Economic Losers and Political Winners: Sweden’s Radical Right

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Stanford University, April 30, 2019
Rise of the Radical Right

- RRP rise across countries and electoral systems is one of the most salient political phenomenon in recent decades (Rydgren 2018).
- We study the rise of the Sweden Democrats, a typical nativist, anti-establishment, and populist RRP.
This paper

- Study RRP rise from both the supply side (politicians) and the demand side (voter).
- Link both supply and demand to two macroeconomic events that triggered income inequality and job insecurity.
- Register data shows over-representation of negatively exposed people among:
  - the universe of local SD politicians
  - small geographical areas with more voter demand
- Two extensions: i) the new populist party as a "citizen-candidate" or Downsian movement, and ii) impacts on political selection in terms of soft and hard qualification measurements.
Swedish data

- Yearly panel data for full population 18+ in 1979–2012.
- Based on mandatory ID codes, no self-reporting, high-quality data with little measurement error or missing values.
  - municipality and voting precinct of residence.
  - composition of income in each year: income from work, various social insurance and welfare programs.
  - detailed demographic information, including region of birth.
- All parties must report electoral ballot with ID codes.
  - identifies all nominated and elected politicians in the population panel.
Sweden Democrats’ platform

- Nationalist frame: return to "people’s homestead" (1920s Social Democratic construct)
- Blame scarce public resources on immigration – restore welfare state by reducing immigration, not through higher taxes.
Figure 1. The rise of the Sweden Democrats
Two economic events

1. In 2006, center-right coalition takes power to implement "make work pay" agenda with tax and spending cuts.
   - Use composition of incomes to define each person as \textit{insider} (stable employment) or \textit{outsider} (unstable or no employment)

2. In 2008, the global financial crisis triggers rise in job insecurity among "vulnerable" insiders.
   - Define \textit{vulnerable insiders} as above-median RTI on 2-digit occupation codes (Goos et al. 2014).
Figure 1. Macro events cause inequality (left) and job insecurity (right)

- National share of outsiders remains constant at 0.35–0.40.
Figure 3. SD politicians come from the losing groups.

- Outsiders and vulnerable insiders are 60% of SD politicians.
- Higher than population share (50%) and other parties (30%).
Figure 4. Larger over-representation for more disadvantaged outsider categories.
Figure 5. Do SD politicians also differ in parental background?
In each i) municipality and ii) voting district, calculate insider-outsider inequality ...

\[ ineq_{m,t} = \frac{N_{out}^{m,t}}{N_{m,t}} \cdot \frac{I_{in}^{m,t}}{I_{out}^{m,t}} \]

... and share of vulnerable insiders

\[ share_{m,t} = \frac{N_{vul}^{m,t}}{N_{in}^{m,t}} \]

Graph correlations with SD vote share.

Run OLS for Vote share = inequality + share of vul. insiders + controls.
SD gained most where inequality grew most – i.e., outsiders lost most, and where insiders were most exposed to job-loss, i.e. vulnerable insider share highest
Figure 7. Precinct-level (within-municipality) variation
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Table 1. Vote-share regressions

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<td>Inequality</td>
<td>0.51***</td>
<td>1.27***</td>
<td>0.59***</td>
<td>0.81***</td>
<td>0.59**</td>
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<td></td>
<td>(0.13)</td>
<td>(0.29)</td>
<td>(0.23)</td>
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<td>Share vul.ins.</td>
<td>0.12***</td>
<td>-0.03</td>
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<td>(0.01)</td>
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<td>D2002*Share vul.ins.</td>
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<td>-0.05**</td>
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<td>D2010*Share vul.ins.</td>
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<td>D2014*Share vul.ins.</td>
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<td>0.22**</td>
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<td>(0.04)</td>
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<td>Immigrant share</td>
<td>0.02</td>
<td>-0.08</td>
<td>-0.04</td>
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<td>(0.05)</td>
<td>(0.12)</td>
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- Observations: 1,159 for all models
- Election FE: x for all models
- Municipality FE: x for all models
- Municipal controls: x for all models

- Flexible controls for education, age, and industry composition.
- Add myriad of controls for immigration, crime rates, media reporting on immigration, political context.
Figure 8. Individual level survey data

Self-reported labor market status and party support with 50% resp. rate
Mechanism 1. Immigration

Observation: SD voters have the highest value on anti-immigration sentiments
Mechanism 1. Immigration

Reduce refugee immigration: a good or a bad proposal?

