

Stockholm School of Economics  
Department of Economics  
659 Degree project in economics  
Spring 2017

# **Financial Crises and Voter Attitudes: Exploring Shifts in Demand for Right-Wing Extremist Parties**

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**Abstract.** Recent research suggests that the parliamentary support for right-wing extremist parties increases following financial crises. This paper investigates whether the electoral gains of right-wing extremist parties following financial crises stems from changes in attitudes and beliefs along the GAL-TAN scale. Using data from the Integrated Value Survey, we study 20 developed economies over a 30-year period and examine if financial shocks have had any effect on right-wing extremist attitudes. In addition, we study the Great Recession and examine if countries that were more severely hit by the crisis exhibit larger shifts in right-wing extremist attitudes. While the results demonstrate some shifts along the GAL-TAN scale, they do not show that the salience of right-wing extremist parties, following financial crises, is driven by altered beliefs. Instead, the article proposes that financial crises may serve as leverage for right-wing extremist parties, as these events cause uncertainty among voters as well as established parties.

**Keywords:** financial crises, the Great Recession, public choice, GAL-TAN, right-wing extremism

**JEL:** D01, D72, G01, Z13

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Date submitted:	14 <sup>th</sup> of May 2017
Date examined:	1 <sup>st</sup> of June 2017
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## **Acknowledgements**

First and foremost, we would like to express our sincere gratitude to our friends and classmates Erik, Edward, Victoria, Ida, Gustav, and Lilian for their support. We would also like to thank to our supervisor Federica Romei for her invaluable input, and finally, Petrik Runst at the University of Göttingen for his many useful comments.

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## 1. Introduction

In the last decade, right-wing extremist parties have gained ground in many Western democracies, and parties such as the Front National in France, the Danish People’s Party and the Austrian Freedom Party have all seen a marked increase in electoral support (de Lange, 2012). Because of their call for economic protectionism and their anti-democratic and xenophobic tendencies, the growing popularity of right-wing extremist parties has raised concerns among journalists and social scientists (for instance, see *The Economist*, 2015). The Great Recession, and its disruptive effect on Western economies, has served as one explanation for the rise of right-wing extremism in the 21st century. In an article in *The Guardian*, Larry Elliot claimed that “[w]ithout the long-lingering effects of the 2008 crash, there would have been no Brexit, Donald Trump would still be a New York City builder and Europe would not be quaking at the possibility of Marine Le Pen replacing Francois Hollande as French president” (*The Guardian*, 2017).

Indeed, recent evidence suggests that financial crises do affect the parliamentary support for right-wing populist parties. In an article by Funke et al. (2016), the authors study data on financial crises and parliamentary elections between 1870–2014, and find that following financial crisis events, parliamentary support for right-wing extremists grows stronger, compared to during normal recessions and after other macroeconomic crises. It is also shown that financial crises are followed by an increase in political polarization and a reduction in the size of party majorities, which in turn is linked to a rise in policy uncertainty. The authors provide one possible explanation to why financial crises—and not normal recessions or other macroeconomic crises—have such disruptive effects on modern democracies: “financial crises trigger unprecedented policy responses. As there tends to be a large degree of uncertainty about the consequences of these policies, confidence in the political leadership may erode and increase the willingness to reject conventional policies. This in turn can give rise to populist or extremist views at the political fringe” (p.18). Still, some new findings suggest that the Great Recession only moderately affected the vote share for the radical right (Stockemer, 2017). As financial crises have occurred more frequently following the fall of the Bretton-Woods system in 1973 (Bordo et al., 2001), it becomes increasingly important to understand what drives the support for right-wing extremist parties. If financial crises affect the vote share for right-wing extremist parties, is it due to the increase in political uncertainty, leading to a change in policy supply, or rather, due to a shift in policy demand among voters, caused by altered political attitudes and beliefs? There is a large literature on policy demand, and the link between financial crises and preferences on welfare policies

is well explored in the existing literature. However, economic shocks and the effect on right-wing extremist attitudes has largely been ignored.

This paper investigates if the alleged increase in parliamentary support for right-wing extremist parties, following financial crises, stems from an increase in demand for right-wing extremist policies. Consequently, the paper contributes to the literature on financial crises and how exogenous events affect voters' attitudes. We use data from the World Value Survey and the European Value Study to study shifts in attitudes along the GAL-TAN scale, on which right-wing extremist parties categorize to the TAN-end of the scale. First, we study 20 developed economies over a 30-year period and examine if financial shocks have had any effect on conservative, xenophobic, and nationalist attitudes. We find that respondents become more conservative in the years following a financial crisis. Second, we study 13 countries and examine if countries that were more severely hit by the Great Recession also exhibit a larger change in conservative, xenophobic, nationalist, and authoritarian attitudes. Unemployment is used as a proxy for the severity of the crisis, and our results show that respondents become slightly more in favor of law-and-order policies as unemployment rises. We conclude that there is no obvious increase in demand for right-wing extremist policies following financial crises. The alleged increase in parliamentary support for right-wing extremist parties is more likely due to complex changes in policy distribution.

The report is organized as follows: in Section 2, we specify the ideological content of right-wing extremist parties, present the GAL-TAN scale, and elaborate on the salience of right-wing extremist parties. In Section 3, we review the pre-existing literature on financial crises and the effect on voter attitudes. In Section 4, we turn to our cross-section analysis and specify our hypothesis. In Section 5, we present our data, and in Section 6 we explain the methods used. In Section 7, we present our findings. In Section 8, we discuss our results, and finally, in Section 9 we conclude our analysis.

## 2. Background

The purpose of this section is to specify the ideological content of right-wing extremist parties, introduce the GAL-TAN value scale, and to elaborate on why right-wing extremist parties have gained support at the expense of established parties.

### 2.1. Right-Wing Extremism

In order to define the ideological compositions of right-wing extremist parties, we draw on the widely used works by Betz (1994) and Mudde (2000), in accordance with the study by Funke et al. (2016). In his book, Betz uses the term *radical right-wing populism* while Mudde advocates the term *right-wing extremism*, as the term *populism* refers to a rhetoric rather than an ideological stance. Still, Mudde admits that the expression *right-wing extremism* is almost synonymous with *right-wing populism*. The works by Betz and Mudde reveal that right-wing extremist parties adhere to a coherent ideology and belong to the same party family. The parties are nationalist, show low tolerance for minority groups, advocate a strong state that supports law and order, and oppose liberal ethical values.

