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Economic Insecurity, Racial Anxiety and Right-Wing Populism[*]

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Abstract

This paper studies the roles of economic insecurity and attitudes to racial inequality as predictors of voting patterns in the 2016 US election. Using data from the 2016 Voter Survey, we show that both perceptions of economic insecurity, and concerns over anti-white discrimination, are significant correlates of Republican support. Effect sizes on racial attitudes are much larger than those found on economic insecurity, although the effects of insecurity become larger when accounting for both short-term and long-term economic stress. We also show there is very little heterogeneity in the effects of insecurity across racial groups—both Whites and minorities are more likely to vote Republican when experiencing short term insecurity. Our results suggest that policies that mitigate micro-level economic risk may lessen support for populist political candidates.

Keywords: Economic Insecurity, Racial Anxiety, Trump, Voting Preference.

JEL Classification Numbers: D63; D72.

1   Introduction

Populism has received renewed attention in the public and academic debate in the last few years, particularly after Donald Trump's election and the Brexit referendum in 2016. Defined as an ideology based on the antagonism between "the pure people" and the "corrupted elite" (Mudde, 2004), populism combines different ideologies (socialism, nationalism) according to the socio-political context in which it emerges (Mudde, 2004; Mudde & Rovira Kaltwasser, 2018). In contemporary times, right-wing populism is the most common form. It has been on the rise in Europe and in the US since the last decade, with populist right-wing parties consistently increasing their vote share. With its ideological features of nativism and authoritarianism, the surge of right-wing populism is a reason for concern among social scientists.

There is no clear consensus on the causes of this recent upsurge, with two main explanations proposed in the literature. The *Economic Insecurity* (henceforward EI) thesis identifies the economic distress and displacement caused by globalization as one of the main drivers of the populist demand (Bossert *et al.*, 2019; Colantone & Stanig, 2018b; Guiso *et al.*, 2017, 2020; Rodrik, 2018, 2021; Vlandas & Halikiopoulou, 2019). Instead, the *Cultural Backlash* thesis discusses populism as a reaction against the rise of progressive and post-materialist values (Norris & Inglehart, 2016, 2019) or an identity response against the perceived loss of cultural dominance (Mutz, 2018; Norris & Inglehart, 2016, 2019).

This debate is controversial and ongoing. Despite the evidence that economic insecurity plays a role for support of right-wing populism (Guriev & Papaioannou, 2020), political scientists argue that it is of marginal relevance compared to cultural factors (Margalit, 2019). Our paper contributes to this debate by testing the two hypotheses of economic insecurity and cultural backlash, analyzing data from the US 2016 Presidential election. In particular, we consider the roles of economic insecurity and one cultural factor, perceived reverse discrimination, in predicting support for Donald Trump. We find that both perceived reverse discrimination and economic insecurity play a significant role, although perceived reverse discrimination is quantitatively more important.

We further argue that some definitional and measurement issues associated with EI have led to its impact on behavior being understated. For example, EI is generally concerned with short term risks, but anxiety may be driven more by longer term problems such as stagnation, or a sense of falling behind. In order to address this, we identify two comparable sets of variables that capture both short-term and long-term EI, and contrast these with the variable that captures voters' perceptions of anti-white discrimination. Although we find that the effects of perceived reverse discrimination are always bigger, we find the role of economic insecurity is increased when we consider the long- and short-term definitions combined.

The effect of economic insecurity could differ across racial groups. We therefore consider the interaction between economic insecurity and race. Surprisingly, we find that coefficients on short term economic insecurity do not change sign when interacted with markers of racial minority status. In fact, we find very little heterogeneity in the effects of insecurity across racial groups. Thus, short term economic insecurity seems to predict support for right wing populism in minorities as well as White voters. This is notable for two reasons. First, economic insecurity is often framed as a wedge issue pitting the interests of the White sub-population against minority counterparts. Second, in the absence of racial politics, we would expect economic insecurity to predict support for parties that wish to expand social safety nets. The behavior of our minority sample suggests that this is not the case.

In addition, we consider the interaction between our key variables and voting history as a way to identify the role of economic insecurity and perceived reverse discrimination in switching towards a populist candidate. We find that both our measures of economic insecurity are important drivers for non-former Republican voters to switch in 2016, although perceived reverse discrimination had the bigger effect. These findings are further supported when we restrict the analysis to Obama voters in the two previous elections (2012 and 2008). We find that economic insecurity and perceived reverse discrimination play a significant role in explaining the switch from Obama in 2012 to Trump in 2016.

Since our estimates are dependent upon assumptions of exogeneity, we explore a number of different approaches to account for potentially omitted factors. We employ a wide variety of control variables known to capture many of the social and cultural determinants of voter behavior (e.g., income, gender, and religion: Brooks *et al.* (2006); Lipset and Rokkan (1967)). Further, we control for lagged voting behaviour. This removes unobservable, time-invariant heterogeneity associated with partisan choice. We observe that our results are stable across multiple specifications.

Our results have some important implications for economic and social policy. Having showed that economic factors are meaningful in explaining the rise of right-wing populism, the responsibility of addressing the problem lies with economic policies—in particular, those that aim to increase social security and inclusion. Policies that mitigate EI are likely to reduce the support for right-wing populism especially among those individuals exposed to high social risks (Vlandas & Halikiopoulou, 2022).

This paper is organized as follows. Section 2 lays out the existing literature on how economic insecurity and racial anxiety shape the populist vote and describes the US context of 2016 election. Section 3 describes the data and construction of our main variables. Section 4 explains our empirical strategy, and our main findings are summarized in section 5. Section 6 provides an interpretation of our results. Then, concluding remarks are offered in Section 7. In the Appendix, we provide additional results and robustness checks.

2 Background

As discussed in the introduction, two main explanations have been proposed for the recent rise of right-wing populism: economic insecurity and cultural backlash. Here we briefly discuss the related literature.

2.1 Economic Insecurity and Right-Wing Populism

In the literature on right-wing populism, economic insecurity has been discussed as the result of deep changes to the global economic system that have taken place in recent years (Guiso *et al.*, 2017, 2020; Rodrik, 2021). It has been argued that economic dislocation has triggered a populist reaction among the losers of globalization, whose resentment and anger against the elite has favored right-wing parties due to their protectionist and nationalistic claims (Guiso *et al.*, 2017, 2020; Rodrik, 2021).[1]

Defined as the anxiety produced by a lack of economic safety, i.e. by an inability to obtain protection against subjectively significant potential economic losses (Osberg, 1998; Osberg & Sharpe, 2014), economic insecurity has implications for many aspects of individual well-being (Clark & Lepinteur, 2020; Osberg & Sharpe, 2009; Reichert & Tauchmann, 2017; Rohde *et al.*, 2016; Smith *et al.*, 2009; Watson, 2018; Watson & Osberg, 2017), and political attitudes (Hacker *et al.*, 2013; Mughan & Lacy, 2002). As a multidimensional concept (Cantó *et al.*, 2020; Romaguera-de-la Cruz, 2020), different facets of economic insecurity are often used to generate a comprehensive definition of the phenomenon (Bossert & D'Ambrosio, 2016; Rohde & Tang, 2018). These facets include job insecurity (Sverke *et al.*, 2006), income insecurity (Rohde *et al.*, 2020, 2014) and wealth insecurity (Bossert & D'Ambrosio, 2013).

