share of Swiss People's Party	One percentage point increase in the local share of culturally different immigrants results in a 1.25 percentage point increase in anti-immigration votes in an average national vote about immigration; it also sees an increase in vote shares for right-wing Swiss People's Party.	Switzerland, communities, 1970–2010	OLS, IV

(Continued)

Table 4 (Continued)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Caselli et al. (2021)	Change in immigrant stock, shift-share instruments for Chinese imports and robotization	Vote share of far-right parties	Over 2001–2008, greater immigration, larger trade shock, and robotization are all associated with greater support for far-right parties; over 2008–2013, greater immigration is associated with less support for far-right parties but with more support for the new Five Star movement; no effect of Chinese imports is found in the latter period.	Italy; local labor markets; 2001, 2008, 2013	IV
Dinas et al. (2019)	Refugee influxes on some Aegean islands (natural experiment; also does IV using distance from Turkish coast)	Vote shares for the far-right Golden Dawn	The study finds an increase in vote share for Golden Dawn on islands impacted by the refugee crisis.	Greece, islands/municipalities, 2015 (compares January and September elections)	OLS, DiD, IV
Dustmann et al. (2018)	Change in refugee allocation (under a quasi-random allocation policy)	Change in vote share for anti-immigrant/far-right parties	An increase in refugee share significantly increases vote share for anti-immigrant and both far-right and center-right parties.	Denmark, municipalities, 1989–1998	OLS (with natural experiment generating quasi-random variation)
Edo et al. (2019)	Immigrant share, using shift-share IV	Vote shares for far-right and far-left parties	OLS and IV estimates suggest that immigration increases support for far-right candidates and tends to have a weak negative effect on the support for far-left candidates at the departmental and regional levels; the effect on the far right is driven by low-educated immigrants from non-Western countries.	France; departments, municipalities, cantons; 1988–2017	Multinomial logit, OLS, IV

(Continued)

Table 4 (Continued)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Eichengreen et al. (2017)	Foreign pop share, manufacturing/farm output	Vote share for Bryan (populist in 1896 election)	Bryan vote share is lower in manufacturing counties, is higher in counties with larger Chinese share, and is also associated with crop prices and mortgage interest rates.	US, counties, 1896 (McKinley–Bryan election)	OLS
Gerdes & Wadensjö (2010)	Share of population of non-Western origin	Vote shares for various parties, with a focus on far-left and far-right parties	Anti-immigration parties win votes as a result of an increase in non-Western share, but so does a pro-immigration party.	Denmark, municipalities, 1989–2001	OLS (fixed-effect specification), IV
Halla et al. (2017)	Immigrant share (and changes in immigrant share); uses Bartik-style IV	Vote shares for the far-right FPÖ	Inflow of immigrants into the community has a significant impact on FPÖ vote share.	Austria, communities, 1971–2013	OLS, IV
Harmon (2018)	Share of population of non-Western origin, instrumented with measure of availability of rental housing in 1970	Vote shares of far-left and far-right parties in municipal elections of 1981 and 2001 and in national elections	Increasing ethnic diversity has a negative effect on the electoral success of traditional left-wing parties and a positive effect on the electoral success of anti-immigration nationalist parties.	Denmark, municipalities, 1981–2001	OLS, IV
Hill et al. (2019)	Shares of Hispanic and noncitizen foreign-born populations	Change in Republican vote share in presidential elections	There is a negative relationship between increase in Hispanic shares and increase in Republican (for Trump) vote share.	US, precinct-level observations in seven states, 2012–2016	OLS
Mayda et al. (2019)	Low- and high-skilled immigrant share, with shift-share style instrument	Vote shares for Republicans in House, Senate, and presidential elections; uses Pew survey data	An increase in high-skilled immigrants decreases the share of Republican votes, while an inflow of low-skilled immigrants increases it; this is mostly due to effects on existing citizens' votes, independent of country of origin.	US; counties, individuals; 1990–2010	OLS, IV

(Continued)

Table 4 (Continued)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Mendez & Cutillas (2014)	(Change in) foreign-born population share, with shift-share instrument	Change in vote for major leftist (PSOE) over major conservative (PP) party in presidential elections, vote share for anti-immigrant formations (parties)	Latin-American immigration increases natives' participation in and support for the PSOE over the PP. African immigration increases natives' support for anti-immigration formations relative to the PP, leaving the participation rate unaffected.	Spain, provinces, 1996–2011	OLS, IV
Moriconi et al. (2018)	High- and low-skilled immigrant share, using shift-share IV	Party that individual voted for or supports, scored based on its nationalist bent (per the Manifesto Project Database; uses data from ESS)	The study finds a strong negative association between highly educated immigrant share and nationalist intensity and a strong positive association between less-educated immigrant share and nationalist intensity; changes in preferences in response to high- and low-skilled immigrant share is stronger for less-educated and older voters; the shift is mostly driven by change in vote preferences, not turnout.	12 European countries, individuals, 2007–2016	OLS, IV
Otto & Steinhardt (2014)	Foreign-born population share, with shift-share instrument	Vote shares for far-right and Green parties in regional and national elections	The study finds a positive and substantial impact of growing shares of foreigners on the political success of extreme right-wing parties and a negative association with vote share for the Green Party.	Germany, Hamburg city district, 1987–2000	OLS (fixed-effect specification), IV