Betz (1994, p.4) states that “[right-wing extremists] are right-wing first in their rejection of individual and social equality and of political projects that seek to achieve it; second in their opposition to the social integration of marginalized groups; and third in their appeal to xenophobia, if not overt racism and anti-Semitism.” The first characteristic that Betz describes refers to an economic conflict along the left-right scale, while the second, and especially the third characteristics, relate to non-economic issues. In later chapters, Betz explains that the two most prioritized issues among supporters of right-wing extremist parties are non-economic issues, namely, law and order and immigration. Still, this does not imply that supporters of right-wing extremist parties ignore economic issues. Betz refers to the British scholar James G. Shields, who argues that these voter groups see unemployment and economic decline as symptoms of immigration and societal insecurity. Supporters of right-wing extremist parties thus seem to interpret economic issues through non-economic issues.

Mudde (2000) studies five right-wing extremist parties operating in Germany and the Netherlands and states that they all share a distinctive ideology. He identifies four ideological elements: *nationalism*, *xenophobia*, *welfare chauvinism*, and *law and order*. First, the parties are nationalist as they endorse “the congruence of state (the political unit) and nation (the cultural unit)” (p.169). Second, they are welfare chauvinist in the sense that “they believe that the fruits of the national economy should first and foremost (if not exclusively) come to the benefit of their ‘own people’” (p.174). Third, right-wing extremist parties are xenophobic since “everything what is considered ‘alien’,

or deviating from their own nation or conventions, is portrayed as negative and is perceived as threatening” (p.172). Finally, Mudde explains that the studied parties emphasize law and order, as they call for a strong state that supports an extensive police force and harsh jurisprudence. The emphasis on law and order also draws on nationalist and xenophobic elements as it is linked to the idea that the nation must be protected from outside threats. In addition, Mudde claims that the support for law and order incorporates a moral aspect: right-wing extremist parties all adhere to the idea of the nuclear family and oppose abortion, homosexuality, and divorce, as such phenomena are considered deviations from normality, and hence, a threat.

## 2.2. The GAL-TAN Scale

According to Wheatley (2015), *the GAL-TAN* framework originates from Inglehart’s theories of the movement from a pre-modern, to modern, to postmodern worldview. Wheatley further explains that Flanagan refined Inglehart’s work by suggesting a *new politics*. In contrast to the *old politics*, where economic issues divide the Left and the Right, the central conflict of the new politics appears in the clash between libertarian and authoritarian values (see Figure 1). Authoritarians, as opposed to libertarians, reject abortion, environmentalism, gay and minority rights, and embrace traditional and religious moral values, patriotism, and law and order (Wheatley, 2015).

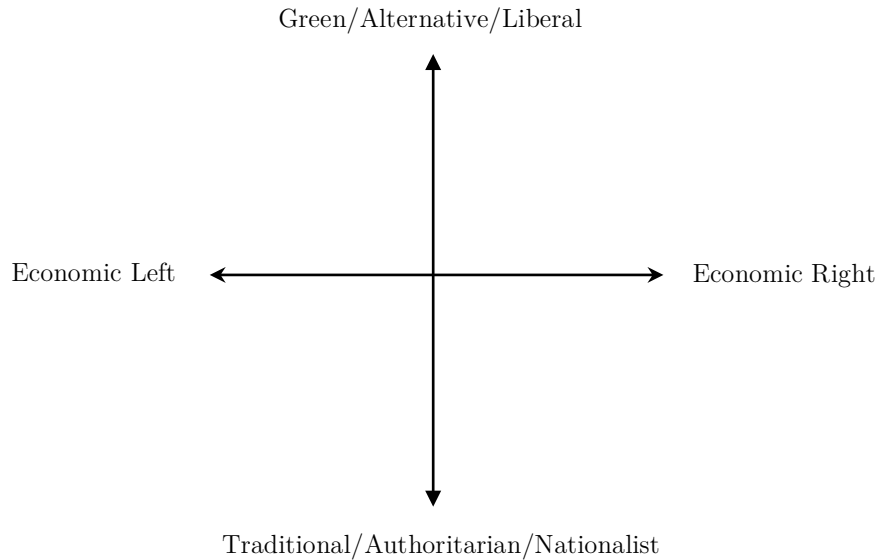


Figure 1: The Left-Right GAL-TAN Framework

In a paper from 2003, Flanagan and Lee empirically test the Authoritarian-Libertarian scale. They study the second wave of the World Value Survey, which



stretches from 1990 to 1994, and define authoritarians based on questions such as “Respect for authority,” “Maintain order and fight crime,” “Marital faithfulness very important,” and “Is divorce ever justifiable,” and libertarians based on questions such as “Protect freedom of speech,” “Teach child independence,” and “Complete sexual freedom.” They go on by investigating the correlation between authoritarian and libertarian attitudes, and find that authoritarians are more often proud of their nation, more likely to report that they do not wish to have immigrants or people of a different race as neighbors, and more negative toward abortion and homosexuality. The study by Flanagan and Lee go beyond the Authoritarian-Libertarian scale, and their findings capture the more comprehensive GAL-TAN scale proposed by Marks et al. (2006, p.157):

A second noneconomic or cultural, new-politics dimension has gained strength since the 1970s in Western Europe [...] In some countries, it is oriented around environmental protection and sustainable growth; in others, it captures conflict about traditional values rooted in a secular-religious divide; and yet in others, it is pitched around immigration and defense of the national community. Therefore, we describe the poles of this dimension with composite terms: green/alternative/libertarian (GAL) and traditionalism/authority/nationalism (TAN).

Given that the TAN-values reflect the ideological stance of right-wing extremist parties on moral and cultural issues, right-wing extremist parties categorize to the TAN-end of the value scale.

### *2.3. The Salience of Right-Wing Extremist Parties*

The literature on the salience of right-wing extremist parties has mainly focused on the demand side of politics. The theories on changing demand revolves around the idea that, as living standards have improved, political conflict has become increasingly dominated by non-economic issues. Recent research contributes with insights on the supply side, suggesting that it is rather shifts in the political landscape that has caused changes in voting behavior.