Several authors have discussed how the globalization process has increased the share of the population facing unemployment, precarious employment, low/stagnant wages and income volatility (Autor *et al.*, 2013; Bloom *et al.*, 2016; Funke *et al.*, 2016; Goos *et al.*, 2014; Iversen & Soskice, 2019; Kurer & Palier, 2019; Scheve & Slaughter, 2004). This "globalization-induced insecurity" (Mughan *et al.*, 2003) has been analyzed in different contributions as driver of right-wing populism. The individual experience or perception of economic insecurity has been discussed as the result of an increased vulnerability and exposure to risks coming from the outside. For example, individuals more exposed to threat of automation are more likely to support nationalistic and right-wing parties (Anelli *et al.*, 2019; Im *et al.*, 2019), express populist values (Iversen & Soskice, 2019) and vote for Donald Trump in 2016 (Frey *et al.*, 2018). Perceived competition with immigrants has been positively associated with support for far-right candidates in France

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[1]Trade protectionism used to be advocated by left-wing parties, with right-wing ones strongly supporters of free trade. This recent shift has been discussed by Gethin *et al.* (2021) as result of the long-term evolution of political cleavages in Western countries.

(Edo *et al.*, 2019), and contributed to a small but significant increase in the United Kingdom Independent Party (UKIP)'s vote (Becker & Fetzer, 2017). The instability generated by the financial crises with the spike in unemployment have increased the distrust towards institutions and the support for right-wing populist parties (Algan *et al.*, 2017; De Bromhead *et al.*, 2012). The situation has been further aggravated by the ensuing austerity policies, favoring the elector success of the Swedish radical right party (Dal Bó *et al.*, 2018) and the increase in the UKIP support (Fetzer, 2019).

2.2   Racial Anxiety and Right-Wing Populism

The transition to a post-industrial society has encouraged a cultural shift towards progressive values such as multiculturalism and cosmopolitanism. This cultural change has displaced traditional values, generating a sense of anxiety and estrangement (Norris & Inglehart, 2016). Right-wing populist parties have appealed to the cultural losers with social conservatism (Inglehart & Norris, 2017). Populism therefore cannot be described as a mere political expression of the economic grievances of the losers of globalization, but rather as a political reaction against progressive cultural change or an expression of social identity concerns (Mutz, 2018; Norris & Inglehart, 2016). According to this perspective (*cultural plus economic view,* Guriev & Papaioannou, 2020), the role of economic changes induced by globalization and the resulting economic insecurity has been overstated in the economic literature, while the independent role of cultural factors has been underestimated (Margalit, 2019).

The cultural shift towards a more progressive and inclusive society has favored the emergence of new social demands and movements. This "Silent Revolution" has triggered a reaction among a proportion of the population who feel estranged in this new multicultural society (Inglehart & Norris, 2017; Norris & Inglehart, 2016, 2019).[2] They perceive their identity as being under threat because of the improved position of the outgroups (Mutz, 2018). Several authors have argued that this status decline is the result of both economic and cultural developments acting independently or in interaction with one other (Gidron & Hall, 2017) (*cultural times economic view,* Guriev & Papaioannou, 2020). For example, Inglehart and Norris (2017) have recognized the effect of increasing insecurity as a trigger for xenophobic and authoritarian beliefs. Economic insecurity has also been found to exacerbate social problems or amplify pre-existing cultural fractures, for example anti-immigration backlash due to the "China shock" (Autor *et al.*, 2020; Cerrato *et al.*, 2018; Colantone & Stanig, 2018a).

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[2]Inglehart (1971) defined the "Silent Revolution" as the intergenerational change from materialist (economic and physical security) towards post-materialist values (self-expression and quality of life) in the post-industrial societies.

2.3 The US before the 2016 Election

In 2016, the long-term consequences of the Great Financial Crisis were still ongoing in the US economy. Although recording an improving growth performance (see Figure 1), the country was still experiencing stagnation.[3] Long-term unemployment became more common especially among low-skilled workers, already deeply impacted by the GFC (see Figure A1).[4] Credit contraction, increasing mortgage defaults and housing shocks had also contributed to a significant disruption of wealth, increasing the gap between top-income families and middle/low-income ones.[5]

The economic consequences of the crisis had important political implications: increasing polarization (see Figure 1) and the rise of populist movements such as the Tea Party and Occupy Wall Street (Funke *et al.*, 2016). The growing divisions between the two main parties, with the Democratic Party shifting more towards liberal positions and the Republican Party more towards conservative ones (Pew Research Center, 2014), resulted in increasing partisanship and ideology (Boxell *et al.*, 2020; Iyengar *et al.*, 2019). The crisis has also exacerbated economic, cultural, and racial issues, radicalizing the electorate on more identity positions (Besley & Persson, 2019). Although in 2016 the US was recovering, the scarring socio-economic effect of the 2008 recession were still long-lasting (Chen *et al.*, 2019).

Place Figure 1 "US Economic and Political Context" here

3 Data

We use the data *Views of the Electorate Research Survey* by Democracy Fund Voter Study Group (2017), a research group that runs analyses on the evolution of American electorate views and beliefs on different social, political and economic issues.[6] The dataset is longitudinal and consists of 6 waves. The first online survey was conducted by YouGov in December 2011 and November 2012 as part of the Cooperative Campaign Analysis Project (CCAP). The sample was constructed as a stratified sample of people who agreed to participate in occasional online surveys. The strata were defined according to demographic characteristics such as gender, age, race, and education to be representative of the US population. Each element of the sample was matched with other databases

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[3]According to OECD estimates, in 2016 the US also recorded the highest value of the Gini Index among the G7 members.

[4]The GFC has amplified trends already underway in the American economy. Globalization, increasing international trade and automation have contributed to the deindustrialization of American economy, with low-skilled jobs more likely to be replaced by robots or outsourced to low wages countries (Acemoglu *et al.*, 2016; Acemoglu & Restrepo, 2019; Autor *et al.*, 2013; Ebenstein *et al.*, 2015).

[5]The median wealth of a US family in 2016 was 30% less than the pre-crisis level, with the middle class losing nearly half of their wealth share. Top income families owned 7.4 times as much wealth as the middle-income families and 75 times as much as low-income ones (Horowitz *et al.*, 2020))

[6]Funded by Democracy Fund, an independent private foundation.

such as U.S. Census Bureau's American Community Survey, the Current Population Survey Voting and Registration Supplement. This matching procedure allowed for selection of those observations from the YouGov panel that were more demographically similar to those in other databases. From the 2012 CCAP survey, people were invited to participate again in December 2016, July 2017, May 2018, January 2019, November 2019, and September/November 2020 as part of the VOTER survey. For our analysis, we focus on the first VOTER survey conducted by YouGov, between November 29 and December 29, 2016, on a sample of 8,000 adults (18 years old and up) with internet access. We use the information from the previous wave about their voting history. Descriptive statistics for the sample are provided in Table 1.

3.1 Voting Preferences

In the survey, people were asked: "Who did you vote for in the election for President?", followed by the list of candidates in the 2016 election. Our main variable of interest is the voting preference for Donald Trump. We construct a dummy where 1 is assigned to people that voted for Trump and 0 for all the others who voted for a different candidate, mainly Clinton.

3.2 Economic Insecurity

In order to measure economic insecurity at the individual level, we rely on subjective measures as the most effective way to obtain information on perceived risk (Rohde & Tang, 2018).[7] Furthermore, building on the existing literature, we distinguish between Short-Term EI (henceforward STEI) and Long-Term EI (henceforward LTEI). This distinction allows us to capture not only the immediate or quasi-immediate experience of insecurity but the anxiety from long term trends. The decline in economic opportunity, low social mobility, financial instability, precariousness of the labor market and erosion of social safety net have increased the sense of uncertainty through different generations (Bossert *et al.*, 2019; D'Ambrosio & Rohde, 2014; Hacker, 2008; Western *et al.*, 2012).

While economic insecurity has been discussed as a forward-looking concept (Bossert *et al.*, 2019; Bossert & D'Ambrosio, 2013; Hacker, 2008; Hacker *et al.*, 2014), our variables allow us to consider only the effect of past adverse experiences on future expectations.

