Facing the populists: the effect of populist challengers on mainstream parties' welfare state positions

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Abstract

This article investigates the effect of populists' electoral success on European mainstream parties' positions about the size and the inclusiveness of the welfare state. Using party manifestos data and a Regression Discontinuity Design, this article finds that a populist party obtaining representation constitutes a supply-side mechanism inducing an adjustment over mainstream parties' positions, independently from public opinion changes. After competing with a populist party, mainstream parties shift their positions in favor of a smaller and more exclusionary welfare state. In terms of programmatic distances, mainstream parties tend to converge with the populists on the welfare chauvinism issue, while they diverge on the economic dimension of the welfare state. Results suggest that similar dynamics operate for both right and left-wing parties.

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1 Introduction

Voters' dissatisfaction and detachment from traditional politics have increased in Western Europe over the last decades. By cleverly capturing disenchanted voters, populist parties obtained in most European countries satisfying electoral results that provided them with parliamentary representation.

The increasing presence of populist parties within European parliaments generated concerns given the effects that populist policy-making can have on economic performance and on liberal democratic institutions. It is well established that populists' disregard for external macroeconomic constraints often leads to crises (Dornbusch and Edwards, 1991) and that their policy-making usually penalizes economic performances with respect to non-populist governance (Funke et al., 2020). In institutional terms, populists in office try to weaken those institutions enforcing control over the executive and that ensure political pluralism (Funke et al., 2020). Overall, the common source of concern about populist parties with different ideological backgrounds is their search for consensus based on unconditional commitments (Morelli et al., 2021). During their campaigns, populists promise measures to protect the electorate against diverse potential threats (e.g. illegal immigration, unemployment, the collapse of the welfare system) unconditionally from any type of external constraint. Thus, when they come to power they are bound by their commitments to pursue such policies, disregarding experts' assessment and the consequences of their actions (Bellodi et al., 2022; Dornbusch and Edwards, 1991).

In most cases, populists' strategy exploited the feelings of economic and social insecurity brought about by years of economic hardships and the immigration crisis, while blaming the elites and traditional politics for such circumstances (Bellodi et al., 2022). Thus, there are multiple reasons to expect a reaction and a programmatic shift of mainstream parties following populists' electoral success. First, spatial models of voting suggest that voters vote for the candidate ideologically closer to them (Downs et al., 1957), using elections as an instrument to signal their policy preferences (Budge, 1994). Accordingly, an electoral success of a new populist challenger may constitute a signal for traditional parties of a change in public opinion. In this sense, traditional parties may adjust their policy positions as a response to a *demand-side* effect. Spatial models of voting lead us also to the second

reason why traditional parties may adjust their positions: even without aiming to win the election, the entry of a new party into the political space has the power to shift other parties' positions, independently from voters' distribution. Third, parliamentary representation provides parties with larger resources and media coverage (Abou-Chadi and Krause, 2020), increasing the new challenger's chances of survival within the political system (Dinas et al., 2015). The consolidation of a new contestant in the political space could represent a threat to traditional parties which may respond by adjusting their policy platforms. These two last mechanisms constitute *supply-side* motivations for traditional parties to react to the populist challenge.

Welfare state policies have been in many instances a core element of such electoral strategies. For instance, the Italian Five Star Movement (M5S) traditionally supported the introduction of a basic income to contrast poverty; similarly, the Spanish Podemos proposes itself as a form of new social democracy, opposing austerity measures and calling for poverty reduction through state intervention; the Polish Law and Justice (PiS) introduced in 2017 an unconditional monthly payment aiming to support families and natality (500+ Programme). A sizable number of populist parties, especially right-wing, combined purely economic arguments about the size of the welfare state, with nativist rhetoric about which social groups deserve the state's social protection, and which groups should instead be excluded. In this sense, *welfare chauvinist* positions (Andersen and Bjørklund, 1990) have become a dominant agenda of right-wing populist parties, even in those countries with a universalistic welfare state tradition like the Nordics. As a matter of fact, parties like the Danish People's Party, the Finnish Finns' Party, the Freedom Party of Austria, the Swedish Sweden Democrats, and the German Alternative for Germany framed their electoral proposals about the welfare state around the necessity to reduce access to social protection for non-natives (typically the immigrants). While traditionally considered to be a right-wing populist feature, recent scholarship shows that restrictions on immigrants' welfare rights are also proposed by parties on the left (Harris and Römer, 2022). Given the increased saliency brought by populist parties on the welfare state issue, it is reasonable to expect a reaction from traditional non-populist parties.

In this paper, I try to answer the following question: How do European mainstream

parties adjust their welfare state positions after competing with a successful populist party? In particular, how their positions about the overall size of the welfare state and about welfare state inclusiveness (or *welfare chauvinism)* are affected by a populist contestant gaining parliamentary representation? Party competition is one of the mechanisms through which populist parties may influence policy-making, even when they are not elected into office. In fact, minoritarian populist parties may have veto power within government coalitions (Guriev and Papaioannou, 2022), or, after observing populists' success, traditional parties may be pushed to shift their positions toward the populist political platform (Haegel and Mayer, 2018). While the literature has extensively addressed the mechanisms through which parties adjust their positions in response to public opinion's changes (e.g. Ansolabehere et al. (2001); Abou-Chadi and Stoetzer (2020); Adams et al. (2004)), our knowledge about reciprocal parties' interaction and its effects on specific policy issues remains relatively little (Abou-Chadi and Krause, 2020), especially with respect to populism and the welfare state.

Welfare policies remain one of the pillars of the political discussion and electoral campaigning in Europe (Krause and Giebler, 2020), and European governments spend large shares of their GDP on social protection policies. In this sense, parties' programmatic adjustments could have remarkable effects in terms of policy outcomes. On one side, an increasingly diffused unconditional approach to the welfare state provisions may enlarge the fiscal resources necessary to finance the welfare systems, on the other side, restricting welfare rights to parts of the population may produce the dual effect of benefiting the state's budget (Afonso and Devitt, 2016) while worsening situations of marginalization for the weaker segments of the population (Morissens and Sainsbury, 2005). Therefore, uncovering the supply-side effects of the populist rise in a party competition framework is highly relevant.

However, identifying the *supply-side* effect of the populists' electoral success on other parties' welfare state positions is plagued by high degrees of endogeneity coming from the co-existence of supply-side and demand-side effects. In order to address the causality issue, I use a "close election" Regression Discontinuity Design (RDD) which exploits the exogenous variation given by the national minimum thresholds of representation to identify the programmatic adjustment of mainstream European parties after competing with a populist

party that gained parliamentary representation. As the minimum share of votes necessary to obtain a seat in parliament is determined by the national electoral system and cannot be manipulated by individual parties, I can compare parties' shifts on welfare state policy in cases where a populist party obtained a seat in the previous election with cases where it barely did not[1].

Considering the welfare state issue as a bi-dimensional space composed of an economic dimension (the size of the welfare state) and a cultural dimension (the degree of inclusiveness of the welfare state) and using data from the CMP/MARPOR project about party positions in 29 European countries from 1973 to 2021, I find the following effects: First, mainstream parties display sizeable adjustments in their welfare state positions both on the economic and cultural dimensions; Second, after competing with a populist party, mainstream parties become less favorable of welfare state expansions and tend to prefer more exclusionary welfare state policies; Third, while mainstream parties seem to diverge from the populists on the purely economic dimension of welfare state policy they tend to converge on the cultural dimension. The remainder of the paper proceeds as follows:

2   Literature review

A vast literature in the social sciences investigated the roots of the electoral success of populist parties. On the demand side, several economic and cultural arguments have been used to explain the rise of populism. Globalization (Colantone and Stanig, 2018), automation (Acemoglu and Restrepo, 2017), financial crises and recessions (Funke et al., 2020), and austerity measures (Dal Bó et al., 2018; Fetzer et al., 2019) have been considered sources of economic insecurity among voters which fostered mistrust in traditional politics and increased demand for protection from the state (Algan et al., 2017; Morelli et al., 2021; Bellodi et al., 2022). However, economic shocks, when individually considered, cannot explain why mainstream politics is not capable to produce adequate responses to unsatisfied voters, and thus obstacle the populists' rise (Margalit, 2019; Guriev and Papaioannou, 2022). It

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[1]This framework was recently used by Abou-Chadi and Krause (2020) to identify the effect of radical right-wing parties' success on mainstream parties' positions about multiculturalism.

is rather more likely that exogenous shocks interact with each other, usually through the channels of culture and identity (Benczes and Szabó, 2022). The main argument in cultural terms is that populism constitutes the manifestation of a diffused "cultural backlash" (Norris and Inglehart, 2019), a rejection of post-modern values that over decades were promoted by "liberal elites" [2].

Considerably less scholarly work exists on the supply side of populists' rise analyses. A strand of the literature used party competition arguments to explain the electoral success of populist parties in Europe. Accordingly, the success of populist parties can be related to the progressive decline of the European social democracy, typically attributed to its incapability to protect the interests of the losers from globalization (Kriesi et al., 2008). While the rightward shift taken in the 1990s by social democratic parties on economic positions was initially successful, it "was short-lived and came at the expense of electoral success in the subsequent decade, mottling the ideological coherence of the parties as political organizations in the process." (Karreth et al., 2013). The convergence towards centrist economic positions often coincided with the embracing of more progressive positions on cultural issues such as immigration, gender equality, and European integration (Hutter et al., 2016; Green-Pedersen and Otjes, 2019). The combination of these two dynamics alienated the core constituency of European Social Democratic parties leaving these voters without a reference and as a potential target for populist parties (Abou-Chadi and Wagner, 2020). Under a public choice perspective, the convergence of social democratic parties towards the median voter's economic preferences made parties previously on the left and right of the political spectrum increasingly similar making them indifferent to segments of the population. This offered populist parties a chance to gain the consensus of indifferent voters by increasing the saliency of the socio-cultural cleavage.

Regarding populists' policy-making, economic definitions of populism based on populists' overly expansive redistribution policies (Dornbusch and Edwards, 1991) have lost their appeal, yet there is wide agreement that populists' policy-making is typically irresponsible and characterized by excessive redistribution of wealth and public expenditure (Mudde,

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[2]The recent literature about how economic and cultural factors may have contributed to the increased demand for populism is well summarized by (Guriev and Papaioannou, 2022).

