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Compensation, Austerity, and Populism:

Social Spending and Voting in 17 Western European Countries

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Abstract

There has been a dramatic rise in voting for populist parties in Europe over the past twenty years. There are clear material and non-material sources of this backlash against political and economic integration, which is part of the broader global trend. We assess the role of government social policy in dampening or provoking populist sentiment, on two different dimensions. First, we ask whether the existence of a broader and deeper social safety net mitigated the political discontent that took the form of populist voting. Here we examine a panel of 187 elections from 1990 to 2017 and 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 or early retirement from the workforce ("passive labor market" policies). This suggests that "compensatory" social spending did work to dampen support for populism. Second, we ask whether cuts to government support for those facing economic distress, largely undertaken with reforms in the 1990s and early 2000s, stimulated populist discontent. Here we add an analysis of pooled cross-sectional data from eight waves of the European Social Survey. We find that cuts to social spending, especially spending on passive labor market policies, were 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 political 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 et al. 2019; Colantone and Stanig 2018a and b; Rodrik 2018). Certainly, there are important cultural, ethnic,

[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/>

and traditionalist bases of populist sentiment and rhetoric (Norris and Inglehart 2019), and there is clear evidence of both material and non-material sources of populism (Frieden forthcoming). Our focus is on a different economically based source of populist sentiment: national government economic 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 or leave the labor market before the normal retirement age—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 social welfare predicts lower populist vote shares, controlling for other factors. From a panel analysis of 187 national-

level election results, we show that where governments have maintained more generous welfare regimes, populist parties are less successful electorally. While deindustrialization is associated with a clear increase in populist vote shares, additional labor market and social-services spending appears to limit the translation of economic distress into increased support for populist parties.

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 one standard deviation increase in spending on in-kind social services is associated with a 49% lower likelihood of a voter supporting a populist party, controlling for country and year fixed effects and occupational and educational differences across countries (0.092 to 0.047). The marginal effect of labor market spending is even larger: a one standard deviation increase in labor market spending is associated with a 73% reduction in the probability that an average voter will support a populist party, shifting it from 0.12 to 0.033.

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, especially those aimed at replacing 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 in social spending – and especially cuts to unemployment benefits – are associated with greater support for populist parties in general and right-wing populist parties in

particular. Examining the effects of sustained reductions in spending since the 1990's, we find that a 10% cut in passive labor market spending per unit of unemployment is associated with more than four percentage point higher likelihood of supporting a populist party (a shift from 12.7% to 16.4%). 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 "difficult" or "very difficult."

The observational nature of our analysis does not allow us to make 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. However, 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.

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 187 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 et al. 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 (Katzenstein 1985), Peter Katzenstein 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 mechanisms of 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.[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 an individual and household's income in the event of employment disruption or permanent loss. As can be seen in Figure 1 detailing the longitudinal trend in unemployment-adjusted labor market spending across 12 western European countries, in most countries there has been a reduction in expenditures on unemployment insurance and other labor market programs since the late 1990's, with reductions falling disproportionately within areas of spending focused on income maintenance ("passive labor market policies").[4] Most countries have weakened unemployment

[3] Notable exceptions include Swank and Betz 2003, who examine the pattern from 1981-1998, Walter 2010, and Gingrich 2019 who looks at whether compensatory spending conditions support for populist parties among the workers most vulnerable to automation.

[4] Values reflect the percent GDP spent on passive and active labor market policies 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.

protection by reducing income replacement rates and shortening the length of benefits (Korpi and Palme 2003: 434). In 1975, the average replacement rate of unemployment insurance in the OECD was 65%; by 1995, it had fallen to 55% (Ibid). 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 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 and early retirement pensions 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 (Jenson; Bonoli; Palier, Garritzmann 2017 et al.; Kenworthy 2010; Clegg 2007; Armingeon 2007; Ebbinghaus 2006). In some countries unemployment and pensions 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, sick, disabled, and poor, 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.

<Figure 1 about here>

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

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 (Kurer et al. 2018; Campbell 2003; Pierson 1996).

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 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 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 (Garritzman et al. 2018).

There is in fact substantial evidence that populist voters and parties prioritize cash transfers that compensate workers for job loss over expenditures on education, retraining, and childcare services (Garritzman et al. 2018: 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 (Häusermann et al. 2019; Garritzmann et al. 2018; Häusermann 2018). 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: 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 and 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 et al. (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-social 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 or exiting the labor market before the normal retirement age – 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 short-term trends, and the former is about the broad nature of the social safety net while the latter is about 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 (Müller 2017; Mudde and Kaltwasser 2017; Bonikowski and Gidron 2016). 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 et al. 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 et al. 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 (Gidron and Hall 2017; Bornschier and Kriesi 2012; Oesch 2008; Lubbers et al. 2002). 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 (e.g. Rodrik 2018).

We use the *PopuList* to categorize populist parties. This is an overview of populist parties developed by a consortium of political scientists.[6] This categorization overlaps with separately 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, but also evaluate using voting for radical parties as the dependent variable, in most instances finding similar results. *A full list of political parties classified as populist and/or radical is provided in Appendix 3.*

The OECD's Social Expenditures Database is our primary source of information for welfare spending (OECD 2022).[7] Its information on social expenditures go back to the early 1990's, making a relatively long-term cross-national comparison possible. We examine three different measures of social expenditures, each reported as a percentage of GDP. We do not view all welfare state expenditures as equally "compensatory" (Busemeyer and Garritzman 2019; Burgoon 2001). 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 (Jenson;

[6] The list identifies parties that are populist, far right, far left, and/or Euroskeptic, and which received at least 2% of the vote in at least one national parliamentary election since 1998. The list has been peer reviewed by more than 30 academics specializing in European parties. For more information see https://popu-list.org.

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

(Garritzmann, Häusermann, & Palier, 2022). We therefore distinguish among types of spending in examining the relationship between social policy and populism.

First, we examine spending more associated with the longer-term existence of a broad and deep social safety net. This includes general social services that do not involve cash transfers, such as care and accommodation for the elderly, health, childcare, and housing assistance. This spending has complex redistributive implications (or none) and may or may not be directly directed at those facing economic shocks or dislocation (Burgoon 2001; Busemeyer and Garritzman). We add to this spending on re-training and work 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 (Esping-Andersen 2002; Jenson 2010; Cantillon and Van Lancker; Clasen and Clegg 2012). 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 (See Clasen 2000: 90; Bonoli).

Next, we examine labor market spending that provides direct income support to those facing unemployment. 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). A stylization of the two categories is that the former is of special value to younger people in places where jobs are readily available; the latter is particularly useful for older workers made redundant by economic trends in depressed regions.

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 187 parliamentary elections held in 17 western European countries from 1990 to 2017.[9] The

[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. Moreover, comparable data on social policy expenditures is more readily available at the national than the regional level. 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. 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.

dependent variable is the proportion of votes received by populist parties in each election.[10] Our main explanatory variables of interest are the three social expenditure variables outlined earlier: (1) social services spending as a percentage of GDP; (2) active labor market spending as a percentage of GDP; and (3) passive 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.

