Compensation, Austerity, and Populism:

Social Spending and Voting in 17 Western European Countries

**Chase Foster**
Senior Research Fellow and Lecturer
Munich School of Politics and Public Policy
Technical University of Munich
Richard-Wagner-Straße 1
80333 Munich
chase.foster@tum.de


**Jeff Frieden**
Department of Government
Harvard University
1737 Cambridge St.
Cambridge, MA 02138
jfrieden@harvard.edu

Abstract

There has been a dramatic rise in voting for populist parties in Europe over the past thirty years. We assess the role of government labor market policy in dampening or provoking populist sentiment. Drawing from a panel of 189 elections from 1990 to 2017 and pooled cross-sectional data from eight waves of the European Social Survey, we find evidence that populist parties fared worse where countries spent more on social support, especially for labor market programs that provide income to workers experiencing unemployment ("passive labor market" policies). We also find that cuts to these programs are strongly associated with increased support for populist parties. The effect was stronger among those individuals who had experienced unemployment and among those facing adverse economic circumstances. This suggests that the welfare and labor-market reforms of the 1990s and early 2000s may have alienated vulnerable segments of the population and driven them toward populist parties.

The past twenty years have seen a striking increase in support for European populist parties of the Right and Left. In 1998, populist parties drew support from less than 10% of European citizens. Only two capitals on the continent—Bratislava and Bern—had populist politicians serving in government.[1] In 2019, populist parties received 24% of votes in national parliamentary elections across Europe and served in eleven different governments; they were part of the pro-government bloc, but not in government, in four others (Heinö, 2019).[2]

There are major differences among European populist movements, of the Right and the Left. All of them, however, share an antagonism to existing mainstream political parties and political institutions. And all of them, in different ways, are skeptical of or hostile to central aspects of European integration. Some, especially on the Left in debtor countries, oppose austerity measures they see as imposed by European institutions. Others, especially on the Right, resent European policies toward refugees, asylum-seekers, and immigration generally. Still others are more broadly concerned that the European Union and the international trading system have eroded too much of their nations' sovereignty or accelerated processes of deindustrialization that have devastated many communities.

Many of the material sources of the upsurge in populist sentiment in Europe – and elsewhere – have been well established. There is ample evidence for the impact of economic distress, both due to international economic trends and to automation (Anelli, Colantone, & Stanig, 2019; Colantone & Stanig, 2018a, 2018b; Rodrik, 2018). Certainly, there are important

---

[1] See "How populism emerged as an electoral force in Europe," *The Guardian*. Nov. 20, 2019. Accessible at https://www.theguardian.com/world/ng-interactive/2018/nov/20/how-populism-emerged-as-electoral-force-in-europe

[2] See the Authoritarian Populism Index. Accessible at < https://populismindex.com/>

cultural, ethnic, and traditionalist bases of populist sentiment and rhetoric (Norris & Inglehart, 2019), and there is clear evidence of both material and non-material sources of populism (Frieden, 2022). Our focus is on a different economically based source of populist sentiment: national government welfare policies. We argue that social policies—in particular, both the level and rates of change in spending on programs that maintain incomes for working-age adults who are fully or partially unemployed—have had an impact on the appeal of populism.

In this paper, then, we follow up on findings that economic distress tends to stimulate populism. We ask two related questions. First, does the existence of an ample social safety net that softens the impact of negative economic trends reduce political discontent? In particular, does it reduce the discontent that leads to populist voting? Second, do cuts to government support for those facing economic distress stimulate this discontent? In particular, have welfare reforms that shifted spending from income maintenance programs to workforce training and activation increased the likelihood that particular parts of the population will support populist parties?

We argue for two distinct channels by which government policies, in particular social policies, have affected the strength and nature of populist sentiment. The first channel is longer-term: countries that evolved a broader and deeper social safety net have experienced less of a populist backlash than those who have not. This suggests that some form of the "compensation hypothesis" – that compensating those harmed by economic changes can mitigate the socio-political impact of those changes – may be correct.

On this dimension, we find evidence that higher expenditures on labor market programs predict lower populist vote shares, controlling for other factors. From a panel analysis of 189 national-level election results, we show that where governments have maintained more generous

unemployment systems, populist parties are less successful electorally. While deindustrialization is associated with a clear increase in populist vote shares, additional spending on unemployment appears to limit the translation of economic distress into increased support for populist parties. This relationship is also observed when we separately examine radical rightwing and radical leftwing parties, respectively.

Our analysis of pooled survey data from the European Social Survey also indicates that more generous welfare states may moderate support for populist parties. We find that higher levels of social expenditures, and increases in spending over time, predict a lower likelihood that a respondent will have supported a populist party. We estimate that a 25% increase in labor market spending from the mean level of labor market spending (holding unemployment constant) is associated with a 45% reduction in the likelihood that an average voter will support a populist party, shifting it from 13% to 7%.

The second channel connecting government policy to populism is more recent: countries whose governments undertook substantial labor market reforms starting in the 1990s have experienced a greater backlash against political and economic integration. These reforms, which have reduced the generosity of unemployment insurance that replaces the income of workers facing short and long-term employment disruption – often categorized as "passive labor market policies" – may have had a particularly negative impact on precisely those segments of the population that were already experiencing adverse conditions due to deindustrialization.

We find that cuts to unemployment benefits are associated with greater support for populist parties in general and leftwing parties in particular. A 20% cut in labor market spending per unit of unemployment from 1995-levels is associated with a six-percentage point higher likelihood of supporting a populist party and a three-percentage point higher likelihood of

supporting a radical leftwing party. This effect is more pronounced for individuals who have experienced three or more months of unemployment and among those who report their household financial situation as "very difficult."

The observational nature of our analysis does not allow us to make strong causal claims about the relationship between social expenditures and support for populist parties. The relevant policies are set at the national level and are endogenous to a wide variety of other socio-economic and political features of the nations in question. That said, the argument and results we present here suggest a relationship between national social policies – both in their aggregate and in their component parts – and the attractions of populism to national populations. And the main results that we present are robust to a range of alternative specifications as more fully elaborated in the online appendix.

Our results also suggest that as governments redesigned social and labor-market policies after 1990, their reforms had a particularly negative impact on a vulnerable segment of the labor force, one that tended to seek recourse in the appeal of populist political parties. While long-term economic, social, and cultural changes are undoubtedly the underlying forces behind growing support for populist parties, welfare regimes mediate people's experience of these developments. By lessening the effects of these factors on livelihoods, compensation may reduce the extent of grievances and limit the appeal of populist political parties. And while labor-market and social-policy reforms may have been justified, their differential distributional impact may have had politically important and even explosive effects.

The paper is structured as follows. A first section provides a theoretical account of why levels of social spending might affect political support for populist parties. It also discusses the ways in which changes in social and labor-market policies can be expected to have a differential

impact in different segments of the labor market. The second section provides an overview of the recent pattern of labor market and other social expenditures, addresses definitional issues with regards to populism, and describes the data we use. The third section is in two parts. The first part evaluates the longer-term impact of social spending—the compensation hypothesis— empirically, by examining a panel of 189 election results and analyzing pooled cross-sectional survey data from eight waves of the European Social Survey (ESS). The second part focuses specifically on the impact of labor-market reforms and reductions in specific kinds of social spending. A final section discusses some of the implications of these findings and concludes.

## I.  Theory: Compensation and populism, austerity and populism

The countries of Western Europe and North America have undergone substantial socio-economic changes over the past fifty years, in particular the shrinkage of labor-intensive manufacturing. The decline of low-skilled, high-paid, jobs in industry has in turn been connected to the rise in populist sentiment; this can be seen especially with the geographical concentration of support for populism in declining industrial regions (Broz, Frieden, & Weymouth, 2021). These economic trends are largely the result of economic integration and technological progress, which suggests important theoretical questions of both a positive and normative nature. Because economic integration and technological progress, like most economic developments that create aggregate welfare gains, produce losers as well as winners, they can lead to political conflict. Indeed, in the political arena the distributional effects may outweigh the welfare effects, especially if the concerns of real or expected losers are more intense than those of winners, and if the losers are well-organized and well represented in the political system.

The political feasibility of welfare-improving policies with substantial distributional effects may, as a result, depend on using some of the welfare gains to compensate losers. One strand of the literature that addresses the issue focuses on what might make economic integration politically feasible in democratic political systems. Scholars have noted that more open economies tend to have larger governments, and have surmised that this is due to the greater need to compensate those threatened by the vagaries of the world economy (Cameron, 1978; Rodrik, 1998). In an influential series of country studies and a summary volume, Peter Katzenstein (1985) examined the small open economies of western Europe. He showed that they were largely forced by the fact that their small size made economic openness a necessity to devise comprehensive social safety nets to protect their citizens from the potential harms that openness might bring.

This "compensation hypothesis" should apply more broadly to any disruptive socio-economic developments. Here we use it to attempt to explain the impact of a social safety net on the political response to both specific trade shocks as well as the broader process of deindustrialization that has reduced the availability of high-paying manufacturing jobs. This process has been concurrent with a continual increase in the economic returns to education that has exacerbated education-based income differences.

The basic proposition is simple: policies that insure against income loss and protect workers and communities from instability can mitigate a potential political backlash against adverse trends. When economic changes are the cause of discontent, such policies can be seen as *compensating* the losers for their losses. Social spending thus can reduce support for populist political parties that exploit economic (and cultural) grievances.

The logic of compensation thus suggests that countries with well-developed social policies to assist citizens facing economic difficulties, whatever their source – broad and deep social welfare states – should experience less of a populist backlash than those lacking in such mechanisms. We do not suggest that countries with relatively generous welfare states will not still see an increase in support for populist parties generated by economic and cultural change, just that these countries will see comparatively lower support for populist parties, all other things equal. Despite the importance of the issue, there have been only a few attempts to evaluate whether this expectation has been borne out over the past twenty years. The careful empirical studies that have examined the question have produced small or inconsistent results (see especially (Gingrich, 2019; Halikiopoulou & Vlandas, 2016; Rickard, 2022).[3]

A related issue is the impact of *reductions* in existing social programs. This is especially relevant because in the 1990s and 2000s most OECD governments undertook substantial social-policy and labor-market reforms. In Europe this was not usually an across-the-board cut in social spending: overall spending on social welfare as a percent of GDP has in most countries been steady over the last few decades, with some countries even spending more as pension and healthcare costs increased. However, since the 1990s many countries have reduced the generosity of cash transfer programs, such as unemployment insurance, that maintain income in the event of employment disruption or permanent loss. Figure 1 details the trend in unemployment-adjusted labor market spending across 16 western European countries. In most countries there has been a reduction in expenditures on unemployment

---

[3] Rickard (2023) finds that increased compensation for globalization-induced job losses modestly decreased support for rightwing populism in France. Halikiopoulou and Vlandas (2016) similarly find that unemployment benefits and labor market protections mute the effect of unemployment on far-right support. However, in a cross-national study Gingrich (2019) concludes that compensatory approaches to workers facing automation have "weak or inconsistent" effects and may even strengthen support for the far right. Other notable work includes Swank and Betz (2003), who examine the pattern from 1981-1998, and Walter (2010).