Cas and Kaltwasser, 2017). Populists' irresponsibility relates to their unconditional policy commitments (Morelli et al., 2021; Benczes, 2022): in order to respond to voters' economic insecurity, disillusion, and demands for protection, populists commit to simple and short-termed policies which promise larger protection against the threats perceived by the electorate (Guiso et al., 2017), disregarding any type of external constraint. While such an unconditional approach to policy-making may be electorally rewarding, disregarding financial constraints and experts' assessments come at the cost of worsening government performance and economic outcomes (Bellodi et al., 2022; Funke et al., 2020).

With respect to the welfare state issue, the work of Dornbusch and Edwards (1991) gave strong imprinting to the following literature about what populists do when in power. Accordingly, populists pursue excessively redistributive policies, which are financed by fiscal and monetary expansions. Yet, while this approach suits particularly well the case of Latin American left-wing populism (Rode and Revuelta, 2015), it fails to describe the welfare state positions of European parties.

Welfare chauvinism has been considered as a dominant policy agenda for European populist right parties (Lefkofridi and Michel, 2017; Harris and Römer, 2022). Welfare chauvinist parties promote the idea that the welfare state should be accessible only to natives, while social protection systems should not bear further costs to protect non-natives (Andersen and Bjørklund, 1990; Mudde and Kaltwasser, 2013). While catering to the needs of the "native common man", this rhetoric exploits the existence of cultural cleavages in the population and blames non-natives for the excessive burdens borne by the welfare system (Derks, 2006; De Koster et al., 2013; Schumacher and Van Kersbergen, 2016). In this sense, welfare chauvinism can be considered a form of ´´selective" welfare state retrenchment: despite overall pro-welfare state positions, radical right-wing populist parties (RRWPPs) claim for the limitation of welfare rights of those categories that they consider as non-deserving (Chueri, 2021). While RRWPPs' pro-welfare positions may generate conflicts with mainstream right-wing government coalition partners (Afonso, 2015), especially in circumstances where welfare cuts are needed to preserve economic performance, recent evidence shows that RRWPPs manage to transform their welfare chauvinist positions into real policies that retrench expenditure among the *undeserving* categories (Chueri, 2021),

even when their coalition partners are relatively moderate.

Even though it is a smaller political phenomenon than right-wing populism, there exist manifestations of a left-wing European populism, as in the notable cases of the Greek *Syriza* and the Spanish *Podemos* (Müller, 2017). At least in principle, these parties maintain the traditional social democratic pro-welfare state positions combining them with higher societal inclusiveness than their right-wing populist counterparts (Fanoulis and Guerra, 2021; Stavrakakis et al., 2017). However, the empirical literature provides contrasting accounts about the left parties' policy positions on welfare rights: some found that social democratic parties promote the expansion of non-natives' welfare rights (Sainsbury, 2012), while others find welfare chauvinist tendencies even among left-wing parties (Schmitt and Teney, 2019; Harris and Römer, 2022)[3].

While it is well accepted that populism constitutes a reaction to mainstream politics, our knowledge of how traditional parties react to the populist challenge is rather little. A number of empirical studies document an accommodative response of non-populist parties towards increasingly populists' positions (Mudde, 2004; Abou-Chadi and Krause, 2020; Van Spanje, 2010; Guiso et al., 2017; Wagner and Meyer, 2017). However, most of these studies mainly focus on typically right-wing populist issues such as immigration and integration, leaving economic issues either completely neglected or as minor results.

To the best of my knowledge, only Schumacher and Van Kersbergen (2016) and Krause and Giebler (2020) directly address the question of how parties adjust their welfare state positions when competing with populist parties. Considering a sample of six European countries, Schumacher and Van Kersbergen (2016) investigate the programmatic reactions of mainstream parties when right-wing populist parties adopt a *welfare chauvinist* position. In their work, they find that mainstream right-wing parties adopt more pro-welfare and anti-multiculturalist positions when faced by an increasingly welfare chauvinist populist party. Left-wing parties respond becoming more sceptical of multiculturalism while holding their positions on overall redistribution. Similarly, Krause and Giebler (2020) find that party

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[3]As indicated in Lowe et al. (2011), values equal to zero for the logged ratios displayed in Table 1 should not be automatically identified as substantively centrist positions. A centrist position would be a function of the mean or median party position on each issue at a given country-election

systems of 18 European countries react with pro-welfare adjustments to the radical right-wing populist electoral success, although left-of-centre parties display a stronger reaction in this direction than right-of-centre ones. These studies have the merit of putting the attention on a relatively understudied aspect of party competition, yet, their methodological approaches based on time series analyses do not allow to completely rule out the role of public opinion and voters' preferences as confounding factors.

3 Empirical design

3.1 RDDs and elections

The electoral success of populist parties may affect traditional parties' platforms in multiple ways: First, by being exposed to populists' agenda, traditional parties could be influenced; Second, a populist party with representation could be perceived as a threat by traditional parties which may decide to adapt their positions consequently; Third, the populists' electoral success may signal a change in public opinion's preferences to traditional parties which may respond shifting their positions. The potential co-existence of the first two supply-side mechanisms with shifts in individuals' preferences poses a substantial problem of endogeneity which complicates the identification of the causal effect of competing with a populist contestant.

To solve this identification challenge I adopt a "close-election" Regression Discontinuity (RD) design in which I exploit the exogenous variation given by minimum national thresholds of representation. The idea is to identify the effect of populists' competition on traditional parties' platforms by comparing cases where a populist party closely failed to obtain parliamentary representation with cases where the populist party closely surpassed the minimum electoral threshold. The institutional cut-off assigning the treatment status is the individual country's minimum electoral threshold. While a mainstream party can observe the populist's electoral success right after the polls' results, any programmatic reaction will be formalized in the political manifesto of the following election. Thus, the dependent variables of this design capture the intertemporal adjustment of mainstream parties' positions across two subsequent elections. Accordingly, traditional parties which competed with a

populist one that obtained representation at time $t-1$ compose the treatment group, while parties that competed with populist parties that did not achieve representation make up the control group. In other words, the assignment variable of the treatment status is given by the margin of victory/loss to obtain parliamentary representation, with respect to the institutional cutoff. The difference around the cutoff between the intertemporal policy adjustment of the treated and the control groups constitutes the causal effect of competing with a successful populist party.

Identification of the causal effect is allowed by the fact that minimum national thresholds of parliamentary representation are exogenous with respect to party behavior as they are defined by the electoral system which, in my selection of advanced democracies, is unlikely to be manipulated by individual parties (Abou-Chadi and Krause, 2020). Therefore, comparing parties that competed with successful or non-successful populist parties by a small margin around the cutoff should allow for eliminating the role of public opinion and parties' characteristics as confounders.

The data for the study has been collected from multiple sources. Parties' political positions have been sourced from the CMP/MARPOR database. The CMP/MARPOR project contains several variables about parties' programmatic positions coming from the textual analysis of parties' manifestos. Each variable in the CMP is a count of the texts' units expressing a given policy dimension divided by the total number of textual units. Textual units are assigned to mutually exclusive policy categories so that the percentage categories can be considered as conveying information about parties' preference for a given policy dimension.

In order to identify populist parties I use the PopuList dataset (Rooduijn et al., 2019), which provides a binary and dynamic classification of political parties since 1989[4].

National electoral results have been sourced from the ParlGov project (Döring and Manow,

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[4]In order to extend the coverage of the PopuList data and to reduce the incidence of missing observations for parties' classification, I integrate the PopuList data with the results of a novel continuous indicator of party populism (RFPOPI) (Celico, Rode, Rodriguez, 2022, available at SSRN). This indicator scores parties' populism on a 0-10 scale and extends the data coverage about populist parties back to 1970. In the baseline estimations, I classify residual parties as populist if their RFPOPI score is equal or larger than 6. Robustness checks provide estimations adopting an alternative threshold.

2022).

The final resulting sample includes party-election observations for twenty-nine European democracies over the 1973-2021 period.

3.2   The cutoff and the treatment status

To estimate the effect of populist parties' success on parties' welfare state electoral platforms I exploit the exogenous variation generated by the minimum thresholds of representation fixed by national electoral systems.

Although several European countries define the electoral threshold by law, this is not the case for all the countries in our sample. For the country-election observations where a representation threshold is not defined by law, we estimate the corresponding "effective thresholds" as defined in Taagepera (2002). According to this work, the nationwide threshold of representation can be defined as the vote level at which parties have a 50–50 chance to win their first seat. Using the total number of seats in the assembly (S) and the number of electoral districts (E) it is possible to estimate the average nationwide vote share needed to win the first seat in the assembly (T)[5]:

$$T = \frac{75\%}{\left[\left(\frac{S}{E} + 1\right) \times \sqrt{E}\right]} \tag{1}$$

Thus, the cutoff values are given by the combination of the legally defined electoral thresholds, when available, and the effective electoral thresholds calculated according to Taagepera (2002). For every party observation at time t, the running variable is given by the margin of victory/loss of the most successful populist party at time $t - 1$. This is equivalent to the difference between the vote share obtained at $t - 1$ and the national electoral threshold.

Since the effective thresholds of representation defined in Equation 1 cannot be considered completely exogenous, as a robustness check I repeat the main estimations on a sample

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[5]The information about both the number of electoral districts (E) and the total number of seats in the assembly (S) have been collected from the "The Constituency Level Elections Archive" (CLEA) (Kollman et al., 2019). Effective thresholds correspond with those identified by Abou-Chadi and Krause (2020).

restricted to only those observations where a legally defined threshold is available.

3.3 The outcome variables

Western Europe populist parties have largely exploited the redistributive issue in their rhetoric discourse in at least two directions. First, most populists try to meet voters' demand for additional protection by means of easy-to-keep and unconditional promises about redistribution, while blaming mainstream parties for the welfare retrenching policies enacted over the last decades. Second, populists adopt welfare chauvinist positions in their agenda, proposing a more "selective" approach to welfare benefits rights (Schumacher and Van Kersbergen, 2016). Accordingly, non-natives are to blame for the welfare state's distress condition and welfare state protection should be re-targeted to only those groups of society which deserve it. On this regard, recent empirical research shows that welfare chauvinism is a quite trasversal political tendency that does not exclusively belong to the populist right, instead, welfare rights limitations are also proposed by left-wing populist parties (Harris and Römer, 2022). Thus, it is reasonable to expect that when traditional parties are challenged on these grounds they react by adapting their welfare state positions.