We include two measures of manufacturing employment inasmuch as deindustrialization is commonly seen as contributing to the growth of populism (e.g. Swank and Betz 2003): the share of the labor force employed in industry and the rate of deindustrialization within each country, measured as the percentage change since the mid-1990's.[11] 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.

[10] National election results for parties identified by the PopuList are taken from the Timbro Authoritarian Populism Index (https://populismindex.com), and confirmed with the European Election Database (https://nsd.no/european_election_database/about/). For national-level results from European Parliamentary elections we code the totals using the European Union's reported election results, using national parties as a guide where possible: < https://election-results.eu/>. 115 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. Since majoritarian electoral systems alter the strategies of voters, results from elections using plurality voting rules, such as elections to the UK parliament, are also excluded from the analysis Results from two-round majoritarian systems, such as the electoral system found in France, are included because voters do not face the same strategic incentives to vote for a majority party in the first round. Results from the UK's elections to the European Parliament are examined since these use proportional representation electoral rules.

[11] Measures come from the World Bank. Industry consists of mining, manufacturing, construction, and public utilities (electricity, gas, and water).

The slowdown of economic growth since the 1980s is also often linked to the rise of populist parties (e.g. Anderson 1996). We therefore include as controls a country's annual unemployment and per capita income (in purchasing power parity). 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.[12] We control for whether the election was held for the national or European Parliament, and cluster by country years. We standardize all of the independent variables. Table 1 provides summary statistics on the variables used in the panel analysis.

To measure the effect of changes in spending over time, we use two strategies. First, 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. Such an evaluation, while informative, treats all unit increases or decreases as the same. It does not capture the effects of long-term changes in spending levels or the composition of spending which have occurred in Europe. Nor does it take into consideration the nationally-specific contexts in which citizens' expectations about welfare are formed (Esping-Andersen 1990).

To address these shortcomings, we develop a spending index, which provides a comparable, longitudinal measure for the change in the generosity of income maintenance programs over time. For each country, the spending level of the early 1990's is set as a baseline, and spending in subsequent years is reported as a percentage of this baseline. This allows us to

[12] Specifically, we use Transparency International's "Corruption Perceptions Index." See < https://www.transparency.org/cpi2018>.

assess how earlier spending levels may condition welfare expectations as well as the cumulative effects of sustained cuts or increases in spending over time.

<Tables 1 and 2 about here>.

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 Models 1a and 1c, countries that spend greater shares of their budgets on social services and labor markets – controlling for unemployment, per capita income, institutional quality, and manufacturing levels –have lower overall levels of support for populist parties. The substantive significance of this relationship is illustrated in Figure 2. A one standard deviation increase in social expenditures as a percentage of GDP is associated with a 46% reduction in populist vote share from 10.8% to 5.8%. 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.

<Figure 2 about here>

Model 2 suggests a possible mechanism linking compensation to populist vote support. We include an interaction term for compensation and deindustrialization. The negative coefficient across two of the three measures (social services and passive labor market 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 social spending.

In Models 3 and 4, we assess whether changes in spending as well as sustained reductions or increases from earlier baselines shape support for populist parties. Model 3 runs the same analysis with country dummies (country fixed effects). As can be seen in the regression results reported in Table 3, within-country increases in spending on social services (Model 3a) and labor markets (Model 3c) are associated with lower populist vote shares; within-country reductions in spending in these two areas is associated with increased populist vote shares. Now that the analysis is focused on within-country changes, many of the other control variables become statistically significant. Across most of the models, deindustrialization is associated with higher levels of populist voting. 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). The relationship between income and populism is also in line with previous research. An increase in per capita income is associated with lower populist vote shares across all of the fixed effects models, reflecting the fact that support for populist parties is partly a function of the health of the economy. Finally, in countries where institutional quality has declined relative to earlier levels, populist parties have lower vote shares.

<Table 3 about here>.

Model 4 assesses whether sustained cuts from an earlier baseline predict higher populist vote shares. The negative coefficient for the index variable across all three models suggests that the answer is yes (Columns 4-6 of Table 3). A 20% lower expenditure on passive labor market

programs is associated with a one percentage point increase in populist vote share (from 8.9% to 10%). The same relationship is not seen for active labor market expenditures, which is in line with our expectations that this kind of spending does not play the same compensatory role as income transfer programs.

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, 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.[13] 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.[14]

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.[15] Since our main theoretical interest is whether compensatory social spending conditions support for populist 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 1999-2015 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

[13] We include results for the French national parliament, which also uses a plurality voting system, because the two-round election encourages voters to support their first-choice preference during the first round, much as in PR systems.

[14] 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/ >.

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

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 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. 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. Tables 3 and 4 summarize these educational and occupational divisions, and the proportion of voters within each division supporting populist parties.

<Tables 4 and 5 about here>.

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.[16]

Table 6 reports the regression results. 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. 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.

<Table 6 about here>.

[16] For more on ESS weighting see <https://www.europeansocialsurvey.org/docs/methodology/ESS_weighting_data_1.pdf>). When we exclude the weights, the substantive results do not change.

We also find evidence that support 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 in-kind spending on social services or more on labor markets – have lower likelihoods of supporting populist parties. The effect is strongest for passive labor market expenditures – i.e. unemployment and early retirement programs – 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 (Model 2b), a 25% increase in labor market spending from the country mean (holding unemployment at a country average) is associated with a 50% reduction in the likelihood that an average voter will support a populist party, shifting it from 12% to 6%. In many countries, such a shift would largely erase the electoral gains achieved by populist parties in recent years.[17]

<Figure 3 about here>.

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

[17] To give just one example: the German rightwing populist party, AfD, received 12.6% of the vote in the 2017 election for the Bundestag, more than twice the proportion received in 2013 (4.7%).

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 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 7 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, craftsworker 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 do not 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 7, additional spending on unemployment and pre-retirement programs is negatively associated with supporting right and left populist parties across all models.[18] Notably,

[18] The relationship with right-wing populism is only significant at the 10% level. Its significance is stronger when we remove some of the other individual-level variables from the models.

the same relationship is not observed across the other two measures of welfare spending. Additional social services spending is associated with a lower likelihood of supporting a left populist party, but is not correlated with support for right populists. Spending on active labor market programs such as counselling, job search programs or vocational training is positively associated with rightwing populism, while social services spending is weakly correlated with leftwing populism.

We next turn to assessing whether austerity or cutbacks to compensatory spending increase support for populist parties. To do this we develop an austerity indicator, which estimates the sustained change in spending from an historical baseline. This is similar to the index used in Part A, but with a few adjustments. First, we set the baseline at 1998, the year before the ESS survey results begin, as the baseline. Second, we account for fluctuations in the short-term economic cycle, by dividing the social welfare measures by the unemployment rate. Finally, we calculate the change over time as a percentage point reduction in welfare compensation from the historic baseline. Since the sign of the explanatory variable is now reversed – with a larger number signifying more austerity – our expectation is to find a positive association between welfare spending cuts and support for populism. We keep all of the country- and individual-level variables that were analyzed previously. Since our interest is assessing within-country change, we run the models with country and year dummies.