(Continued)

Table 4 (Continued)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Roupakias & Chletsos (2020)	Share of immigrants in local population, with shift-share instrument	Vote share of three far-right parties in national elections	An increase in the immigrant share, especially from non-OECD countries, increases support for far-right parties while decreasing support for the far-left party Syriza.	Greece, 51 regions, 2004–2012	IV with fixed effects for regions, WLS, OLS
Tabellini (2019)	European immigration to US cities (exogenous variation due to policy changes; also shift-share IV)	Public spending, legislator ideology	Immigration triggers hostile political reactions, such as the election of more conservative legislators, higher support for anti-immigration legislation, and lower redistribution.	US, cities, 1910–1930	OLS, IV
Vertier & Viskanic (2019)	Presence of CAOs, instrumented with presence of holiday village in same municipality	Change in vote share for the National Front between 2012 and 2017	In the presence of a CAO, the percentage growth rate of vote shares for the National Front between 2012 and 2017 is reduced by about 12.3 percentage points; the effects dissipate spatially and are most pronounced for cities that received small number of migrants, suggestive of contact hypothesis.	France, municipalities, 2012–2017	OLS, IV

Abbreviations: CAO, Reception and Orientation Center; DiD, difference in differences; ESS, European Social Survey; FFÖ, Freedom Party of Austria; IV, instrumental variable; OECD, Organisation for Economic Co-operation and Development; OLS, ordinary least squares; PP, People's Party; PSOE, Spanish Socialist Workers' Party; UKIP, UK Independence Party; WLS, weighted least squares.

by culture, but the roots are in the economics. These two cases provide the other two possible mechanisms in addition to the purely cultural case.¹⁰

The empirical literature on the political consequences of immigration has generally not scrutinized these different channels separately. The vast majority of studies summarized in **Table 4** focus directly on a reduced-form relationship between immigrant/refugee presence and voting for populist parties (mostly of the extreme right). For example, Becker et al. (2017) find that the increase in immigrants from 12 recent EU accession countries is associated positively with a vote in favor of Brexit across British localities, though the level of migrants is negatively (and insignificantly) correlated with the Brexit vote. Dustmann et al. (2018) and Dinas et al. (2019) find that an increase in the local concentration of refugees increases support for far-right, anti-immigrant parties in Denmark and Greece, respectively. For the United States, Mayda et al. (2019) find that an increase in low-skilled immigrants increases the Republican vote share, whereas an increase in high-skilled immigrants decreases it. Historical evidence, also for the United States, suggests that the association between immigrant influx and support for populist politicians is not a recent phenomenon (Eichengreen et al. 2017, Tabellini 2019).

The study by Tabellini (2019) is notable because it is one of the few that explicitly try to unpack the economic versus cultural roots of the anti-immigrant backlash. Tabellini looks at US cities between 1910 and 1930, a period when immigrant levels were very high and anti-immigrant legislation began to be implemented. He uses a shift-share instrument that predicts each city's number of immigrants by interacting 1,900 levels with subsequent (total) migration flows from each sending region, net of the individuals that settled in that city.¹¹ The regressions include city fixed effects, so that the results are estimated from changes in immigrant numbers within cities compared to other cities. Tabellini shows that greater immigration was associated with the election of more conservative representatives and loss of support for the Democratic Party (the more pro-immigration party). He finds no evidence that immigration had adverse labor market effects. In fact, more immigration was associated with higher employment levels, even in occupations where immigrants provided greatest competition, and also with greater occupational upgrading (a proxy for wages). Tabellini reasons that the positive employment effects may have been due to this being a period of rapid economic expansion in the United States, as labor shortages constitute an important constraint on economic activity. Furthermore, the political reaction seems to have been directed primarily at Catholics and Jews, even though these groups' economic impact would have been no different than that of immigrants from Protestant countries. Tabellini concludes that the political backlash was rooted not in economic dislocation—i.e., neither in arrow *a* nor *b* in **Figure 1**—but in purely cultural factors.

Recall that one of the mechanisms through which globalization shocks can influence political outcomes is their effects on politicians' programs (arrow *c* in **Figure 1**). An interesting paper by Moriconi et al. (2019) focuses in part on this channel. Using the Manifesto Project Database, this paper quantifies each European political party's attitude toward redistribution through the welfare state. The authors find that an increase in less-skilled immigration results in the shift of national party platforms toward less redistribution, while high-skilled immigration has the opposite (but statistically insignificant) effect. Since this paper does not focus on populist outcomes per se, it

¹⁰**Figure 1** contains other possibilities on the supply side that I ignore for the moment. An increase in immigration can also alter party platforms (arrow *c*) and induce political candidates to prime racial/ethnic/religious identities. I return to this channel below.

¹¹Tabellini performs a number of checks to control against threats to his instrument's validity posed by the fact that early immigrant numbers may predict subsequent political outcomes.

is not included in **Table 4**. However, an earlier paper by the same authors shows that different types of immigration have opposite-signed effects on nationalist sentiments as well: Low-skill immigration strengthens nationalism, whereas high-skill immigration weakens it (Moriconi et al. 2018).