Figure 1: Unemployment-adjusted labor market spending in European countries, 1990-2017
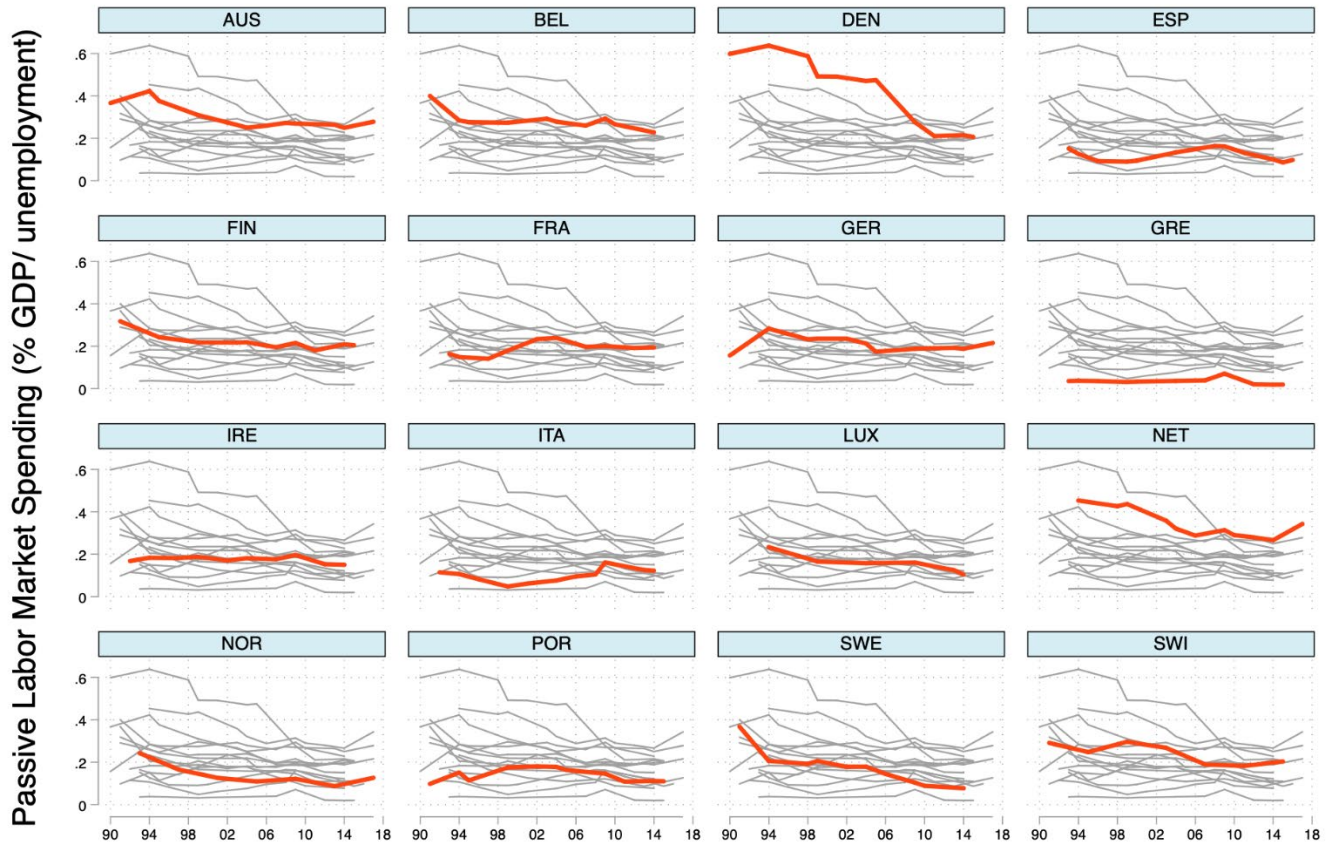


*Source: Calculations by authors. Data from European Social Survey; OECD.*

insurance and other "passive labor market programs" focused on income maintenance.[4] In most

European jurisdictions, policymakers have weakened unemployment protection by reducing income

replacement rates and shortening the length of benefits (Korpi & Palme, 2003, p. 434). In 1975, the

average replacement rate of unemployment insurance in the OECD was 65%; by 1995, it had fallen to

55%. Since the beginning of the 21st century, replacement levels have fallen even further. In 2001, a

childless single adult living in the EU, and earning the national average wage, would have received

---

[4] Values reflect the percent GDP spent on passive labor market programs such as unemployment insurance and early
retirement divided by the current unemployment rate. This allows us to compare the level of expenditures adjusted
for the short-term economic cycle and differences in the structural unemployment rate of different countries.

around 43% of their previous earnings after 18 months of unemployment. In 2018, the replacement rate was more than a quarter lower—just 31% under the same conditions.[5]

Two related policy developments stimulated these changes. First, governments began shifting spending away from unemployment benefits, which were seen as creating disincentives to work. Instead, governments emphasized such "social investments" as support for education, childcare services, and workfare subsidies aimed at improving human capital and increasing labor market participation (Bonoli, 2010; Garritzmann, Busemeyer, & Neimanns, 2018; Hemerijck, 2015; Jenson, 2011; Palier, 2010). In some countries unemployment and pension benefits also faced significant cuts in the context of austerity programs in the aftermath of the Eurozone crisis or more generally to decrease debt levels (Hermann, 2014). The result was social-policy and labor-market reforms that reduced the length and generosity of benefits for the unemployed, and that shifted the composition of welfare spending from unconditional cash transfers toward in-kind social investment expenditures designed to expand skills and increase labor market participation rates.

We expect that these changes might stimulate populist voting for several reasons. First, and most obviously, reducing the generosity of existing programs, whether motivated by reform or austerity, is likely to cause resentment. Scholars of the welfare state have consistently shown that welfare recipients are politicized by cuts or threatened cuts to their benefits, leading them to punish politicians who pursue retrenchment (Campbell, 2011; Kurer, Häusermann, Wüest, & Enggist, 2019; Pierson, 1996). Furthermore, the welfare state literature suggests that individuals' expectations about social protection

---

[5] Calculated for a single person without children who has been out of work for 18 months. See "Net Replacement Rates in Unemployment," accessible at https://stats.oecd.org/Index.aspx?DataSetCode=NRR# The total does not include housing benefits.

are shaped by nationally-specific contexts (Esping-Andersen, 1990). Thus, welfare state cutbacks, even from high levels, will still generate political resentment.

A second, more complex, reason that these reforms may provoke populist voting is that the change in the composition of social spending tends to reduce resources for those hardest hit by the economic changes of recent decades, while increasing resources for those in other categories. Passive labor market programs provide the most direct and immediate form of assistance to those facing job and income loss generated by globalization and deindustrialization (Burgoon, 2001, p. 521). Social investments in education, childcare, training, entrepreneurship, and other programs may be an important tool at the societal level to deal with the impact of economic change, but in many cases, they are not targeted at the individuals and households who have faced job loss. This sort of spending may in fact be irrelevant for middle-aged and older workers threatened by economic uncertainty.

Perhaps for this reason, traditional income maintenance programs such as unemployment insurance and pensions are consistently prioritized by the less educated and less skilled individuals and groups most adversely affected by economic integration and technological change (Garritzmann et al., 2018, p. 844). Survey research suggests that populist voters are the most likely group to support increased spending on traditional cash transfer programs and the least likely to support new investments in education, childcare, and workfare programs associated with the "social investment" turn in the welfare state (Garritzmann et al., 2018; Häusermann, 2018; Häusermann, Pinggera, Ares, Enggist, & Association, 2020). This has created something of a dilemma, especially for center-left political parties and unions representing affected workers, who have typically favored economic assistance and unemployment programs over other forms of welfare spending (Burgoon, 2001, pp. 521-522). As center-left parties embraced "Third Way" policies that emphasize social investment over

protection, populist parties have increasingly articulated support for increased compensation. This includes many Right populist parties, which advocate increased spending on labor market programs and pensions, and reduced spending on both social investment initiatives seen as benefiting the educated middle classes and means-tested programs seen as disproportionately benefiting immigrants (Swank & Betz, 2018).

Existing empirical studies in single countries provide evidence that cuts to spending can lead to increased support for populist parties. In a detailed longitudinal study that draws upon extensive individual-level data, (Dal Bó, Finan, Folke, Persson, & Rickne, 2018) find that Swedes who faced relative income declines as a result of welfare cutbacks were over-represented among the supporters of the Sweden Democrats. Similarly, Fetzer (2019) finds that austerity measures played a significant role in stimulating support for Brexit in the United Kingdom. Our expectation here is that reductions in social spending will be associated with increased support for populist parties. A more fine-grained expectation is that this should be especially true of cuts to programs that especially and particularly target less skilled workers affected by the decline of manufacturing – which is largely made up of passive labor market spending.

We thus have two theoretically grounded expectations which are related but different in important ways. The first is that countries that have evolved more substantial social safety nets will experience less of a populist upsurge, controlling for other factors. This is in essence about the impact of an established high safety-net political-economy equilibrium upon the rise of populist voting. The second expectation is that countries whose governments did, over the course of the past 25 years, undertake reforms to "passive labor market policy" – that is, to limit cash transfers to those facing short- or long-term unemployment – experienced a more significant increase in populist voting. Each empirical expectation has to do with government spending, but

the former is about long-term conditions while the latter is about shorter-term trends, and the former is about the level of general support for those out of work while the latter is about cuts to specific policies that had a particularly prominent impact on more vulnerable segments of the labor market. We now turn to explaining our empirical strategy.

## II. Defining Populism and Measuring Social Expenditures

The word populism has been used to describe a wide range of social movements and political programs, but the term is now widely associated with a variety of political parties outside of the political mainstream (Bonikowski & Gidron, 2016; Mudde & Kaltwasser, 2017; Müller, 2017; Rooduijn et al., 2019). Substantial heterogeneity notwithstanding, all populist parties share a number of common characteristics. Nearly all populist parties emphasize an antagonism between citizens and elites, pitting "the people" against the elites (Mansbridge & Macedo, 2019). In Europe, populist parties of the Left and Right share two other common features. Nearly all are opposed to key aspects of European integration (Halikiopoulou, Nanou, & Vasilopoulou, 2012), and nearly all draw disproportionate support from the traditional working class, which has seen its relative position decline as a result of European integration and technical change (Bornschier & Kriesi, 2012; Gidron & Hall, 2020; Oesch, 2008). We follow others in examining populist parties of the Left and the Right together, and in conceiving of support for these parties as a reaction against processes of European economic and political integration that are widely viewed as benefiting elites at the expense of others (Rodrik, 2018).

To categorize populist parties, we use the *PopuList*, an overview of populist parties developed by a consortium of political scientists.[6] This categorization overlaps with separately

---

[6] The list has been peer reviewed by more than 30 academics specializing in European parties. For more information see https://popu-list.org.

generated lists of radical parties, with important differences. For instance, traditional communist parties count as Left and radical but not populist, while Italy's Five Star Movement would be considered populist but not radical, given its ideological fluidity. In this paper, we focus on populist parties. A full list of political parties classified as populist and/or radical is provided in the online appendix.