Table 8 reports the full results. Austerity is strongly associated with an increased likelihood of supporting a populist political party. Our model predicts that a 10% cut in labor market spending per unit of unemployment will increase the likelihood of supporting a populist party from 13.5% to 17.8%. We see a similar relationship with social services spending. Cuts to social spending from historic levels predict greater likelihood of supporting populist parties,

while increases predict less support. However, unlike passive labor market spending, which has faced major cutbacks, spending on social services has increased over time in most countries in the panel.

<Figure 4 about here>.

To help assess whether this relationship may be causal, we interact the austerity 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 3-4 of Table 8, as well as Figure 4, which summarizes the marginal effects of key variables, most of the interaction terms are positively associated with populist voting. The unemployed become more likely to support populist parties when labor market spending has been cut back from historic levels.[19] 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.

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 –

[19] Notably, the same effect does not exist for social services cutbacks, which do not provide direct transfers to the unemployed.

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 labor market austerity – which estimates percentage cuts from historical 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.[20] Finally, the results

[20] A revised measure that calculates labor market expenditures as a percent of GDP per point of unemployment also predicts lower populist vote shares.

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 (Ruggie 1994, Kapstein 1995, Rodrik 1997).

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. Reduction 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.

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Appendix 1: Figures

Figure 1: Labor Market Spending Per Percentage Point of Unemployment in Select Western European Countries

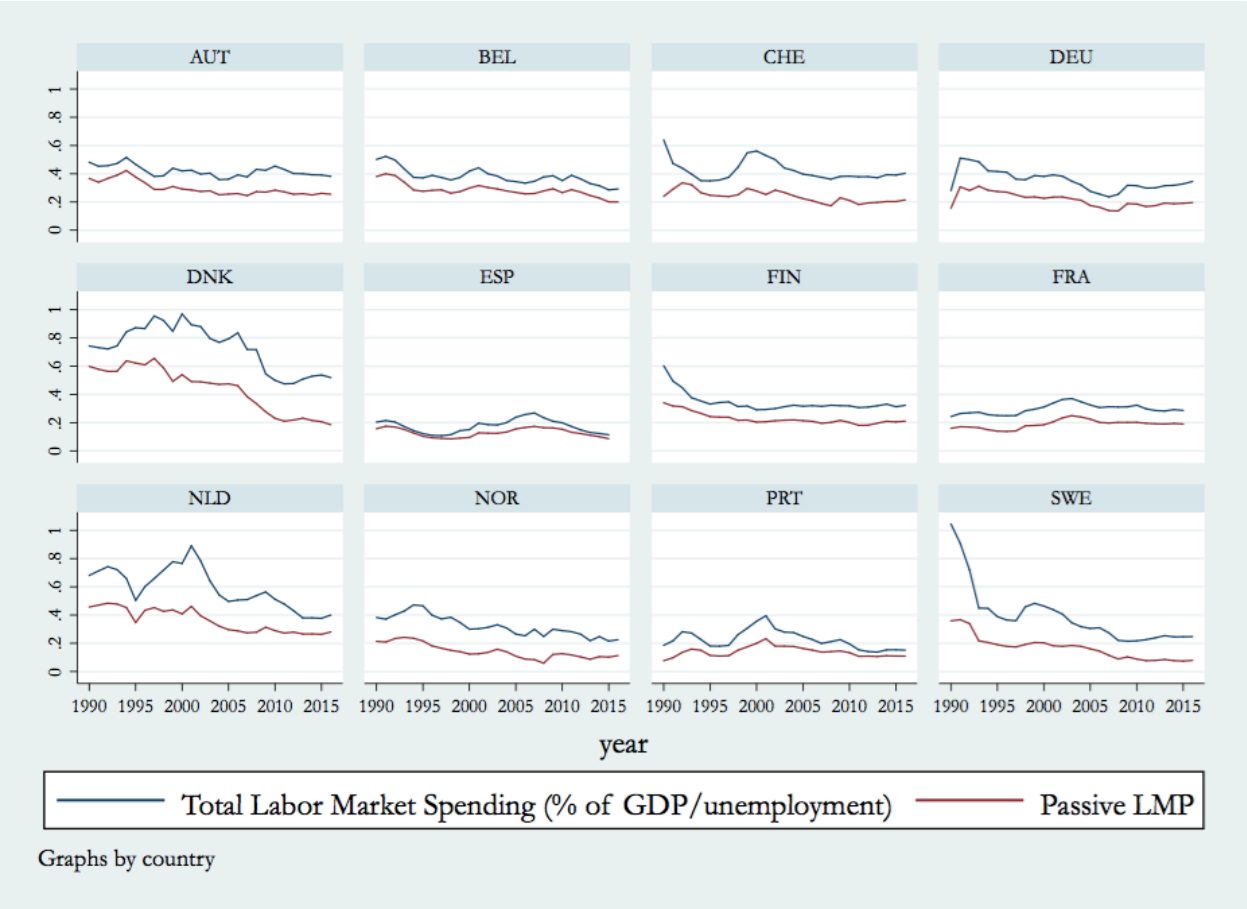
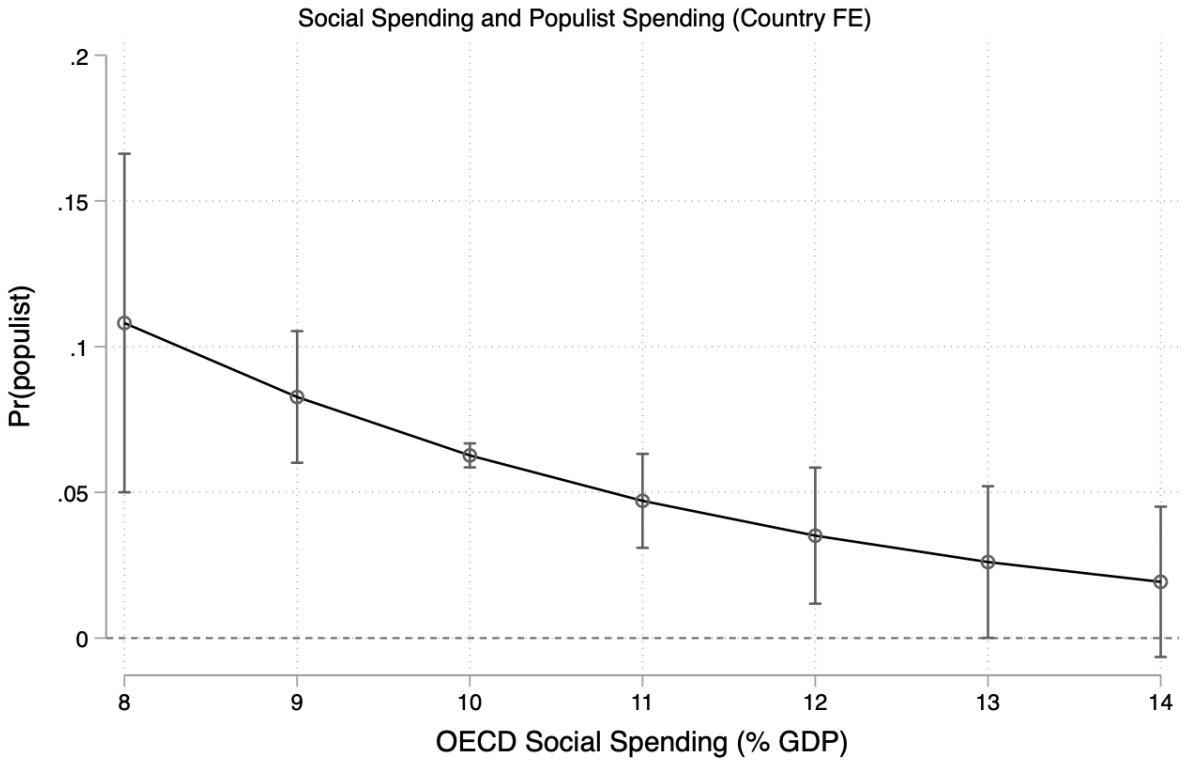