4.3. Financial Globalization

Unlike trade and immigration, financial globalization has not received much attention in popular discussions as a source of the populist backlash. This is surprising in some ways. The free flow of short-term finance across national borders and the buildup of significant foreign liabilities have played a significant role in triggering the financial crisis of 2008–2009, which was the most severe economic shock experienced by advanced nations since the Great Depression of the 1930s until the more recent COVID-19 pandemic. The fiscal austerity that deepened and lengthened the employment impact of the crisis, particularly in Europe, was the result of conducting economic policy according to the perceived requirements of financial markets. Yet there has not been much apparent political reaction against financial globalization. Global banks and financial speculators have not become targets in the way Chinese exports or Mexican and Muslim immigrants have. This stands in sharp contrast to the original wave of populism in the late-nineteenth-century United States, during which the Northeastern financial establishment drew much ire as the upholders of the gold standard and hard money.

The scholarly empirical literature on the relationship between financial crises and globalization on the one hand and populism on the other is correspondingly thin and disproportionately historical (**Table 5**). Funke et al. (2016) look at the electoral consequences of financial crises in 20 developed countries since 1870. They find that financial crises increase the vote share of far-right parties (but not far-left parties) by around 4 percentage points on average (a 30% increase) and that the results are statistically stronger for the post–World War II period. Interestingly, regular business-cycle recessions or macro shocks that do not involve financial crises do not produce similar effects. Doerr et al. (2020) focus more narrowly on Germany during the 1930s and show that exposure to bank failures increased support for the Nazi Party, with localities with a history of anti-Semitism showing larger effects.

Two other papers cover the interesting recent cases of Hungary and Poland. These Eastern European countries are intriguing because they were not subject to the kind of trade and immigration shocks experienced by the United States and Western Europe. Yet, they have experienced similar electoral gains by right-wing ethno-nationalist populist movements. These papers suggest that external financial shocks may have played a more prominent role there. Gyöngyösi & Verner (2020) study the rise of the far-right Jobbik party in Hungary after the financial crisis of 2008. Many Hungarian households had borrowed in foreign currencies (primarily the Swiss franc). The sharp depreciation of the Hungarian forint after the crisis left these borrowers in severe distress. Gyöngyösi & Verner (2020) show that the far-right populist vote increased especially strongly in localities where foreign currency debt exposure was higher, with this financial channel accounting for as much as 20% of the increase in the far-right vote.

Ahlquist et al. (2020) carry out an analysis similar in spirit for the Polish parliamentary elections of 2015, which brought the right-wing populist party Law and Justice (PiS) to power. These elections followed the Swiss National Bank's decision to allow the Swiss franc to appreciate. This meant a large and unexpected adverse financial shock to Polish borrowers who had taken out low-interest rate mortgages denominated in Swiss francs. Using a survey carried out just before the elections, Ahlquist et al. (2020) study Polish voters' policy preferences. They document that those exposed to the shock were more likely to demand government action that would make banks

Table 5 Financial globalization

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Ahquist et al. (2020)	Repayment of mortgages denominated in Swiss francs (taking advantage of surprise revaluation of Swiss franc in 2015)	Vote shares for PiS (populist-right party) and demand for government bailouts; authors' survey data from 2015, prior to election	Those exposed to shock are more likely to demand government support; among former government voters, Swiss franc borrowers are more likely to desert the government and vote for the largest opposition party, the PiS; this brings the PiS a parliamentary majority.	Poland, individuals, 2015	Logistic regression
Bergh & Gustafsson (2020)	KOF globalization index (which combines trade and financial globalization)	Vote shares of European populist parties	There is no association between increase in vote share for populist parties and the globalization index.	33 European countries, 1980–2017	OLS
Doerr et al. (2020)	Exposure to bank failures (particularly those of Danat and Dresdner), using data on firm–bank relationships for 5,610 firms during the Great Depression; digitized for the first time by the authors	Nazi vote shares	Greater exposure to bank failure in 1930 translates into greater Nazi gains; unemployment does not impact Nazi support, but income decline driven by exposure to Jewish-led bank leads to sizable increase in Nazi support (relative to other failing non-Jewish bank); places with a history of anti-Semitism show greater effect; in places without this history, income change accounts for all the political change.	Germany; bank–firm pairs, cities; 1931	OLS
Funke et al. (2016)	Financial crises	Vote shares of far-left and far-right parties in parliamentary elections; street protests	After a financial crisis, the vote swings to far-right parties, fragmentation increases, and street protests erupt; far-right parties increase their vote share by 30% after financial crises, but not after normal recessions or nonfinancial macro shocks.	20 developed countries, 1870–2014	OLS, local projection

(Continued)

Table 5 (Continued)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Gyöngyösi & Verner (2020)	Foreign currency borrowing/debt exposure	Far-right vote shares in parliamentary election	Vote share of populist far-right increases significantly more in zip codes with greater exposure to household foreign currency debt.	Hungary, postal codes, 1998–2018 (focus on 2010)	OLS
Mian et al. (2014)	Banking, currency, inflation, debt crises	Size of governing coalition; political fragmentation/fractionalization; vote shares of government parties; political polarization/leaning (WVS, ANES, DPI data); IMF structural reforms	Following a financial crisis, voters become more extreme, ruling coalitions become weaker, fractionalization increases; financial crises put pressure on debtors, and the debt overhang or creditor–debtor conflict that occurs afterward tends to deepen the downturn.	70 countries, 1975–2010	OLS (fixed-effects specification)
Swank & Betz (2003)	Trade openness, capital mobility, foreign asylum seekers, social welfare protection at national level	Vote shares for radical right-wing populist parties in national parliamentary elections	Trade openness and transnational flows of capital contribute to the success of radical right-wing parties in Western Europe; however, effect is attenuated in states with strong welfare.	16 Western European countries, elections, 1981–1998	Tobit MLE