The OECD's Social Expenditures Database is our primary source of information for welfare spending.[7] Its information on social expenditures go back to the early 1990's, making a relatively long-term cross-national comparison possible. We examine four different measures of social expenditures, each reported as a percentage of GDP. We do not view all welfare state expenditures as equally "compensatory" (Burgoon, 2001; Busemeyer & Garritzmann, 2019). Traditionally, much welfare spending certainly was aimed at manufacturing workers facing the business cycle, with redistributive features. However, today's social-welfare policies embrace a range of social and economic goals, including public goods creation, human capital development, social inclusion, gender equality and labor market activation (Garritzmann, Häusermann, & Palier, 2022; Jenson, 2011). We therefore distinguish among types of spending in examining the relationship between social policy and populism.

First, we examine a broad category of spending associated with the longer-term existence of a broad and deep social safety net. This measure encompasses all programs that provide cash payments to households to meet their financial needs in the case of unexpected events such as unemployment or sickness, or to provide support for housing, education or families. It also includes pensions. This spending has complex redistributive implications (or none) and may or

---

[7] For more information about the OECD's data and methodology see http://www.oecd.org/social/expenditure.htm.

may not be directly directed at those facing economic shocks or dislocation (Burgoon, 2001; Busemeyer & Garritzmann, 2019).

We then separately examine spending on labor markets, which includes both cash transfers and spending on services such as training or job placement. The first category encompasses traditional unemployment insurance programs that provide those who lose their jobs with a certain percentage of their former salary. This so-called "passive labor market" spending has as its goal to replace lost income, rather than to facilitate labor market participation or skills development. This is the spending that most directly and immediately aids workers facing economic shocks (Burgoon, 2001).

The second category of labor market expenditures encompasses spending on re-training and employer subsidies that are designed to "activate" workers. These "active labor market policy" categories usually involve counselling, subsidies to employers, job search assistance, and vocational training programs designed to facilitate or incentivize workforce participation (Cantillon & Van Lancker, 2013; Clasen & Clegg, 2006, 2012; Esping-Andersen, 1990; Jenson, 2011). While some of these policies may help the long-term unemployed and those in distressed regions, they are typically more targeted at people just entering the labor force (Bonoli, 2010; Clasen, 2000, p. 90). A stylization of the two categories is that the former is particularly useful for older workers made redundant by economic trends in depressed regions; the latter is of special value to younger people in places where jobs are readily available.

*III.     Empirical Analysis*

We conduct a two-part empirical strategy to evaluate these two arguments.[8] In Part A, we use as our outcome the election results from a panel of 17 countries between 1990 and 2017. In Part B, we examine the thesis further using eight waves of the European Social Survey. In both analyses, we are interested primarily in two analytical questions: (1) Do countries with comparatively high levels of compensatory spending face lower levels of populist voting, controlling for other conditions? (2) Do government reductions in social spending affect support for populist parties? If the nature of the social-democratic welfare state limits the appeal of populist parties, we expect these parties to have lower *levels* of support in countries that spend more on compensation, all other things equal. If *reductions* in social spending, especially to more economically precarious segments of the population, affect electoral support, we expect populist parties to be more successful in countries that have cut more from earlier levels.

A: Social welfare spending and populist vote shares, 1990-2017

As a first evaluation of the relationship between social welfare spending and populist voting, we run ordinary least squares (OLS) regressions using an unbalanced panel of 189 parliamentary elections held in 17 western European countries from 1990 to 2017.[9] The dependent variable is the proportion of votes received by populist parties in each election.[10] Our

---

[8] In most European countries, the major social policy frameworks are determined at the national level, limiting the opportunities to exploit sub-national variation to examine our central questions of interest. Consequently, our main empirical focus is to examine cross-national variation.

[9] The countries examined are Austria, Belgium, Denmark, Spain, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, and the UK (for European Parliament elections only). We do not include the formerly communist countries of Eastern Europe because of differences in the structure of the welfare state and the character of populist parties in these countries. We exclude Iceland, Liechtenstein, Cyprus, or Malta because of data limitations.

[10] 117 of these are elections for national parliament and 72 for the European Parliament. Results of presidential, local, and regional elections are excluded, as are elections to upper chambers. In France, we examine the first round of voting in National Assembly elections.

main explanatory variables of interest are the four social expenditure variables outlined earlier: (1) total cash transfers as a percentage of GDP; (2) public spending on labor markets as a percentage of GDP; (3) passive labor market spending as a percentage of GDP; and (4) active labor market spending as a percentage of GDP. By capturing different aspects of the generosity of the welfare state, these measures in combination allow us to make an initial assessment of whether populist voting is on average lower in countries where compensation systems are more robust. Put a different way, we gain insight on whether the equilibrium level of welfare state spending, and which types of welfare state spending, conditions the degree of populist vote share across countries.

As deindustrialization is commonly seen as contributing to the growth of populism, we include a measure of the rate of deindustrialization within each country measured as the percentage change since the mid-1990's, (Swank & Betz, 2003). Since the political effects of deindustrialization may depend on how much compensation is provided to affected workers, we also include an interaction term for deindustrialization and social spending that corresponds with the social spending measure being examined.

The slowdown of economic growth since the 1980s is also often linked to the rise of populist parties (Anderson, 1996). We therefore include as controls a country's annual unemployment and per capita income. We also add a measure of national institutional quality, produced annually by Transparency International, to attempt to capture the fact that populist parties often position themselves as the solution to endemic institutional corruption. We control for whether the election was held for the national or European Parliament, and cluster standard errors by country years. We standardize all of the independent variables. Table 1 provides

Table 1: Panel Summary Statistics

|  | mean | p50 | count |
|---|---|---|---|
| Populist vote share | 10.2 | 8 | 189 |
| Rightwing vote share | 7.2 | 4.3 | 189 |
| Leftwing vote share | 7.5 | 7 | 189 |
| Total cash transfers (% GDP) | 14.2 | 14.3 | 189 |
| Total labor market spending (% GDP) | 2.3 | 2.2 | 189 |
| Passive labor market spending (% GDP) | 1.3 | 1.3 | 189 |
| Active labor market spending (% GDP) | 0.8 | 0.8 | 189 |
| Unemployment rate | 8.4 | 7.7 | 189 |
| Per capita income (PPP, €'000s) | 30,221 | 27,200 | 189 |
| Percentage employed in industry | 25.1 | 25.3 | 189 |
| Deindustrialization rate since 1995 | 11.7% | 9.8% | 189 |
| Corruption Perceptions Index | 7.4 | 7.8 | 189 |
| Election | 1.4 | 1 | 189 |

summary statistics on the variables used in the panel analysis. More information about data sources is available in the online appendix.

To measure the effect of changes in spending over time, we include country dummies in some of our models. By restricting the analysis to within-country variation, the country dummies allow us to assess the effect of within-country increases and decreases in spending. Our primary aim is to better understand the relationship between income maintenance programs and populist parties in general. However, because there are clearly important – and in important ways fundamental – differences between rightwing and leftwing populist parties, we additionally examine each model with rightwing or leftwing radical parties as the dependent variable. For these categorizations, we once again rely upon Populist.

Table 2 reports the results for the first part of our analysis, which is focused on the relationship between the static or equilibrium level of compensation on the populist vote share. As can be seen in Column 1, there does not seem to be a general correlation between cash transfers and populism. However, there is a consistent relationship between unemployment expenditures and populist voting. Countries that spend greater shares of their budgets on social

Table 2, Determinants of Populist and Radical Vote Share

| | Total Cash Transfers (RE) (1) | Total Labor Market Spending (RE) (2) | Passive Labor Spending (RE)(3) | Active Labor Spending (RE)(4) | Passive Labor Spending – Rightwing (RE) (5) | Passive Labor Spending – Leftwing (RE) (6) |
|---|---|---|---|---|---|---|
| Compensation (% of GDP) | -0.736 (0.520) | -3.282*** (0.001) | -2.590** (0.002) | -0.508 (0.613) | -1.535** (0.008) | -1.244* (0.014) |
| Unemployment Rate | 0.0518 (0.967) | 1.772 (0.131) | 2.069 (0.081) | 0.494 (0.663) | -1.532 (0.064) | 4.825*** (0.000) |
| Per Capita Income | -0.251 (0.851) | -2.661* (0.038) | -2.764* (0.038) | -0.837 (0.516) | -0.993 (0.294) | 1.427 (0.069) |
| Corruption Perceptions Index (TI) | -2.050 (0.107) | -0.739 (0.574) | -0.985 (0.443) | -1.216 (0.362) | -3.765*** (0.000) | -0.143 (0.844) |
| European Parliament Election | -0.848 (0.559) | -0.570 (0.669) | -0.668 (0.623) | -0.429 (0.766) | -0.556 (0.546) | 0.772 (0.356) |
| Deindustrialization (% Change since 1995) | -4.283 (0.133) | 6.344*** (0.000) | 4.689** (0.008) | 3.419* (0.043) | 1.793 (0.147) | -0.924 (0.377) |
| Compensation*Deindustrialization | 7.148* (0.012) | -4.515*** (0.000) | -2.769** (0.006) | -1.982 (0.062) | -1.443* (0.035) | -0.651 (0.287) |
| Year fixed effects | Yes | Yes | Yes | Yes | Yes | Yes |
| Country fixed effects | No | No | No | No | No | No |
| Observations | 189 | 189 | 189 | 189 | 189 | 189 |

*p*-values in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

services and labor markets—controlling for unemployment, per capita income, institutional quality, and manufacturing levels—have lower overall levels of support for populist parties. A one standard deviation higher expenditure on the labor market as a percentage of GDP is associated with a 32% reduction in the predicted populist vote share from 10.5% to 7.2%. While spending on passive labor market transfers is associated with a similar reduction in populist vote share, active labor market spending is not systematically related to populist vote shares.