Figure 2: Predicted Probabilities of Populist Support at Different Levels of Social Services Spending (Model 4b)



Source: Author's calculations. Data from European Social Survey; OECD.

Figure 3: Predicted Probabilities of Populist Support at Different Levels of Labor Market Spending

Source: Author's calculations. Data from European Social Survey; OECD.

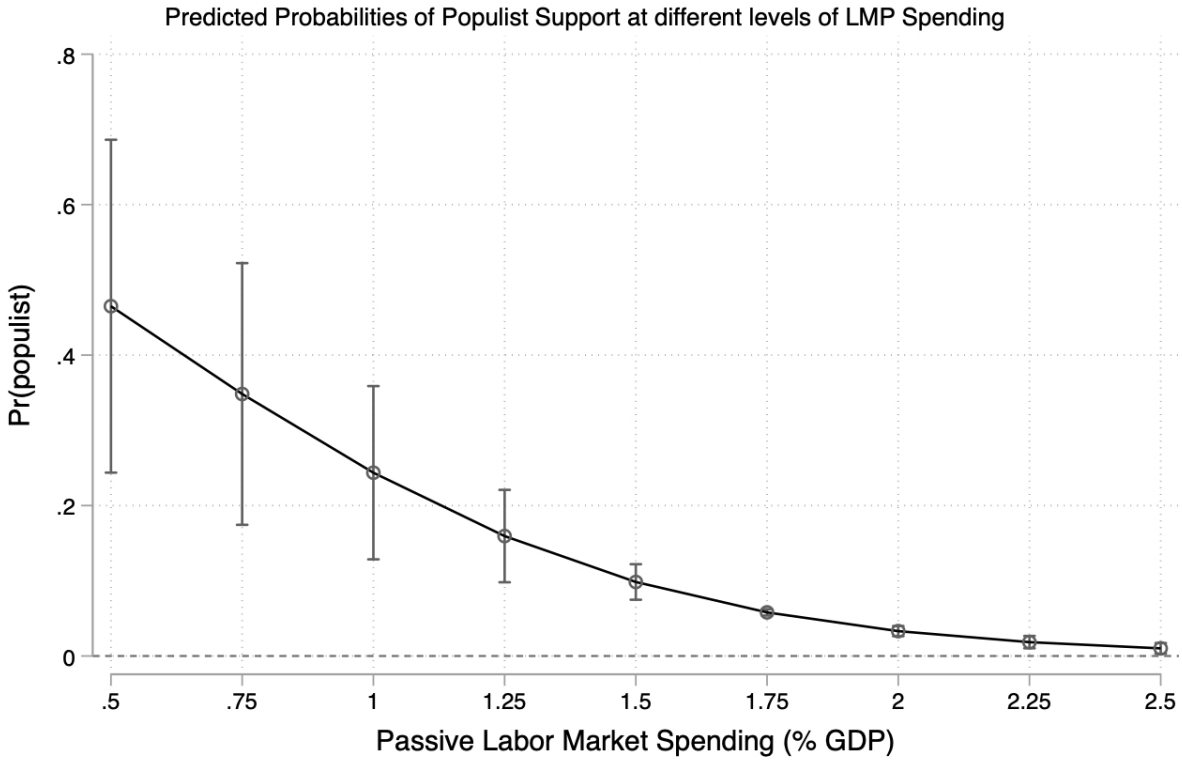
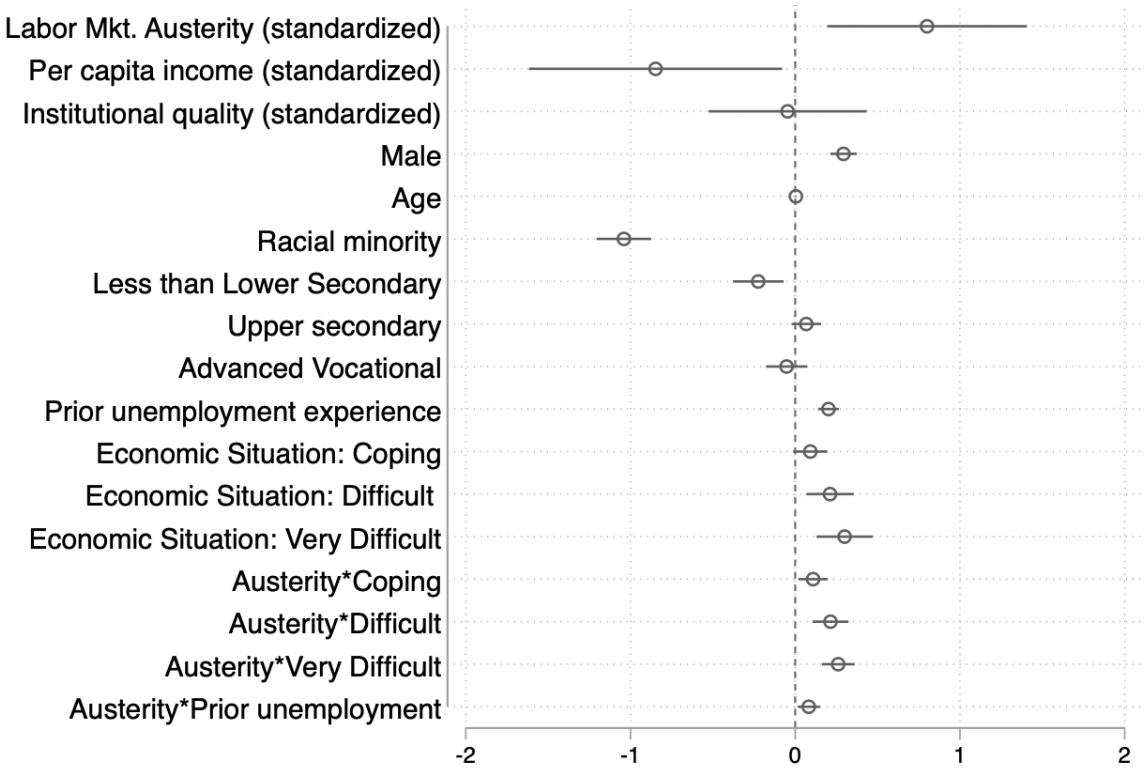


Figure 4: Impact of Austerity (and other factors) on Populist Support

Source: Author's calculations. Data from European Social Survey; OECD.



