

# Globalization and Populism: The Last Sixty Years

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La montée des populismes et la question de l'immigration

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# Introduction

Populism has been on the rise in recent decades (Guriev and Papaioannou, 2021; Rodrik, 2021)

Among the several **determinants**, the *economics* literature highlighted the role of **globalization** in its two dimensions:

- Imports - Becker et al. (2017); Colantone and Stanig (2018); Autor et al. (2020); Colantone et al. (2021)
- Immigration - Barone et al. (2016); Guiso et al. (2017); Halla et al. (2017); Mayda et al. (2021)

# Introduction

How is populism usually **defined**?

- Thin-centered ideology, splitting society between pure people and corrupted elite (Mudde, 2004)
- Measured with time-invariant dummy (0 or 1), determined by experts

How globalization is **analyzed**?

- Imports and immigration usually studied *separately*
- With few exceptions (e.g., Edo et al. (2019) for immigration, or Autor et al. (2020) for imports) lack of skill-specific dimension

# Contributions

**Unified analysis** covering 55 countries, 628 elections, and a 60-year span

## ① **Long-term evolution** of Populism

- *Continuous* measure of populism based on parties' manifesto
- Several margins: volume, intensive, extensive and mean
- Right wing and left wing dimensions

## ② Link with **skill-specific** dimensions of **globalization**

- Skill-content of imports (based on SITC/UNCTAD classification of goods) and of immigration (high/low-skill workers)
- Analyzed simultaneously
- Interaction with potential amplifiers: diversity, internet, recessions

# Populism Score

## Data - Manifesto Project Database (MPD)

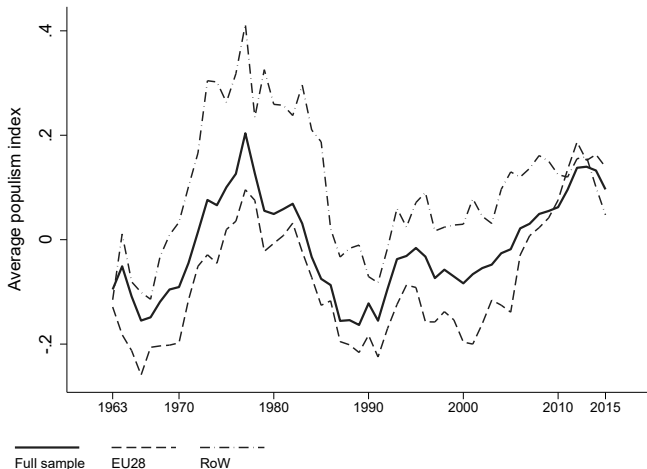
- *Content analysis* of parties' manifesto
- 55 countries, 628 national election campaigns, 1206 parties, 3,860 party-election pairs (1960-2018)

[▶ Sample](#)

## Populism Score - ML approach (PPCA & cluster analysis)

- **Anti-establishment stance** (e.g., against political corruption)
- **Cleavage-based communication style** (e.g., protectionism)
- *Properties*
  - ① Self-determined by parties' manifesto
  - ② Time-varying
  - ③ Strongly correlated with existing data

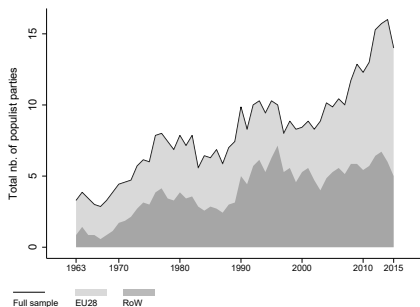
# Populism Score - Mean Margin



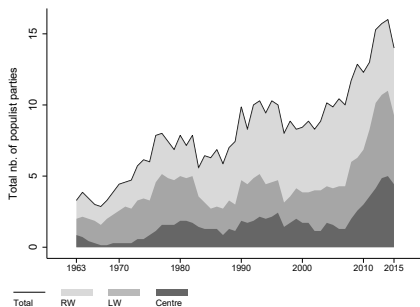
# Margins of Populism

- **Populist party** (1 SD Pop. Score above the mean)
- **Four margins** of Populism:
  - ① *Volume Margin* - Votes gained by all populist parties
  - ② *Extensive Margin* - # of populist parties
  - ③ *Intensive Margin* - Votes gained per populist party
  - ④ *Mean Margin* - Average Populism Score (weighted by # of votes)
- Exploiting the **Right-wing** and **Left-wing** dimensions (Budge and Laver, 2016)