Spies (2013) argues that the progress of right-wing extremist parties is primarily caused by shifts in policy supply, as policy preferences are relatively stable over time. In his study, Spies focuses on the working class, which according to the author is an important election group for right-wing extremist parties. Working class voters generally position to the left on the economic left-right scale, but to the right in terms of non-economic policy such as immigration and law and order. As no European party represent the combination of the two, working class voters face a trade-off situation in elections. The author finds support for his line of argument, and show that working class voters

base their voting decision on non-economic policies when parties are homogeneous in economic issues, but heterogeneous in non-economic issues. The non-economic policies mentioned by Spies correspond to the TAN-values of the GAL-TAN scale. Hence, working class voters should position low on the y-axis and left on the x-axis in Figure 1, that is, between Economic Left and TAN.

Rydgren (2005) states that as societies have moved from an industrial to a post-industrial stage—and economics, politics, and culture have become integrated on a global scale—frustration has grown among voter groups that have been left worse off. As a result, people have become more susceptible to new explanations to complex problems, in order to understand their surrounding. Such a situation constitutes an opportunity for new parties to attract new voters. If established parties ignore issues that become increasingly politicized among voters, a gap between political supply and demand appears in which new parties can position themselves. Rydgren refers to these gaps as *niches*. He explains that niches are more likely to arise during times of turmoil:

Niches are unlikely to evolve under stable conditions [...] Only at rapid changes in the voter distribution, and in situations when the political profile of one or several of the largest established parties have changed dramatically, are significant gaps between the political demand side and its supply side created. If a political party can position itself in this gap, or niche, it may have a good chance of attracting votes (p.418).

According to the author, right-wing extremist parties have successfully managed to position themselves in such niches much due to the *master frame*. The master frame was developed during the 1980s, and has since then been adapted to different countries in the West. The frame managed to lift the stigma from right-wing extremism by combining *ethnopluralism* and a populist, yet democratic, rhetoric. Ethnopluralism, unlike overt racism, targets culture rather than race. In addition, ethnopluralism does not necessarily imply a hierarchical order among cultures, but that cultures should be preserved through separation. Rydgren states that different elements of the master frame, such as anti-abortion rhetoric, were left out in some countries for the sake of adaption. Further, the author describes that the salience of a *sociocultural dimension*, covering issues such as feminism, immigration and environmentalism, has benefited right-wing extremist parties. Rydgren's line of argument implies that the growth in demand would not have emerged if right-wing extremist parties had not refined their rhetoric to appeal to the broader mass. Their success has, however, relied on complex changes in distribution, both on the supply and the demand side.

Inglehart and Norris (2016) examine two theories on demand shifts in voter preferences, namely *the economic inequality hypothesis* and *the cultural backlash hypothesis*. The first theory emphasizes changing economic conditions. The theory suggests that as income and wealth inequality increased in Western economies, groups that were worse off due to globalization and technological advancements were left behind. They then became frustrated with the political establishment and more susceptible to populist appeals. The second theory, the cultural backlash hypothesis, states that as high levels of existential security were met in Western economies, questions that did not concern the economy became politicized. Progressions regarding gender equality, environmentalism and human rights, triggered a backlash movement among those who perceived that their privileges were diminished. Using data from the Chapel Hill Expert Survey and the European Social Survey, the authors test whether economic insecurity or cultural values better predicts voters of populist parties. The authors find mixed results when testing the economic inequality hypothesis, but strong empirical support for the cultural backlash hypothesis. Though Inglehart and Norris do not examine possible shifts in policy supply, their findings indicate that the growing support for right-wing extremist parties can be explained by ongoing changes in voter demand.

#### 2.4. Terminology

In the remaining part of this paper, we will refer to parties that promote nationalist, conservative, authoritarian, and xenophobic policies as *right-wing extremist parties*. In line with Mudde (2000), we have chosen to use the term *right-wing extremism*, rather than *right-wing populism*. Since *populism* lacks ideological motive, it is not possible to measure on the GAL-TAN scale and should therefore not be included in our empirical analysis.

Moreover, we focus our analysis on the attitudes captured by TAN-values. The aim of the paper is not to examine the full scope of the GAL-TAN scale, but rather the dimensions of the scale that define the general themes of right-wing extremist parties. Hence, GAL-values such as attitudes toward environmental protection and global warming will be left out from the analysis.

### 3. Literature Review

#### 3.1. *Financial Crises and Attitudes*

In much of the economic literature, financial crises are described as disruptive events that may have long lasting effects on the institutional and economic environment. Viewing the institutional setting as an equilibrium, financial crises are seen as exogenous events with the ability to destabilize the initial equilibrium and push the system toward a new stable state (Heinemann, 2011; Kingston and Caballero, 2009; Williamson, 2000). While norms are often described as being resistant to change (for instance, see Williamson, 2000), Heinemann (2011, p.40) states that temporary shocks, such as financial crises, may have long lasting effects on norms:

The existence of norms is supported by equilibria of reciprocity (Fehr and Fischbacher 2004): People tend to stick to a norm if they perceive that the norm is generally accepted. If a critical mass defects from norm adherence this perception may collapse. In this view, even a temporary event could have a permanent impact if it triggers the movement towards a different equilibrium from the set of multiple equilibria (Young 2007).

In his article, Heinemann focuses on the relationship between financial crises and attitudes toward taxes and welfare benefits. As it becomes more expensive to comply with the norms of the welfare state, he argues, the incentives to cheat and avoid paying taxes become increasingly large. When the costs of complying with the prescribed norms become too high, the individual will either break the norm or try to modify it. Hence, Heinemann argues that a financial crisis may have eroding effects on the norms and attitudes toward the welfare state.

Furthermore, Runst (2014, p.377) describes crises as “unexpected events [...] that create uncertainty and pose a direct or perceived threat to the goals and norms of society.” Runst puts *confirmation bias* at the center of his argument. Confirmation bias refers to the tendency among voters to interpret new information in line with prior beliefs. “If latent doubts about market economic principles are common, an economic crisis will be interpreted as evidence for the failure of markets, i.e. it will be interpreted as evidence in favor of the prior belief, and attitudes will shift toward more government intervention” (p.377). Hence, Runst argues that following a financial crisis, confirmation bias may cause shifts in voter preferences. Drawing on Caplan’s theory on systematic biases (further explained in Section 3.3.), Runst further suggest that “attitudes which fall in the anti- market, anti-foreign, and make-work bias categories will be stronger after

a recession because people are already latently in favor of more hierarchical control” (p.379).