Appendix 2: Tables

Table 1: Panel Summary Statistics

	mean	median	count
Populist Vote Share	9.9	7.4	187
Labor Market Spending (% of GDP)	2.3	2.2	187
Social Services Spending (% of GDP)	8.1	7.8	187
Total Social Spending (% of GDP)	23.2	24.0	187
Unemployment Rate	8.4	7.7	187
Election Type (1=National; 2=European)	1.4	1	187
Per capita income (PPP, €'000s)	30.2	27.1	187
Immigration Rate (% of population)	0.79	0.6	187
Percentage Employed in Industry	25.1	25.4	187
Deindustrialization (Decrease in Industry Employment since Mid-1990's)	9.4	7.5	187
Deindustrialization*Labor Market Spending	22.1	12.6	187
Deindustrialization*Social Services Spending	87.1	53.7	187
Deindustrialization*Total Social Spending	239.3	163.5	187
Immigration*Labor Market Spending	1.6	1.6	187
Immigration*Social Services Spending	6.3	4.7	187
Immigration*Total Social Spending	17.9	14.3	187

Table 2, Determinants of Populist Vote Share, Panel Analysis

Table 2, Determinants of Populist Vote Share, The Effect of Compensation

	Social Services Spending (RE) (1)	Active Labor Spending (RE) (2)	Passive Labor Spending (RE) (3)	Social Services Spending (RE) (4)	Active Labor Market Spending (RE) (5)	Passive Labor Market Spending (RE) (6)
Compensation (% of GDP)	-4.950*** (0.000)	-0.557 (0.568)	-3.419*** (0.000)	-4.034** (0.001)	-0.753 (0.452)	-4.298*** (0.000)
Unemployment Rate	0.985 (0.376)	1.493 (0.192)	3.352** (0.005)	0.300 (0.793)	1.375 (0.232)	2.314* (0.050)
Per Capita Income	-0.761 (0.570)	-0.0914 (0.946)	-0.989 (0.467)	-0.701 (0.593)	-0.0726 (0.957)	-2.540 (0.064)
% Employed in Industry	0.385 (0.874)	0.00347 (0.999)	1.433 (0.574)	-0.318 (0.886)	-0.0875 (0.969)	-0.731 (0.768)
Deindustrialization (% Change since 1999)	1.721 (0.363)	0.814 (0.658)	2.022 (0.303)	0.822 (0.650)	0.351 (0.855)	0.504 (0.792)
Corruption Perceptions Index (TI)	-1.184 (0.391)	-1.519 (0.282)	-1.399 (0.321)	-1.299 (0.333)	-1.622 (0.251)	-1.148 (0.396)
European Parliament Election	-0.694 (0.625)	-0.445 (0.767)	-0.819 (0.565)	-0.583 (0.681)	-0.395 (0.792)	-0.500 (0.716)
Compensation * Deindustrialization				-1.173* (0.044)	-0.494 (0.402)	-2.226*** (0.000)
Constant	3.709 (0.401)	6.748 (0.133)	8.274 (0.063)	4.032 (0.351)	6.166 (0.174)	6.692 (0.119)
Constant	2.044*** (0.000)	1.898*** (0.000)	2.117*** (0.000)	1.921*** (0.000)	1.896*** (0.000)	2.057*** (0.000)
Constant	1.740*** (0.000)	1.796*** (0.000)	1.740*** (0.000)	1.740*** (0.000)	1.794*** (0.000)	1.704*** (0.000)
Observations	187	187	187	187	187	187

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

Table 3, Determinants of Populist Vote Share, The Effect of Cuts

	Social Services Spending (FE) (3a)	Active Labor Spending (FE) (3b)	Passive Labor Spending (FE) (3c)	Indexed Social Spending (FE) (4a)	Indexed Active Labor Market Spending (4b)	Indexed Passive Labor Market Spending (4c)
Social Spending	-4.689** (0.006)	-0.858 (0.451)	-4.005*** (0.000)			
Indexed Social Spending Change				-0.138* (0.014)	-0.0228* (0.034)	-0.0585* (0.013)
Unemployment Rate	0.497 (0.710)	1.507 (0.253)	2.797* (0.028)	2.732* (0.050)	1.631 (0.206)	2.652* (0.039)
Per Capita Income	-6.306*** (0.000)	-6.603*** (0.000)	-6.770*** (0.000)	-7.429*** (0.000)	-6.190*** (0.000)	-7.175*** (0.000)
% Employed in Industry	23.60** (0.001)	29.43*** (0.000)	20.12** (0.007)	29.14*** (0.000)	31.77*** (0.000)	28.29*** (0.000)
Deindustrialization (% Change since 1999)	16.16*** (0.001)	19.09*** (0.000)	13.65** (0.005)	19.14*** (0.000)	21.67*** (0.000)	18.59*** (0.000)
Corruption Perceptions Index (TI)	-4.781** (0.005)	-4.805* (0.016)	-4.333* (0.018)	-4.918** (0.006)	-4.064* (0.039)	-5.022** (0.008)
European Parliament Election	-0.276 (0.820)	0.0249 (0.984)	-0.283 (0.818)	-0.421 (0.728)	-0.00572 (0.996)	-0.0946 (0.937)
Deindustrialization * Compensation	-0.551 (0.358)	-0.274 (0.709)	-1.257 (0.102)			
Constant	-12.41 (0.103)	-14.40 (0.072)	-2.592 (0.751)	0.0293 (0.997)	-11.48 (0.130)	-6.785 (0.346)
Observations	187	187	187	187	187	187
Adjusted R^2	0.639	0.612	0.647	0.628	0.622	0.633

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

Table 4: Populist Vote Share by Educational Group

	Populist vote share	Proportion of total voters
ES-ISCED I , less than lower secondary	0.06	0.17
ES-ISCED II, lower secondary (*reference group*)	0.09	0.24
ES-ISCED IIIb, lower tier upper secondary	0.09	0.19
ES-ISCED IIIa, upper tier upper secondary	0.12	0.17
ES-ISCED IV, advanced vocational, sub-degree	0.07	0.09
ES-ISCED V1, lower tertiary education, BA level	0.06	0.07
ES-ISCED V2, higher tertiary education, >= MA level	0.06	0.08

Source: European Social Survey, Waves 1-8. Proportions weighted by country population. Rounding may lead to totals greater than 1.