# Margins of Populism



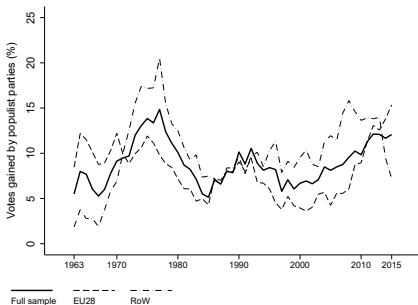
(a) Extensive Margin



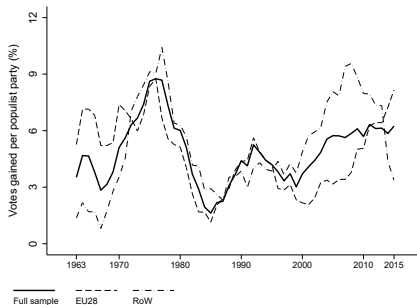
(b) Extensive Margin Decomposition



# Margins of Populism

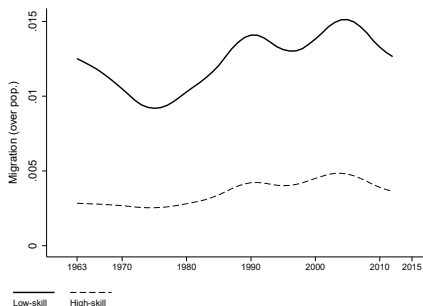


(a) Volume Margin

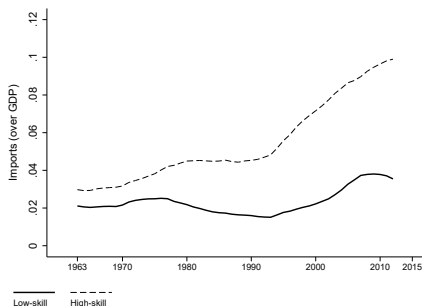


(b) Intensive Margin

# Skill-specific Globalization - Flows



(a) Immigration by skill level



(b) Imports by skill level

# Empirical Strategy

## Baseline model

$$P_{i,t}^m = \exp [\alpha + \beta \mathbf{X}_{i,t} + \gamma \log(\mathbf{M}\mathbf{i}_{i,t}^S) + \zeta \log(\mathbf{I}\mathbf{m}_{i,t}^S) + \theta_i + \theta_t + \epsilon_{i,t}]$$

- $P^m$  - Margins of Populism
- $\mathbf{X}$  - Controls (GDP per capita, Human Capital, Population, Employment rate, # of parties)
- $\log(\mathbf{M}\mathbf{i}^S)$  &  $\log(\mathbf{I}\mathbf{m}^S)$  - Skill-specific immigration and import

## Methodology

- PPML estimator (Santos Silva and Tenreyro, 2006)
- Endogeneity - **Gravity-model** "stage-zero" ▶ Gravity Model
- Interactions with potential amplifiers (e.g., internet, diversity)