In the definition of our variable STEI, we follow the same approach as Norris and Inglehart (2016) and Mutz (2018), using the question relating to changes in financial situation over the past year: "Would you say that you and your family are?" with 4 different options (better off financially, about the same as now, worse off financially,

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[7]Although subjective measures are vulnerable to unobserved individual heterogeneity in expectation formation (Osberg, 2015; Rohde & Tang, 2018) and potentially affected by misperception, they are consistent with considering the relationship between personal attitudes and political behavior.

don't know). From this question, we created a dummy variable for STEI with people who reported being worse off scored 1 and everyone else 0.

As a measure of LTEI we use the following question: "In general, would you say life in America today is better, worse, or about the same as it was fifty years ago for people like you?". Response options were similar to those used for the STEI question (better, about the same, worse, don't know). We created a dummy variable for LTEI scored 1 for people who perceived that life is worse today than 50 years ago, and 0 for everyone else. This question was included in a battery of economic questions. Thus, participants are likely to have interpreted the question through an economic lens.

3.3 Perceived Reversed Discrimination

In the previous literature, the role of cultural factors has been tested through different measures, including individual attitudes, support for traditional values and authoritarianism (Mutz, 2018; Norris & Inglehart, 2016). For example, Mutz (2018) tested the status threat hypothesis using indicators of social dominance and out-group prejudice together with attitudes toward trade (China in particular), immigration and globalization. However, this approach has a serious limitation due to its conflation of economic and cultural components (Morgan, 2018). Attitudes towards immigration, globalization and trade are arguably measures of economic rather than cultural concerns (Morgan, 2018). For this reason, we follow Rodrik (2021) and focus exclusively on the racial component. We use a measure of PRD in the following form: "Today discrimination against whites has become as big a problem as discrimination against Blacks and other minorities". Respondents expressed their level of agreement or disagreement (from 1, strongly agree to 4 strongly disagree and 5 don't know). We created a dummy variable for agreement combining those who answered strongly agree and agree.

3.4 Control Variables

We control for an additional set of variables that are associated with voting preferences, clustered in three different groups. The first group is demographic variables and includes age, gender, and race (grouped as White, Black and Others).[8] The second group is socio-economic variables and includes income, marital status, having children less than 18 years old, level of education and employment status. Income is reported as annual family income in banded categories. We assign to each individual the mean value for income band. Education is measured by six different level of achievement. Employment status is measured by nine different categories. Marital status is measured by seven dif-

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[8]Comprehensive of Hispanic, Asian, Native American, Mixed, Other, Middle Eastern.

ferent levels.[9] Having children under 18 years old is defined as dummy variable equal to 1 for those individuals having kids less than 18 years old. The third is cultural variables composed by a set of dummies for three different religious faiths (Protestant, Catholic and Others).

3.5   Voting History

One additional control variable is individual voting history. This variable has been used in other contributions, albeit with a different definition: party identification (Mutz, 2018; Norris & Inglehart, 2016; Rodrik, 2021). Instead, we constructed a dummy variable where 1 is assigned to people who had voted for the Republican candidate at least once in the past two presidential elections (2008 and 2012), and 0 otherwise. Voting history is relevant in shaping future voting patterns: the way people have voted will influence the way will vote in the next election.

3.6   Voters Profiles

We report the descriptive statistics for the estimation sample in Table 1, further distinguishing between those who did and did not vote Republican in 2016. [10] Less than half of individuals voted for the Republican Party (43%). Around 28% of individuals reported STEI, 49% reported LTEI, and 48% agreed on PRD. Our sample is mainly composed of people who are white (80%), married (60%), with a 4-year college degree (25%), working full time (43%), and of Protestant Religion (about 40%). There is a prevalence of middle-aged women (51%, average age equals 57).[11] Approximately 47% of people in our sample had voted Republican in at least one of the two previous elections.

Trump voters were more likely to report feeling economically insecure than non-Trump voters (STEI = 63% vs 37%, LTEI = 58% vs 42%). They also had higher PRD (71% vs 29%); were more likely to be white, male, older, have a higher income, be less educated (non-college graduated), married, retired, and protestant. They are more likely to have supported the Republican Party in the past (88% vs 15%). In Figure 2, we report the distribution of our key variables by voting for the Republican Party.

Place Figure 2 "Distribution of Key Variables" here

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[9]For each level we define a dummy variable. For education: no high school degree, high school graduate, some college, 2-year college, 4-year college and post-graduate degree. For employment categories: full-time, part-time, temporarily laid off, unemployed, retired, permanently disable, homemaker, student and other. For marital status: married, separated, divorced, widowed, single, domestic partnership.

[10]Non-Republican voters are mainly Democratic Voters, with 46.76% of the total preferences, where those for other parties/candidates are only 5% of the total.

[11]Our sample of analysis is fairly representative of the US population. The official national vote in 2016 reported 46% votes for Trump and 48% votes for Hillary Clinton. According to the US Census, the median age of actual voters in 2016 was 51, with older people more likely to vote respect to younger ones.

Table 1: Descriptive Statistics

	Entire Sample		Republican Voters 2016		Non-Republican Voters 2016	
	Mean	SD	Mean	SD	Mean	SD
Vote for Trump	0.432	0.495				
Explanatory Variables						
Short Term EI	0.280	0.449	0.407	0.491	0.183	0.387
Long Term EI	0.491	0.500	0.656	0.475	0.365	0.482
Perceived Reverse Discrimination	0.486	0.500	0.796	0.403	0.249	0.433
Control Variables						
Former Republican Voter	0.468	0.499	0.889	0.314	0.146	0.353
Demographic Variables						
White	0.805	0.396	0.877	0.328	0.749	0.434
Black	0.081	0.273	0.017	0.129	0.130	0.336
Others	0.114	0.318	0.105	0.307	0.121	0.326
Female	0.510	0.500	0.434	0.496	0.569	0.495
Age	57.344	12.687	59.451	11.492	55.717	13.305
Socio-Economic Variables						
Income	10.944	0.813	10.974	0.767	10.922	0.846
Children under the age of 18	1.822	0.383	1.822	0.383	1.821	0.383
No HS	0.019	0.136	0.023	0.150	0.016	0.124
High school graduate	0.245	0.430	0.288	0.453	0.211	0.408
Some college	0.214	0.410	0.214	0.410	0.213	0.410
2-year	0.105	0.307	0.110	0.313	0.102	0.302
4-year	0.250	0.433	0.230	0.421	0.264	0.441
Post-grad	0.168	0.374	0.134	0.341	0.194	0.395
Married	0.603	0.489	0.675	0.468	0.548	0.498
Separated	0.013	0.115	0.012	0.109	0.015	0.120
Divorced	0.127	0.333	0.122	0.327	0.131	0.338
Widowed	0.064	0.244	0.063	0.243	0.064	0.245
Single	0.160	0.366	0.107	0.309	0.200	0.400
Domestic partnership	0.033	0.178	0.020	0.141	0.042	0.200
Full-time	0.428	0.495	0.417	0.493	0.436	0.496
Part-time	0.096	0.295	0.093	0.290	0.099	0.298
Temporarily laid off	0.005	0.069	0.003	0.050	0.006	0.080
Unemployed	0.036	0.185	0.032	0.176	0.038	0.192
Retired	0.290	0.454	0.318	0.466	0.268	0.443
Permanently disabled	0.072	0.259	0.068	0.253	0.075	0.263
Homemaker	0.052	0.222	0.051	0.219	0.053	0.224
Student	0.008	0.088	0.003	0.054	0.011	0.106
Other	0.015	0.120	0.016	0.124	0.014	0.116
Cultural Variable						
Protestant	0.398	0.489	0.490	0.500	0.327	0.469
Catholic	0.209	0.407	0.248	0.432	0.179	0.383
Others	0.394	0.489	0.261	0.439	0.495	0.500
Observations	5430		2351		3079	

Notes: The table presents means, standard deviations all variables used in the paper.
Source: Authors' own calculations from Voter Survey database.