The analysis also suggests a possible mechanism linking compensation to populist vote support. The negative interaction term for compensation and deindustrialization across all four measures of spending suggests that the resentment produced by deindustrialization is less likely to lead to an increase in populist voting in national polities characterized by robust labor market support. The relationship appears to be particularly strong for passive labor market spending. As

Figure 2: Predicted probabilities of national populist vote share at different levels of passive labor market spending
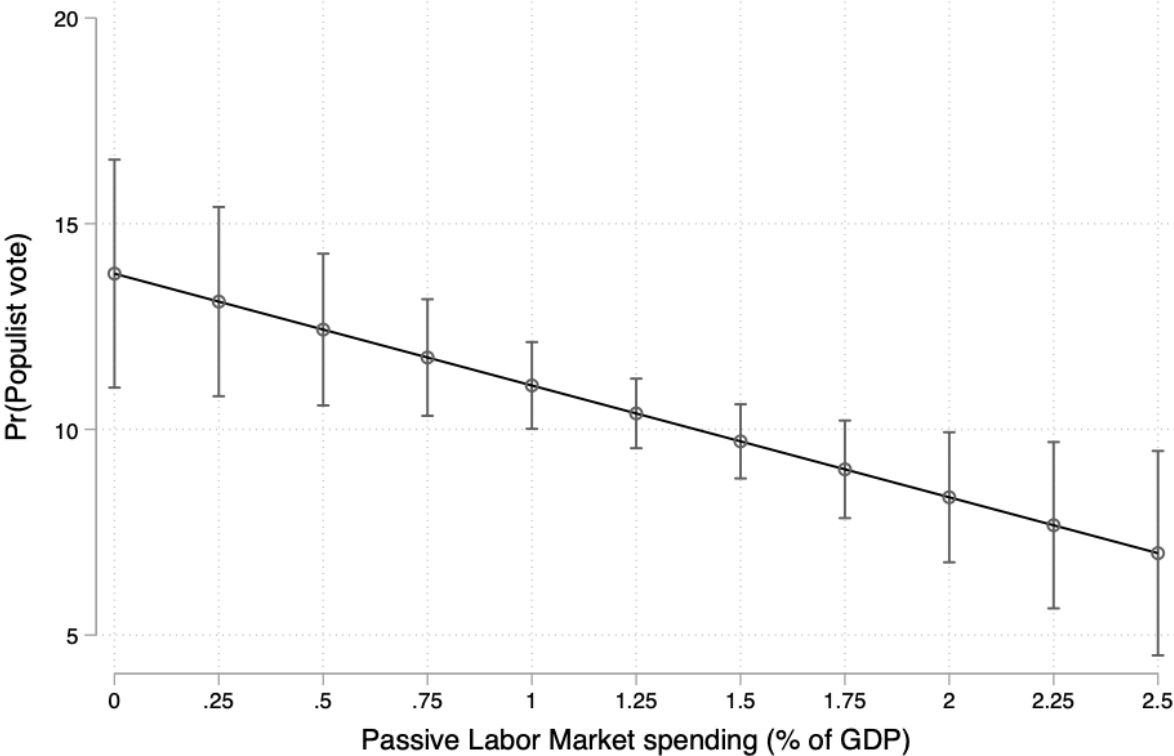


*Source: Author's calculations from panel data.*

seen in Columns 5 and 6, countries with more robust income maintenance programs also see lower levels of support for radical rightwing and leftwing parties.

In Model 2, we assess whether changes in spending shape support for populist parties. As can be seen in the regression results reported in Table 3, within-country increases in spending on the labor market are associated with lower populist vote shares; within-country reductions in spending in these two areas is associated with increased populist vote shares. The substantive significance of this relationship is illustrated in Figure 2.

Now that the analysis is focused on within-country changes, many of the other control variables become statistically significant. An increase in per capita income is associated with

Table 3, Determinants of Populist and Radical Vote Share

| | Total Cash Transfers (FE) (1) | Total Labor Market Spending (FE) (2) | Passive Labor Spending (FE)(3) | Active Labor Spending (FE)(4) | Passive Labor Spending - Rightwing (FE) (5) | Passive Labor Spending - Leftwing (FE) (6) |
|---|---|---|---|---|---|---|
| Compensation (% of GDP) | -2.024 (0.174) | -4.250*** (0.000) | -3.064*** (0.000) | -0.384 (0.685) | -1.753** (0.004) | -1.459 (0.056) |
| Unemployment | 1.592 (0.332) | 2.510* (0.047) | 2.772* (0.041) | 1.268 (0.400) | -1.319 (0.163) | 5.007*** (0.000) |
| Per Capita Income | -2.430 (0.100) | -4.194** (0.001) | -4.451** (0.002) | -2.542 (0.055) | -1.809 (0.077) | 1.566 (0.359) |
| Corruption Perceptions Index (TI) | -5.466** (0.005) | -3.201 (0.094) | -3.703* (0.047) | -4.405* (0.031) | -5.339*** (0.000) | -0.412 (0.671) |
| European Parliament Election | -1.023 (0.447) | -0.566 (0.669) | -0.634 (0.628) | -0.372 (0.788) | -0.535 (0.503) | 0.767 (0.312) |
| Deindustrialization (% Change since 1995) | -5.460 (0.172) | 6.425*** (0.000) | 4.372* (0.016) | 2.718 (0.159) | 1.767 (0.225) | -0.703 (0.642) |
| Compensation* Deindustrialization | 7.354* (0.047) | -4.803*** (0.000) | -2.812** (0.008) | -2.063 (0.153) | -1.440* (0.047) | -0.648 (0.418) |
| Year fixed effects | Yes | Yes | Yes | Yes | Yes | Yes |
| Country fixed effects | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 189 | 189 | 189 | 189 | 189 | 189 |

$p$-values in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

lower populist vote shares across all of the two-way fixed effects models, reflecting the fact that support for populist parties is partly a function of the health of the economy. In countries where institutional quality has improved relative to earlier levels, populist parties have lower vote shares. Finally, where the rate of deindustrialization is higher, and where it has increased more from earlier baselines, we observe higher vote shares for populist parties. This is in line with expectations that deindustrialization has contributed to the rising popularity of populist parties, especially in western European countries (e.g. Kriesi et al. 2006). However, where compensatory spending has simultaneously increased, the effect of deindustrialization on populist support is more muted.

B.  Welfare Spending and Populist Voters: A Multi-Level Analysis

      While the panel analysis provides evidence that lower overall levels of compensation and decreases in spending over time are associated with higher populist vote shares, it does not allow us to control for individual-level characteristics that might affect support for populist parties. By constructing multi-level models that combine country-level statistics with individual-level survey data, we can more precisely identify which parts of the population are voting for populist parties and determine whether and how these groups' political preferences are affected by the level and type of spending on labor markets and other welfare measures. This approach, which is increasingly used in pooled cross- sectional studies that explore survey data that are nested within both countries and years (Abou-Chadi & Wagner, 2019), makes possible an analysis of both between and within unit variation while still taking into account the nested structure of the data (Bell & Jones, 2015). This, in turn, allows us to make a more precise prediction of the effect of compensation, and spending cuts, on the likelihood that an individual will support a populist party. A particular benefit of multi-level modelling is that it allows us to estimate interaction effects to evaluate, for example, whether austerity measures have a particularly powerful effect on the political behavior of those individuals facing comparatively adverse economic circumstances. Insofar as welfare spending changes have a stronger effect on subsets of the population who perceive their household economic situation to be precarious, there is a stronger case to be made that the relationship may be causal.

      We use OLS regressions to analyze eight waves of the European Social Survey, a semi-annual survey of public attitudes in 32 countries, conducted by the European Research Infrastructure Consortium. All western European countries are analyzed except for Iceland, Malta, Cyprus, and Liechtenstein. Since we are only examining national parliamentary elections,

we exclude the United Kingdom, given its first-past-the-post electoral system. This leaves a total of 16 countries: 11 with complete results, one with nearly complete results (7 of 8), and four others participating in 2-6 waves.[11]

Our dependent variable is a binary indicator of whether a respondent reported voting for a populist party of the Right or Left in the previous election.[12] Since our main theoretical interest is whether compensatory social spending conditions support for populist and radical parties, we exclude those individuals who indicated they were ineligible to vote, did not vote, or otherwise did not respond to the question. As before, we use the *PopuList* to code populist parties, and the OECD's Social Expenditure Database to compare social spending, focusing on both the effect of overall spending levels, as well as changes in spending over time. Since the question asks respondents who they supported in the previous election, responses are coded for the relevant election year. This method allows us to estimate support for populist parties during the period 1999-2016 in a way that complements the earlier analysis.

The ESS survey includes several questions that make it possible to assess whether individual economic circumstances shape support for populism. The first is a question that asks whether an individual has ever experienced three months or more of unemployment. We include a dummy variable in the regressions that indicates whether a respondent has this prior unemployment experience. The second is a question that asks an individual whether they are "living comfortably," "coping", "finding it difficult" or "finding it very difficult" on their current

---

[11] The countries examined are Austria, Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, and Sweden. For the full list of participating countries by survey round, see https://www.europeansocialsurvey.org/downloadwizard/.

[12] The coding is based on respondents' answers to the question "Which party did you vote for in [the last national parliamentary] election?".

household income. We create dummy variables for each of these responses, excluding "living comfortably" from the regression analysis.

Because we are now analyzing individuals, we add a number of demographic controls, including gender, age, and whether a respondent is a member of a racial or ethnic minority. Since we expect the relationship between age and populism to be non-linear, we include dummy indicators for six different age tranches, using respondents under 30 as the reference group. We also include a range of standard individual-level covariates commonly used in studies of populism, including indicators for living in an urban, suburban, small town, village or rural community, educational attainment and occupational characteristics. To categorize educational attainment, we rely on an ESS question about schooling that has been harmonized into the International Standard of Classification (ISCED) developed by the United National Educational, Scientific and Cultural Organization (UNESCO). The ISCED classification divides educational attainment into five tiers ranging from "less than lower secondary" to "higher tertiary education." We exclude the largest category of education—those with lower secondary attainment (ISCED II). To categorize occupation, we use a question from the ESS that asks respondents to state their current or former occupation, which is subsequently classified into the ten-tiered International Standard Classification of Occupation (ISCO) developed by the International Labour Organization. In all of our models, we exclude the mid-skill category of clerk. More information about these indicators is available in the online appendix.

To account for the effects of the short-term economic cycle, and a country's level of economic development, we include three macro-economic indicators used previously: the unemployment rate, the industrial employment rate, and per capita income. As before, we also

assess whether perceived institutional quality condition outcomes. All of the models are weighted by country population and include year dummies.

Table 4 reports the regression results when we run our models with random intercepts for country and fixed effects for year. As expected, many of the controls are significant throughout the models. In line with previous scholarship, men are more likely to vote for populist parties, and racial/ethnic minorities less so. Respondents in their 40's, 50's, and 60's were the most likely to support populist parties, while those over 70 or under 40 were significantly less likely to support populists during this time period. Educational attainment also correlates with populist voting—with those in the middle tier (upper secondary) more likely to support populist parties than the excluded group of those who started but did not complete high school. Current or former members of trade unions are also more likely to support populist parties– reflecting the fact that populist voters come disproportionately from the more heavily unionized secondary sector of the economy. Several of our macro-level controls are also significant. Lower industrial employment—and decreases in the proportion employed in this sector—is associated with a lower likelihood to support populists across four of six models—which is line with our expectation that deindustrialization has contributed to increased support for populist parties. However, many of our education, occupation and domicile indicators are not significant, perhaps reflecting differences in which parts of the population drawn to either Right or Left populism.

We find evidence that supports our two social welfare hypotheses. Across two of three models, compensatory social welfare spending is associated with a lower likelihood of supporting a populist party. Those countries that spend more on compensation – whether in the form of broad cash transfers or support for the unemployed – have lower likelihoods of supporting populist parties. The effect is strongest for passive labor market expenditures – i.e.