Abbreviations: ANES, American National Election Studies; DPI, Database of Political Institutions; IMF, International Monetary Fund; KOF, Swiss Economic Institute; MLE, maximum likelihood estimation; OLS, ordinary least squares; PIS, Law and Justice party; WVS, World Values Survey.

pay a larger share of the cost. Among former supporters of the government, Swiss franc borrowers were more likely to desert the government and vote for PiS. As the authors also make clear, the PiS actively courted these voters by broadening its nationalist, anti-immigrant platform to include policies that would shift the cost of the zloty depreciation to the banks and protect the borrowers—proposals designed to appeal to the economic interests of the affected voters. So this case appears to be an example of the two channels represented by arrows *a* and *c* in **Figure 1** being in operation.

4.5. Economic Insecurity in General

Whether they take the form of increased import penetration, influx of immigrants, or financial crises, globalization shocks can cause significant economic distress in various segments of the population. However, they are certainly not the only source of economic dislocation. As a cause of job loss, income volatility, and economic insecurity in general, their role is easily dwarfed by other cyclical and secular economic movements. Automation, deindustrialization, deunionization, flexibilization of labor, rising economic inequality, the expansion of the gig economy and of part-time work, and the spatial concentration of productive economic activities have all loomed large in labor markets in recent decades. In general, these trends have produced greater economic anxiety and squeezed middle-class livelihoods (see Erickson 2014 on the United States and Eurofound 2017 on Europe).¹² Globalization is related of course to many of these trends, but it is far from being the only cause. **Table 6** summarizes empirical papers that focus on different sources and aspects of economic insecurity without emphasizing globalization specifically.

Some of the studies in **Table 6** take as their independent variable unemployment, declines in incomes, or other indicators of insecurity, without scrutinizing what may lie behind (e.g., Bossert et al. 2019). However, two types of nonglobalization shocks in labor markets merit particular mention: automation and labor market deregulation.

On automation, Anelli et al. (2019) study 14 West European nations between 1993 and 2016, looking at individual or regional exposure to automation (instrumented by robot adoption in other countries) based on ex-ante industrial structure or occupation. They find that greater exposure to robots increases support for right-wing populist parties, both among individuals and across regions. They report that these results are robust to controlling separately for a wide set of cultural values at the individual level (though, as they point out, these attitudinal variables are arguably posttreatment indicators influenced by labor market shocks). Interestingly, they also include the China trade shock variable of Autor et al. (2020, appendix), which they find has a small and statistically insignificant effect on the rightward political shift. They attribute the result on trade to the fact that their study covers a later period than the earlier Colantone & Stanig's (2018b) paper, which found a large effect for an almost identical sample of countries.¹³

Dal Bó et al. (2019) focus on the rise of the far-right Sweden Democrats. The authors hone in on the reforms of labor market and welfare state arrangements in 2006 alongside the economic insecurity generated by the financial crisis. These reforms produced greater inequality in Sweden

¹²Economic insecurity can be hard to disentangle from anxiety with regard to loss of social status (see, however, Gidron & Hall 2017, Kurer 2020).

¹³Anelli et al.'s (2019) study covers a more recent period in which the China shock had dissipated somewhat and the financial crisis and austerity policies had a much larger footprint. The authors report that when they restrict their time coverage to the pre-crisis period, they recover a strong China trade shock effect, while automation retains its significance. Caselli et al. (2021) also find that the China trade shock does not have a significant effect on vote shares for far-right parties in Italy after 2008.

Table 6 Economic insecurity

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Algan et al. (2017)	Unemployment (instrumented with construction share)	Vote shares of populist parties; Brexit vote; trust/attitudes (toward immigrants, police, etc.) from ESS	Increase in unemployment during crisis is associated with increased voting for populist parties and decreased trust in political institutions.	26 EU countries, NUTS 2 region, 2000–2017	OLS, DiD, IV
Anelli et al. (2019)	Exposure to automation (regional based on industry mix, individual based on occupation; instrumented with other-country robot use)	Ideological leaning of electoral districts/individual voters (based on nationalism scores from Manifesto Project Database)	Higher exposure to automation increases support for nationalist and radical-right parties, at both the regional and the individual level.	14 Western European countries, NUTS 2 region, 1993–2016	OLS, IV
Bossert et al. (2019)	Economic insecurity (based on changes in income)	Support for political parties	Economic insecurity predicts support for parties of the right, greater support for Donald Trump before the 2016 US presidential election, and the UK leaving the European Union in the 2016 Brexit referendum.	UK, US, and Germany; panels of individuals; 2016	Logistic regressions
Chen (2018)	Unemployment	Voting for Sanders/Trump; GSS attitudes/trust measures	Unemployment during Great Recession is associated with increased left-wing populism; higher immigrant inflows are associated with increased right-wing populism.	US; individuals, 9 regions; 2006–2016	DiD, logistic fixed effects
Dal Bó et al. (2019)	Economic winners and losers due to 2006–2011 policy reforms; individuals classified based on register data and risk of automation replacement	Vote shares of Sweden Democrats	Local increases in “insider-outsider gap” and share of “vulnerable insiders” are associated with larger gains for Sweden Democrats.	Sweden; individuals, precincts, municipalities; 1979–2012	OLS