3.7 Race

In the United States, race is closely related with economic and cultural factors that shape voting patterns. In Figure 3, we report the distributions of our key variables by race. White voters were fairly evenly split with 47% voting for Trump and 52% voting for another candidate. The gap gets bigger among voters of other races with 41% Trump voters and 59% voting Democrats or other candidates. As expected, there is a stark difference when it comes to Black voters, where only 8% of them voted for Trump. STEI was more common among voters from other races (31%), followed by White voters (29%) and Black voters (14%). Meanwhile, LTEI is more common among white voters (52%), followed by other races (48%) and Black voters (29%). The majority of white voters perceived reverse discrimination as problematic 53%, compared to 42% of voters from other races and only 13% of Black voters.

Place Figure 3 "Distribution of Key Variables by Race" here

4 Methods

We estimate a logit model to link economic insecurity, perceived reverse discrimination, and voting preference. We adopt the following strategy: we consider an extensive set of controls and the voting history (1). The inclusion of voting history variable is common in the analysis of amorphous cultural variable, which contains unobservable characteristics. This model allows us to reduce the time invariant unobserved endogeneity associated with the dependent variable. [12]

$$P(Y = 1|\boldsymbol{X}) = \Lambda(\boldsymbol{X}\beta + \phi STEI + \omega LTEI + \delta PRD + \gamma FRV) \qquad (1)$$

Here Y is a binary indicator of voting Republican in 2016, $\boldsymbol{X}$ is a vector of exogenous controls, including our demographic variables, socio-economic variables and a cultural variable, and $\Lambda(.)$ the logistic CDF. STEI, LTEI and PRD are our measures of economic insecurity and perceived reverse discrimination against Whites. The magnitudes of ϕ, ω and δ are used to assess the relative contributions of our two hypotheses. γ is the coefficient for our variable voting history, that is being a former Republican voter (FRV). The parameters of logistic regressions are estimated by maximum likelihood estimation (MLE), in order to select the values of the models that best fit the data. To handle potential associations between observations, we cluster our standard errors at the congressional district level.[13] We will estimate five different specifications. In the first specification, we

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[12] We acknowledge the possibility that some time variant endogeneity may still affect our estimates and that the variables used in our analysis may not entirely capture all the factors associated with voting preference.

[13] For the sake of completeness, we report in the Appendix the results of our logit regressions without clustered standard errors (Table A5).

only control for socio-economic, demographic characteristics and the cultural variable. In the second specification, STEI is included. In the third specification, we look at the effect of LTEI. In the fourth, we include PRD. In the fifth, we consider all the variables.

5 Results

5.1 Main Effects

We report the main results for our logistic regression (1) in Table 2. For the sake of completeness, we also report the results of the model estimated by OLS, finding no meaningful differences between the two estimation strategies.[14] We informally examine the specifications of the model by studying the signs, magnitudes, and significance of our control variables. The coefficients are in line with expectations and there are no obvious signs of misspecification. For example, minorities and women are less likely to vote for Trump, whereas Protestants are more likely to vote Republicans. Being a former Republican voter increases the likelihood of voting for Trump by 89% (Table 2). The sense of insecurity, both in the short and long term, predict an increase in the probability of voting for Trump by about 17% and 18%, whereas perceived reverse discrimination has a bigger effect, increasing the probability by 40%. The major relevance of PRD is found also when we control for the other key variables simultaneously: PRD has coefficient of 0.370 where STEI of 0.102 and LTEI of 0.101 (Table 2).

Table 2: Main Results: Logit and OLS estimates (CSE)

Core Variables	Logit					OLS				
	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)
Short Term EI	-	0.167***	-	-	0.102***	-	0.0829***	-	-	0.0501***
	-	(0.0247)	-	-	(0.0247)	-	(0.0116)	-	-	(0.0110)
Long Term EI	-	-	0.172***	-	0.101***	-	-	0.0832***	-	0.0467***
	-	-	(0.0209)	-	(0.0214)	-	-	(0.0103)	-	(0.00973)
Perceived Reverse Discrimination	-	-	-	0.396***	0.370***	-	-	-	0.219***	0.206***
	-	-	-	(0.0232)	(0.0231)	-	-	-	(0.0139)	(0.0138)
Non-Core Variables										
Former Republican Voter	0.895***	0.876***	0.870***	0.793***	0.772***	0.694***	0.678***	0.675***	0.597***	0.583***
	(0.0216)	(0.0218)	(0.0215)	(0.0233)	(0.233)	(0.0111)	(0.0116)	(0.0115)	(0.0142)	(0.0143)
Additional Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5430	5430	5430	5430	5430	5430	5430	5430	5430	5430

Notes: The figures are marginal effects at means (MEMs). Standard errors in parentheses; $p < 0.05$, *, $p < 0.01$, **, $p < 0.001$, ***. The table presents estimates of the model from equation 1 with dummy variable 'Voting for Trump' as dependent variable. The first specification uses basic economic and demographic/cultural controls and Former Republican Voter. The second specification includes Short-Term EI; the third uses Long-Term EI; the fourth Perceived Reverse Discrimination; the fifth uses all variables. All the parameters of the logistic regressions are estimated by MLE. Cluster (by congressional district) robust heteroskedasticity consistent standard errors are used. Dummies are defined relative to a reference individual who is male, white with no high school education, married, engaged in full time employment and of Protestant religion.

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[14]The results of the model with all the coefficients are reported in the Appendix: Table A1 for the logit regressions and Table A2 for OLS regressions.

5.2 Aggregate Effects

The marginal effects at means (MEMs) reported in Table 2 provide a measure of the individual effects of our variables. In order to compare the relative size of EI and PRD, we consider their aggregate effects over the entire sample. We calculate these as the product of the marginal effects at means (MEMs) and the frequency on the sample of each variable. The aggregate effects are reported in Table 3. The results are distinguished between the specifications where each main variable is considered individually and those where they are considered together. The aggregate effect for our measure of STEI is smaller than the LTEI by about 4%, and their sum is smaller than PRD by about 6%. In the fourth column, we report the results from the model specification where our main variables are considered all together. The difference between STEI and LTEI is about 2% and the difference with PRD is now about 10%.

Table 3: Aggregate Effects for Key Variables

Core Variables	Aggregate Effects = MEM*Frequency f(Core Variables)			
Short Term EI	4.67	-	-	2.85
Long Term EI	-	8.45	-	4.96
Perceived Reverse Discrimination	-	-	19.25	17.982
Former Republican Voter	Yes	Yes	Yes	Yes
Additional Controls	Yes	Yes	Yes	Yes

Notes: The figures are the aggregate effects calculated as the product of marginal effects at means (MEMs) and the frequency of each core variable in the sample. The first specification includes only the STEI variable, controlling for all the additional controls and voting history. The second specification includes only the LTEI variable, controlling for all the additional controls and voting history. The third specification uses only PRD, controlling for all the additional controls and voting history. The last specification considers all the three key variables, controlling for all the additional controls and voting history.

5.3 Interaction Effects with Race

Considering the history of racial disparities and structural racism in the US, we would expect that economic insecurity would increase support for left-wing parties among racial minorities. In order to test this hypothesis, we run three additional specifications for each of our two models, with the inclusion of the interaction term between race and our two measures of EI. We also consider the interaction with perceived reverse discrimination to further check the relevance of this issue among White voters. We re-run the specification where the key variables are considered together with the inclusion, one at the time, of the interaction term.