Table 4, Individual likelihood of populist vote

| | Total cash transfers (RE) | Total cash transfers (FE) | Active Labor Market Spending (RE) | Active Labor Market Spending (FE) | Passive Labor Market Spending (RE) | Passive Labor Market Spending (FE) |
|---|---|---|---|---|---|---|
| Compensation (% GDP) | -2.079* | -2.317* | -0.0479 | -0.0669 | -1.199*** | -1.274*** |
| | (0.049) | (0.015) | (0.837) | (0.830) | (0.000) | (0.000) |
| Unemployment | 0.901 | 1.067 | -0.296 | -0.236 | 0.860* | 1.003** |
| | (0.158) | (0.058) | (0.165) | (0.418) | (0.025) | (0.007) |
| Per Capita Income (€'000s) | -2.430* | -2.658** | -1.001 | -1.120* | -1.453** | -1.649** |
| | (0.030) | (0.002) | (0.083) | (0.035) | (0.007) | (0.002) |
| Manufacturing Employment (% of GDP) | 0.253 | 0.459 | -0.979** | -0.842 | 0.131 | 0.381 |
| | (0.798) | (0.596) | (0.004) | (0.092) | (0.760) | (0.400) |
| Institutional Corruption Index | 0.671 | 0.728 | 0.149 | 0.125 | 0.0827 | 0.0349 |
| | (0.052) | (0.091) | (0.588) | (0.754) | (0.674) | (0.864) |
| Male | 0.277*** | 0.277*** | 0.276*** | 0.276*** | 0.276*** | 0.276*** |
| | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| Age: 30's | 0.0789 | 0.0790 | 0.0781 | 0.0782 | 0.0797 | 0.0800 |
| | (0.308) | (0.206) | (0.311) | (0.209) | (0.304) | (0.305) |
| Age: 40's | 0.186 | 0.186** | 0.186 | 0.187** | 0.186 | 0.186 |
| | (0.081) | (0.006) | (0.081) | (0.006) | (0.082) | (0.083) |
| Age: 50's | 0.248** | 0.248*** | 0.248** | 0.248*** | 0.249** | 0.249** |
| | (0.010) | (0.000) | (0.010) | (0.000) | (0.010) | (0.010) |
| Age: 60's | 0.205* | 0.205** | 0.205* | 0.205** | 0.207* | 0.207* |
| | (0.020) | (0.007) | (0.020) | (0.007) | (0.019) | (0.019) |
| Age: 70's | -0.172 | -0.172 | -0.173 | -0.173* | -0.172 | -0.172 |
| | (0.054) | (0.051) | (0.053) | (0.049) | (0.054) | (0.055) |
| Racial/Ethnic Minority | -0.735*** | -0.735*** | -0.735*** | -0.736*** | -0.735*** | -0.735*** |
| | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| Education: Less than lower secondary | -0.0893 | -0.0885 | -0.0921 | -0.0905 | -0.0936 | -0.0926 |
| | (0.600) | (0.419) | (0.589) | (0.408) | (0.585) | (0.590) |
| Education: Upper secondary | 0.121 | 0.121* | 0.119 | 0.119* | 0.122 | 0.122 |
| | (0.116) | (0.021) | (0.120) | (0.023) | (0.113) | (0.115) |
| Education: Advanced vocational | 0.0224 | 0.0226 | 0.0212 | 0.0212 | 0.0255 | 0.0257 |
| | (0.866) | (0.802) | (0.873) | (0.814) | (0.847) | (0.846) |
| Education: Tertiary education | -0.129 | -0.128 | -0.133 | -0.133 | -0.128 | -0.127 |
| | (0.557) | (0.354) | (0.546) | (0.338) | (0.560) | (0.564) |
| Routine skills | -0.119* | -0.118* | -0.121* | -0.121* | -0.118* | -0.118* |
| | (0.042) | (0.039) | (0.035) | (0.034) | (0.041) | (0.042) |
| Machinist | 0.111 | 0.111 | 0.111 | 0.111 | 0.113 | 0.113 |
| | (0.182) | (0.187) | (0.181) | (0.185) | (0.175) | (0.177) |
| Craft Worker | 0.0735 | 0.0735 | 0.0732 | 0.0731 | 0.0741 | 0.0741 |
| | (0.348) | (0.411) | (0.347) | (0.413) | (0.342) | (0.345) |
| Skilled Agriculturalist | -0.103 | -0.103 | -0.103 | -0.103 | -0.100 | -0.100 |
| | (0.594) | (0.422) | (0.594) | (0.423) | (0.602) | (0.604) |
| Service Worker | 0.0560 | 0.0559 | 0.0564 | 0.0563 | 0.0550 | 0.0548 |
| | (0.149) | (0.301) | (0.146) | (0.298) | (0.160) | (0.163) |
| Technician | -0.0847 | -0.0848 | -0.0837 | -0.0837 | -0.0852 | -0.0852 |
| | (0.233) | (0.092) | (0.238) | (0.097) | (0.233) | (0.235) |
| Professional | -0.0611 | -0.0617 | -0.0582 | -0.0586 | -0.0634 | -0.0642 |
| | (0.688) | (0.510) | (0.702) | (0.532) | (0.678) | (0.676) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Manager | -0.121 (0.523) | -0.122 (0.250) | -0.117 (0.534) | -0.118 (0.266) | -0.117 (0.535) | -0.118 (0.536) |
| Army | -0.307$^*$ (0.025) | -0.307 (0.330) | -0.311$^*$ (0.022) | -0.312 (0.321) | -0.314$^*$ (0.021) | -0.315$^*$ (0.021) |
| Trade Union Member | 0.393 (0.059) | 0.393$^{**}$ (0.001) | 0.395 (0.057) | 0.394$^{**}$ (0.001) | 0.393 (0.058) | 0.393 (0.060) |
| City | 0.122 (0.227) | 0.122 (0.153) | 0.121 (0.233) | 0.121 (0.157) | 0.124 (0.219) | 0.124 (0.221) |
| Suburb | 0.105 (0.055) | 0.105 (0.101) | 0.103 (0.061) | 0.103 (0.111) | 0.103 (0.060) | 0.102 (0.062) |
| Village | 0.0173 (0.840) | 0.0172 (0.810) | 0.0174 (0.839) | 0.0173 (0.809) | 0.0170 (0.843) | 0.0169 (0.844) |
| Farm | 0.0611 (0.657) | 0.0609 (0.654) | 0.0618 (0.654) | 0.0613 (0.652) | 0.0597 (0.666) | 0.0588 (0.672) |
| Prior Unemployment Experience | 0.186$^*$ (0.035) | 0.186$^{**}$ (0.003) | 0.188$^*$ (0.033) | 0.188$^{**}$ (0.002) | 0.187$^*$ (0.034) | 0.187$^*$ (0.035) |
| Economic Situation: Coping | 0.212$^{**}$ (0.009) | 0.212$^{***}$ (0.000) | 0.212$^{**}$ (0.009) | 0.212$^{***}$ (0.000) | 0.211$^{**}$ (0.009) | 0.211$^{**}$ (0.010) |
| Economic Situation: Difficult | 0.353$^*$ (0.015) | 0.353$^{***}$ (0.000) | 0.354$^*$ (0.015) | 0.354$^{***}$ (0.000) | 0.352$^*$ (0.016) | 0.352$^*$ (0.016) |
| Economic Situation: Very Difficult | 0.316 (0.242) | 0.316$^*$ (0.044) | 0.315 (0.243) | 0.316$^*$ (0.044) | 0.314 (0.246) | 0.313 (0.249) |
| Year fixed effects | Yes | Yes | Yes | Yes | Yes | Yes |
| Country fixed effects | No | Yes | No | Yes | No | Yes |
| Observations | 140214 | 131398 | 140214 | 131398 | 140214 | 131398 |

$p$-values in parentheses
$^*$ $p < 0.05$, $^{**}$ $p < 0.01$, $^{***}$ $p < 0.001$

unemployment compensation – that provide direct cash transfers to individuals facing employment disruptions. It is weakest for active labor market spending, where we observe a weak and statistically insignificant relationship between spending and support for populism.

The fixed effects models additionally suggest that changes in spending may affect support for populist parties. As indicated in Figure 3, summarizing the marginal effect of labor market spending on populist voting, a 25% increase in labor market spending from the country mean (holding unemployment and other variables at a country average) is associated with a 45% reduction in the likelihood that an average voter will support a populist party, shifting it from

Figure 3: An individual's predicted likelihood of supporting a populist party at different levels of labor market spending
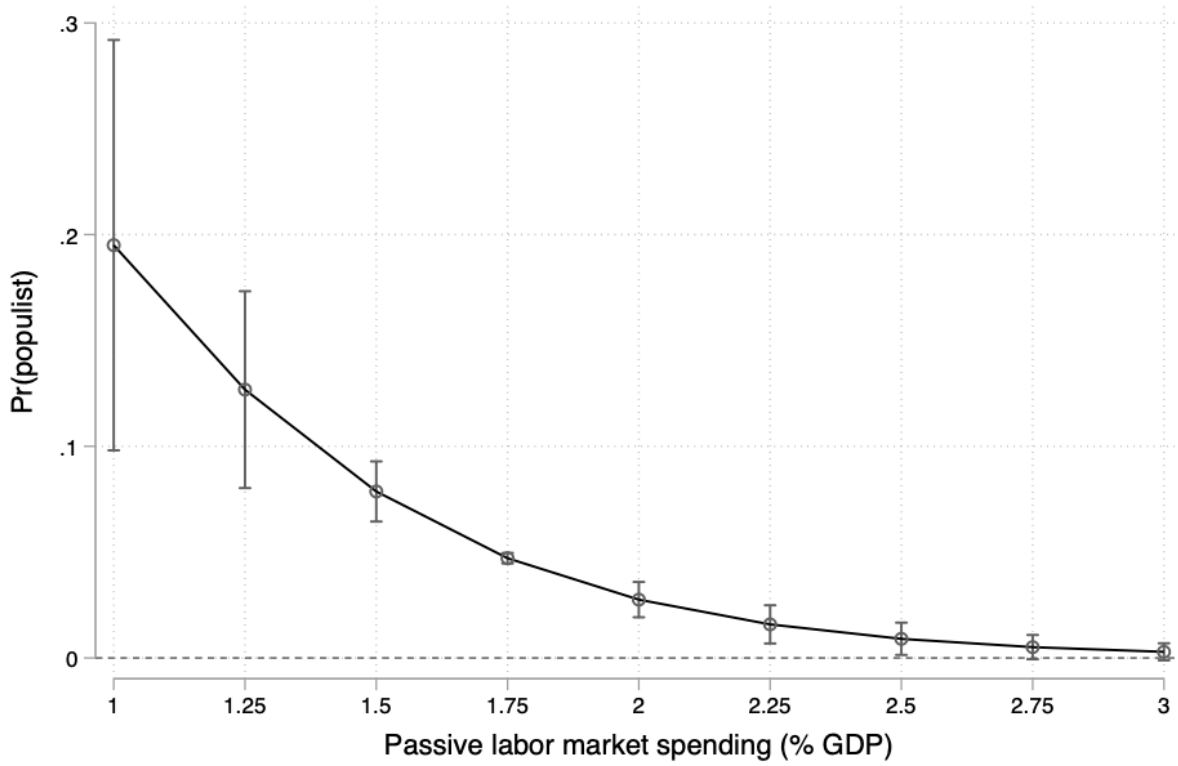


*Source: Author's calculations using the European Social Survey.*

13% to 7%. In many countries, such a shift would largely erase the electoral gains achieved by

populist parties in recent years.[13]

We can also see that those who have either previously experienced periods of

unemployment or who currently view their household economic situation as precarious, are also

more likely to support populist parties. Individuals who have previously been unemployed for

three months were more likely to support populist parties across all of the models. Those who

indicated their current household income as "coping" or "difficult" were also more likely to have

---

[13] To give just one example: the German rightwing populist party, AfD, received 12.6% of the vote in the 2017 election for the Bundestag, two and a half times the proportion received in 2013 (4.7%).

voted for a populist party. This confirms the finding in the literature that those experiencing job disruptions and other adverse economic situations are more likely to vote for populist parties.