(Continued)

Table 6 (Continued)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
de Bromhead et al. (2013)	Pre-/post-1929 (market crash), GDP growth	Vote shares of fascist antisystem parties and of communist parties	GDP growth is negatively related to the vote for extreme right-wing parties, with the greatest impact in countries with short histories of democracy and cumbersome electoral systems and that had lost World War I.	28 countries, elections, 1919–1939	Semi-parametric fixed-effects Tobit
Fetzer (2019)	Exposure to welfare cuts at the district level, individual exposure to benefits from USOC survey	Vote shares for UKIP from Westminster, European, and local council elections; newly constructed individual panel data set	The study finds significant association between exposure to austerity-induced welfare cuts and subsequent support for the UKIP.	UK; local authority districts, constituencies, individuals; 2000–2016 (focus on 2010 reforms)	OLS, IV (event-study specification)
Gomez & Ramiro (2019)	Unemployment rate at the national level	Dichotomous variable indicating whether respondent voted for a radical left party	Higher unemployment is associated with greater propensity to vote for radical left parties.	15 European countries, 56 elections, 1996–2016	OLS, with individual-level controls
Guiso et al. (2018)	Economic insecurity, attitudes, education (ESS data)	Vote shares of populist parties (using van Kessel definition and a 3D definition); emphasis on turnout	Economic insecurity is associated with increased voting for populist parties but decreased turnout.	All European countries, individuals, 2002–2014	Two-step Heckman probit
Hobolt & Tilley (2016)	European Election Study data on personal economic challenges, attitudes toward immigration/EU integration, political affiliation; focus on people who switched from mainstream to challenger party	Defection from mainstream to challenger parties and nonvoting	People who experience economic downturns (e.g., decline in household income, job loss) are more likely to turn away from mainstream party; preferences on immigration, EU integration, and redistribution tend to influence which parties people switch to.	17 Western European countries, individuals, 2014	Multinomial logit

(Continued)

Table 6 (*Continued*)

Reference	Key independent variable	Dependent variable	Main finding	Setting	Estimation
Im et al. (2019)	Risk of automation at occupational level	Vote share for populist parties in last election (ESS data)	Individuals “just about managing” on current income are generally significantly driven toward radical-right voting by increasing threat of automation; the effect is not observed for those who already find it difficult or very difficult to live on their current income.	11 Western European countries, individuals, 2012–2016 (ESS rounds 6–8)	Multinomial logit
Iversen et al. (2017)	Vulnerability to losing out from the shift to the knowledge economy, based on demographic variables and quasi-random variation from education policy changes	Populist values, based on WVS and ESS	Support for populist values is associated with being a low-income male; it decreases in years of schooling.	16 developed countries, individuals, 1995–2012	OLS, IV (for education policy change analysis)
Rothwell & Diego-Rosell (2016)	Immigrant share, income, employment, demographics, etc.; big horse-race regression drawing on Gallup variables	Favorable view of Trump (Gallup data)	Trump voters tend to live in racially and culturally isolated ZIP codes and CZs, but it is unclear whether material well-being or financial variables such as trade exposure play a role.	US; individuals, CZs; 2016	Probit

Abbreviations: CZ, commuting zone; DID, difference in differences; ESS, European Social Survey; GSS, General Social Survey; IV, instrumental variable; NUTS, Nomenclature of Territorial Units for Statistics; OLS, ordinary least squares; UKIP, UK Independence Party; USOC, Understanding Society Study; WVS, World Values Survey.

and a deeper divide between labor market insiders who benefited from stable, well-paying jobs and outsiders with stagnant incomes and unpredictable employment opportunities. The paper finds that support for the Sweden Democrats correlates strongly, across and within municipalities, with the presence of losers from the reforms and from the financial crisis. Interestingly, and in contrast to many other studies cited earlier, this paper does not find any direct correlation between patterns of local immigration and support for the far right. The authors note, however, that labor market reforms made outsider, anti-immigration voters shift toward the Sweden Democrats. As they summarize, “our results rhyme well with the idea that an economic shock which creates insecurity may interact with preexisting, latent, traits among some voters, and lead them to switch their political allegiance.” In other words, the channel illustrated by arrow *b* in **Figure 1** seems to operate alongside the one illustrated by arrow *a*.

This paper is also one of the few to make an explicit distinction between the demand and supply sides of politics (along with Guiso et al. 2018 and Rodrik 2018) in accounting for the rise of populists. The authors find that politicians from the Sweden Democrats are more likely to be drawn from “outsiders and vulnerable insiders” compared to other parties. To refer again to **Figure 1**, this is another instance of economic shocks driving the supply side of politics (arrow *c*). They speculate that this might be the reason it has been the extreme right rather than the left that has been able to capitalize on labor market dislocation.