Using CMP data, I create the following two measures to capture mainstream parties' reaction: First, I measure changes in parties' preferences about the need to expand or restrict publicly provided social services ($\Delta Welfaresize$). Second, I introduce a measure for welfare chauvinism which, given the salience of the welfare state issue in each political platform, proxies parties' changes about how exclusionary welfare state provisions should be ($\Delta Welfarechauvinism$).

Table 1 provides a detailed formalization of both variables. To capture the balance between manifesto sentences in favor or against welfare state expansions I use the log-odds ratios scaling proposed by Lowe et al. (2011). The rationale is that in order to capture any policy adjustment across time, we must look at the balance between favoring and opposing statements rather than their absolute count. The first component of $\Delta Welfaresize$ defines party preferences about the expansion or limitation of the welfare state at time *t*, while the second component defines the same party preference at time *t-1*. The difference between the two components returns the adjustment across subsequent elections. As

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| Outcome measure	Source variables	Definition
$\Delta Welfaresize$	$per504$ (W.S. expansion) $per505$ (W.S. limitation)	$\Delta Welfaresize_{i,t} = \left(\frac{log(per504+0.5)}{log(per505+0.5)} \right)_{i,t} - \left(\frac{log(per504+0.5)}{log(per505+0.5)} \right)_{i,t-1}$
$\Delta Welfarechauvinism$	$per504$ (W.S. expansion) $per505$ (W.S. limitation) $per608$ (Multicult.: neg.)	$\Delta Chauvinism_{i,t} =$ $\left(\mid\frac{log(per504+0.5)}{log(per505+0.5)}\mid \times log(per608 + 0.5) \right)_{i,t} - \left(\mid\frac{log(per504+0.5)}{log(per505+0.5)}\mid \times log(per608 + 0.5) \right)_{i,t-1}$

Table 1: Dependent variables

for $\Delta WelfareChauvinism$, the absolute values in the first and second components tell the salience of welfare state adjustments at different elections. As this term can only be positive or equal to zero it expresses the relevance of the welfare state issue in the party platform at the given election (independently from its restrictive or expansive direction). This salience component is multiplied times the intensity of anti-multicultural positions, expressing the degree of nativism applied to the welfare state issue. For each of the two variables, positive values indicate respectively policy shifts in favor of welfare state expansions and policy shifts in favor of a more exclusionary welfare state, while negative values indicate shifts favoring a restriction of the welfare state's size and a more inclusive welfare state.

Table 2 contains the summary statistics for the two dependent variables. The first two rows resume the information about parties policy preferences at each election-observation t: on average, traditional parties in the sample favor welfare state expansions and prefer inclusive welfare state rights. The third and fourth rows contain the programmatic shift from one election to another. Quite surprisingly, the average variation of welfare chauvinist policy preferences is larger than the variation observed for the purely economic welfare state issue. Yet this observation is compatible with the empirical literature stressing the recent increasing saliency of cultural issues with respect to economic issues (Abou-Chadi and Wagner, 2020; Green-Pedersen and Otjes, 2019; Abou-Chadi and Krause, 2020).

In order to show the positional preferences by party typologies, Figure 1 returns the density distributions of party positions by party groups. Instead of showing variations across time, Figure 1 shows party preferences at each unit of time t. These statistics are in line with what is expected from the political theory. In fact, left-wing populist parties are more pro-redistribution than the average party (Müller, 2017), while welfare chauvinism is mostly a right-wing populist position (Schumacher and Van Kersbergen, 2016). However, strong welfare chauvinist positions are also observed for a residual share of left-wing populist

parties (Harris and Römer, 2022; Schmitt and Teney, 2019).

Figure 1: Distribution of party preferences by party group
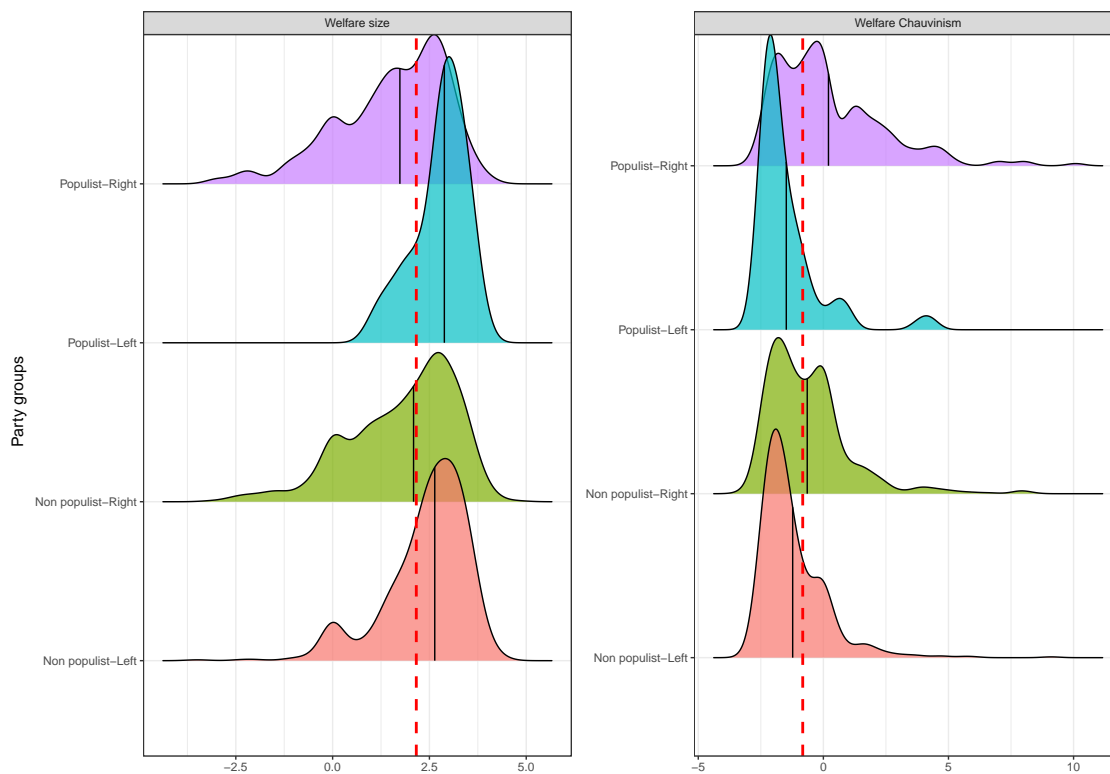
Note: Black solid lines indicate each group distribution's median. The dashed red lines indicate the mean of the whole sample for each variable.

Overall the main dataset is made of 762 observations, among which 422 lie in a +/-5% victory/loss margin.

Table 2: Summary Statistics

Variable	Nr. Obs.	Mean	SD	Min	Max
Welfare expansions	762	2.161	1.262	−2.625	4.768
Welfare chauvinism	762	−0.825	1.686	−3.305	9.105
Delta welfare expansion	635	0.069	1.289	−6.276	5.330
Delta welfare chauvinism	635	0.127	1.657	−7.171	9.718
Margin of victory/loss (lag)	740	8.810	9.547	−4.000	47.610

3.4 Estimation of the treatment effect

A populist party obtaining parliamentary representation may constitute a strong signal for non-populist parties, which may strategically adjust their positions. However, parliamentary representation is a function of multiple factors: public opinion, the electoral system, and parties' characteristics (e.g candidates' quality and party organizational capabilities). While the electoral system can be considered exogenous to party behavior, public opinion and parties' characteristics can pose problems of endogeneity and reverse causality.

Using an RD design focusing on elections where the populists' success was determined by a narrow margin of loss or victory can address this issue. The intuition allowing for the identification of the treatment effect is that the (small) margin of victory or loss cannot be attributed to differences in party characteristics or to public opinion. To ensure the comparability of parties that barely passed the institutional cutoff with those that did not pass it is fundamental that parties cannot perfectly control the vote share that they receive nor the established electoral threshold. According to Abou-Chadi and Krause (2020), very rarely in the history of European political party systems there have been cases of manipulation of the electoral law from established parties so as to impede the participation of smaller parties, thus it is reasonable to assume that political parties cannot perfectly control the entrance of other parties in a close window around the cutoff. If this holds, whether a populist party obtains parliamentary representation or not can be considered random in a close-election framework [6]. As a result, the causal effect (τ) of facing populist competition at $t-1$ on the adjustment of party positions (ΔY) can be estimated using the following specification:

$$\Delta Y_{ij} = \alpha + \tau D_{ij} + f(x_{ij}) + \epsilon_{ij} \quad \forall x_i \in (-h, h) \tag{2}$$

where ΔY_{ij} is the variation in the party i programmatic position from one election to another, τ constitutes the local average treatment effect (LATE), x_{ij} is the forcing variable (the margin of victory or loss with respect to the cutoff), h is the optimal bandwidth, and ϵ_{ij} is an error term. Suffixes i and j respectively stand for party i in country j. In order to

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[6]I empirically test the non-manipulation assumption in the Appendix.

account for the unobserved heterogeneity potentially arising from analyzing countries with different institutional settings all the estimations are performed including country-fixed effects and clustering standard errors at the country-election level.

Apart from the parametric global approximations provided in Figure 2 for illustrative purposes, all the remaining estimations are obtained using the local non-parametric robust bias-corrected RDD estimator provided in Calonico et al. (2019). This estimator determines confidence intervals with superior robustness properties with respect to routinely employed local polynomial estimators (Calonico et al., 2014) and along with its non-parametric nature offers a good compromise between simplicity and flexibility in the approximation of the regression function (Cattaneo et al., 2019). Recent findings show that the robust bias-corrected estimator RDD replicates the outcomes of experimental estimations in the context of close elections (Hyytinen et al., 2018), supporting the suitability of this approach to my empirical framework. Each non-parametric local estimation employs a mean squared error (MSE)-optimal bandwidth selector and triangular kernels in the determination of the optimal bandwidth around the cutoff [7]. In particular, triangular kernels allow giving larger weights to observations closer to the cutoff.