Table 5 reports the results when we separately examine rightwing and leftwing populist voting as dependent variables. Disaggregating the dependent variable provides insight on the important ways that right-wing and left-wing populist constituencies differ. Whereas supporters of right-wing populist parties are more likely to live outside of cities and have no tertiary education, left-wing populist voters are more likely to live in cities and to have completed university studies. And while rightwing populist parties draw support from 'working class' professions such as machinists, craftworkers and service workers, leftwing populist receive support from professionals, unionized workers, and those with vocational degrees. The previously unemployed, as well as households where the economic situation is characterized as coping or difficult, are more likely to support both rightwing and leftwing populist parties compared to their respective baselines.

We also learn something new about the relationship between welfare and populism. Since some countries did not have active right-wing or left-wing populist parties during this period, we did not initially expect to observe a clear relationship between social spending and voter behavior. Yet notably even when we limit our analysis to just one or the other side of the spectrum, there is still some relationship between social spending cuts and support for populism. As can be seen in Table 5, additional spending on passive unemployment programs is negatively associated with supporting both right and left populist parties. The effect appears to be robust for leftwing parties – with increases in general cash transfers, active labor market spending and passive labor market spending each predicting lower likelihoods to support leftwing parties. There is a more mixed relationship between spending and voting for the far right. While passive

Table 5, Individual likelihood of populist vote

| | Cash transfers + RW Populism (FE) | Active LMP + RW Populism (FE) | Passive LMP + RW Populism (FE) | Cash transfers + LW Populism (FE) | Active LMP + LW Populism (FE) | Passive LMP + LW Populism (FE) |
|---|---|---|---|---|---|---|
| Compensation (% GDP) | -2.014 (0.113) | 0.943** (0.003) | -2.324* (0.047) | -2.062* (0.012) | -1.237* (0.023) | -1.889** (0.002) |
| Unemployment Rate | -2.253** (0.003) | -4.640*** (0.000) | -0.737 (0.553) | 0.771 (0.155) | 0.397 (0.498) | 1.204* (0.021) |
| Per Capita Income (€'000s) | -1.350 (0.317) | 0.246 (0.784) | -1.736 (0.173) | -1.321* (0.026) | 0.605 (0.530) | 0.128 (0.774) |
| Manufacturing Employment (% of GDP) | -3.647*** (0.001) | -4.285*** (0.000) | -2.408 (0.072) | -0.554 (0.620) | -2.139 (0.294) | -1.111 (0.124) |
| Institutional Corruption Index | 1.025 (0.062) | -0.0295 (0.929) | 0.426 (0.099) | -0.782 (0.163) | -0.196 (0.833) | -1.153*** (0.001) |
| Male | 0.328*** (0.000) | 0.329*** (0.000) | 0.328*** (0.000) | 0.122* (0.035) | 0.122* (0.035) | 0.121* (0.038) |
| Age: 30's | 0.228** (0.005) | 0.227** (0.005) | 0.227** (0.005) | -0.00156 (0.984) | -0.00443 (0.954) | 0.00169 (0.982) |
| Age: 40's | 0.384*** (0.000) | 0.384*** (0.000) | 0.384*** (0.000) | 0.0259 (0.784) | 0.0249 (0.793) | 0.0241 (0.799) |
| Age: 50's | 0.293** (0.008) | 0.294** (0.008) | 0.295** (0.008) | 0.196* (0.033) | 0.195* (0.034) | 0.198* (0.031) |
| Age: 60's | 0.260* (0.040) | 0.262* (0.038) | 0.261* (0.039) | 0.0612 (0.585) | 0.0583 (0.604) | 0.0648 (0.561) |
| Age: 70's | -0.155 (0.327) | -0.158 (0.316) | -0.155 (0.327) | -0.209* (0.046) | -0.208* (0.047) | -0.209* (0.046) |
| Racial/Ethnic Minority | -1.139*** (0.000) | -1.139*** (0.000) | -1.138*** (0.000) | -0.490*** (0.000) | -0.489*** (0.000) | -0.492*** (0.000) |
| Education: Less than lower secondary | 0.0584 (0.519) | 0.0540 (0.553) | 0.0565 (0.535) | -0.182 (0.126) | -0.177 (0.138) | -0.194 (0.106) |
| Education: Upper secondary | 0.131* (0.048) | 0.128 (0.054) | 0.131* (0.050) | 0.128* (0.021) | 0.131* (0.019) | 0.129* (0.020) |
| Education: Advanced vocational | -0.223 (0.065) | -0.226 (0.062) | -0.221 (0.067) | 0.255*** (0.000) | 0.258*** (0.000) | 0.261*** (0.000) |
| Education: Tertiary education | -0.801*** (0.000) | -0.805*** (0.000) | -0.801*** (0.000) | 0.441*** (0.000) | 0.442*** (0.000) | 0.443*** (0.000) |
| Routine skills | -0.00392 (0.940) | -0.00700 (0.892) | -0.00760 (0.883) | -0.0728 (0.464) | -0.0716 (0.472) | -0.0701 (0.483) |
| Machinist | 0.356*** (0.000) | 0.351*** (0.000) | 0.351*** (0.000) | -0.00475 (0.969) | -0.00428 (0.972) | 0.00138 (0.991) |
| Craft Worker | 0.249** (0.002) | 0.241** (0.003) | 0.243** (0.003) | -0.0446 (0.661) | -0.0434 (0.670) | -0.0400 (0.695) |
| Skilled Agriculturalist | -0.0625 (0.765) | -0.0727 (0.727) | -0.0696 (0.740) | -0.120 (0.344) | -0.122 (0.335) | -0.110 (0.389) |
| Service Worker | 0.0747 (0.053) | 0.0712 (0.067) | 0.0707 (0.069) | 0.00371 (0.970) | 0.00446 (0.965) | 0.00220 (0.982) |
| Technician | -0.0957 (0.149) | -0.103 (0.118) | -0.102 (0.121) | 0.0274 (0.707) | 0.0246 (0.735) | 0.0304 (0.677) |
| Professional | -0.388** (0.002) | -0.396** (0.002) | -0.395** (0.002) | 0.191* (0.028) | 0.192* (0.027) | 0.190* (0.029) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Manager | -0.163** (0.007) | -0.165** (0.007) | -0.168** (0.006) | -0.0848 (0.529) | -0.0846 (0.531) | -0.0748 (0.577) |
| Army | -0.142 (0.506) | -0.147 (0.492) | -0.154 (0.472) | -0.590 (0.171) | -0.601 (0.164) | -0.583 (0.177) |
| Trade Union Member | 0.0649 (0.142) | 0.0651 (0.143) | 0.0655 (0.140) | 0.866*** (0.000) | 0.866*** (0.000) | 0.867*** (0.000) |
| City | -0.132 (0.067) | -0.129 (0.074) | -0.131 (0.069) | 0.248*** (0.000) | 0.249*** (0.000) | 0.250*** (0.000) |
| Suburb | 0.0516 (0.538) | 0.0493 (0.557) | 0.0511 (0.542) | 0.0926* (0.047) | 0.0933* (0.047) | 0.0853 (0.065) |
| Village | 0.175* (0.047) | 0.177* (0.042) | 0.175* (0.046) | -0.130** (0.002) | -0.129** (0.002) | -0.133** (0.001) |
| Farm | 0.182 (0.246) | 0.181 (0.248) | 0.180 (0.251) | -0.217*** (0.000) | -0.215*** (0.000) | -0.226*** (0.000) |
| Prior Unemployment Experience | 0.0542 (0.218) | 0.0567 (0.201) | 0.0545 (0.216) | 0.368*** (0.000) | 0.365*** (0.000) | 0.371*** (0.000) |
| Economic Situation: Coping | 0.0865* (0.041) | 0.0879* (0.039) | 0.0872* (0.040) | 0.327*** (0.000) | 0.327*** (0.000) | 0.322*** (0.000) |
| Economic Situation: Difficult | 0.164* (0.041) | 0.161* (0.045) | 0.163* (0.041) | 0.477*** (0.000) | 0.479*** (0.000) | 0.475*** (0.000) |
| Economic Situation: Very Difficult | 0.115 (0.337) | 0.114 (0.341) | 0.117 (0.329) | 0.530*** (0.000) | 0.534*** (0.000) | 0.524*** (0.000) |
| Year fixed effects | Yes | Yes | Yes | Yes | Yes | Yes |
| Constant | No | No | No | No | No | No |
| Observations | 115599 | 115599 | 115599 | 132800 | 132800 | 132800 |

$p$-values in parentheses
$^{*}\ p < 0.05,\ ^{**}\ p < 0.01,\ ^{***}\ p < 0.001$

labor spending predicts a lower likelihood of supporting a right-wing party, additional spending

on active labor market programs such as counselling, job search programs or vocational training

is positively associated with voting for radical rightwing parties.

We next turn to assessing whether long-term changes to compensatory spending increase

support for populist parties. Since many of the cuts began in the 1990's, long before most of the

election years assessed in the ESS data, we develop a long-term spending indicator, which

estimates how much spending has changed since 1995. Since we are interested in comparing

spending changes while holding the short-term business cycle constant, we divide unemployment

expenditures by the national unemployment rate. The resulting spending index reports the level

of unemployment benefits (controlling for overall unemployment) as a percentage of spending in

1995. This allows us to assess the cumulative effects of sustained cuts or increases in spending over time on populist and radical voting. We keep all of the country- and individual-level variables that were analyzed previously except for unemployment since this is already factored into the spending index. In this part of the analysis, we run all of the models with random intercepts for country and fixed effects for year.

Table 6 reports the full results. Cumulative spending reductions are strongly associated with an increased likelihood of supporting a populist political party. Our model predicts that a 20% cut in unemployment-adjusted labor market spending from 1995 levels will increase the likelihood of supporting a populist party by more than seven percentage points. There is also a negative relationship between unemployment spending and leftwing populism.

To help assess whether this relationship may be causal, we interact the spending variable with the subjective indicators of economic circumstance included in the previous model. Our expectation is that reductions in labor market spending will be more likely to affect the political behavior of individuals who have previously experienced a significant period of unemployment, or who rate their household economic situation as difficult. As can be seen in Columns 4-6 of Table 6, as well as Figure 4, which summarizes the marginal effects of key variables, most of the interaction terms are negatively associated with populist voting. The unemployed become more likely to support populist parties when labor market spending has been cut back from historic levels (and less likely to support populist parties when spending is higher). Those individuals facing household income constraints are also more likely to support populist parties when labor market transfers and social services spending has been cut. Those who rate their household income as "very difficult" are also more likely to support rightwing populist parties in the face of sustained austerity.