5. GLOBALIZATION AND ECONOMICS AS CULTURAL FLASH POINTS

The rich empirical literature I have discussed in the previous section raises two questions. First, why does globalization elicit such an outsized political backlash, when it is just one of the forces that have buffeted labor markets and the macro economy in recent decades? As I have noted, technological change, deindustrialization, and the usual churn of firm contraction and closure impart a much stronger footprint on labor markets than trade or immigration. Yet, empirical evidence leaves no doubt that globalization has played a significant role in the rise of populism in recent years. Second, why has the political backlash taken a largely right-wing, nativist form? The studies I have discussed find that the backlash has overwhelmingly benefited right-wing populists. Left-wing populists who may have been programmatically better positioned to take advantage of the labor market shocks, with their redistributionist agendas, do not seem to have been much advantaged.

The two questions may be related. As many studies note, globalization shocks play on latent cultural and identity divisions in society, both activating and magnifying them. Trade, immigration, and financial shocks present obvious “outsider” targets: foreign exporters, culturally different workers, international banks. Economic anxieties and insecurities threats can be recast as threats on the dominant group’s traditional way of life, deepening the divide between “us” and “them.”¹⁴ This can be a particularly potent channel if the regions of the country or segments of the labor market adversely affected by globalization are less diverse and more culturally homogeneous, where traditional identities and cultural values were strong to begin with. In terms of **Figure 1**, this argument suggests the indirect channel (arrow *b*) may be quite powerful, stronger even than the direct channel (arrow *a*).

¹⁴Kuk (2019) shows that the Chinese trade shock instrument has a statistically and quantitatively significant impact on survey-based measures of racial resentment. He also runs an experiment in which he asks respondents to imagine situations of financial distress. Priming for financial distress produces an increase in respondents’ ethnocentrism but not in their racial resentment.

Consider some direct evidence on the outsized response to globalization shocks. Di Tella and I carried out an online survey in which we provided respondents with what looked like a newspaper story on a planned factory closure in a fictitious local community (Di Tella & Rodrik 2020). All of our subjects (except those in the control group) were told 900 jobs were at risk, but they were separated into distinct treatment groups with different explanations for why the factory might close. One group was told the factory closure was due to automation (technology shock). The second group was told there had been a shift in consumer preferences away from the products manufactured in the plant (demand shift). A third was told the problem was due to management failure (bad management). Finally, the other treatment groups were told the factory may close because of outsourcing to a foreign country. All respondents were then asked whether they thought the government should do anything in response, and if yes, whether they favored transfers to those who become unemployed (compensation) or import protection.

Figure 2 summarizes the results. First note that both technology and demand shocks elicit a protectionist response of 5 percentage points or so. The increase in desired compensation is of the same order of magnitude, if somewhat smaller. Bad management, by contrast, elicits a demand for transfers to workers, but not a statistically significant protectionist response. This stands to reason insofar as respondents want to assist workers but not managers and owners when the fault lies with the latter. What really stands out in the chart, however, is the magnitude of the protectionist response when subjects are told the reason for the prospective plant closure is international trade. The last two treatments in the chart differ by one word only. In one case subjects are told the outsourcing is to France; in the other case, they are told it is to Cambodia. The percentage of respondents who ask for import protection more than doubles in the first case (France), compared to the technology and demand shocks. It *quadruples* in the second case (Cambodia). And the

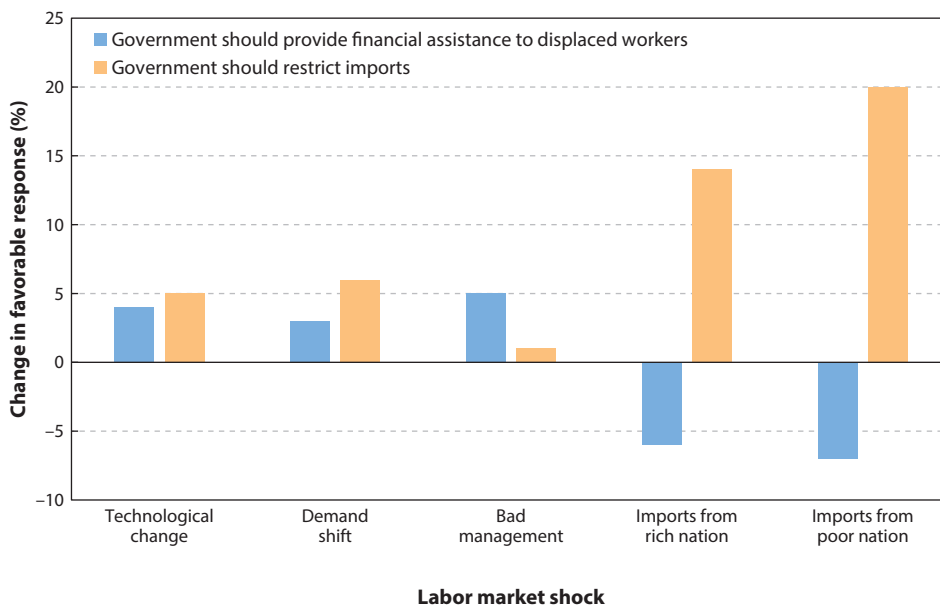


Figure 2

Preferred responses to labor market displacement shocks. The graph shows marginal effects on shares of respondents who respond favorably to each statement shown in the key, relative to control. Data from Di Tella & Rodrik (2020).

demand for transfers falls in both cases. Not only is the demand for trade protection highly elastic with respect to negative trade shocks, but also respondents apparently treat trade with advanced nations very differently than trade with developing nations.