4   Results

The main requirement for an RDD implementation is that there should be a discontinuity between the estimated regression functions on the two sides of the cutoff. Figure 2 displays the existence of such a discontinuity for both the dependent variables using a global parametric estimation: on the X-axis is the margin of victory/loss of the populist party at the previous election, on the Y-axis is the magnitude of the traditional party programmatic change from one election to another. As in a *sharp* RDD, the cutoff perfectly separates treated observations from non-treated ones. These preliminary results suggest that after facing a successful populist party, traditional parties tend to prefer a smaller and more exclusionary welfare state. A second fundamental assumption for the validity of the RDD

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[7]Robustness tests against sensitivity to alternative bandwidth selectors and kernels are provided in Table 5.

is that the forcing variable is smooth around the cutoff and the treatment status cannot be manipulated by individual parties on each side of the cutoff. Although anecdotal evidence suggests that the non-manipulation assumption is a realistic hypothesis in the case of European democracies, as it could be violated only in the unlikely case of electoral fraud or by modifications to the electoral law (Abou-Chadi and Krause, 2020; Larsen, 2023), I empirically test the continuity of the forcing variable around the cutoff following (Cattaneo et al., 2020). Test results provide reassuring evidence about the absence of a discontinuity in the forcing variable around the cutoff (results are shown in Appendix B).

In order to rigorously assess the LATE, I show in Table 3 the results for local non-parametric estimations. All the estimations are performed employing both linear and quadratic polynomials, so as to ensure that results do not depend on the functional form adopted to approximate the regressions on each side of the cutoff.

Local estimates confirm the picture obtained from Figure 2: negative coefficients for $\Delta WelfareSize$ suggesting that after competing with a successful populist party, mainstream parties reduce their preference for enlarging social expenditure, while positive coefficients for $\Delta WelfareChauvinism$ indicate a shift toward more nativist and exclusionary welfare-state policies. The effects are robust to the estimation with linear and quadratic polynomials and their magnitude is sizeable. To provide a term of comparison, the size of the linear estimations for $\Delta WelfareSize$ is roughly 5 times the average positional shift observed in the control group. In the case of $\Delta WelfareChauvinism$ the effect is approximately ten times the median positional shift observed in the control group. While this effect may appear very large at first, it is actually meaningful if one considers that mainstream parties in the control group barely shift their positions in terms of welfare chauvinism (both median and mean values of the positional shift are close to zero). If welfare chauvinism is a typically salient populist issue, it is reasonable that parties that have not faced a substantial populist threat do not compete in this dimension. This explains why when compared to the control group the effect appears so large. In a different fashion, the size of the $\Delta WelfareSize$ linear estimate is approximately 30% of the positional distance that there was between the Italian Democratic Party and the Five Star Movement (M5S) in 2013, when the M5S obtained parliamentary representation for the first time putting a strong emphasis

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Figure 2: Non-populist parties' positions change.
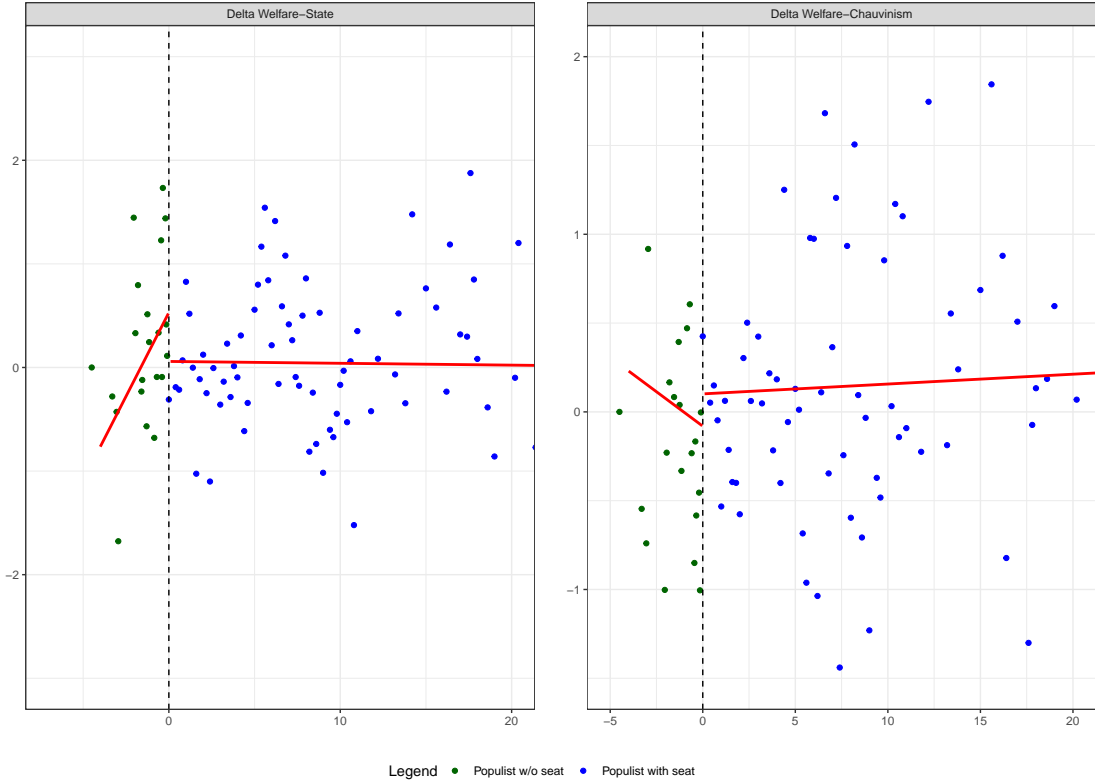
Note: On the y-axis is the party programmatic variation across two consecutive elections. On the x-axis is the distance between the vote share obtained from a populist party and the electoral threshold at $t - 1$ election. Red lines indicate linear global estimations.

Table 3: RDD main results

Estimation	Local			
Variable	Δ Welfare size		Δ Welfare Chauvinism	
Polynomial order	1	2	1	2
Populist with seat	-0.950***	-1.207***	1.051***	1.499***
	(0.246)	(0.294)	(0.194)	(0.215)
Bandwidth	2.617	3.208	2.690	3.722
N_-/N_+	84/88	93/119	88/90	93/141

Note: Robust standard errors are in parentheses, clustered at the national election level. P-values:
***p < 0.01, **p < 0.05, *p < 0.1.

on social policy issues. As for $\Delta WelfareChauvinism$, the linear coefficient size is about 45% the distance between the M5S and the PD on the welfare chauvinism dimension at the same elections.

Overall, these results suggest that by mechanisms of party competition, populism can influence the redistributive positions of traditional parties, independently from voters' preferences. However, ideologically different mainstream parties may respond in different ways.

To uncover this possibility, I repeat the estimations splitting the sample of mainstream parties by their ideological positioning across the left-right spectrum. Figure 3 shows the coefficient estimates and 90% confidence intervals for the first-order polynomial estimations of the LATE, given the optimal bandwidths for each of the dependent variables. An interesting picture emerges. First, left and right parties tend to respond to the populist challenge analogously on the cultural dimension, accommodating welfare chauvinist positions. This confirms evidence from the literature expecting a homogenous effect of populism over ideologically different parties (Rooduijn et al., 2014). Second, competition from populist parties does not influence left-wing parties about the welfare state's size, whereas it fosters a welfare-retrenching tendency in right-wing parties. In this sense, the negative effect found in Table 3 for the economic dimension of the welfare state is driven by the response of right-wing mainstream parties. Third, these results suggest that besides competing on populists' core issues, such as welfare rights for non-natives, mainstream parties shift their positions also on populists' non-core issues.

Overall, the results in Table 3 and in Figure 3 results may lead to contrasting interpretations. On the one hand, traditional parties may be reacting to the populist challenge in a *responsible* way, opposing (or not accommodating) their unconditionally expansive approach to redistribution. On the other hand, the positive effect on preferences about a less inclusive welfare state suggests an accommodation of traditionally populist positions. However, these two interpretations are not mutually exclusive and can be joined together into a third one. While right-wing parties might respond to the populist challenge by pursuing a restriction of the welfare-state size by means of reducing the number of eligible social categories, left-wing parties might be proposing a reduction of those deserving welfare protection so as to redistribute more towards their own constituencies and leaving the overall size of the welfare state unvaried. Thus, the ambivalence of the results obtained within this area of policy does not allow to align with claims about the existence of a populist contagion as in Mudde (2004), nor do they allow to exclude this possibility, as in Rooduijn et al. (2014).

Therefore, as a complementary analysis, I introduce a measure of positional convergence/divergence to better uncover the dynamics of mutual positioning on the two policy

sub-dimensions considered so far. After calculating the Euclidean distance separating the positions of each traditional party from the positions of the most successful populist party, my measure of convergence/divergence is given by the difference between the measured distances for party i at election t minus the distance at election $t-1$. Positive values indicate positional divergence while negative values indicate positional convergence.

Using the same RDD design, the estimations in Table 4 show that after being challenged by a populist party, traditional parties converge toward the populists' positions in terms of welfare chauvinism. On the contrary, traditional and populist parties diverge over preferences about the overall welfare state size. These results confirm the ambivalence found in Table 3 and suggest that traditional parties may react to a populist contestant with more responsible positions over purely economic issues, whereas they may imitate the populist over issues on the progressive-conservative scale [8].

Overall, dividing the welfare state policy area into a bi-dimensional space leads to conclude that within the same policy space, there can be contrasting tendencies of both accommodation and rejection of populists' policy preferences.