The only significant interaction is between STEI and race. The interaction has a positive sign for Black and other races, contrary to what we initially stated.

We report in Figure 4 the predictive probabilities of voting for Trump by race. STEI seems particularly relevant for the minorities in increasing the probability of support the Republican Party, although very little heterogeneity was found in the effects of insecurity across racial groups. In particular, Black voters who report STEI are those with the highest increase (from 35% to 47%). For sake of completeness, we report the graphs for the predictive margins of race for LTEI and PRD, although the interaction terms are not significant.

Place Figure 4 "Predictive Margins for Race by Key Variables" here

In supplementary analyses, presented in the Appendix A.2, we report interactions between our key variables and other socio-demographic characteristics such as gender, age, education and income. The only significant interaction is with gender. Specifically the two measures of EI and PRD have a larger effect on men in increasing the probability of voting for Trump.

5.4 Interaction Effects with Voting History

Partisan affiliation tends to be stable with time, although party switching is becoming a more common phenomenon. Increased economic insecurity and the raised salience of racial issues may have contributed to this shift. In order to test this hypothesis, we consider an additional interactive effect between voting history and our main explanatory variables: STEI, LTEI and PRD. In particular, we re-run the model specifications where they are considered together, adding the three interaction terms one at a time. The three interaction terms are all significant at 5% (LTEI and FRV) and 1% level (STEI and FRV and PRD and FRV).

We report in Graph 5 the predictive probabilities of voting Republican by being a former or non-former Republican voter. Being economically insecure is important in increasing the probability of shifting among those who were not previous Republican

voters by 9% for STEI and by 8% for LTEI. The effect of PRD is even bigger: agreeing with the statement about reverse discrimination increases the probability by 22% among non-FRV, nearly five times.

Place Figure 5 "Predictive Margins for Key Variables by Voting History"

5.5 Switchers

Here we focus our analysis only on the "switchers", namely those who voted for Obama in the 2012 Presidential election and who switched to Trump in 2016, following Rodrik (2021) approach. We first restrict our sample only on Obama voters in 2012. Then, we define the dependent variable as the probability of voting for Trump in 2016 conditional to being an Obama voter in 2012. We report in Table 4 the results (both logit and OLS estimates).[15]

In the main model, all the explanatory variables are significant, with perceived reversed discrimination exerting a bigger effect than economic insecurity on the probability of switching as for the main results. In particular, perceived economic insecurity increases the probability of switching to Trump by about 5% for STEI and by 4% for LTEI, while perceived reversed discrimination increased the probability by nearly 8%. When considered all together, the effect of economic insecurity decreased to 3% for STEI and 2% for LTEI compared to 7% for PRD. Being a former Obama voter in 2008 election reduces the probability of switching by 8% when considered alone.

Table 4: Additional Results for Switchers: Logit and OLS Estimates (CSE)

Core Variables	Logit					OLS				
	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)
Short Term EI	-	0.0483***	-	-	0.0276**	-	0.0768***	-	-	0.0583**
	-	(0.0111)	-	-	(0.00922)	-	(0.0186)	-	-	(0.0180)
Long Term EI	-	-	0.0364***	-	0.0172*	-	-	0.0474***	-	0.0265*
	-	-	(0.00913)	-	(0.00763)	-	-	(0.0117)	-	(0.0112)
Perceived Reverse Discrimination	-	-	-	0.0788***	0.0703***	-	-	-	0.156***	0.148***
	-	-	-	(0.0102)	(0.00973)	-	-	-	(0.0185)	(0.0185)
Non-Core Variables										
Former Obama Voter 2008	-0.0813***	-0.0764***	-0.0736***	-0.0507***	-0.0460***	-0.147***	-0.146***	-0.142***	-0.117***	-0.115***
	(0.0123)	(0.0115)	(0.0116)	(0.0105)	(0.00978)	(0.0271)	(0.0268)	(0.0270)	(0.0265)	(0.0264)
Additional Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2532	2532	2532	2532	2532	2532	2532	2532	2532	2532

Notes: The figures are marginal effects at means (MEMs). Standard errors in parentheses; $p < 0.05$, * $p < 0.01$, ** $p < 0.001$, *** The table presents estimates of the model from equation 1 with the dummy variable 'switch' as dependent variable. The first specification uses basic economic and demographic/cultural controls and Former Obama Voter in 2008; the second specification includes Short-Term EI; the third uses Long-Term EI; The fourth Perceived Reverse Discrimination; the fifth uses all variables. All the parameters of the logistic regressions are estimated by MLE. Cluster (by congressional district) robust heteroskedasticity consistent standard errors are used. Dummies are defined relative to a reference individual who is male, white with no high school education, married, engaged in full time employment and of Protestant religion.

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[15]The results with all the coefficients are reported in the Appendix: Table A3 for the logit model and Table A4 for the OLS.

6 Discussion

Our results attest the importance of both economic insecurity and perceived reverse discrimination as drivers of right-wing populist support. While we do not have an explicit identification strategy, we consider our results as reflective of an approximate causal flow. They provide useful evidence confirming the significant role of economic insecurity (Bossert et al., 2019; Guiso et al., 2017; Rodrik, 2021, among others) while showing that the cultural component has a greater relevance (Margalit, 2019; Mutz, 2018; Norris & Inglehart, 2016, 2019). Our results suggest that, in an electoral context where a few thousand votes can make all the difference, feelings of economic insecurity can change the outcome of an election (Trump won in the three key-states Wisconsin, Michigan, and Pennsylvania by less than 1% difference).

At the start of the paper, we argued that one of the reasons behind the small magnitude or insignificance of economic insecurity in some contributions may be related to limitations in its measurement. Bossert et al. (2019) for example proposed an objective index to overcome the limitations. This index measures the fluctuations in resource streams. Past variations can affect the sense of uncertainty about the future, with losses weighted more than gains and more recent experiences more important compared to past ones. The index emphasizes the change in resources in creating a sense of anxiety. In their analysis of the 2016 US, they found that economic insecurity increases political participation, and it is associated with greater support for Donald Trump.

Additionally, the majority of contributions have focused on a short-term definition of economic insecurity. "Pocket money" concerns have been discussed as not so relevant in determining voting preferences (Norris & Inglehart, 2016), especially in a situation of economic recovery, as for the 2016 US Presidential Election (Mutz, 2018). We argue the need for a broader definition of economic insecurity (Morgan, 2018), in order to capture not only the immediate experience but also the sense of insecurity resulting from a long term decline in incomes, stagnant wages, increases in inequality and income volatility. Our results corroborate the relevance of both short-term and long-term definition of economic insecurity.

Our second result supports the relevance of economic insecurity in increasing the probability of voting for a populist right candidate also among minorities, particularly Black voters. This suggests that increasing insecurity may have pushed Black people to vote for Donald Trump, due to his protectionist claims and despite his racial rhetoric. Black Americans continue to experience worse economic conditions than the rest of the American population (Joint Economic Committee, 2020). The history of racial inequality has systematically excluded Black people from better opportunities, reducing their rate of upward mobility and increasing the rate of downward mobility (Chetty et al., 2019). Automation has mainly impacted those sectors where Black people are particu-

larly concentrated (Rolen & Toossi, 2018), making them more vulnerable to job insecurity. Progressive reduction of employment protections and decline in unions' power has further increased systematic discrimination in the labor market.

Black voters support for Donald Trump can be interpreted as anti-establishment vote. The inability of the Democratic Party to address economic issues and racial disparities may have further contributed to a sense of disillusionment and resentment among Black voters. The significant reduction in Black support for the Democratic Party in those working-class states (Wisconsin, Pennsylvania, Michigan) that proved to be key to Donald Trump's victory (Griffin et al., 2017) would seem to reflect this.