A similar study by Margalit (2013), investigating how voter preferences in the US are affected by economic crises, shows that the loss of employment is linked to higher levels of support for welfare policies. However, the change in attitudes is only temporary, and as individuals regain employment the support for welfare spending drops to the initial levels. Moreover, individuals who experience an economic shock do not change their views on non-economic issues such as culture and environmental protection. According to the author, the shifts in attitudes toward welfare policies should therefore be seen as the result of the changes in material circumstances, rather than lasting changes in welfare preferences. This line of argument is supported by Kenworthy and Owens (2011) who show that changes in political attitudes in response to economic recessions tend to be small and only last for a shorter period of time. In contrast, Giuliano and Spilimbergo (2013) show that individuals who experience a macroeconomic shock in the ages between 17-25 are more likely to support government redistribution and vote for left-wing parties. The evidence is in favor of *the impressionable-years hypothesis*—that events that occur during adolescence and young adulthood may have a large and lasting impact on political attitudes—and shows that recessions and financial crises may have lasting effects on voter preferences.

### 3.2. *Economic Recessions and Xenophobic Attitudes*

While much of the prior work has focused on the transformation of attitudes toward welfare policies, there is a growing literature on how economic factors influence attitudes toward immigrants (Burns and Gimpel, 2000; Ford, 2006; Heinmueller et al., 2015; Johnston and Lordan, 2016; Gerber, 2017; Stockemer, 2017). The literature largely focuses on the different views on low- and high-skilled labor, and whether varying attitudes can be explained by economic self-interests among individuals on the labor market. A recurrent explanation to why individuals hold negative beliefs about immigrants is the perceived increase in competition on the labor market, commonly known as *the ethnic competition hypothesis*. If immigration results in an increase in the supply of low-skilled (high-skilled) labor, native low-skilled (high-skilled) workers would have reason to believe that their economic situation is worsened by the influx of foreign low-skilled (high-skilled) workers. As a result, low-skilled (high-skilled) workers have less incentive to support policies that promote immigration. However, Heinmueller et al. (2015) show that while this is in line with the preferences of low-skilled individuals, high-skilled individuals are found to be more opposed to the inflow of low-skilled immigrants than the inflow of highly skilled immigrants. Hence, the authors argue that material self-

interest (and particularly, concerns about immigrants inducing labor market competition) does not explain a substantial part of worker attitudes toward immigration. In the article by Gerber et al. (2017) a broader definition of economic self-interest is applied, including the effect immigration has on taxes, the use of government services, and the costs of goods and services. When taking *concerns* about the fiscal burdens of immigration into account, the authors find that economic self-interest is an important source of immigration policy preferences. As citizens believe that low-skilled workers are more likely to make use of social benefits and government services than high-skilled workers, it is the economic self-interest of both low- and high-skilled individuals to oppose policies that allow for low-skill labor immigration. When controlling for prejudicial attitudes, economic self-interest still explains a substantial part of attitudes toward immigrants held by the working population. Nevertheless, the authors further suggest that the perceived economic threat may be related to the perceived cultural threat.

The link between economic well-being and policy attitudes toward admitting immigrants with varying skill-levels raises the question whether prejudice toward immigrants is affected by economic downturns. Johnston and Lordan (2016) show that racial prejudice increases in the UK during economic recession, largely due to a rise in labor market competition. The article studies the prevalence of racial prejudice, and shows that self-reported racial prejudice increases among the white middle-age male population during periods of economic downturns. Their findings are in line with prior work that suggests that racial prejudice is a result of scarce resources (for instance see Caselli and Coleman, 2013). Moreover, the authors hypothesize that “the cost of discriminatory behavior could be lower during periods of high unemployment due to the greater pool of qualified White applicants” (p.71).

### *3.3. The (Irrational) Demand for Right-Wing Extremist Policies*

In his book on voting behavior, Caplan (2007) suggests that voters hold systematically biased beliefs, and provides an explanation as to why voters adhere to incorrect or economically inefficient beliefs. According to the author, there are a number of economic beliefs that exhibit systematic bias, including what the author chooses to call *antiforeign bias*, *make-work bias*, and *pessimistic bias*. Antiforeign bias refers to the tendency among voters to downplay the importance of foreign trade and the economic gains from immigration. Make-work bias refers to the approval of policies that reduces productivity—and in turn, economic growth—but increases the number of jobs in the economy. Finally, pessimistic bias refers to voters being more attentive to negative trends and less attentive to positive trends in the economy. Caplan declares that the

pessimistic bias not only relates to economic issues, but to society at large: “you can be pessimistic *overall*, seeing negative trends in living standards, wages, and inequality. [...] A staple of pessimistic rhetoric is to idealize conditions in the more distant past in order to put recent conditions in a negative light” (pp.44-45).

Caplan continues by stating that it is common for voters to have preferences over beliefs “valued for their own sake” (p.16). Based on the idea that voters have preferences over beliefs, Caplan introduces the concept of rational irrationality—the notion that voters have a demand for irrational beliefs and that the demand for such beliefs can be described using the laws of supply and demand. Voters value both their personal wealth and their political ideology. Hence, voters consume irrational beliefs as long as the gain from having a skewed world view is larger than the reduction in personal wealth. In economic terms, individuals have a demand curve for irrational beliefs (see Figure 2).

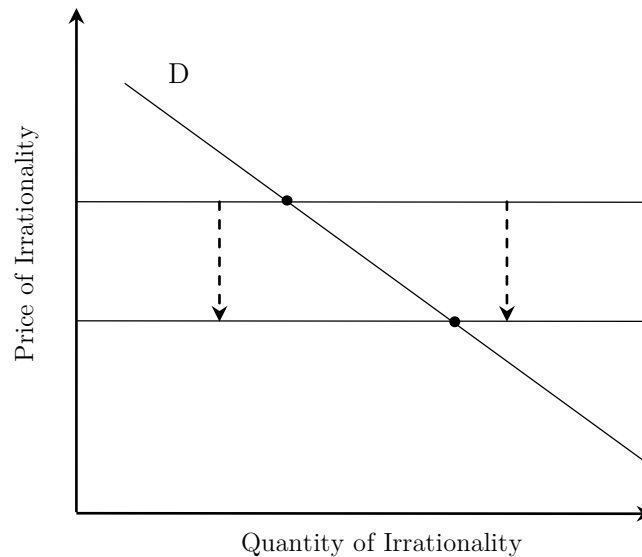


Figure 2: The Demand for Irrational Beliefs

The price of irrationality is found on the y-axis, and the quantity of irrationality is found on the x-axis. The price of irrationality is the loss in personal wealth associated with holding the irrational belief, while the quantity of irrationality, Caplan explains, is the “degree of irrationality - the magnitude of the agent’s *departure* from the unbiased, rational belief” (p.123). Assuming that the demand curve is downward sloping, the individual consumption of irrational beliefs rises as the price of irrationality falls. Still, he points out, the price of irrationality for the individual voter is often negligible in an electoral setting.