## Results - Volume, Extensive Intensive Margins

	Volume ( $P_{i,e,t}^V$ )			Ext. margin ( $P_{i,e,t}^E$ )			Int. margin ( $P_{i,e,t}^I$ )		
	All	RW	LW	All	RW	LW	All	RW	LW
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
log GDP/cap <sub>it</sub>	-1.22 (0.95)	-2.46** (1.19)	0.70 (1.38)	-0.93 (0.63)	-2.35*** (0.88)	0.94 (0.85)	-0.85 (0.79)	-1.82* (1.00)	-0.40 (1.54)
log HC <sub>it</sub>	-4.81** (2.09)	-9.01*** (3.41)	5.06 (5.27)	-0.82 (1.73)	-7.21*** (2.26)	5.95** (3.03)	-6.01*** (2.21)	-7.75** (3.19)	3.04 (4.88)
log Imp <sub>i,t-1→t</sub> (LS)	0.83*** (0.30)	1.33** (0.56)	1.49** (0.62)	0.36 (0.26)	0.66 (0.46)	0.86* (0.45)	1.05*** (0.35)	1.60*** (0.56)	1.02 (0.78)
log Imp <sub>i,t-1→t</sub> (HS)	-0.71 (0.44)	-1.30*** (0.49)	-1.25 (0.86)	-0.19 (0.37)	-0.45 (0.46)	-0.99 (0.69)	-0.94** (0.43)	-1.65*** (0.52)	-0.46 (1.03)
log Mig <sub>i,t-1→t</sub> (LS)	0.14 (0.34)	1.52*** (0.55)	-1.78*** (0.59)	-0.16 (0.29)	1.01** (0.48)	-1.14*** (0.42)	0.21 (0.34)	1.19** (0.52)	-1.55*** (0.58)
log Mig <sub>i,t-1→t</sub> (HS)	-0.28 (0.29)	-1.32*** (0.48)	1.17* (0.64)	-0.12 (0.25)	-1.05** (0.41)	0.71* (0.39)	-0.20 (0.34)	-1.09** (0.48)	1.20* (0.65)
Observations	575	575	575	575	575	575	575	575	575
Pseudo-R <sup>2</sup>	0.40	0.37	0.51	0.30	0.27	0.31	0.34	0.33	0.44
Country & Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other Controls	✓	✓	✓	✓	✓	✓	✓	✓	✓

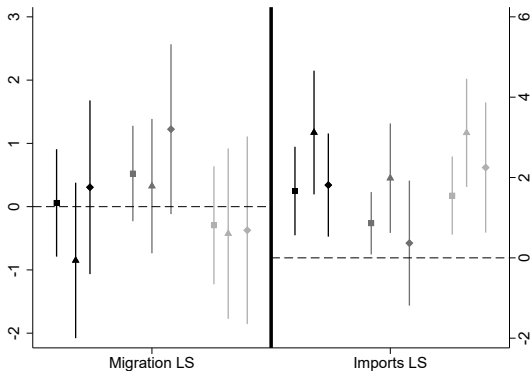
## Reduced-form IV - Volume, Extensive Intensive Margins

	Volume ( $P_{i,e,t}^V$ )			Ext. margin ( $P_{i,e,t}^E$ )			Int. margin ( $P_{i,e,t}^I$ )		
	All	RW	LW	All	RW	LW	All	RW	LW
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
$\log \widehat{\text{Imp}}_{i,t-1 \rightarrow t}$ (LS)	0.91*	1.82**	0.97	0.62*	0.92	0.94	1.40***	2.10**	1.40
	(0.50)	(0.84)	(0.84)	(0.38)	(0.67)	(0.76)	(0.51)	(0.84)	(0.89)
$\log \widehat{\text{Imp}}_{i,t-1 \rightarrow t}$ (HS)	-1.22*	-2.14**	-0.72	-0.96**	-1.20	-1.12	-1.17**	-2.16**	-0.62
	(0.66)	(0.87)	(0.83)	(0.46)	(0.80)	(0.82)	(0.58)	(0.93)	(0.91)
$\log \widehat{\text{Mig}}_{i,t-1 \rightarrow t}$ (LS)	0.53	1.97***	-1.70*	0.15	1.55***	-1.33**	0.19	1.22*	-1.35
	(0.43)	(0.58)	(0.92)	(0.35)	(0.53)	(0.66)	(0.48)	(0.72)	(0.89)
$\log \widehat{\text{Mig}}_{i,t-1 \rightarrow t}$ (HS)	-1.04*	-2.02**	0.60	-1.05**	-2.44***	0.34	0.14	-0.86	0.93
	(0.56)	(0.89)	(1.23)	(0.43)	(0.79)	(0.75)	(0.64)	(0.97)	(1.20)
Observations	575	575	575	575	575	575	575	575	575
Pseudo-R <sup>2</sup>	0.40	0.36	0.50	0.31	0.28	0.32	0.33	0.32	0.43
Country & Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Controls	✓	✓	✓	✓	✓	✓	✓	✓	✓