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[8]At the current stage, results in Table 4 should be interpreted cautiously given the substantial sample size reduction caused by the two differences taken to obtain the convergence/divergence measure.
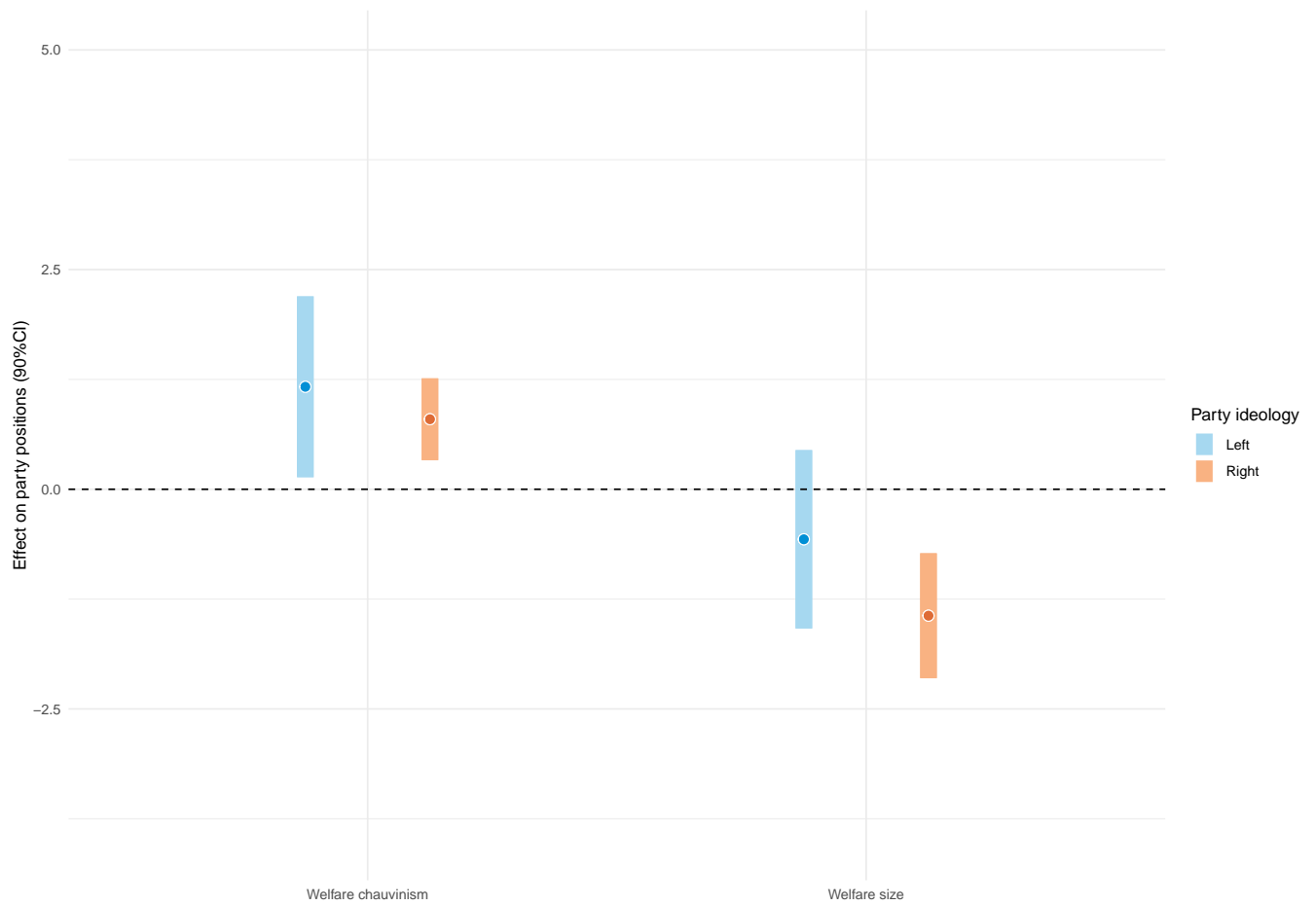
Figure 3: Treatment effects by parties' ideological subgroups.

Note: Shaded areas show 90% confidence intervals. Coefficient estimates have been calculated using country fixed effects and clustering SE at the national election level.

Table 4: Positional convergence

Estimation	Local			
Variable	Welfare Size		Welfare Chauvinism	
Polynomial order	1	2	1	2
Position convergence	0.518***	1.045***	-4.450***	-2.657***
	(0.048)	(0.148)	(0.271)	(0.349)
Bandwidth	1.513	3.299	1.323	4.040
N_-/N_+	39/39	49/99	39/33	50/109

Note: Robust standard errors are in parentheses, clustered at the national election level. P-values:
***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

5   Robustness and sensitivity tests

In this section, I provide a series of robustness and sensitivity checks to support the validity of the RDD main results.

First, I test the robustness of the results to the selection of alternative bandwidths with respect to those determined in the main estimations. If the estimated LATEs were substantially affected by the size of the chosen bandwidth, this would cast doubts about the validity of the results. Figure 4 shows the LATE estimated using a number of alternative bandwidths spanning from 2 to 6 points of the victory/loss margin, spaced by 0.5 intervals. The two exhibits contain estimations using linear and quadratic polynomials. The LATEs of both dependent variables are statistically significant and consistent with the coefficients' signs of the results found in Table 3.

Table 5 contains an additional set of falsification and sensitivity tests. In the first block, I check for the sensitivity of the main results to alternative RDD features' specifications. First, I check whether using an Epanechnikov kernel instead of a triangular one alters the results. Second, I check if any substantial differences arise when adopting an optimal bandwidth selector that allows for different bandwidths sizes on each side of the cutoff (MSE-two). Both linear and quadratic estimations report significant coefficients similar to those obtained in Table 3, showing that results are robust to the choice of both alternative kernels and bandwidth selectors. In the second block, I perform a further falsification test using placebo cutoffs. Following Imbens and Lemieux (2008), I test for the existence of discontinuities at two artificial cutoffs, each one located at the median of the two samples

on each side of the real cutoff. Splitting the two subsamples at their respective medians increases the power of the test to find discontinuities (Imbens and Lemieux, 2008). The existence of discontinuities away from the cutoff could potentially cast doubt on the RD design, thus we expect to find no significant effect at the artificial cutoffs (Imbens and Lemieux, 2008; Cattaneo et al., 2019). As expected from the theory, we find no statistically significant effect for none of the specifications considered. In the third block, I check whether results are sensitive to observations very close to the cutoff following the "donut-hole" test described in (Cattaneo et al., 2019). The intuition behind this test is to remove a number of observations in a small radius around the cutoff and repeat the estimations, as observations closer to the cutoff are the ones more likely to suffer from manipulation (in cases where manipulation is suspected) or driving the results of local estimations. In my case manipulation should not represent a concern as suggested by the tests run in Appendix B, yet observations very close to the cutoff could still be driving the overall results. Using a radius around the cutoff up to 0.2 points of the victory/loss margin, the resulting LATEs are statistically significant and consistent with those obtained in Table 3.

Finally, in the fourth block, I test the robustness of the results against some alternative definitions. With the first test, I propose a different definition of mainstream parties. In order to benefit from a larger sample size, so far I considered mainstream parties all those parties with an average vote share of 8% in at least three elections. In this test reduce the sample of parties considered to only those with an average vote share of 10% in at least four elections, in line with the practice followed by other scholars (Abou-Chadi and Krause, 2020). This variation only affects the magnitude of the estimates while the sign of the estimates remains consistent with the findings in Table 3. In the second test, I propose a slight variation in the definition of the set of populist parties. So far the adopted definition was based on a combination of two indicators, a binary one (PopuList), and a continuous one (RFPOPI) for residual cases. Since the choice of the score where classifying a party as populist/non-populist contains some degrees of arbitrariness, I propose an alternative definition of populist party where I move the RFPOPI threshold from greater or equal to 6 to greater or equal to 8. As observed for the previous test, only the magnitudes of the effects are slightly affected while the overall result of the test is consistent with the baseline

results. In a third test, I test for the sensitivity of the results for the definition of the minimum national thresholds of representation. As the effective thresholds for parliamentary representation defined in Taagepera (2002) only approximate real thresholds and as they can't be considered entirely exogenous to party behavior, I repeat the estimations considering exclusively observations where minimum thresholds of representation are defined by the electoral law. Despite a reduction in the levels of significance of the estimates, the results remain substantially unchanged.
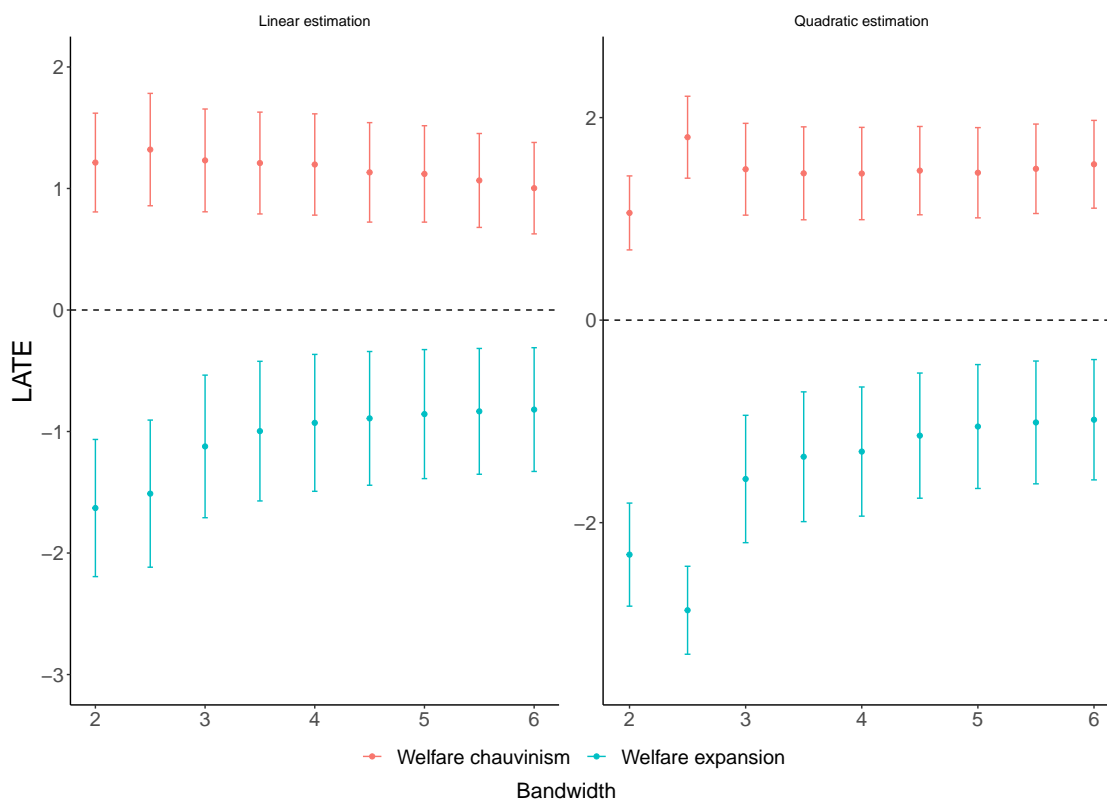
Figure 4: Bandwidth sensitivity test

Finally, Appendix B contains linear and quadratic iterations of a jackknife analysis by which I test whether the results are driven by any given country-observations in the sample. The jackknife analysis consists in repeating iteratively the estimations, each iteration including all the observations but those from a given country. As Tables 9 and 10 display, despite variations in magnitudes of the estimated coefficients, results are overall consistent with the baseline findings. All in all, all the tests performed in this section support the main findings, allowing me to claim with reasonable confidence that populists' success has a causal effect on the determination of traditional parties' social policy platforms at the following electoral round.