Table 5: Populist Party Support by Occupational Group

	Populist vote share	Proportion of total voters
Elementary occupations	0.076	0.13
Plant and machine operators, and assemblers	0.095	0.08
Craft and related trades workers	0.10	0.14
Skilled agricultural, forestry and fishery workers	0.067	0.04
Service and sales workers	0.091	0.20
Clerical support workers (*reference group*)	0.076	0.10
Technicians and associate professionals	0.073	0.14
Professionals	0.067	0.11
Managers	0.067	0.06
Armed forces occupations	0.069	0.003

Source: European Social Survey, Waves 1-8. Proportions weighted by country population. Rounding may lead to totals greater than 1.

Table 6, Likelihood of Populist Vote

	Social Services Spending (RE)	Social Services Spending (FE)	Active Labor Market Spending (RE)	Active Labor Market Spending (FE)	Passive Labor Market Spending (RE)	Passive Labor Market Spending (FE)
Social Spending (% GDP)	-0.747* (0.018)	-0.739 (0.076)	-0.440 (0.260)	-0.417 (0.203)	-1.427*** (0.000)	-1.459*** (0.000)
Unemployment Rate	-0.676 (0.107)	-0.737 (0.091)	-0.496 (0.346)	-0.589 (0.214)	0.318 (0.469)	0.340 (0.423)
Per Capita Income (€'000s)	-0.0594 (0.881)	0.0514 (0.956)	0.344 (0.450)	0.492 (0.494)	0.109 (0.736)	0.0836 (0.897)
Institutional Corruption Index	0.600 (0.074)	0.635* (0.039)	0.534 (0.297)	0.570 (0.197)	-0.145 (0.516)	-0.168 (0.564)
Manufacturing Employment (% of GDP)	-2.184*** (0.000)	-2.287** (0.003)	-1.904*** (0.000)	-2.058** (0.004)	-0.627 (0.160)	-0.602 (0.331)
Male	0.277*** (0.000)	0.277*** (0.000)	0.277*** (0.000)	0.277*** (0.000)	0.278*** (0.000)	0.278*** (0.000)
Age (Years)	0.00332* (0.041)	0.00331** (0.004)	0.00331* (0.041)	0.00330** (0.004)	0.00336* (0.037)	0.00335** (0.004)
Racial/Ethnic Minority	-0.727*** (0.000)	-0.727*** (0.000)	-0.727*** (0.000)	-0.726*** (0.000)	-0.727*** (0.000)	-0.727*** (0.000)
Education: Less than lower secondary	-0.138 (0.407)	-0.138 (0.200)	-0.137 (0.410)	-0.136 (0.202)	-0.140 (0.401)	-0.140 (0.194)
Education: Upper secondary	0.136 (0.090)	0.137* (0.010)	0.138 (0.089)	0.138** (0.010)	0.137 (0.090)	0.137* (0.010)
Education: Advanced vocational	0.0486 (0.704)	0.0485 (0.592)	0.0476 (0.711)	0.0476 (0.599)	0.0467 (0.716)	0.0466 (0.606)
Education: Tertiary education	-0.113 (0.601)	-0.113 (0.411)	-0.113 (0.601)	-0.113 (0.410)	-0.112 (0.607)	-0.111 (0.418)
Routine skills	-0.109 (0.073)	-0.109 (0.063)	-0.108 (0.075)	-0.108 (0.064)	-0.109 (0.071)	-0.109 (0.062)
Machinist	0.123 (0.147)	0.123 (0.146)	0.122 (0.148)	0.122 (0.149)	0.122 (0.147)	0.122 (0.148)
Craft Worker	0.0842 (0.272)	0.0839 (0.346)	0.0829 (0.276)	0.0826 (0.352)	0.0811 (0.284)	0.0812 (0.362)
Skilled Agriculturalist	-0.0956 (0.629)	-0.0960 (0.468)	-0.0981 (0.619)	-0.0985 (0.456)	-0.103 (0.603)	-0.102 (0.438)
Service Worker	0.0698 (0.091)	0.0696 (0.214)	0.0681 (0.100)	0.0680 (0.225)	0.0664 (0.113)	0.0663 (0.238)
Technician	-0.0697 (0.299)	-0.0701 (0.157)	-0.0712 (0.288)	-0.0717 (0.146)	-0.0731 (0.281)	-0.0731 (0.140)
Professional	-0.0518 (0.736)	-0.0518 (0.584)	-0.0535 (0.728)	-0.0535 (0.571)	-0.0595 (0.701)	-0.0594 (0.532)
Manager	-0.125 (0.485)	-0.125 (0.225)	-0.127 (0.480)	-0.127 (0.219)	-0.128 (0.479)	-0.127 (0.218)
Army	-0.316* (0.024)	-0.315 (0.322)	-0.322* (0.021)	-0.321 (0.312)	-0.320* (0.021)	-0.321 (0.313)
Trade Union Member	0.400* (0.046)	0.400*** (0.001)	0.397* (0.048)	0.398*** (0.001)	0.396* (0.049)	0.396*** (0.001)
City	0.121 (0.239)	0.121 (0.158)	0.122 (0.237)	0.122 (0.156)	0.125 (0.220)	0.125 (0.145)
Suburb	0.106 (0.055)	0.106 (0.106)	0.105 (0.056)	0.105 (0.109)	0.102 (0.063)	0.102 (0.120)

Village	0.0269 (0.767)	0.0268 (0.713)	0.0268 (0.767)	0.0267 (0.713)	0.0255 (0.777)	0.0254 (0.726)
Farm	0.0807 (0.562)	0.0807 (0.556)	0.0794 (0.568)	0.0796 (0.561)	0.0758 (0.587)	0.0755 (0.582)
Prior Unemployment Experience	0.213** (0.008)	0.213*** (0.000)	0.211** (0.009)	0.211*** (0.000)	0.214** (0.008)	0.214*** (0.000)
Economic Situation: Coping	0.203* (0.013)	0.203*** (0.000)	0.202* (0.013)	0.202*** (0.000)	0.199* (0.016)	0.199*** (0.000)
Economic Situation: Difficult	0.351* (0.015)	0.351*** (0.000)	0.350* (0.015)	0.350*** (0.000)	0.344* (0.018)	0.345*** (0.000)
Economic Situation: Very Difficult	0.323 (0.216)	0.324* (0.033)	0.322 (0.218)	0.322* (0.033)	0.316 (0.228)	0.317* (0.036)
Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Country Dummies	No	Yes	No	Yes	No	Yes
Constant	-3.049** (0.009)	-0.309 (0.895)	-2.070 (0.123)	1.063 (0.558)	-3.150** (0.002)	-1.217 (0.476)
var(_cons[country2])	6.882 (0.139)		6.186 (0.153)		4.153 (0.063)	
Observations	138305	130608	138305	130608	138305	130608