Hetherington and Suhay (2011) suggest that individuals with an authoritarian personality have a constant demand for non-democratic policies. Non-authoritarians, on the other hand, can in times of perceived threat be triggered to demand non-democratic policies. The authors categorize individuals as authoritarians or non-authoritarians based on questions regarding personality traits of children. The authors then test whether non-authoritarians, who perceive terrorism as a substantial threat, prefer the same policies as authoritarians in order to pursue the war on terror. As predicted by the authors, their findings show that authoritarians demand non-democratic policies regardless of perceived threat, whereas the demand among non-authoritarians depend on how much they fear terrorism. Finally, the authors acknowledge that politicians may take advantage of this trigger effect. The findings of Hetherington and Suhay thus reveal how disruptive events can cause shifts in policy demands among the general public.

In his article on the Great Recession and the rise of the radical right, Stockemer (2017) refers to *the group position hypothesis* and suggests that concerns regarding immigration make individuals more likely to demand right-wing extremist policies: “[the group position hypothesis] argues that xenophobia and prejudice arise from a perceived threat to the ethnic national group position and the group identity posed by the increase in immigrants in citizens’ immediate social surrounding” (p.7).

### *3.4. Contribution to the Existing Literature*

As demonstrated in this section, there is already a large literature focusing on political attitudes and beliefs, and especially, on attitudes regarding economic policy. Likewise, the question whether financial crises or economic recessions affect political attitudes among voters has been explored in previous studies. These studies have nonetheless mainly explored the effect on economic preferences, and the majority of studies have focused on a limited set of countries. Hence, building on the existing research on voter preferences, this thesis contributes to the public choice literature by exploring how exogenous shocks affect non-economic attitudes and beliefs in an international setting.



## 4. Specification of Research Focus

### 4.1. Specification of Research Question

Prior work suggests that the vote share of right-wing extremist parties increases in Western democracies in the aftermath of a financial crisis. However, the effect of financial crises on right-wing extremist attitudes and beliefs remains uncertain. Since the ideological content of right-wing extremist parties corresponds to the TAN-values on the GAL-TAN scale, this paper will answer the following question:

*How are right-wing extremist attitudes and beliefs, mapped along the GAL-TAN scale, affected by financial crises?*

The paper contributes to the literature on financial crises by exploring the political and democratic consequences of economic turmoil. Moreover, our paper adds to the existing literature on the formation of political beliefs, and how exogenous events affect voters' attitudes.

### 4.2. Empirical Approach

Our cross-section analysis is divided into two parts. First, we study 20 developed economies over a 30-year period and examine if financial shocks have had any effect on attitudes on the GAL-TAN scale. Second, we study 13 countries that were covered by the Integrated Value Survey waves 5 and 6, and examine if countries that were more severely hit by the Great Recession also exhibit a larger change in attitudes on the GAL-TAN scale. Since all studied countries were affected by the global recession, our main independent variable is a proxy for the severity of the financial crisis.

### 4.3. Hypothesis

Prior research suggests that disruptive events, such as financial shocks, can lead to changes in voter attitudes. Moreover, much of the literature argue that financial downturns or other distressful events make voters more affirmative of right-wing extremist attitudes. Hence, we believe that voters to a greater degree will adopt right-wing extremist attitudes following a financial crisis. Specifically, in our first regression analysis, we hypothesize that respondents will be more likely to report conservative, xenophobic, and nationalist attitudes in the five years following a systemic banking crisis, compared to periods of economic stability. In our second regression analysis, we hypothesize that respondents living in countries that were more severely hit by the Great

Recession will report higher levels of conservative, xenophobic, nationalist, and authoritarian attitudes.

## 5. Data

### 5.1. *The Integrated Value Survey*

In order to study changes in attitudes, we use the Integrated Value Survey (1981–2014). The Integrated Value Survey (1981–2014) is a repeated cross-sectional dataset that consists of two separate datasets, the World Value Survey (WVS) and the European Value Study (EVS). The two surveys are coded as to allow for constructing an aggregated data set, using the six waves of the WVS and the four waves of the EVS. The Integrated Value Survey consists of the waves 1981–1984, 1989–1993, 1994–1998, 1999–2004, 2005–2009, and 2010–2014, out of which the EVS is included in wave one (1981–1984), two (1989–1993), four (1999–2004) and five (2005–2009) (European Value Study, 2015).<sup>1</sup> The WVS and EVS are cross-national, individual-level surveys, that cover a wide variety of topics, including views on immigration, redistribution, and politics. Both surveys include questions on individual characteristics, such as age, sex, and employment status. The WVS uses stratified or random probability sampling (depending on what method is used by the national research team), while the EVS uses random probability sampling. Sample sizes for the WVS and the EVS are approximately 1200 and 1500, respectively. The samples are representative of the adult population (age 18 or above) in each country or region, and the surveys are conducted using face-to-face interviews, or in some cases, telephone interviews (World Value Survey, n.d.; European Value Study, 2008).<sup>2</sup>

The design of the WVS questionnaire is developed and administered by the WVS Association (WVSA) Scientific Advisory Committee and the WVSA Executive Committee, and any changes to the original questionnaire needs to be approved by the Executive Committee. National research teams are allowed to omit questions, but are restricted to exclude a maximum of 12 questions. A standardized WVS questionnaire in English is translated into national languages, and translated questions are tested before they are included in the final questionnaire (World Value Survey, n.d.). The design of the EVS questionnaire is developed by the EVS Theory Group and administered by the EVS Executive Committee (European Value Study, 2015). Similar to the WVS questionnaire, a standardized questionnaire is translated to national languages, and translations and survey questions are reviewed by the EVS team (European Value Study, 2008).

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<sup>1</sup> However, in our data set, we have no observations from 2014. Our last observations are from 2013. For more information, see Appendix C.

<sup>2</sup> In the EVS survey wave (2005-2009), the Finnish national sample includes respondents in the ages between 18-74 (European Value Study, 2008). Telephone interviews are mainly used when the respondent is living in a remote area.