Figure 4: Impact of cumulative spending changes (and other factors) on populist support
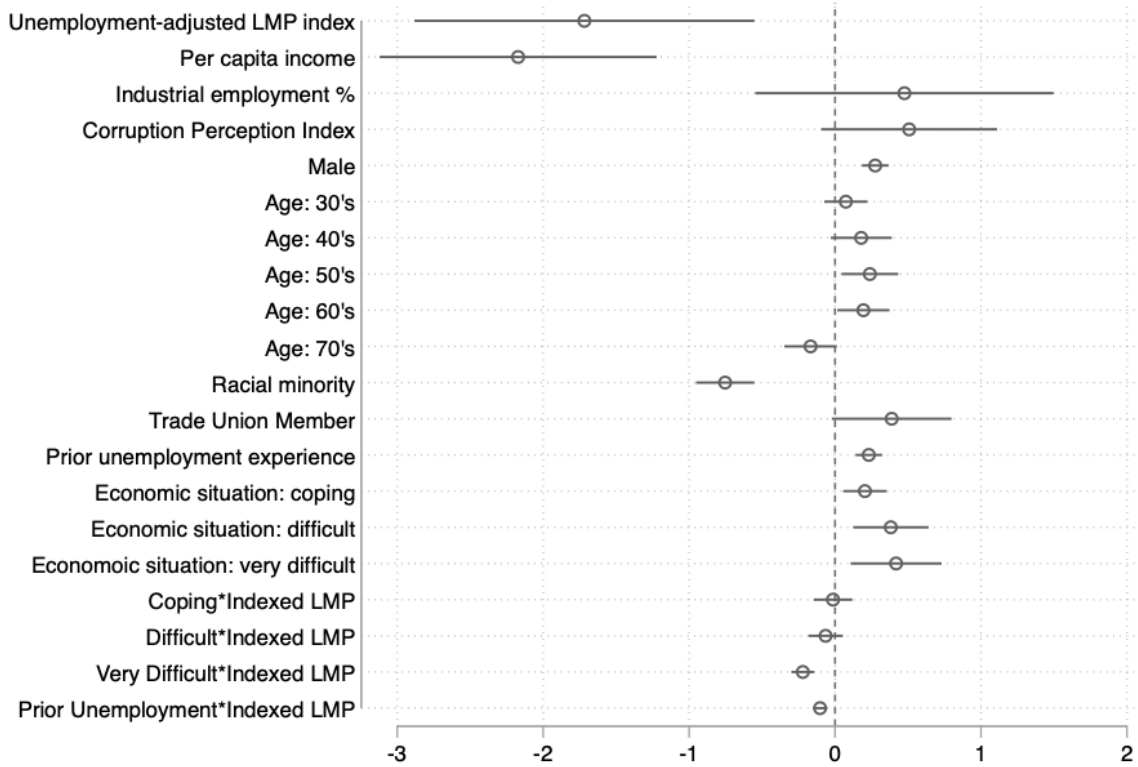


*Source: Author's calculations using the European Social Survey. All macro-variables are standardized.*

Table 6, Indexed labor market spending and individual likelihood of populist vote

| | Passive LMP - Populist (RE) | Passive LMP - Rightwing (RE) | Passive LMP - Leftwing (RE) | Passive LMP with interactions - Populist (RE) | Passive LMP w interactions- Rightwing (RE) | Passive LMP w interactions - Leftwing (RE) |
|---|---|---|---|---|---|---|
| Indexed spending | -1.780** (0.002) | -0.353 (0.799) | -1.151 (0.058) | -1.717** (0.004) | -0.348 (0.804) | -1.067 (0.087) |
| Per Capita Income (€'000s) | -2.183*** (0.000) | -1.428 (0.209) | -0.290 (0.509) | -2.172*** (0.000) | -1.432 (0.212) | -0.262 (0.550) |
| Manufacturing Employment (% of GDP) | 0.477 (0.360) | -1.535 (0.306) | -0.727 (0.472) | 0.475 (0.362) | -1.533 (0.309) | -0.754 (0.453) |
| Institutional Corruption Index | 0.512 (0.090) | 0.599 (0.286) | -0.983** (0.006) | 0.508 (0.098) | 0.602 (0.288) | -0.985** (0.006) |
| Male | 0.276*** (0.000) | 0.325*** (0.000) | 0.121 (0.099) | 0.275*** (0.000) | 0.324*** (0.000) | 0.121 (0.101) |
| Age: 30's | 0.0802 (0.300) | 0.231*** (0.001) | 0.000462 (0.995) | 0.0742 (0.325) | 0.231*** (0.001) | 0.00125 (0.986) |
| Age: 40's | 0.186 (0.082) | 0.386*** (0.000) | 0.0248 (0.843) | 0.179 (0.094) | 0.386*** (0.000) | 0.0240 (0.846) |
| Age: 50's | 0.250** (0.010) | 0.297* (0.049) | 0.198 (0.114) | 0.239* (0.016) | 0.296 (0.051) | 0.194 (0.116) |
| Age: 60's | 0.205* (0.020) | 0.259 (0.118) | 0.0615 (0.649) | 0.194* (0.033) | 0.257 (0.126) | 0.0572 (0.670) |
| Age: 70's | -0.171 (0.056) | -0.157 (0.392) | -0.206** (0.008) | -0.167 (0.068) | -0.157 (0.395) | -0.203** (0.009) |
| Racial/Ethnic Minority | -0.736*** (0.000) | -1.146*** (0.000) | -0.492*** (0.000) | -0.753*** (0.000) | -1.154*** (0.000) | -0.503*** (0.000) |
| Education: Less than lower secondary | -0.0912 (0.594) | 0.0518 (0.720) | -0.187 (0.183) | -0.0819 (0.625) | 0.0556 (0.694) | -0.168 (0.211) |
| Education: Upper secondary | 0.121 (0.115) | 0.123 (0.289) | 0.126*** (0.000) | 0.118 (0.123) | 0.125 (0.280) | 0.126*** (0.000) |
| Education: Advanced vocational | 0.0267 (0.838) | -0.226 (0.176) | 0.258*** (0.000) | 0.0329 (0.804) | -0.223 (0.186) | 0.260*** (0.000) |
| Education: Tertiary education | -0.126 (0.567) | -0.809*** (0.000) | 0.443*** (0.000) | -0.122 (0.581) | -0.805*** (0.000) | 0.444*** (0.000) |
| Routine skills | -0.118* (0.042) | -0.00792 (0.864) | -0.0715 (0.295) | -0.106* (0.049) | -0.00102 (0.983) | -0.0672 (0.335) |
| Machinist | 0.112 (0.180) | 0.357*** (0.001) | -0.00130 (0.985) | 0.109 (0.207) | 0.358*** (0.001) | -0.00315 (0.963) |
| Craft Worker | 0.0717 (0.356) | 0.251* (0.026) | -0.0437 (0.488) | 0.0781 (0.299) | 0.253* (0.027) | -0.0426 (0.499) |
| Skilled Agriculturalist | -0.105 (0.587) | -0.0696 (0.832) | -0.119 (0.243) | -0.108 (0.574) | -0.0662 (0.840) | -0.119 (0.245) |
| Service Worker | 0.0533 (0.179) | 0.0737* (0.034) | 0.00345 (0.970) | 0.0596 (0.100) | 0.0751* (0.030) | 0.00216 (0.981) |
| Technician | -0.0877 (0.223) | -0.0956 (0.288) | 0.0296 (0.683) | -0.0864 (0.227) | -0.0952 (0.289) | 0.0308 (0.676) |
| Professional | -0.0716 (0.642) | -0.404** (0.004) | 0.183* (0.044) | -0.0731 (0.633) | -0.403** (0.003) | 0.184* (0.049) |
| Manager | -0.123 (0.519) | -0.164 (0.065) | -0.0843 (0.722) | -0.119 (0.526) | -0.163 (0.067) | -0.0863 (0.715) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Army | -0.321* (0.018) | -0.165 (0.447) | -0.596* (0.013) | -0.335* (0.016) | -0.168 (0.430) | -0.595* (0.012) |
| Trade Union Member | 0.391 (0.061) | 0.0637 (0.351) | 0.866*** (0.000) | 0.388 (0.063) | 0.0603 (0.370) | 0.865*** (0.000) |
| City | 0.123 (0.221) | -0.134*** (0.001) | 0.247*** (0.001) | 0.122 (0.226) | -0.133*** (0.001) | 0.246** (0.001) |
| Suburb | 0.104 (0.056) | 0.0451 (0.634) | 0.0864 (0.057) | 0.110 (0.059) | 0.0468 (0.623) | 0.0896* (0.045) |
| Village | 0.0181 (0.833) | 0.175 (0.105) | -0.131*** (0.000) | 0.0231 (0.781) | 0.176 (0.100) | -0.128*** (0.000) |
| Farm | 0.0608 (0.659) | 0.181 (0.191) | -0.218*** (0.000) | 0.0652 (0.627) | 0.182 (0.182) | -0.215*** (0.000) |
| Prior Unemployment Experience | 0.184* (0.037) | 0.0513 (0.252) | 0.368*** (0.000) | 0.231*** (0.000) | 0.0816 (0.056) | 0.372*** (0.000) |
| Economic Situation: Coping | 0.209** (0.010) | 0.0795 (0.253) | 0.321*** (0.000) | 0.205** (0.007) | 0.0582 (0.305) | 0.314*** (0.000) |
| Economic Situation: Difficult | 0.349* (0.017) | 0.153 (0.142) | 0.469** (0.005) | 0.382** (0.004) | 0.191 (0.094) | 0.487*** (0.000) |
| Economic Situation: Very Difficult | 0.311 (0.249) | 0.0974 (0.466) | 0.521 (0.053) | 0.418** (0.008) | 0.202* (0.037) | 0.515* (0.013) |
| Indexed spending*Coping | | | | -0.0137 (0.839) | 0.0387 (0.533) | 0.0103 (0.882) |
| Indexed spending*Difficult | | | | -0.0648 (0.282) | -0.0349 (0.728) | -0.175 (0.101) |
| Indexed spending*Very Difficult | | | | -0.221*** (0.000) | -0.177*** (0.000) | -0.274 (0.070) |
| Indexed spending*Prior Unemployment Experience | | | | -0.102*** (0.000) | -0.0509 (0.221) | -0.0792 (0.064) |
| Year fixed effects | Yes | Yes | Yes | Yes | Yes | Yes |
| Country fixed effects | No | No | No | No | No | No |
| Observations | 140214 | 136124 | 145594 | 140214 | 136124 | 145594 |

$p$-values in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

*IV. Discussion and Conclusion*

Our analysis provides insights into the relationship between social policy and support for populist parties, on two dimensions. First, we found that higher levels of social spending – especially on cash transfers for those facing economic hardship – are associated with smaller shares of votes for populist parties in national and European elections. This was true across multiple models using two independently generated data sets. We found a strong negative association between social spending, especially on passive labor market policies, and populist voting across 17 western European countries over a 27-year time period.

On the second dimension, we found evidence that reductions in spending on income maintenance since the 1990's, and austerity measures pursued following the crisis, contributed to the rising electoral fortunes of populist parties on the right and left. In the panel analysis conducted in Part IIA, we found that within-country decreases in labor market spending are associated with higher populist vote shares. In the multi-level analyses conducted in Part IIB, we found similarly that reduced labor market support and spending on social services are associated with a higher likelihood that voters will support a populist party. Our measure of indexed labor market spending – which estimates unemployment-adjusted percentage changes from 1995 levels – is strongly associated with support for populist parties. The effect is particularly pronounced among those individuals who have previously experienced unemployment or who have faced adverse economic circumstances.