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

Table 7, Likelihood of Populist Vote, Right-wing versus Left-wing

	Social Services Spending + RW Populism	Active LMP + RW Populism	Passive LMP + RW Populism	Social Services Spending + LW Populism (RE)	Active LMP + LW Populism	Passive LMP + LW Populism
Social Spending (% GDP)	-0.219 (0.602)	0.781*** (0.000)	-2.048 (0.070)	0.503** (0.005)	-0.319 (0.086)	-0.656** (0.009)
Unemployment Rate	-3.314** (0.003)	-3.694*** (0.000)	-1.929 (0.073)	-0.707 (0.076)	-0.413 (0.396)	-0.0948 (0.865)
Per Capita Income (€'000s)	-0.101 (0.887)	0.186 (0.795)	-0.423 (0.496)	0.232 (0.681)	0.0993 (0.772)	-0.160 (0.812)
Institutional Corruption Index	0.470 (0.323)	-0.0881 (0.778)	-0.0827 (0.785)	-1.883*** (0.000)	-1.254** (0.003)	-1.650*** (0.000)
Manufacturing Employment (% of GDP)	-3.014*** (0.001)	-3.533** (0.004)	-1.753** (0.005)	0.0271 (0.975)	0.0186 (0.983)	0.220 (0.813)
Male	0.331*** (0.000)	0.333*** (0.000)	0.332*** (0.000)	0.117 (0.131)	0.118 (0.130)	0.118 (0.130)
Age (Years)	0.00415 (0.133)	0.00419 (0.127)	0.00421 (0.124)	0.000549 (0.878)	0.000498 (0.890)	0.000552 (0.877)
Racial/Ethnic Minority	-1.109*** (0.000)	-1.109*** (0.000)	-1.108*** (0.000)	-0.487*** (0.000)	-0.488*** (0.000)	-0.487*** (0.000)
Education: Less than lower secondary	0.000996 (0.994)	-0.00172 (0.990)	-0.00367 (0.978)	-0.234 (0.090)	-0.229 (0.096)	-0.236 (0.090)
Education: Upper secondary	0.157 (0.185)	0.154 (0.197)	0.155 (0.195)	0.145*** (0.000)	0.146*** (0.000)	0.144*** (0.000)
Education: Advanced vocational	-0.182 (0.276)	-0.184 (0.275)	-0.180 (0.281)	0.280*** (0.000)	0.280*** (0.000)	0.280*** (0.000)
Education: Tertiary education	-0.761*** (0.000)	-0.763*** (0.000)	-0.762*** (0.000)	0.454*** (0.000)	0.453*** (0.000)	0.453*** (0.000)
Routine skills	0.0137 (0.761)	0.0115 (0.793)	0.0124 (0.777)	-0.0636 (0.381)	-0.0645 (0.372)	-0.0645 (0.375)
Machinist	0.372*** (0.000)	0.365*** (0.000)	0.367*** (0.000)	-0.00927 (0.900)	-0.00923 (0.900)	-0.00820 (0.911)
Craft Worker	0.261* (0.023)	0.254* (0.023)	0.256* (0.022)	-0.0392 (0.526)	-0.0389 (0.528)	-0.0398 (0.517)
Skilled Agriculturalist	-0.0639 (0.850)	-0.0756 (0.823)	-0.0736 (0.828)	-0.156 (0.146)	-0.158 (0.140)	-0.156 (0.146)
Service Worker	0.0811* (0.036)	0.0791* (0.043)	0.0786* (0.044)	0.0224 (0.809)	0.0223 (0.811)	0.0222 (0.811)
Technician	-0.0803 (0.398)	-0.0881 (0.344)	-0.0865 (0.351)	0.0316 (0.662)	0.0312 (0.666)	0.0330 (0.646)
Professional	-0.383** (0.010)	-0.391** (0.009)	-0.390** (0.008)	0.207* (0.023)	0.209* (0.021)	0.209* (0.022)
Manager	-0.160 (0.063)	-0.163 (0.060)	-0.166 (0.053)	-0.0790 (0.725)	-0.0783 (0.727)	-0.0774 (0.729)
Army	-0.157 (0.486)	-0.155 (0.494)	-0.157 (0.488)	-0.579* (0.018)	-0.581* (0.018)	-0.577* (0.018)
Trade Union Member	0.0701 (0.346)	0.0700 (0.347)	0.0702 (0.345)	0.889*** (0.000)	0.890*** (0.000)	0.891*** (0.000)
City	-0.137*** (0.000)	-0.133*** (0.000)	-0.134*** (0.000)	0.245** (0.002)	0.245** (0.002)	0.244** (0.002)
Suburb	0.0416	0.0412	0.0411	0.0788	0.0805	0.0783

	(0.665)	(0.667)	(0.668)	(0.072)	(0.069)	(0.074)
Village	0.187 (0.100)	0.190 (0.093)	0.188 (0.096)	-0.130*** (0.000)	-0.130*** (0.000)	-0.131*** (0.000)
Farm	0.196 (0.174)	0.195 (0.177)	0.197 (0.172)	-0.195*** (0.000)	-0.196*** (0.000)	-0.195*** (0.000)
Prior Unemployment Experience	0.0967* (0.027)	0.0991* (0.023)	0.0981* (0.025)	0.394*** (0.000)	0.392*** (0.000)	0.397*** (0.000)
Economic Situation: Coping	0.0857 (0.215)	0.0864 (0.211)	0.0848 (0.219)	0.323*** (0.000)	0.324*** (0.000)	0.322*** (0.000)
Economic Situation: Difficult	0.180 (0.095)	0.176 (0.104)	0.176 (0.103)	0.484** (0.002)	0.487** (0.002)	0.481** (0.002)
Economic Situation: Very Difficult	0.130 (0.328)	0.130 (0.322)	0.128 (0.328)	0.539* (0.041)	0.543* (0.039)	0.538* (0.042)
Constant	-4.583*** (0.000)	-5.205** (0.001)	-5.494*** (0.000)	-10.50*** (0.000)	-9.955*** (0.000)	-10.65*** (0.000)
var(_cons[country2])	14.64 (0.256)	16.83 (0.285)	9.975 (0.239)	7.091 (0.160)	8.017 (0.140)	9.875 (0.190)
Observations	138305	138305	138305	143631	143631	143631