### 5.1.1. *Potential Issues and Additional Comments*

The IVS data set is imbalanced and does not cover all countries in all six waves, as later survey waves include a larger set of countries. Moreover, the majority of the survey questions is not included in all six waves, and survey questions are sometimes included in all survey waves but still not asked in every country. There are several reasons to why this is. First, it may be due to a mistake made by the national research team, or due to translation-related issues, making it necessary to drop the variable from the country or wave sample. Second, the national research team may have requested to leave out a specific question from the national questionnaire. Lastly, some questions are removed from the main questionnaires as they prove to be inefficient or outdated, while other questions are added (World Value Survey, n.d.). This also applies to questions on individual characteristics, including questions covering religious denomination and income level. Ideally, we would use a balanced data set that cover the same set of questions in all surveys. Still, given the scope of our paper, and the limited number of internationally coordinated individual-level surveys, we have few alternatives but to use the IVS data set.

A recurrent problem with the IVS is that the meaning of some questions vary between countries. For instance, the variable measuring what year the respondents finished their education does not correspond to the same level of education in all countries included in the data set.<sup>3</sup> In other words, respondents with 17 years of education residing in Sweden may differ from respondents with 17 years of education residing in the US. Moreover, questions on income level have been asked inconsistently across countries and IVS surveys, and none of the variables included in our dataset cover the full time-period. Specifically, the IVS data set includes variables measuring weekly, monthly, and annual household income (adjusted and country specific), as well as a three-point scale measure for income level (low, medium, and high) and a subjective ten-point scale measure for income level. The latter is the variable which has the least missing observations in our data set (approximately 25 percent missing). Still, the ten-point scale measure is subjective, meaning that respondents position themselves on the ten-point scale. It is therefore likely that the variable capture more than respondents' income level, and possibly, also reflect attitudes and political preferences (for further discussion, see Donnelly and Pol-Eleches 2012). Consequently, survey questions have been chosen as to minimize the number of missing (or potentially biased) observations. This

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<sup>3</sup> “At what age did you (or will you) complete your full time education, either at school or at an institution of higher education? Please exclude apprenticeships[.]”

has in turn both affected the scope of the paper, as well as the possibility to avoid omitted variables bias.

Further, we have chosen not to weight the IVS data by population size per country. When studying aggregate population effects, weighting by population size is required in order to obtain correct estimates. However, the focus of this paper is to study whether the increased parliamentary support for right-wing extremist parties stems from changes in attitudes and beliefs among voters. Since parliamentary elections are held on a national level, changes in attitudes are studied on a country level, rather than on an aggregate population level. That is, changes in attitudes among (for instance) Dutch voters are of equal importance as changes in attitudes among (for instance) French voters, and hence, the survey answers of French respondents have not received more weight than the survey answers of Dutch respondents.

### *5.2. Additional Data Sets*

For the data on financial crises events, we rely on the study by Funke et al. (2016). The dataset cover data from 20 advanced economies and focuses on systemic banking crises. Systemic banking crises are defined as episodes of “bank runs, [...] significant share of nonperforming assets, bank liquidations, and large-scale policy intervention to support banks” (Reinhart and Rogoff, 2014, p.3). We limit our analysis to systemic banking crises in order to facilitate comparison to the results presented by Funke et al. Furthermore, systematic banking crises cause high levels of financial distress, hamper growth, cause unemployment to rise, and to a large extent affect the lives of normal citizens (Ergungor and Thomson, 2015). Moreover, we limit our data to systemic banking crises as we do not wish to include less precise definitions of financial shocks. Developing economies are left out from the analysis to avoid “blending the experiences of developing and advanced economies” (Funke et al., 2016, p.3), and again, to make it easier to compare our results to the findings by Funke et al. For the data on annual unemployment and annual inflow of foreign population, we use country level data from the OECD website. For Great Britain, OECD data is unavailable, which is why data on the UK has been used.<sup>4</sup> For Switzerland, OECD data on annual unemployment is complemented with data from the World Bank website.

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<sup>4</sup> As a control, we compared Great Britain and UK unemployment rates. The unemployment rates are approximately the same for both regions, and hence, we do not believe that the fact that we use UK data has any substantial effect on our results.

## 6. Method

### 6.1. Systemic Banking Crises, 1981–2013

In our first analysis, we focus on how preferences on the GAL-TAN scale are affected by a financial shock. We study all of the 20 countries included in our data set. Specifically, we study the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and the US. In order to study a longer time period, and to cover a larger number of financial crises events, data from all six IVS waves are used.

#### 6.1.1. Definition of Variables

In the section below, we will define the dependent and independent variables included in our first regression analysis.

### Dependent Variables

The dependent variables *Xenophobia*, *Conservatism*, and *Nationalism* are constructed from six questions from the IVS data set. Since few survey questions are included in all six IVS waves, our estimation is confined to questions regarding conservatism, nationalism and xenophobia. Questions regarding authoritarian leadership are not asked in the first two IVS waves, and hence, not included in our first analysis. Our choice of survey questions is based on the article by Flanagan and Lee (2003). In their article, the authors use the second wave of the WVS to study the Authoritarian-Libertarian value scale and find that authoritarians and libertarians systematically differ on a number of key issues. First, the authors categorize authoritarians and libertarians based on their response to a set of questions, including their views on divorce and marital faithfulness. The authors then test the correlation between authoritarians and various different questions. They find that authoritarians abide to traditional moral values, as they oppose abortion and homosexuality. Second, the authors find that authoritarians are less tolerant compared to libertarians, since authoritarians report more groups that they do not want to have as neighbors. Finally, Flanagan and Lee use the question on national pride to address patriotism, and find that authoritarians report higher national pride. In line with Flanagan and Lee, we therefore choose to study the six following questions from the IVS:

1. *Abortion (conservatism)*: the respondent is asked to rate their view on abortion on a 1 to 10 scale, where 1 is equal to abortion never being justifiable and 10 is equal to abortion always being justifiable.