## IV-Results - Mean Margin

	Parties			Parliament			Parliament (adj.)		
	All	RW	LW	All	RW	LW	All	RW	LW
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
$\widehat{\text{Imp}}_{i,t-1 \rightarrow t}$ (LS)	5.77** (2.39)	7.37* (4.08)	7.35** (3.19)	5.27** (2.48)	4.13 (4.14)	6.03 (3.86)	4.99** (2.33)	4.06** (1.77)	1.29 (1.42)
$\widehat{\text{Imp}}_{i,t-1 \rightarrow t}$ (HS)	-0.57 (0.54)	-1.12 (0.87)	0.23 (0.79)	-0.28 (0.59)	-0.70 (0.82)	0.34 (0.85)	-0.22 (0.54)	-0.59 (0.38)	0.45 (0.37)
$\widehat{\text{Mig}}_{i,t-1 \rightarrow t}$ (LS)	-0.86 (2.89)	-0.90 (6.19)	-7.26* (4.32)	0.42 (3.39)	-0.42 (5.74)	-6.05 (4.31)	0.52 (3.12)	0.74 (3.01)	-0.75 (1.53)
$\widehat{\text{Mig}}_{i,t-1 \rightarrow t}$ (HS)	-1.27 (10.84)	-0.90 (19.00)	17.23 (12.84)	1.57 (11.04)	1.10 (19.03)	18.43 (11.65)	0.99 (10.12)	3.15 (7.89)	3.34 (4.75)
Observations	578	460	469	578	460	469	578	460	469
K-Paap F-stat	12.07	11.39	9.47	12.07	11.39	9.47	12.07	11.39	9.47
Country & Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Controls	✓	✓	✓	✓	✓	✓	✓	✓	✓

# Interaction with Amplifiers



(a) Internet Coverage

# Conclusions

- ① **Populism is on the rise in the world, driven by**
  - Europe in the last 20 years, at both the extensive, intensive and mean margins
  - Both right-wing, left-wing and neither left nor right are on the rise
  - Both dimensions of globalization (trade and migration) impact populism, with important nuances
- ② Link with **skill-specific** dimensions of **globalization**
  - Skill-content of imports: LS imports favor RW populism, HS imports don't (even decrease it)
  - Skill-content of immigration: LS migration favors RW populism and decreases LW populism, as if it would switch voters from left to right. HS immigration lowers RW populism, no effect on LW populism
  - Effects amplified in times of crises and with internet penetration



Thanks for your attention!

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# APPENDIX

# Our Sample

▶ Back



# Gravity model ▶ Back

## Gravity-model (PPML)

(Hausmann et al., 2007; Alesina et al., 2016)

$$Y_{ij,t} = \exp [\alpha + \theta_{ij} * Post_{1990} + \theta_{j,t} + \epsilon_{ij,t}]$$

- $Y_{ij,t}$  - Bilateral flows
- $Post_{1990}$  - Post-1990 dummy
- $\theta_{ij}$  - Origin-destination fixed-effects
- $\theta_{j,t}$  - Origin-time fixed-effects

Gravity model - Actual and Predicted flows ▶ Back

	(1)	(2)	(3)	(4)
	$\widehat{\text{Imp}}_{i,e,t}^{HS}$	$\widehat{\text{Imp}}_{i,e,t}^{LS}$	$\widehat{\text{Mig}}_{i,e,t}^{HS}$	$\widehat{\text{Mig}}_{i,e,t}^{LS}$
$\widehat{\text{Imp}}_{i,e,t}^{HS}$	1.100*** (0.100)			
$\widehat{\text{Imp}}_{i,e,t}^{LS}$		1.139*** (0.112)		
$\widehat{\text{Mig}}_{i,e,t}^{HS}$			1.235*** (0.113)	
$\widehat{\text{Mig}}_{i,e,t}^{LS}$				1.137*** (0.083)
Observations	575	575	575	575
Countries	52	52	52	52
Adj. R <sup>2</sup>	0.94	0.93	0.86	0.86
Year & country FE	✓	✓	✓	✓
Controls	✓	✓	✓	✓

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