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

Table 8, Economic Austerity and Populist Voting

	Passive Labor Market Cuts (FE)	Social Services Cuts (FE)	Passive Labor Market Cuts with Interactions (FE)	Social Services Cuts with Interactions (FE)
Austerity (% cuts 1998 baseline)	1.617***	0.682***	0.800**	0.682***
	(0.000)	(0.000)	(0.010)	(0.000)
Per Capita Income (€'000s)	-1.474*	-0.692**	-0.848*	-0.691**
	(0.012)	(0.007)	(0.031)	(0.008)
Institutional Corruption Index	0.0184	0.228	-0.0462	0.226
	(0.945)	(0.303)	(0.850)	(0.308)
Manufacturing Employment (% of GDP)	0.151	-0.839**	0.145	-0.837**
	(0.777)	(0.002)	(0.650)	(0.002)
Male	0.277***	0.291***	0.293***	0.291***
	(0.000)	(0.000)	(0.000)	(0.000)
Age (Years)	0.00335**	0.00420**	0.00433**	0.00422**
	(0.003)	(0.006)	(0.004)	(0.006)
Racial/Ethnic Minority	-0.728***	-1.030***	-1.040***	-1.028***
	(0.000)	(0.000)	(0.000)	(0.000)
Education: Less than lower secondary	-0.137	-0.226**	-0.225**	-0.223**
	(0.201)	(0.004)	(0.004)	(0.005)
Education: Upper secondary	0.136*	0.0707	0.0671	0.0722
	(0.011)	(0.126)	(0.142)	(0.118)
Education: Advanced vocational	0.0514	-0.0493	-0.0525	-0.0490
	(0.568)	(0.447)	(0.412)	(0.450)
Education: Tertiary education	-0.108	-0.417***	-0.409***	-0.416***
	(0.432)	(0.000)	(0.000)	(0.000)
Routine skills	-0.106	0.0487	0.0560	0.0482
	(0.069)	(0.354)	(0.267)	(0.353)
Machinist	0.121	0.295***	0.293***	0.296***
	(0.152)	(0.000)	(0.000)	(0.000)
Craft Worker	0.0796	0.210***	0.210***	0.210***
	(0.371)	(0.000)	(0.000)	(0.000)
Skilled Agriculturalist	-0.108	0.0699	0.0711	0.0716
	(0.409)	(0.683)	(0.677)	(0.676)
Service Worker	0.0650	0.118**	0.117**	0.118**
	(0.249)	(0.006)	(0.007)	(0.006)
Technician	-0.0754	-0.0121	-0.0207	-0.0122
	(0.130)	(0.728)	(0.548)	(0.725)
Professional	-0.0716	-0.149*	-0.170*	-0.149*
	(0.453)	(0.039)	(0.019)	(0.040)
Manager	-0.134	-0.0837	-0.0934	-0.0832
	(0.196)	(0.211)	(0.164)	(0.208)
Army	-0.334	0.108	0.0670	0.108
	(0.293)	(0.587)	(0.735)	(0.586)
Trade Union Member	0.392**	0.285***	0.278***	0.285***
	(0.001)	(0.000)	(0.000)	(0.000)
City	0.124	-0.000336	-0.00208	0.000159
	(0.148)	(0.995)	(0.970)	(0.998)
Suburb	0.102	0.0796*	0.0788*	0.0804*
	(0.120)	(0.042)	(0.038)	(0.039)
Village	0.0268	0.0227	0.0261	0.0224
	(0.713)	(0.628)	(0.566)	(0.634)
Farm	0.0786	0.0446	0.0438	0.0457

	(0.567)	(0.559)	(0.561)	(0.544)
Prior Unemployment Experience	0.212*** (0.000)	0.227*** (0.000)	0.202*** (0.000)	0.230*** (0.000)
Economic Situation: Coping	0.197*** (0.000)	0.148** (0.004)	0.0919 (0.083)	0.143** (0.007)
Economic Situation: Difficult	0.340*** (0.000)	0.282*** (0.000)	0.211** (0.004)	0.276*** (0.000)
Economic Situation: Very Difficult	0.312* (0.039)	0.374*** (0.000)	0.300*** (0.001)	0.369*** (0.000)
Austerity*Coping			0.108* (0.018)	0.0257 (0.597)
Austerity*Difficult			0.214*** (0.000)	0.0118 (0.870)
Austerity*Very Difficult			0.261*** (0.000)	0.0333 (0.727)
Austerity*Unemployment Experience			0.0824* (0.017)	-0.0438 (0.323)
Constant	-5.843*** (0.000)	-3.849*** (0.000)	-4.361*** (0.000)	-3.858*** (0.000)
Observations	130608	130608	130608	130608

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

Appendix 3: Categorization of Parties

Country	Party Abbreviation	Full Party Name	Populist Party?	Radical Party?
Austria	FPÖ	*Freiheitliche Partei Österreichs*	Yes	Right
	BZÖ	*Bündnis Zukunft Österreich*	Yes	Right
	Martin	*Hans Peter Martin's List*	Yes	No
	TS	*Team Stronach*	Yes	No
Belgium	VB	*Vlaams Belang*	Yes	Right
	PVDA/PTB	*Partij van de Arbeid van België*	No	Left
	FN	*Front National*	Yes	Right
	LDD		Yes	No
Denmark	En-O	Red-Green Alliance (*Enhedslistan)*	No	Left
	DF	Danish People's Party (*Dansk Folkeparti)*	Yes	Right
	FRP	Progress Party (*Fremskridtspartiet)*	Yes	Right
	SF	*Socialist People's Party*	No	Left
Finland	PS	Finns Party (*Sannfinländarna)*	Yes	Right
	VAS	Left Alliance	No	Left
	SIN	Blue Reform	Yes	No
France	FN	*Front National*	Yes	Right
	FI	*Le France Insoumise*	No	Left
	PCF/FdG	*Parti Communiste Francais/ Front de Gauche*	Yes	Left
Germany	PDS/Linke	*Die Linke*	Yes	Left
	AfD	*Alternative für Deutschland*	Yes	Right
Greece	Syriza	*Syriza – Coalition of the Radical Left*	Yes	Left
	ANEL	Independent Greeks	Yes	No
	Golden Dawn	Golden Dawn		Right
	KKE	Communist Party of Greece		Left
	LAOS	Popular Orthodox Rally	Yes	Right
	SYN	Synaspismos – The Coalition of the Left		Left
	DIKKI	Democratic Social Movement	Yes	Left
Ireland	SF	*Sinn Féin*	Yes	Left
	SP	*Socialist Party*	No	Left
Italy	PdL	The People of Freedom/ Forza Italia (FI)	Yes	No
	LN	*Lega (Lega Nord)*	Yes	Right
	M5S	*Movimento Cinque Stelle*	Yes	No
	SEL	Left Ecology Freedom	No	Left
	FDI	*Fratelli d'Italia - Alleanza Nazionale*	Yes	Right
	RC	Civil Revolution	No	Left
	PdCl	Party of the Italian Communists	No	Left
	MSFT	Tricolor Flame Social Movement	No	Right
	PRC	Communist Refoundation Party	No	Left

Luxembourg	ADR Dei Lenk	Alternative Democratic Reform Party The Left	Yes No	No Left
Netherlands	PVV SP LPF 50PLUS	*Partij voor de Vrijheid* *Socialistische Partij* *Lijst Pim Fortuyn* 50PLUS	Yes Yes Yes No	Right Left Right No
Norway	FrP SV Rödt KrF	Progress Party (*Fremskrittspartiet)* Socialist Left Party *Rödt* *Christian Democratic Party*	Yes No No No	Right Left Left No
Portugal	BE CDU(PEV & PCP)	*Bloco de Esquerda* Unitary Democratic Coalition	No No	Left Left
Spain	IU Podemos	*Izquierda Unida* *Podemos*	No Yes	Left Left
Sweden	V (VPK) SD	*Vänsterpartiet (previously Vänsterpartiet Kommunisterna)* *Sverigedemokraterna*	No Yes	Left Right
Switzerland	SVP	*Schweizerische Volkspartei*	Yes	Right
United Kingdom	UKIP	*United Kingdom Independence Party*	Yes	Right

Source: Rooduijn et al. 2019. Available at < https://popu-list.org.