2. *Homosexuality (conservatism)*: the respondent is asked to rate their view on homosexuality on a 1 to 10 scale, where 1 is equal to homosexuality never being justifiable and 10 is equal to homosexuality always being justifiable.
3. *Divorce (conservatism)*: the respondent is asked to rate their view on divorce on a 1 to 10 scale, where 1 is equal to divorce never being justifiable and 10 is equal to divorce always being justifiable.
4. *Immigrants (xenophobia)*: the respondent is given a list of different groups of people, and is asked to mention any that they would not like to have as a neighbor. If the group “Immigrants” is mentioned, this is given the value of 1. If not mentioned, this is given the value 0.
5. *People of a different race (xenophobia)*: the respondent is given a list of different groups of people, and is asked to mention any that they would not like to have as a neighbor. If the group “People of a different race” is mentioned, this is given the value of 1. If not mentioned, this is given the value 0.
6. *Proud of nationality (nationalism)*: the respondent is asked to rate on a 1 to 4 scale how proud they are of their nationality, where 1 is equal to “Very proud” and 4 is equal to “Not at all proud.”

We use the questions on abortion, homosexuality, and divorce to construct a conservatism index. The conservative index is the mean value of question 1, 2, and 3, and is recoded to be equal to 1 if the respondent always find the statements justifiable, and equal to 10 if the respondent never finds the statements justifiable. In the case when one or several observations are missing, the index excludes the variable(s) for which the observation(s) is missing, in order to correct for downward bias. Similarly, the questions on immigrants and race are used to construct a xenophobia index. The xenophobia index is the mean value of question 4 and 5, and is equal to 1 if the respondent mention both groups (immigrants and people of a different race), and equal to 0 if none of the groups are mentioned. Just as with the conservative index, when there is a missing observation, the variable for which the observations is missing is excluded from the index. For consistency, the question on nationalism is recoded to be equal to 1 if the respondent is not at all proud of its nationality, and equal to 4 if the respondent is very proud of its nationality.

### **Main Independent Variable**

The main independent variable is a *Crisis* dummy, which takes on the value 1 five years following a financial crisis (with the crisis year excluded). We use the time

span of five years, similar to Funke et al. (2016), in order to capture any prolonged effects on attitudes and beliefs caused by a financial crisis.

### **Intercepts and Control Variables**

In order to obtain unbiased estimates, we include country and year fixed effects, country-specific time trends, and a vector consisting of individual control variables.

Year and country fixed effects are included in order to control for time trends and time-independent differences between countries, respectively. Due to variations in political and economic history, share of religious population, and other cultural differences, respondents in different countries will be more or less attentive to right-wing extremist attitudes. Moreover, as it is likely that individuals have become more liberal over time, it is necessary to control for time trends.<sup>5</sup>

Intercepts for country-specific time trends are included since it is likely that trends differ across countries. It is plausible that countries that experience higher levels of growth to a larger extent adopt liberal values. Also, it is possible that countries with a historic past involving civil rights movements, or countries with a longer history of democratic ruling, are more open to policies supporting gay, minority, and women's rights.

The individual control variables include age, age squared, sex, marital status (a dummy variable equal to 1 if the respondent is married), employment status (full-time employed, part-time employed, students, retired, unemployed and other (mainly consisting of housewives)), educational level measured as the age the respondent finished school (<14, 14–17, 18–20, 20<) and religion (protestant, catholic, orthodox, muslim, other religion and non-religious). Individual control variables are included in order to exclude potential sources of bias. Prior research finds that age, and in particular education, are strong predictors of liberal values and level of racial prejudice, while religion is one of the main predictors of authoritarian values (Flanagan and Lee 2003; Hainmueller 2014). Furthermore, men and women are found to differ on a number of key moral issues, such as on abortion (Caplan 2007). Employment status is included in order to control for variations in income and social status, as we expect that the effect on full-time employed individuals may differ from the effect unemployed individuals or seniors. Finally, marital status is added as we have reason to believe that married

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<sup>5</sup> In order to see if survey responses changed over time, we summarize the survey responses for IVS question 1, 2, 3, 4, 5, and 6 for wave 1 (1981-1984) and wave 6 (2010-2014). We find that respondents become more liberal, but less tolerant, over time. No marked changes in nationalist attitudes are found. For summary statistics, see Appendix B.



individuals differ from single or divorced individuals, and age squared is included to control for non-linearity.

There are a number of important control variables that are not included in our dataset. The IVS does not cover questions on race, and as a result, we are unable to control for variations across race. Moreover, we are unable to control for household income, as questions on income have been asked inconsistently across IVS surveys.<sup>6</sup> (See Section 5.1.1. for further discussion.)

In our first regression model, we are also unable to control for annual immigration inflow, as there is no data for the full time-period. Hence, we are unable to control for the relationship between immigration and the level of right-wing extremist attitudes among nationals. Given previous research on immigration, recessions, and the formation of attitudes, the inability to control for influx of foreign population may lead to omitted variable bias.

Finally, it is possible that financial crises are no different from non-economic macro crises, and that financial crises have no additional effect on voter attitudes. However, due to the low number of non-economic macro crises events in the period between 1981–2014, we are unable to control for the *isolated* crisis effect.

### 6.1.2. Model Specification

In a first stage, we run a fixed effects OLS regression based on the following model:

$$Attitudes_{ict} = \beta_0 + \beta_1 Crisis_{ct} + \beta_2 X_i + \alpha_c + \delta_t + \epsilon_{ict}$$

The dependent variable  $Attitudes_{ict}$  measures the value of the conservative index, the value of the xenophobia index, and the level of nationalism. The independent variable  $Crisis_{ct}$  is a dummy variable which takes on the value 1 five years following a financial crisis. We also include country and year fixed effects (denoted as  $\alpha_c$  and  $\delta_t$  respectively) and a vector consisting of individual control variables (denoted as  $X_i$ ). Standard errors are clustered at country level, as we assume that observations are independent across countries but correlated within countries. Moreover, it is possible that the variance is heterogeneous across groups, which is why we use robust standard errors.

Since it is plausible that respondents have become more liberal over time, and that this trend differs across countries, we extend our model to include intercepts to

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<sup>6</sup> As a minimal control, we run our regressions again and include the variable for (subjective) position on a ten-point income scale as an additional individual control. The results are similar to those obtained when including controls for employment status.

control for area-specific time trends. We therefore run a second fixed effect OLS regression based on the following model:

$$Attitudes_{ict} = \beta_0 + \beta_1 Crisis_{ct} + \beta_2 X_i + \alpha_c + \delta_t + \alpha_c * \delta_t + \varepsilon_{ict}$$

Similar to our first model, the dependent variable  $Attitudes_{ict}$  measures the value of the conservative index, the value of the xenophobia index, and the level of nationalism. The independent variable  $Crisis_{ct}$  is a dummy variable which takes on the value 1 five years following a financial crisis. We also include country and year fixed effects (denoted as  $\alpha_c$  and  $\delta_t$  respectively), a vector consisting of individual control variables (denoted as  $X_i$ ), and country-specific time trends (denoted  $\alpha_c * \delta_t$ ). Standard errors are robust and clustered at country level.