Table 5: Robustness and sensitivity checks

Variable	Δ Welfare Size		Δ Welfare Chauvinism	
Polynomial order	1	2	1	2
1) RDD features				
Alternative kernel: Epanechnikov	-1.252***	-1.964***	1.010***	2.184***
	(0.202)	(0.187)	(0.220)	(0.229)
Alternative bandwidth selector: MSE-two	-0.758***	-0.619***	0.788***	0.846***
	(0.197)	(0.228)	(0.157)	(0.181)
2) Placebo cut-offs				
Cutoff= 8.02	-0.425	-0.458	-1.717	-1.667
	(0.278)	(0.306)	(1.836)	(0.758)
Cutoff= -0.7	0.357	-0.025	0.891	0.515
	(0.587)	(0.758)	(0.890)	(0.703)
3) Observations close to cut-off				
Radius around cutoff = 0.1	-1.018***	-3.129***	1.066***	1.652***
	(0.346)	(0.416)	(0.220)	(0.0274)
Radius around cutoff = 0.2	-2.359***	-2.932***	2.878***	3.569***
	(0.318)	(0.462)	(0.329)	(0.439)
4) Alternative definitions				
Mainstream party (10% v.s. in 4 el.)	-0.937**	-1.262***	1.066***	1.399***
	(0.370)	(0.483)	(0.279)	(0.322)
Populist party (RFPOPI >= 8)	-0.827***	-0.963***	1.079***	1.742***
	(0.221)	(0.268)	(0.0194)	(0.219)
Legal thresholds	-1.131**	-1.216**	0.354*	1.173***
	(0.484)	(0.585)	(0.181)	(0.225)

Note: Robust standard errors are in parentheses, clustered at the national election level. P-values: ***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

6 Discussion and conclusions

Political economy literature recognizes a multitude of economic, institutional, and cultural effects on Western societies relatable to populist governance. Yet, these effects are not limited to cases where populists are in government. Through mechanisms of political competition, populist parties can influence mainstream parties' programmatic positions about economic policy-making and thus affect government political action, even without being in power. Despite the recent increase in interest in how parties react to each other, the question of how mainstream parties react to the populist challenge in economic policy areas has remained relatively overlooked. Most available empirical studies are correlational and do not disentangle parties' positioning effects from changes in public opinion.

This paper provides causal empirical evidence about how populism can influence specific policy areas through party competition mechanisms, and consequently shape the political spectrum. Using European cross-national data from parties' electoral manifestos, I show that a populist party obtaining representation constitutes a supply-side mechanism capable of producing shifts in mainstream parties' economic policy positions, independently from public opinion. To address the problem of endogeneity caused by the programmatic adjustments that parties may undergo as a response to changing preferences in public opinion, I use an RDD exploiting the exogenous variation generated by minimum national thresholds of representation.

Focusing on the case of welfare state policies, I find that following the populists' electoral success mainstream parties on average reduce their preferences for further welfare state expansions while they embrace more exclusionary models of social protection. With respect to the cultural dimension, these results confirm the positive association found by Schumacher and Van Kersbergen (2016) and Krause and Giebler (2020) between populists' success and welfare chauvinism. However, my results diverge from Krause and Giebler (2020) with respect to the economic dimension of welfare state policy, where they found a positive association between populists' success and mainstream parties' pro-welfare positions. Also, I find that after the consolidation of a populist contestant within the party system, the positional distance between mainstream and populist parties decreases with respect to the welfare state inclusiveness issue, while that distance increases relatively to the appropriate

economic size of the welfare sector.

These results contribute to the literature on populism and party competition in a nuanced manner. In fact, within the same policy area, I observe both dynamics of accommodation and rejection of populists' approach to policy-making. On one side, I find that mainstream parties respond "responsibly" to populists: instead of raising the stakes and committing to unconditional public expenditure enlargements typical of populists, they include in their political platform the necessity to limit social security expenditure. On the other hand, both left and right-wing parties accommodate populists' welfare chauvinist positions, committing to the reduction of welfare state rights for non-natives individuals.

These results do not imply by any means that governments' political actions will necessarily follow the paths described in this paper, yet, cabinets' agenda-setting theory suggests the existence of a party-program to policy link (Mansergh and Thomson, 2007) that allows both majority and opposition parties to influence the executive by means of their agenda-setting power (Seeberg, 2013; Green-Pedersen and Mortensen, 2010; Mansergh and Thomson, 2007).

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Appendices

A   List of populist parties

Table 6: List of populist parties with representation

Country	Party acronym	Party name	Ideology
Austria	FPO	Freedom Party of Austria	Right
Austria	BZO	Alliance for the Future of Austria	Right
Austria	TS	Team Stronach	Right
Belgium	VB	Flemish Block | Flemish Interest	Right
Belgium	FN	National Front	Right
Belgium	LD|LDD	List Dedecker | Libertarian, Direct, Democratic	Right
Bulgaria	BBB	Bulgarian Business Bloc	Right
Bulgaria	NDSV	National Movement Simeon II	Right
Bulgaria	Ataka	Attack	Right
Bulgaria	RZS	Order, Lawfulness and Justice	Right
Bulgaria	GERB	Citizens for European Development of Bulgaria	Right
Bulgaria	NFSB	National Front for the Salvation of Bulgaria	Right
Bulgaria	BBZ	Bulgaria Without Censorship	Right
Bulgaria	Volya	Will	Right
Croatia	HDSSB	Croatian Democratic Alliance of Slavonia and Baranja	Right
Croatia	HL-LR	Croatian Labourists – Labour Party	Left
Croatia	ZiZi	Human Shield	Right
Croatia	Most	Bridge of Independent Lists	Right
Czech Republic	SPR-RSC	Rally for the Republic – Republican Party of Czechoslovakia	Right
Czech Republic	VV	Public Affairs	Right
Czech Republic	UPD	Dawn of Direct Democracy	Right
Czech Republic	ANO	Action of Dissatisfied Citizens 2011	Right
Czech Republic	SPD	Freedom and Direct Democracy	Right
Denmark	FrP	Progress Party	Right
Denmark	DF	Danish Peoples Party	Right
Denmark	NB	The New Right	Right
Estonia	SK	Independent Royalists	Right
Estonia	EKo	Estonian Citizens	Right

Table 8: List of populist parties with representation (cont.)

Country	Party acronym	Party name	Ideology
Estonia	ERa/EKR	People's Union of Estonia / Conservative People's Party	Left
Finland	SP|P	Finnish Party | True Finns	Right
France	FN	National Rally	Right
France	FI	Unbowed France	Left
Germany	PDS|Li	PDS | The Left	Left
Germany	AfD	Alternative for Germany	Right
Greece	PASOK	Panhellenic Socialist Movement	Left
Greece	POLAN	Political Spring	Right
Greece	DIKKI	Democratic Social Movement	Left
Greece	LAOS	Popular Orthodox Rally	Right
Greece	SYRIZA	Coalition of the Radical Left	Left
Greece	ANEL	Independent Greeks	Right
Greece	MeRA25	European Realistic Disobedience Front	Left
Greece	EL	Greek Solution	Right
Hungary	MDF	Hungarian Democratic Forum	Right
Hungary	FKgP	Independent Small Holders Party	Right
Hungary	SzDSz	Alliance of Free Democrats	Left
Hungary	MIEP	Hungarian Justice and Life Party	Right
Hungary	Fi-MPSz	Fidesz – Hungarian Civic Union	Right
Hungary	Fi+KDNP	Fidesz – Hungarian Civic Party / Christian Democratic People's Party	Right
Hungary	Jobbik	Jobbik Movement for a Better Hungary	Right
Iceland	B-H	Civic Movement – The Movement	Right
Iceland	FlF	People's Party	
Iceland	FlF	People's Party	Right
Iceland	M	Centre Party	Right
Ireland	SF	Sinn Fein	Left
Italy	LV	Venetian League	
Italy	LN	North League	Right
Italy	FI-PdL	Go Italy – The People of Freedom	Right
Italy	FdI	Brothers of Italy	Right

Table 8: List of populist parties with representation (cont.)

Country	Party acronym	Party name	Ideology
Italy	M5S	Five Star Movement	Left
Italy	M5S	Five Star Movement	Right
Latvia	TSP	National Harmony Party	Left
Latvia	TKL-ZP	People's Movement for Latvia – Siegerist Party	Right
Latvia	DPS	Democratic Party Saimnieks	Right
Latvia	LSDSP	Latvian Social Democratic Workers' Party	Left
Latvia	PCTVL	For Human Rights in a United Latvia	Left
Latvia	S	Harmony	Left
Latvia	RP	Reform Party	Right
Latvia	NsL	For Latvia from the Heart	Right
Latvia	KPV-LV	Who owns the state?	Right
Lithuania	JL	Young Lithuania	Right
Lithuania	DP	Labour Party	Left
Lithuania	TT-LDP	Order and Justice – Liberal Democratic Party	Right
Lithuania	TPP	National Resurrection Party	Right
Lithuania	DK	The Way of Courage	Left
Lithuania	LCP	Lithuanian Centre Party	Right
Lithuania	DK	The Way of Courage	
Luxembourg	AR|ADR	Action Committee Pensions | Alternative Democratic Reform Party	Right
Malta	PN	Nationalist Party	Right
Malta	PL	Malta Labour Party	Left
Netherlands	D66	Democrats 66	Left
Netherlands	SP	Socialist Party	Left
Netherlands	CD	Centre Democrats	Right
Netherlands	LPF	Fortuyn List	Right
Netherlands	LN	Livable Netherlands	Right
Netherlands	PVV	Party for Freedom	Right
Netherlands	FvD	Forum for Democracy	Right
Norway	Fr	Progress Party	Right

Table 8: List of populist parties with representation (cont.)