Consider why there is such a big difference in the way that our subjects approach trade with France versus trade with Cambodia. From an economic-utilitarian perspective, we might have expected respondents to look more favorably on imports from a developing nation. A poorer nation stands to lose more from cutoffs in market access to the United States. Therefore, a utilitarian calculus would have produced a greater willingness to restrict imports from the richer nation. A cultural-differences perspective, however, yields a different answer. Our American respondents might have thought of Cambodians as much less “like us” than the French, and less worthy of sympathy. They would then have exhibited a greater willingness to penalize them. The results we obtained suggest strongly that the cultural perspective was the dominant one among our respondents. Furthermore, when we divided our sample (in the pretreatment phase of the experiment) between subjects who had favored Trump in the 2016 presidential elections and subjects who had favored Hillary Clinton, we found that the additional protectionist boost in the case of Cambodia was concentrated among those who favored Trump (Di Tella & Rodrik 2020, table 5). In other words, what was presumably a cultural aversion to Cambodia was magnified among those respondents who were already likely to be more intolerant of cultural differences.¹⁵

Labor market shocks that drive a greater wedge between winners and losers can inflame latent cultural tensions. Grossman & Helpman (2021) develop a model that describes one possible mechanism. In their model, cultural associations of lower-skill individuals are driven by two conflicting forces. On the one hand, they benefit from identifying with the nation as a whole, a category that includes the high-skilled individuals with higher social status. On the other hand, they pay a cognitive-dissonance cost to the extent that their material circumstances differ from those of the average member of the national aggregate. A trade shock such as greater Chinese import penetration increases the latter cost by generating a bigger earnings gap between skill groups. That, in turn, can induce a change in social and cultural identification patterns whereby lower-skill individuals no longer view themselves as members of the nation as a whole but rather as members of a narrower group. When racial or ethnic characteristics are associated with group identities, this segmentation of identities can also exhibit itself in cultural terms.

Wilkinson (2019) provides an interesting account of how spatial sorting may serve to reinforce the interaction between economics and values to produce a populist backlash. Less educated, socially conservative Whites have had lower propensity to migrate to urban areas. Meanwhile, globalization, technological change, and other economic trends have disproportionately benefited urban areas, in particular megacities. The China trade shock, in particular, has hit smaller urban areas and White middle-class communities particularly hard. In Wilkinson’s (2019, p. 6) words, “rural stagnation is widening the already significant gap in cultural and moral values produced by the increasing spatial separation of urbanizers and rooted holdouts.” This kind of spatial segregation is particularly conducive to generating distrust and magnifying aversion to cultural outsiders (Enos 2017). Hence, economic adversity that exacerbates a preexisting cultural divide can turn into a powerful force for right-wing populists to leverage in the political sphere. Although Wilkinson’s story focuses on the United States, it is clear that Europe shares similar features. The spatial segregation between liberals living in urban centers and socially conservatives residing in outlying areas has clearly added fuel to the populist backlash (see also Norris & Inglehart 2019).

¹⁵An alternative reading is that the reaction to Cambodia was linked to perceptions of unfair trade due to worries about poor working conditions. When we primed respondents specifically with a sentence on labor conditions, the results did not change perceptibly.

Such effects can be amplified through dynamic feedback loops. If globalization shocks make identity more salient, and the result is party platforms that reduce transfers to the poor (both Whites and minorities), then the increased economic insecurity of poor Whites may increase their aversion to minorities and intensify their desire to cut transfers to them further. This is akin to the mechanism described at length in Hochschild's (2016) ethnographic study of "White anger" in *Strangers in Their Own Land*.

These stories are all demand-side stories (focusing on the causal pathway represented by arrow *b* in **Figure 1**). Economic shocks trigger natural psychosocial processes that alter individual preferences and identities. But economics can inflame culture wars through the supply side as well, by inducing political leaders or parties to adopt campaign strategies deliberately designed to prime latent ethnoreligious sensitivities and divides. This is the possibility highlighted by the causal pathway represented in **Figure 1** by arrow *d*.

In Mukand & Rodrik (2018) we provide one possible mechanism. In this model, political entrepreneurs or parties compete for political support by appealing to either voters' economic interests or to voters' ideas, with the latter including ideas about their own cultural identities. One of the results in the paper is that as economic inequality increases in society, a party representing the rich is more likely to invest in strategies that appeal to identity and culture. Greater inequality means the median voter grows more distant from the rich in terms of where they stand on economic policy interests. For the party of the rich, there is now higher return from a political narrative that catalyzes identity around issues such as racial resentment, gay marriage, women's rights, and immigration, all of which can give low-income voters a reason to vote against their purely material interests.