Interestingly, in our sample Black voters reported a lower level of economic insecurity compared to White people and other minorities. Case and Deaton (2017) find an explanation in the sense of hopefulness and major resilience of Black people as well as their stronger networks of social support (older generations, the church). In addition, Black voters may be happier or satisfied than White people because the income or positional difference with their reference group is smaller (Clark et al., 2008; Ferrer-i Carbonell, 2005; Hacker et al., 2013; Linde & Sonnemans, 2012)—a trend that residential segregation has more than likely contributed to (Wilkinson, 2019). Another possible explanation is that the most economically insecure people are the least likely to vote (Guiso et al., 2017, 2020), with more insecure Black people less likely to be in the voter sample.

Our paper focused only on the direct effects of perceived economic insecurity and perceived reverse discrimination on populist right-wing support and did not consider the indirect effect of economic insecurity via cultural factors. Some contributions argue that economic insecurity can trigger the cultural reaction, amplifying pre-existing cultural and identity divisions (Rodrik, 2021). The application of social identity theory (Tajfel et al., 1979; Turner et al., 1987) to populism provides a useful explanation on how economic and cultural factors interact. Economic insecurity sharpens inter-group conflicts and makes in-group membership more salient, boosting identity politics (Besley & Persson, 2019; Bornschier, 2018; Gennaioli & Tabellini, 2019; Mukand & Rodrik, 2020). Distorting the identification process, economic insecurity can change preferences for redistribution (Shayo, 2020) and trade policies (Grossman & Helpman, 2020). This is an interesting research path for understanding why right-wing populism has emerged so strongly compared to left-wing populism, especially in a period of increasing inequality. Within the limits of our knowledge, the study by Di Tella and Rodrik (2020) is the only one that uses an experiment to test this indirect effect, focusing on the effects of a globalization shock on activating cultural divisions. Future research should examine how economic insecurity contributes to intensifying cultural and identity salience.

7 Conclusions

This paper examined the relationship between economic insecurity, perceived reverse discrimination, and right-wing populism. We have contributed to the small literature on the recent surge of right-wing populism with two main results. The first is that economic insecurity is an important driver in explaining the support for Donald Trump, although perceived reverse discrimination is quantitatively more important. The second is that the experience of short-term economic insecurity increases the support for Donald Trump among both Whites and minorities. We suggested that the vote from both racial groups reflect an anti-establishment vote. For those economically insecure, the claims of protection and nationalism by the populist right-wing were more appealing than the redistributive claims of left-wing parties.

Our results have relevant policy implications in addressing the factors behind the right-wing populist support. As suggested by Eichengreen (2019), if populism has an economic origin, it could be addressed by economic policies of social support, such as social safety nets for short term economic insecurity. Nevertheless, long-term economic insecurity also needs to be addressed. This will require a more comprehensive reform of the labor market and the welfare system, together with investments for a more inclusive growth. The cultural origin of populism will be harder to address. However, if evidence emerges that economic insecurity is responsible for the cultural backlash and increasing social tensions, then more inclusive economic policies will mitigate the risk and enhance certainty and trust.

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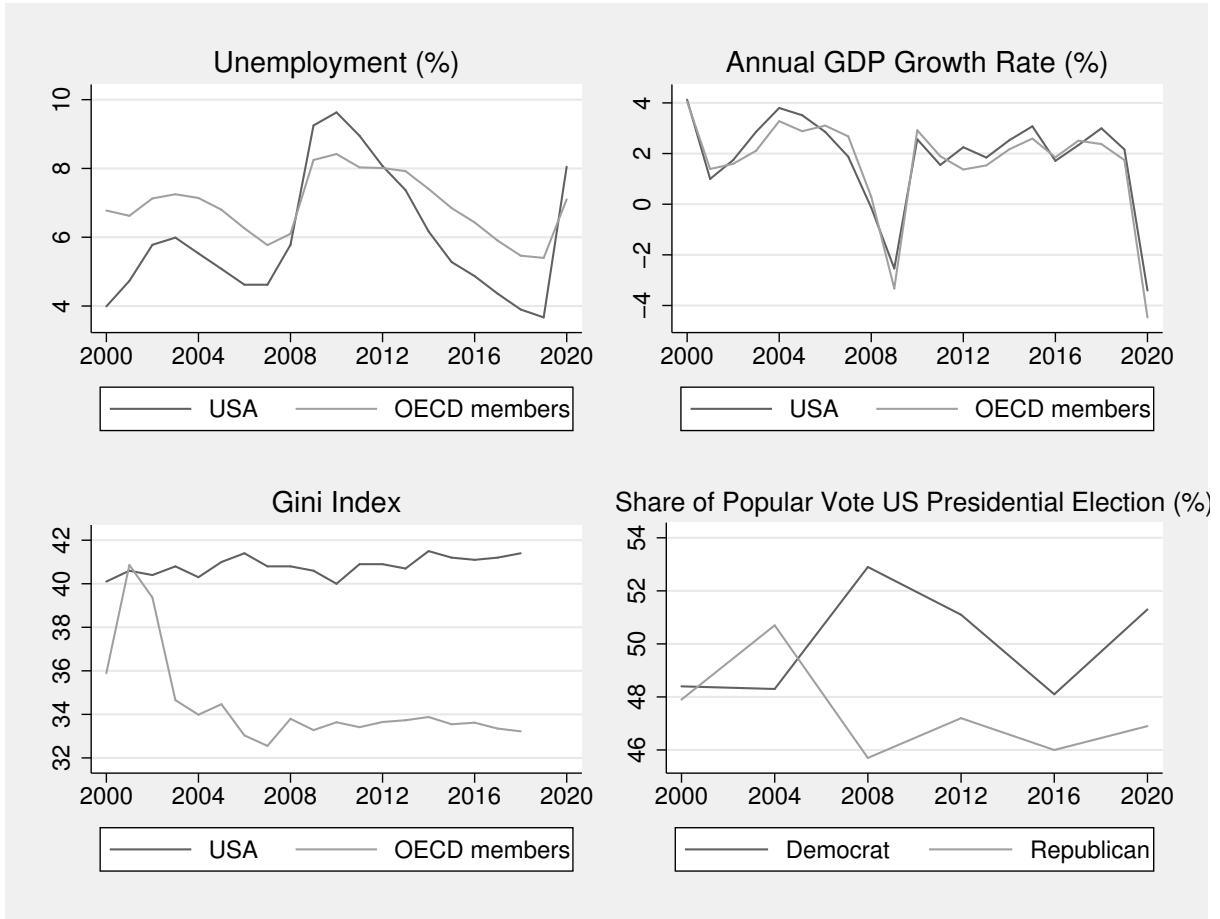
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Figure 1: US Economic and Political Context

Notes: The graph reports some key information about the US context over 20 years period. In the top left panel, we report the trend of total unemployment, comparing the US with other OECD members. In the top right panel, we report the trend for the annual GDP growth rate for both the US and OECD members. In the bottom-left panel, we report the evolution of the Gini Index for the US and OECD average (2018 last available estimates). In the bottom right panel, the share of the popular vote in a US Presidential Election for the Democratic Party and the Republican Party.
*Source*: Authors' own elaboration from World Bank and Statista data.