Country	Party acronym	Party name	Ideology
Poland	S	Solidarnosc	Left
Poland	PC	Centre Agreement	Right
Poland	KPN	Confederation for Independent Poland	Right
Poland	SRP	Self-Defense of the Republic Poland	Left
Poland	LPR	League of Polish Families	Right
Poland	PiS	Law and Justice	Right
Poland	K	Kukiz'15	Right
Portugal	APU	United People Alliance	Left
Portugal	CH	Enough	Right
Romania	PUNR	Romanian National Unity Party	Right
Romania	PRM	Greater Romania Party	Right
Romania	PP-DD	People's Party – Dan Diaconescu	Left
Romania	PSD	Social Democratic Party	Left
Slovakia	SNS	Slovak National Party	Right
Slovakia	ZRS	Association of Workers of Slovakia	Left
Slovakia	SOP	Party of Civic Understanding	Left
Slovakia	PSNS	Real Slovak National Party	Right
Slovakia	Smer	Direction – Social Democracy	Left
Slovakia	ANO	Alliance of the New Citizen	Right
Slovakia	OLaNO	Ordinary People and Independent	Right
Slovakia	SR	We are family – Boris Kollar	Right
Slovenia	SDS	Slovenian Democratic Party	Right
Slovenia	ZL-SD	United List – Social Democrats	Left
Slovenia	SNS	Slovenian National Party	Left
Slovenia	NSI	New Slovenia – Christian People's Party	Right
Slovenia	SLS	Slovenian People's Party	Right
Slovenia	ZdLe	United Left	Left
Slovenia	LMS	List of Marjan Sarec	Left
Slovenia	L	The Left	Left
Spain	P	We Can	Left
Spain	EM|GCE	En Masse | Common Group of the Left	Left
Spain	ECP	In Common We Can	Left

Table 8: List of populist parties with representation (cont.)

Country	Party acronym	Party name	Ideology
Spain	ERC	Republican Left of Catalonia	Left
Spain	Vox	Voice	Right
Sweden	NyD	New Democracy	Right
Sweden	SD	Sweden Democrats	Right
Switzerland	SVP-UDC	Swiss People's Party	Right
Switzerland	FPS	Automobile Party | Freedom Party of Switzerland	Right
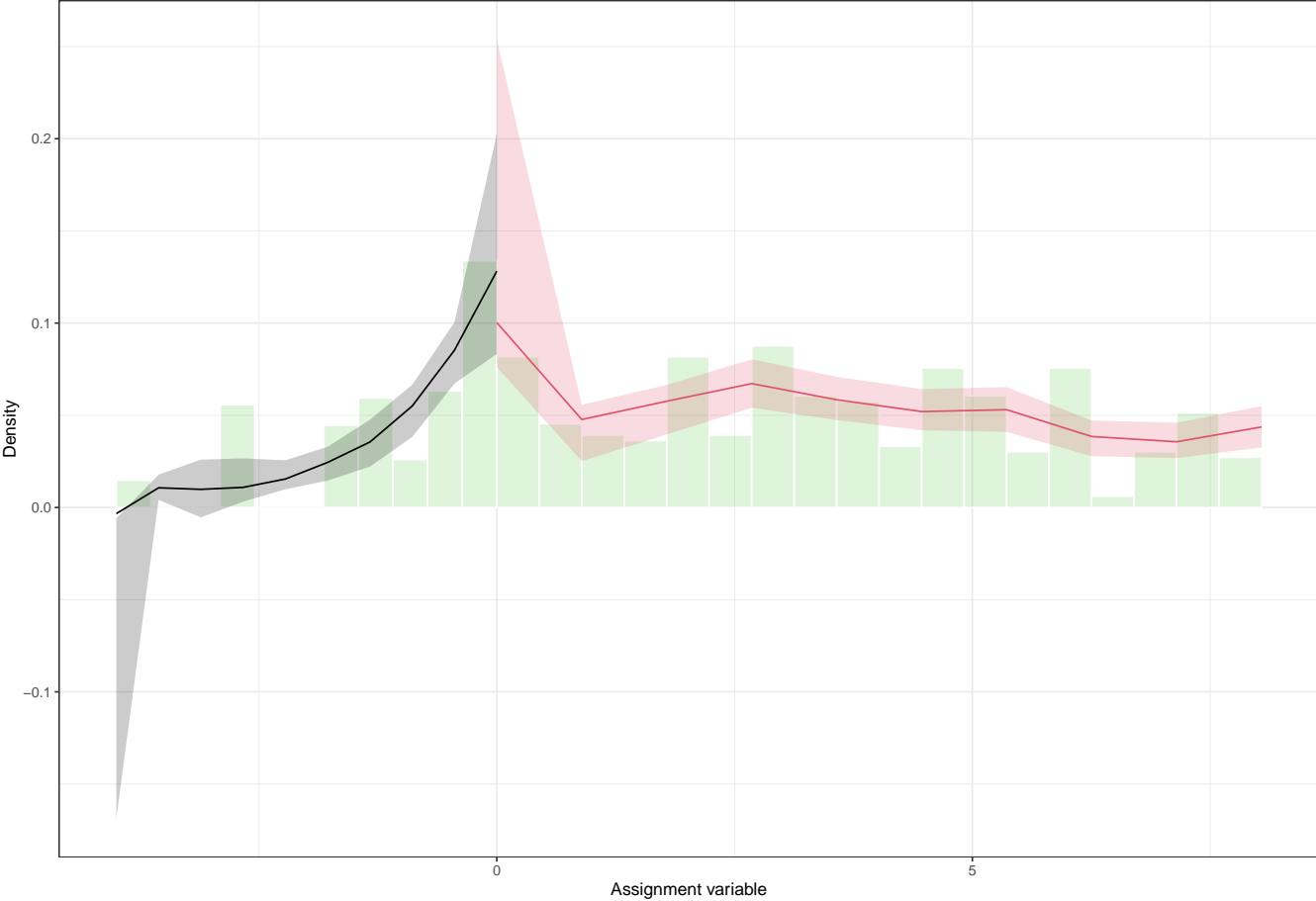
Figure 5

B Manipulation tests

Jacknife analysis

Table 9: Jacknife analysis: Δ Welfare chauvinism

Estimation	Linear			Quadratic		
Country	Coef.	Std.Err	P-val	Coef.	Std.Err.	P-val.
Austria	1.400	0.227	0.000	1.653	0.232	0.000
Belgium	1.997	0.269	0.000	2.191	0.284	0.000
Bulgaria	1.361	0.227	0.000	2.253	0.244	0.000
Croatia	1.407	0.230	0.000	1.666	0.237	0.000
Czech Republic	1.389	0.225	0.000	1.741	0.256	0.000
Denmark	1.455	0.227	0.000	1.627	0.235	0.000
Estonia	1.069	0.208	0.000	1.190	0.214	0.000
Finland	0.751	0.195	0.000	1.055	0.194	0.000
France	1.398	0.222	0.000	1.671	0.235	0.000
Germany	1.714	0.282	0.000	2.072	0.317	0.000
Greece	1.466	0.214	0.000	1.736	0.219	0.000
Hungary	1.382	0.226	0.000	1.668	0.232	0.000
Iceland	1.419	0.227	0.000	1.650	0.232	0.000
Ireland	1.586	0.241	0.000	1.760	0.249	0.000
Italy	1.355	0.234	0.000	1.606	0.240	0.000
Latvia	1.454	0.231	0.000	1.669	0.232	0.000
Lithuania	1.375	0.221	0.000	1.695	0.234	0.000
Luxembourg	1.467	0.226	0.000	1.680	0.236	0.000
Malta	1.402	0.226	0.000	1.664	0.232	0.000
Netherlands	1.285	0.193	0.000	1.524	0.209	0.000
Norway	1.530	0.241	0.000	1.872	0.245	0.000
Poland	1.346	0.221	0.000	1.674	0.234	0.000
Portugal	1.495	0.235	0.000	1.649	0.234	0.000
Romania	1.386	0.221	0.000	1.587	0.245	0.000
Slovakia	1.369	0.223	0.000	1.668	0.232	0.000
Slovenia	1.489	0.236	0.000	1.668	0.232	0.000
Spain	1.397	0.223	0.000	1.666	0.234	0.000
Sweden	1.643	0.223	0.000	1.962	0.243	0.000
Switzerland	1.405	0.223	0.000	1.666	0.234	0.000