- Very good proposal
- Good proposal
- Neither good nor bad
- Bad proposal
- Very bad proposal

Notes: Data is from the Riks-SOM survey, N=80,030. The response rate has declined over time, from 64% in 1991 to 51% in 2014. Weibull et al. (2016)
Mechanism 1. Immigration

Strong anti-immigration voters shift from center-right to SD

- 98% of SD voters say that immigration burdens the welfare state (Jylhä et al. 2018).
- SD voters second most worried about welfare state’s future.
Mechanism 2. Economic anxiety and trust
Mechanisms summary

- Anti-immigrant preferences did not change over this period, but anti-immigrant labor market outsiders left the center-right after 2006.
- Trust: in survey data, labor market outsiders’ trust in government and parliament dropped relative to labor market insiders after 2006 → anti-establishment voting.
- Voters attracted by descriptive representation of the party.
- Economic shocks trigger nostalgia for the past among latent RRP voters (Ingelhart and Norris 2018)
Two extensions

1. Are the Sweden Democrats a citizen candidate movement?
2. How did the rise of the party impact on the selection of Swedish politicians in terms of quality?
Characterizing the new RRP

- Mostly citizen candidates rather than "Downsian"
  - negative economic shocks mobilize politicians and voters, who share labor market traits → Citizen candidate.
  - 92% of SD politicians have never been on a ballot before or been elected (98%) → Citizen candidate.

- Also citizen candidates voters in terms of outlook on life (trust) and political preferences?
Voter–politician similarity extends to world outlook – not just descriptive but substantive representation?

With more "Citizen candidates", the SD may be more credible than other parties.
Implications for the selection of politicians?

- SD has made democracy more inclusive by offering representation to previously under-represented groups
- But the SD politicians differ from other-party politicians
  - less experience (20 ppt), expertise (public sector work experience, 35 ppt; higher education 30 ppt), lower ability (0.65 std)
  - lower public-service motivation (0.55 std), morality (0.35 std), and generalized trust (1.3 std)
  - weakens strong local political selection on competence, uncovered elsewhere (Dal Bó et al. 2017)
Conclusions

- Descriptive evidence links supply and demand of RRP to economic inequality and job insecurity.
- No relationship between RRP supply or demand and direct exposure to immigration.
  - ... but economic insecurity $\rightarrow$ anti-immigrant voters shift from right-voting to SD
  - ... economic insecurity $\rightarrow$ lower trust in government
- Swedish RRP largely citizen candidates for "economic losers"; draws new politicians from some previously under-represented social groups into the political arena.
Policy recommendations

- Could include reversal of austerity policies and tax-cuts.
- But unclear if such reversal can reduce support for an already established RRP.
- New equilibrium with less stigma, eroded trust, and radicalization, party identification.
- Change will take time, but should include...
- Established parties recruiting more non-insider politicians.
- Labor parties (in particular) reversing the increased focus on working compared to non-working people (Rueda).
Compare politicians in SD and other parties

Estimate over- or under-representation of each sub-category $g$ within insiders and outsiders

$$L_{i,t}^g = \beta^g SD_{i,t} + Y_{i,t} + \varepsilon_{i,t}$$

- $L_{i,t}^g$ is a dummy for councillor $i$ being in group $g$ in election $t$
- $SD_{i,t}$ dummy for SD politicians
- add controls, $Y_{i,t}$, for gender, age and education, as SD has less women (25.5% vs. 43.5% in other parties), more under-35 (23% vs. 13%), more retired (23% vs. 16%), and less tertiary educated (25% vs. 48%)
- compute relative supply as $\beta^g / \text{(mean of } L_{i,t}^g \text{ in other parties)}$
- order estimates by insiders-outsiders and degree of econoic loss relative to secure insiders