Figure 2: Distribution of Key Variables
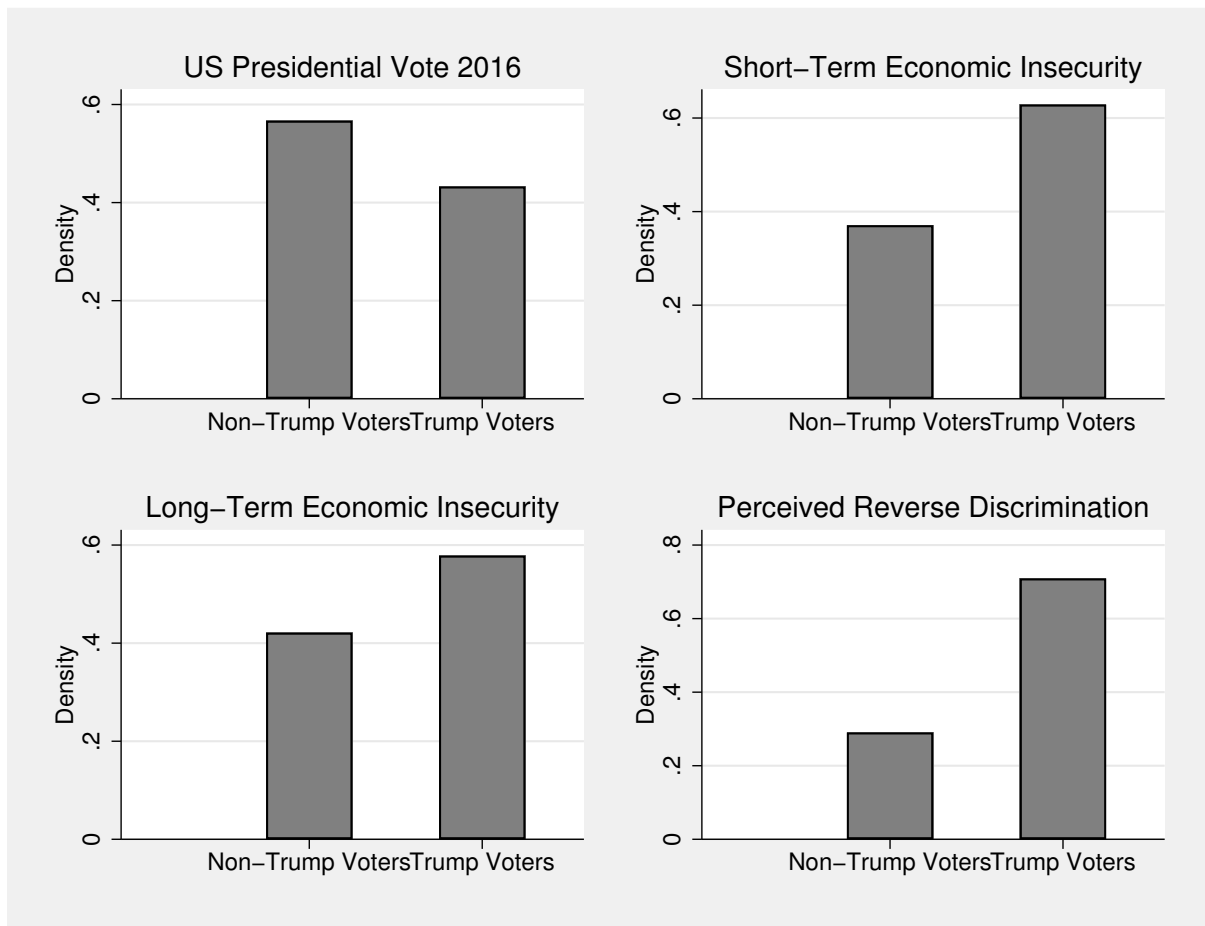
Notes: The graph reports the distribution of our key variables among Trump voters and non-Trump voters. The top left panel shows the vote distribution among the two group of voters. The top right panel shows the distribution of STEI. The lower left panel gives the distribution of LTEI. The lower right reports the distribution of PRD.

Figure 3: Distribution of Key Variables by Race
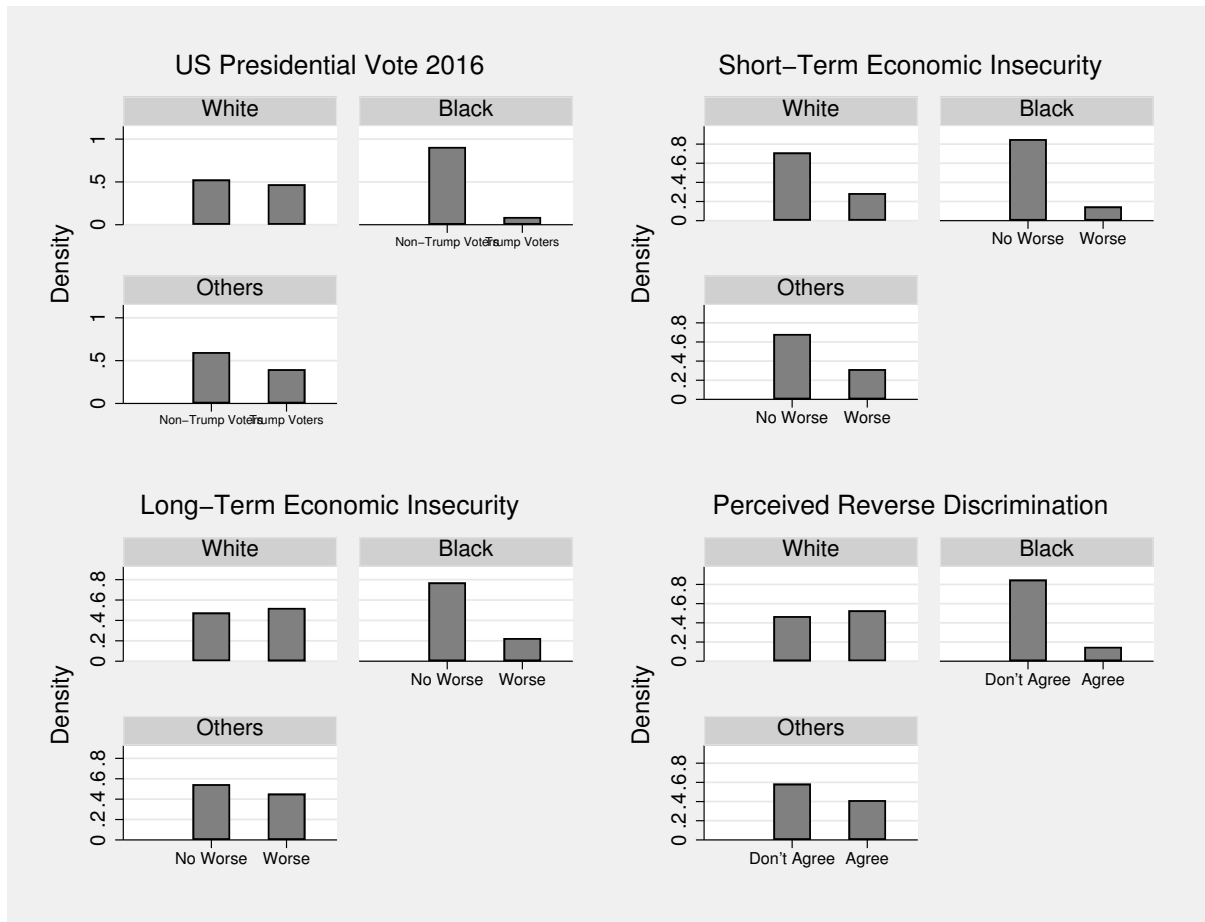
Notes: The graph reports the distribution of our key variables by race. The top left panel shows the vote distribution by race among the two group of voters. The top right panel show the distribution of STEI by race. The lower left panel gives the distribution of LTEI by race. The lower right reports the distribution of PRD by race.