Table 10: Jacknife analysis: Δ Welfare size

Estimation	Linear			Quadratic		
Country	Coef.	Std.Err	P-val	Coef.	Std.Err	P-val.
Austria	-1.177	0.291	0.000	-1.716	0.217	0.000
Belgium	-1.972	0.331	0.000	-3.103	0.244	0.000
Bulgaria	-1.302	0.291	0.000	-1.650	0.236	0.000
Croatia	-1.168	0.293	0.000	-1.724	0.209	0.000
Czech Republic	-1.289	0.288	0.000	-1.367	0.329	0.000
Denmark	-1.187	0.293	0.000	-2.098	0.221	0.000
Estonia	-1.385	0.300	0.000	-2.189	0.311	0.000
Finland	-0.740	0.373	0.048	-4.276	0.206	0.000
France	-1.139	0.289	0.000	-1.728	0.213	0.000
Germany	1.948	0.390	0.000	-2.229	0.468	0.000
Greece	-1.346	0.281	0.000	-1.008	0.219	0.000
Hungary	-1.154	0.290	0.000	-1.731	0.209	0.000
Iceland	-1.159	0.290	0.000	-1.723	0.214	0.000
Ireland	-1.592	0.288	0.000	-1.356	0.251	0.000
Italy	-1.098	0.258	0.000	-0.603	0.197	0.002
Latvia	1.184	0.290	0.000	-1.691	0.212	0.000
Lithuania	-1.205	0.290	0.000	-1.743	0.211	0.000
Luxembourg	-1.114	0.288	0.000	-1.739	0.215	0.000
Malta	-1.178	0.290	0.000	-1.723	0.209	0.000
Netherlands	-0.934	0.259	0.000	-1.888	0.216	0.000
Norway	-1.256	0.321	0.000	-1.801	0.252	0.000
Poland	-1.181	0.289	0.000	-1.756	0.219	0.000
Portugal	-1.192	0.290	0.000	-1.727	0.208	0.000
Romania	-1.181	0.289	0.000	-1.733	0.209	0.000
Slovakia	-1.174	0.290	0.000	-1.683	0.213	0.000
Slovenia	-1.207	0.291	0.000	-1.726	0.209	0.000
Spain	-1.176	0.290	0.000	-1.746	0.212	0.000
Sweden	-2.510	0.242	0.000	-1.886	0.229	0.000
Switzerland	-1.176	0.290	0.000	-1.731	0.212	0.000

Potential effects on policy outcomes

	Delta transfers and subsidies			Delta social benefits		
	(1)	(2)	(3)	(4)	(5)	(6)
Transfers_lag1	-0.2601***	-0.2361***	-0.2376***			
	(0.0622)	(0.0496)	(0.0503)			
Shock	0.0972	0.1221	0.1153	0.3131	0.4619	0.6530
	(0.0614)	(0.0733)	(0.0771)	(0.2696)	(0.3788)	(0.3944)
Shock_size	-0.0123***	-0.0093*	-0.0102*	0.0169	0.0171	0.0314
	(0.0044)	(0.0048)	(0.0055)	(0.0192)	(0.0259)	(0.0273)
GDPPC_lag1	0.3414	0.3567	0.3578	-2.498*	-1.276	-1.307
	(0.2910)	(0.2671)	(0.2669)	(1.299)	(1.724)	(1.717)
Welfare_positions_lag1		0.0435	0.0448		-0.4145	-0.4450
		(0.0743)	(0.0746)		(0.3428)	(0.3466)
Ideology_lag1		0.2042**	0.2052**		0.6276	0.6138
		(0.0961)	(0.0966)		(0.4836)	(0.4811)
Electoral_year		-0.0843*	-0.0847*		-0.2767	-0.2634
		(0.0458)	(0.0458)		(0.2053)	(0.2084)
Left_gvt_lag1		-0.0241	-0.0245		-0.0941	-0.0867
		(0.0553)	(0.0551)		(0.3326)	(0.3302)
Shock $\times$ Populist party votes			0.0011			-0.0212
			(0.0034)			(0.0132)
Social benefits lag1				-0.6258***	-0.6667***	-0.6569***
				(0.1089)	(0.0941)	(0.0941)
R^2	0.42025	0.43057	0.43065	0.60746	0.64649	0.64859
Within Adjusted R^2	0.13990	0.13529	0.13435	0.38136	0.44325	0.44526
Observations	997	896	896	575	487	487
Country fixed effects	✓	✓	✓	✓	✓	✓
Year fixed effects	✓	✓	✓	✓	✓	✓

Conditional effect of populist shock on delta transfers and subsidies

Model 3

Marginal effect (90% CI)

Populist party vote share
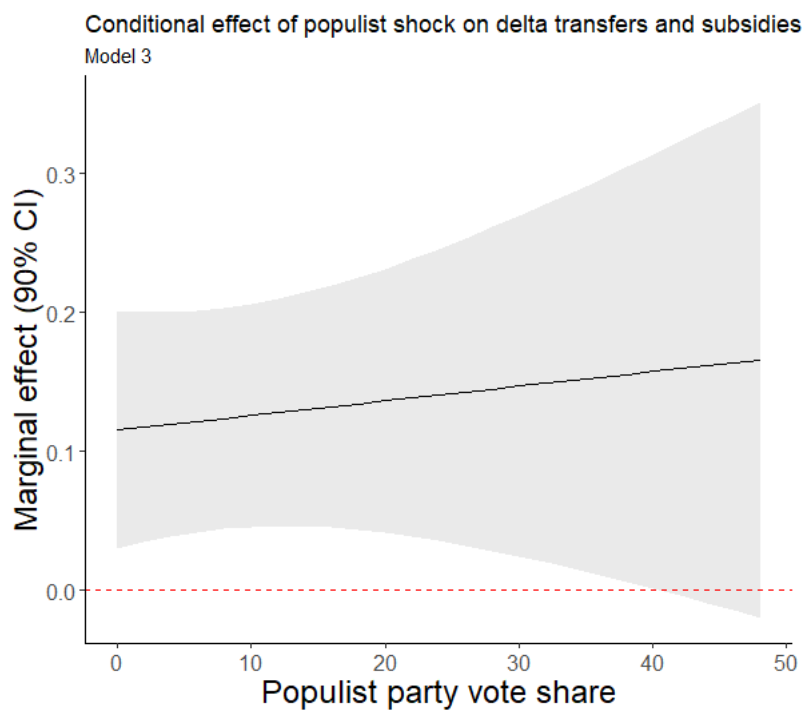
Figure 6

	Overall migrant integration			Social security access		
	(1)	(2)	(3)	(4)	(5)	(6)
Migrant integration_lag1	-0.7033***	-0.7752***	-0.7747***			
	(0.0967)	(0.0619)	(0.0603)			
Shock	0.7040	0.6323	0.7748	-0.5265	2.448	3.525
	(0.5086)	(0.5131)	(0.5686)	(3.273)	(4.421)	(5.167)
Shock_size	-0.0644**	-0.0989***	-0.0897***	-0.3563	-0.7145**	-0.6280*
	(0.0289)	(0.0167)	(0.0191)	(0.2390)	(0.3355)	(0.3127)
GDPPC_lag1		5.499	4.938		19.44	14.39
		(4.378)	(4.413)		(24.44)	(25.14)
Multiculturalism positions_lag1		-0.5380	-0.5860		7.388	6.978
		(0.8751)	(0.8745)		(8.047)	(8.293)
Welfare_positions_lag1		-0.6004	-0.6677		-1.094	-1.592
		(0.5505)	(0.5572)		(5.898)	(5.891)
Ideology_lag1		-0.4052	-0.4706		18.12*	17.52*
		(0.5464)	(0.5730)		(9.764)	(9.845)
Electoral_year		0.2262	0.2513		3.276	3.513*
		(0.3431)	(0.3450)		(2.075)	(1.961)
Left_gvt_lag1		0.0010	0.0207		-9.474*	-9.263*
		(0.4056)	(0.4071)		(5.243)	(5.328)
Shock × Populist party votes			-0.0165			-0.1435
			(0.0190)			(0.1524)
Social security access_lag1				-0.5822***	-0.7987***	-0.7885***
				(0.1421)	(0.1574)	(0.1626)
R^2	0.78386	0.81642	0.81734	0.48117	0.55667	0.55818
Within Adjusted R^2	0.57201	0.65910	0.65813	0.23328	0.34149	0.33888
Observations	197	165	165	210	175	175
Country fixed effects	✓	✓	✓	✓	✓	✓
Year fixed effects	✓	✓	✓	✓	✓	✓

	Delta transfers and subsidies					
	(1)	(2)	(3)	(4)	(5)	(6)
Transfers_lag1	-0.2692***	-0.2775***	-0.2969***	-0.2655***	-0.2778***	-0.2954***
	(0.0716)	(0.0692)	(0.0743)	(0.0620)	(0.0698)	(0.0735)
shock_lag1	-0.0362	0.0461	0.0789	0.0212	0.0556	0.0690
	(0.0430)	(0.0574)	(0.0700)	(0.0599)	(0.0633)	(0.0720)
GDPPC_lag1	0.4361	0.5843*		0.4857*	0.5851*	
	(0.3048)	(0.3109)		(0.2616)	(0.3128)	
shock_lag1 × populist_in_gvt_lag1	0.0293	0.0304	-0.1286			
	(0.0969)	(0.1210)	(0.1448)			
shock_size_lag1		-0.0094**	-0.0084*		-0.0085*	-0.0099**
		(0.0041)	(0.0047)		(0.0046)	(0.0047)
welfare_lag1		0.0738	0.3189**		0.0752	0.3125**
		(0.0741)	(0.1282)		(0.0743)	(0.1288)
ideology_lag1		0.2534**	0.1736		0.2550**	0.1747
		(0.0955)	(0.1354)		(0.0970)	(0.1341)
Electoral_year		-0.0459	-0.0379		-0.0454	-0.0378
		(0.0375)	(0.0374)		(0.0372)	(0.0374)
labour_lag1		0.0182			0.0184	
		(0.0620)			(0.0619)	
left_gvt_lag1		0.0297	0.0775		0.0295	0.0780
		(0.0743)	(0.0648)		(0.0751)	(0.0654)
GDPPC_lag1			0.4346			0.4332
			(0.3574)			(0.3582)
welfare_lag2			-0.2426**			-0.2368**
			(0.1098)			(0.1107)
ideology_lag2			0.1104			0.1103
			(0.1507)			(0.1494)
left_gvt_lag2			-0.0856			-0.0866
			(0.0756)			(0.0763)
populist_in_gvt_lag1			0.0103		-0.0130	-0.0339
			(0.1274)		(0.1347)	(0.1332)
populist_in_gvt_lag2			-0.0567			-0.0199
			(0.1156)			(0.0942)
shock_lag1 × shock_party_votes_lag1			0.0027	-0.0031	-0.0004	0.0014
			(0.0042)	(0.0032)	(0.0034)	(0.0039)
R^2	0.46882	0.50774	0.52608	0.41792	0.50772	0.52546
Within Adjusted R^2	0.13988	0.17989	0.19237	0.13645	0.17859	0.19261

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