These observed relationships are robust to a number of model specifications: when limiting our analysis to elections that occurred since 2000; when excluding elections for the European Parliament; and when controlling for the flow of asylum seekers and the size of the foreign-born population (as opposed to the rate of immigration). The effect also remains when

accounting for the fact that labor market expenditures are counter-cyclical. Finally, the results remain when using Eurostat data, which includes a slightly different set of countries, and when using different lists of populist or radical parties.

Our findings suggest that long-term commitments to a social safety net limits populist voting, while cuts to social spending, whether as a result of labor market reform or austerity, have contributed to the electoral success of populist parties. Since these results are observational, we should be cautious about causal interpretations. The consistent negative correlations between social expenditures and populist vote share could relate to factors omitted from this analysis, while the association between labor market reform and increased austerity on the one hand, and the rising fortunes of populist parties on the other hand, may reflect parallel historical trends which are not causally related. However, there are reasons to think that these relationships are not coincidental.

First, while there are some common movements, there is significant variation in both welfare spending and populist voting in the period examined. The model specifications we developed isolate this variation, controlling to the extent possible common historical developments through year fixed effects.

Second, we explored some of the micro-foundations of a potential causal link, demonstrating that individuals facing adverse economic circumstances are not only more likely to support populist parties, but also more likely to support these parties when faced with cuts in social services spending and unemployment insurance programs. We have also shown that the relationship is strongest in the welfare spending area that provides the most direct and immediate relief to those left facing economic distress.

Finally, we have demonstrated that the observed relationship is robust to a variety of specifications and controls. Across multiple models and measures of spending, we have shown that populist parties are weaker in countries that spend more on compensation, and that cuts to welfare spending, as a result of labor market reform and austerity, are strongly associated with rising support for populist parties. Furthermore, we have identified plausible mechanisms by which compensation may affect political preferences by dampening the effects of globalization and technological change on livelihoods, and thereby reducing the grievances among the groups most affected.

*Conclusion*

Europe's political systems are under challenge from populist movements and parties that reject core aspects of the post-World War Two regional and international order. This challenge brings to mind long-standing arguments that the insecurity generated by economic change could be politically explosive if the concerns of those harmed were not addressed with adequate "compensatory" social policies (Kapstein, 1994; Rodrik, 1998; Ruggie, 1994).

Indeed, we find that higher levels of social spending help moderate support for populism among those who have seen their relative economic and social status decline. We also find that as European governments have cut unemployment and other social transfer programs over the past twenty years, these cutbacks have fueled support for populist parties opposed to core principles of European integration. Reductions in spending, especially on cash transfers, income maintenance, and other passive labor market policies, have stimulated support for populism. These effects are most pronounced among the economically vulnerable groups that have been most affected by austerity.

Our analysis suggests that appropriate social policies can limit the populist backlash, while labor market reforms and austerity measures can stimulate such a backlash. The relevant social and labor-market policies may be essential to long-term political stability. While a good case can be made for spending more on education, childcare, and skills development programs that increase human capital and productivity, these investments need not come at the expense of compensation for vulnerable groups. The policy implications are clear – even if the political path to implementing appropriate policies is not.

# References

Abou-Chadi, T., & Wagner, M. (2019). The electoral appeal of party strategies in postindustrial societies: when can the mainstream left succeed? *The Journal of Politics, 81*(4), 1405-1419.

Anderson, C. J. (1996). Economics, politics, and foreigners: Populist party support in Denmark and Norway. *Electoral studies, 15*(4), 497-511.

Anelli, M., Colantone, I., & Stanig, P. (2019). We were the robots: Automation and voting behavior in western europe. *BAFFI CAREFIN Centre Research Paper*(2019-115).

Bell, A., & Jones, K. (2015). Explaining fixed effects: Random effects modeling of time-series cross-sectional and panel data. *Political Science Research and Methods, 3*(1), 133-153.

Bonikowski, B., & Gidron, N. (2016). Multiple traditions in populism research: Toward a theoretical synthesis. *APSA Comparative Politics Newsletter, 26*(12), 7-14.

Bonoli, G. (2010). The political economy of active labor-market policy. *Politics & Society, 38*(4), 435-457.

Bornschier, S., & Kriesi, H. (2012). The populist right, the working class, and the changing face of class politics. In *Class politics and the radical right* (pp. 28-48): Routledge.

Broz, J. L., Frieden, J., & Weymouth, S. (2021). Populism in place: the economic geography of the globalization backlash. *International Organization, 75*(2), 464-494.

Burgoon, B. (2001). Globalization and welfare compensation: disentangling the ties that bind. *International Organization, 55*(3), 509-551.

Busemeyer, M. R., & Garritzmann, J. L. (2019). Compensation or social investment? Revisiting the link between globalisation and popular demand for the welfare state. *Journal of Social Policy, 48*(3), 427-448.

Cameron, D. R. (1978). The expansion of the public economy: A comparative analysis. *American Political Science Review, 72*(4), 1243-1261.

Campbell, A. L. (2011). How policies make citizens. In *How Policies Make Citizens*: Princeton University Press.

Cantillon, B., & Van Lancker, W. (2013). Three shortcomings of the social investment perspective. *Social Policy and Society, 12*(4), 553-564.

Clasen, J. (2000). Motives, means and opportunities: Reforming unemployment compensation in the 1990s. *West European Politics, 23*(2), 89-112.

Clasen, J., & Clegg, D. (2006). Beyond activation reforming European unemployment protection systems in post-industrial labour markets. *European societies, 8*(4), 527-553.

Clasen, J., & Clegg, D. (2012). *Adapting Labour market policy to a transformed employment structure*: Oxford University Press Oxford.

Colantone, I., & Stanig, P. (2018a). Global competition and Brexit. *American Political Science Review, 112*(2), 201-218.

Colantone, I., & Stanig, P. (2018b). The trade origins of economic nationalism: Import competition and voting behavior in Western Europe. *American Journal of Political Science, 62*(4), 936-953.

Dal Bó, E., Finan, F., Folke, O., Persson, T., & Rickne, J. (2018). Economic losers and political winners: Sweden's radical right. *Unpublished manuscript, Department of Political Science, UC Berkeley, 2*(5), 2.

Esping-Andersen, G. (1990). *The three worlds of welfare capitalism*: Princeton University Press.

Fetzer, T. (2019). Did austerity cause Brexit? *American Economic Review, 109*(11), 3849-3886.

Frieden, J. (2022). Attitudes, Interests, and the Politics of Trade. *POLITICAL SCIENCE QUARTERLY*.

Garritzmann, J. L., Busemeyer, M. R., & Neimanns, E. (2018). Public demand for social investment: new supporting coalitions for welfare state reform in Western Europe? *Journal of European Public Policy, 25*(6), 844-861.

Garritzmann, J. L., Häusermann, S., & Palier, B. (2022). *The World Politics of Social Investment: Volume I: Welfare States in the Knowledge Economy*: Oxford University Press.

Gidron, N., & Hall, P. A. (2020). Populism as a problem of social integration. *Comparative political studies, 53*(7), 1027-1059.

Gingrich, J. (2019). Did state responses to automation matter for voters? *Research & Politics, 6*(1), 2053168019832745.

Halikiopoulou, D., Nanou, K., & Vasilopoulou, S. (2012). The paradox of nationalism: The common denominator of radical right and radical left euroscepticism. *European Journal of Political Research 51*(4), 504-539.

Halikiopoulou, D., & Vlandas, T. (2016). Risks, costs and labour markets: Explaining cross-national patterns of far right party success in European parliament elections. *JCMS: Journal of Common Market Studies, 54*(3), 636-655.

Häusermann, S. (2018). The multidimensional politics of social investment in conservative welfare regimes: family policy reform between social transfers and social investment. *Journal of European Public Policy, 25*(6), 862-877.

Häusermann, S., Pinggera, M., Ares, M., Enggist, M., & Association, S. P. S. (2020). The limits of solidarity: changing welfare coalitions in a transforming European party system.

Heinö, A. J. (2019). Authoritarian populism index 2019. *Retrieved from* [https://populismindex.com](https://populismindex.com).

Hemerijck, A. (2015). The quiet paradigm revolution of social investment. *Social Politics: International Studies in Gender, State & Society, 22*(2), 242-256.

Hermann, C. (2014). Structural adjustment and neoliberal convergence in labour markets and welfare: The impact of the crisis and austerity measures on European economic and social models. *Competition & change, 18*(2), 111-130.

Jenson, J. (2011). Redesigning citizenship regimes after neoliberalism: moving towards social investment. In *Towards a social investment welfare state?* (pp. 61-88): Policy Press.

Kapstein, E. B. (1994). *Governing the global economy: international finance and the state*: Harvard University Press.

Katzenstein, P. J. (1985). *Small States in World Markets: Industrial Policy in Europe*. Ithaca, NY: Cornell University Press.

Korpi, W., & Palme, J. (2003). New politics and class politics in the context of austerity and globalization: Welfare state regress in 18 countries, 1975–95. *American Political Science Review, 97*(3), 425-446.

Kurer, T., Häusermann, S., Wüest, B., & Enggist, M. (2019). Economic grievances and political protest. *European journal of political research, 58*(3), 866-892.

Mansbridge, J., & Macedo, S. (2019). Populism and democratic theory. *Annual Review of Law and Social Science, 15*(1), 59-77.

Mudde, C., & Kaltwasser, C. R. (2017). *Populism: A very short introduction*: Oxford University Press.

Müller, J.-W. (2017). *What is populism?* : Penguin UK.

Norris, P., & Inglehart, R. (2019). *Cultural backlash: Trump, Brexit, and authoritarian populism*: Cambridge University Press.

Oesch, D. (2008). Explaining workers' support for right-wing populist parties in Western Europe: Evidence from Austria, Belgium, France, Norway, and Switzerland. *International Political Science Review, 29*(3), 349-373.

Palier, B. (2010). *A long goodbye to Bismarck?: the politics of welfare reform in continental Europe*: Amsterdam University Press.

Pierson, P. (1996). The new politics of the welfare state. *World politics, 48*(2), 143-179.

Rickard, S. J. (2022). The electoral consequences of compensation for globalization. *European union politics*, 14651165231157615.

Rodrik, D. (1998). Why do more open economies have bigger governments? *Journal of Political Economy, 106*(5), 997-1032.

Rodrik, D. (2018). Populism and the economics of globalization. *Journal of international business policy, 1*(1), 12-33.

Rooduijn, M., Van Kessel, S., Froio, C., Pirro, A., De Lange, S., Halikiopoulou, D., . . . Taggart, P. (2019). The PopuList: An overview of populist, far right, far left and Eurosceptic parties in Europe.

Ruggie, J. G. (1994). Trade, protectionism and the future of welfare capitalism. *Journal of International Affairs*, 1-11.

Swank, D., & Betz, H.-G. (2003). Globalization, the welfare state and right-wing populism in Western Europe. *Socio-economic review, 1*(2), 215-245.

Swank, D., & Betz, H.-G. (2018). *Globalization, institutions of social solidarity, and radical right-wing populism in Western Europe.* Paper presented at the presentation at the 2018 Annual Meetings of the American Political Science Association, August.

Walter, S. (2010). Globalization and the welfare state: Testing the microfoundations of the compensation hypothesis. *International Studies Quarterly, 54*(2), 403-426.