Figure 4: Predictive Margins for Race by Key Variables
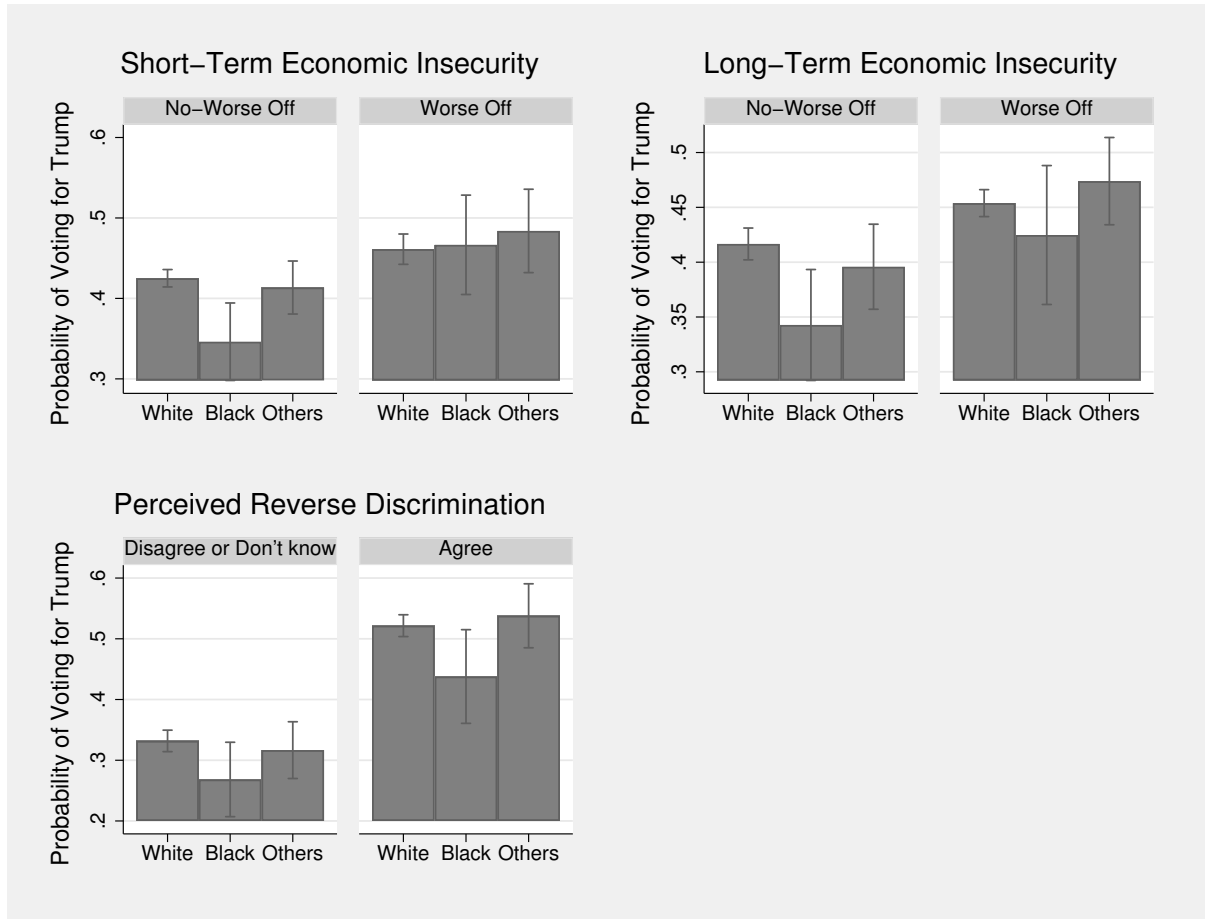
Notes: The graph reports the predictive margins (with 95% confidence intervals) of race, calculated from the model specifications that include the interaction with each of the key variable, one at the time. In the top left panel, we report the predictive margins of race by STEI. In the top right panel, we report the predictive margins of race by LTEI. The down left panel reports the predictive margins of race by PRD.

Figure 5: Predictive Margins for Key Variables by Voting History
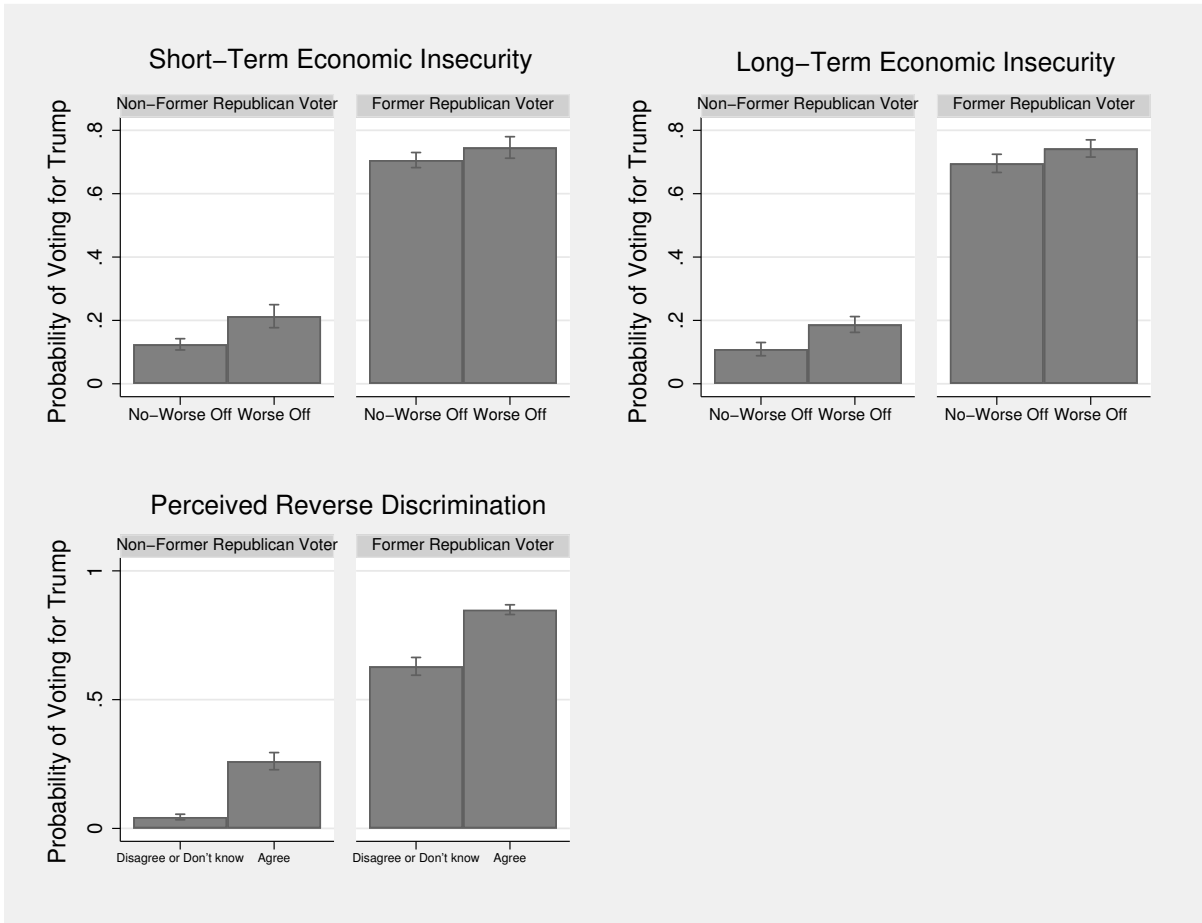
Notes: The graph reports the predictive margins (with 95% confidence intervals) of our key variables, calculated from the model specifications that include the interaction with voting history. The top left panel reports the predictive margins of STEI among non-Former Republican Voters and Former Republican voter. The top right panel reports the predictive margins of LTEI. The down left panel reports the predictive margins of PRD.