Hacker & Pierson (2020) argue that this is exactly the strategy the Republican Party has pursued as US inequality began to rise after the 1970s. The puzzle they address is how the party was able to advance a right-wing policy agenda—tax reduction, deregulation, weakening of labor market protections, and cuts in social insurance—that benefited the wealthy and was increasingly unpopular on its own terms. The answer is that the party adopted a racially charged narrative to enhance the appeal of regressive policies to middle- and lower-middle-class White voters. Hacker & Pierson (2020) cite an interview in which Republican political operative Lee Atwater lays out the strategy explicitly.¹⁶ Republicans must use language that is a "lot more" abstract than using the *n*-word, Atwater told the interviewer. Policies that benefited the rich had to be packaged in terms that would resonate with poorer White voters. For example, "we want to cut this" would convey "blacks get hurt worse than whites" (Hacker & Pierson 2020, p. 112). As Hacker & Pierson put it, "Republicans used white identity to defend wealth inequality." Their account makes clear that America's version of right-wing populism predates Trump.¹⁷

6. CONCLUDING REMARKS: IS POPULISM ALWAYS AT ODDS WITH GLOBALIZATION?

This review has focused on the causal links between globalization and other economic shocks, on the one hand, and the rise of populism, on the other. Before closing, it is worth spending a

¹⁶Atwater was promised lifetime anonymity for his comments, which came into the public domain after his untimely death in 1991.

¹⁷As Hopkins (2021) points out, Trump's presidential campaign contained strong undertones of anti-Latino priming as well. Yet Hopkins finds that anti-Latino prejudice was not strongly predictive of the shift to Trump, whereas anti-Black prejudice was a strong predictor. Another indication that party strategies to prime ethnic divisions may not always be successful comes from Schwartz et al. (2020), who report that anti-immigrant and anti-refugee sentiments among their sample of UK respondents actually softened after the Brexit referendum.

moment on the reverse linkage, from populism to globalization. The present-day literature takes it as almost axiomatic that populists are against globalization; and to the extent that globalization, in its many facets, is a driver of populism, this seems like a sensible presumption. But when we disaggregate the two concepts, we can see some interesting departures from received wisdom.

The British proponents of Brexit are normally classified with other populists, and in their opposition to immigration, they shared a common bugaboo with populists in other nations. But they were also, at least nominally, free-traders. One of the arguments put forth by Economists for Brexit was that the European Union was a protectionist bloc, maintaining high barriers to protect its agriculture and manufacturing (Econ. Brexit 2016). They argued Brexit would enable Britain to reduce those barriers and reap significantly larger gains by trading at world market prices. What the Brexiteers opposed first and foremost was the European Union and the supranational rules emanating from it. Restoring national democratic sovereignty over economic policy would allow Britain to devise its own rules, which in the case of trade, were expected to be more liberal.

The Brexit case illustrates the general principle that populists are not always and necessarily protectionist. What they oppose are the elites—domestic or foreign—that they claim override the popular will at home. Their views on the globalization are often mediated through the relationship of those elites to the international economy.

A second case in point is represented by the US populist movement during the late nineteenth century. The movement arose out of the plight of farmers in the southern and western parts of the country who were being squeezed by a decline in agriculture prices, on the one hand, and high debt burdens, on the other. The gold standard was seen as responsible, since it kept credit conditions tight and prevented an increase in the money supply. The People's Party's ire was directed at the supporters of the gold standard, Northeastern bankers and the financial elite. William Jennings Bryan's famous rallying cry of 1896 is a ringing statement of populists' hostility to the financial globalization of their day: "You shall not crucify mankind upon a cross of gold."

Late-nineteenth-century American populists may have been against bankers and global finance, but they also opposed tariffs. The United States had at the time quite high import tariffs, due to the Civil War tariffs that were further raised by the McKinley tariff of 1890. Republicans generally favored high tariffs, which they viewed as important for developing American industry. Democrats and populists thought import tariffs were a regressive tax that hurt ordinary people and benefited mainly the Northeastern industrial classes (Irwin 2017, p. 244ff). The populists sought to replace the tariff with a progressive income tax instead (Mehrotra 2004, p. 178). As one labor advocate put it at the time, the import tariff was

devised to draw the money from the working people chiefly, and then to cover up the amount so taken, that they might be squeezed without knowing it. It was seen that if a man should be taxed ten dollars for the privilege of wearing an overcoat, he would rebel against such an outrage, but if, by any hocus-pocus, he could be prevailed on to buy the garment, with the tax added to its original cost, he would not suspect the extent of his robbery. (Cited in Mehrotra 2004, p. 183)

Hence American populists of an earlier era had a much sounder understanding of the workings of import tariffs than many apparently do today. Populists lost this particular battle, and their crusade against the gold standard did not bear fruit either; but their ideas were long-lived. Income taxation became a permanent fixture of the US economy after the passage of a constitutional amendment in 1913. Franklin D. Roosevelt eventually took the country out of the gold standard in 1933.

The populists in late-nineteenth-century America wanted freer trade because they believed protection helped the country's elites and hurt ordinary people. Today's populists want protection for the same reason, namely, that globalization benefits the rich and wealthy but harms the middle

class. There are of course many differences between the People Party back then and Trumpist Republicans today. But in terms of attitudes toward globalization, what has changed in the meantime is not the nature of populism but the relationship of the American elite to the world economy.

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Errata

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