## 6.2. The Great Recession

In our second model, we focus on the Great Recession and examine if countries that were more severely hit by the crisis also exhibit a larger change in preferences on the GAL-TAN scale. We use data from IVS wave 5 (2005–2009) and 6 (2010–2014), and study 13 of the 20 countries included in our dataset.<sup>7</sup> Specifically, we study the following countries: Australia, France, Finland, Germany, Netherlands, Norway, Italy, Japan, Spain, Sweden, Switzerland, UK and the US. We choose to focus on the Great Recession mainly due to the severity of the crisis and its large effect on normal citizens (partly due to the development on the housing market), but also since it affected a large number of countries all over the world (Claessens and Kose, 2013). Moreover, by limiting our scope to a shorter time period we are able to study a larger set of questions, including questions on chauvinism, authoritarian leadership, and law and order.

### 6.2.1. Definition of Variables

In the section below, we will define the dependent and independent variables included in our second regression analysis.

## Dependent Variables

In our second analysis, the dependent variables *Conservatism*, *Xenophobia*, *Nationalism*, *Chauvinism*, *Athoritarian\_leader*, and *Law\_order*, are constructed from nine questions from the IVS data set. We study the same set of questions as in our first analysis, and in addition, we include questions on welfare chauvinism, authoritarian

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<sup>7</sup> The excluded countries lack sufficient IVS data for wave 5 and 6. For more information, see Appendix B.

leadership, and law and order. Similar to the questions studied in our first regression, questions on welfare chauvinism, authoritarian leadership, and law and order are based on the article by Flanagan and Lee (2003). In addition to the question on divorce and marital faithfulness, the authors categorize authoritarians based on their preference for maintaining order and fighting crime. Moreover, the authors find that respondents who are categorized as authoritarians more often believe that nation-born should be prioritized on the labor market, compared to libertarians. Questions on authoritarian leadership are not investigated by Flanagan and Lee, presumably as the WVS wave 2 did not include questions of that sort. Nevertheless, the authors acknowledge that authoritarians emphasize respect for authority and support hierarchical structures. In addition, Mudde (2000) states that right-wing extremist parties advocate a strong state and reject permissiveness. As a result, we study the nine following questions from the IVS:

1. *Abortion (conservatism)*: (See previous specification.)
2. *Divorce (conservatism)*: (see previous specification.)
3. *Homosexuality (conservatism)*: (see previous specification.)
4. *Immigrants (xenophobia)*: (see previous specification.)
5. *Race (xenophobia)*: (see previous specification.)
6. *Proud of nationality (nationalism)*: (see previous specification.)
7. *Strong leader (authoritarian leadership)*: the respondent is asked about their view on “strong leaders who does not have to bother with parliament and elections,” and whether they believe that this type of political system is a very good, fairly good, fairly bad, or very bad way of governing the respondent’s country. The value is equal to 1 if the respondent believes that it is a very good way to govern the respondent’s country, and equal to 4 if the respondent believes that it is a very bad way to govern the respondent’s country.
8. *Nation-born should be prioritized (welfare chauvinism)*: the respondent is asked the following statement: “When jobs are scarce, employers should give priority to [the respondent’s nation] people over immigrants.” The value is equal to 1 if the respondent agrees with the statement, equal to 2 if the respondent does not agree with the statement, and equal to 3 if the respondent neither agrees nor disagrees with the statement.
9. *National priorities (law and order)*: based on what the respondent believes is the most important, the respondent is asked to choose one of the following options; “Maintaining order in the nation” (taking on the value of 1), “Giving people more say in important government decision” (taking on the value of 2), “Fighting

rising prices” (taking on the value of 3), and “Protecting freedom of speech” (taking on the value of 4).

As in our first analysis, questions on abortion, homosexuality, and divorce are used to construct a conservative index, and questions on immigration and race are used to construct a xenophobia index. Similarly, the question on nationalism is recoded to be equal to 1 if the respondent is not at all proud of its nationality, and equal to 4 if the respondent is very proud of its nationality. Likewise, the question on authoritarian leadership is recoded to be equal to 1 if the respondent believes that it is very bad to have a strong leader, and equal to 4 if the respondent believes that it is very good to have a strong leader. A dummy is constructed from the question on whether nation-born should be prioritized on the labor market. The dummy is equal to 1 if the respondent agrees with the statement, and equal to 0 if they are uncertain or disagrees with the statement. A second dummy is constructed from the question on national priorities. The dummy is equal to 1 if the respondent believes that “[O]rder in the nation” is the most important national issue, and equal to 0 if the respondent chooses any of the other options.

### **Main Independent Variable**

Since all studied countries are affected by the global recession, our main independent variable is a proxy for the severity of the financial crisis. Specifically, we use country level unemployment rate as a proxy for the severity of the financial recession. The choice is based on two factors. First, as we are interested in the relationship between financial crises and citizens’ attitudes, we want to use a proxy that captures how citizens are affected by the financial crisis. If a financial shock hits and the unemployment rate increases, the crisis is sure to have had some negative effect on the economic situation of the country’s citizens. Moreover, previous research (Burns and Gimpel, 2000; Johnston and Lordan, 2016) suggests that a rise in labor market competition may lead to an increase in racial prejudice. Hence, when studying the effect on attitudes and beliefs, the unemployment rate should reflect the severe economic consequences following a financial crisis.

Apart from level of unemployment, annual change in unemployment can be used as an estimate. Nevertheless, using the change in unemployment would be ill advised when studying the severity of the financial crisis. In the first years following the Great Recession, the unemployment rate increases in all countries included in our second analysis. However, as the economies recover from the financial shock, the unemployment rate stabilizes and the change in unemployment is small or slightly

negative. Hence, if a country is included in the IVS data set in any of the years between 2010–2013, the change in unemployment may fail to capture the severity of the crisis. While there are potential issues with applying the absolute level of unemployment (for instance, some countries may have high unemployment rates before as well as after the crisis) it is preferred over the change in unemployment for the reasons discussed above.

Naturally, there are other measures that could have been used as proxy for the severity of the global recession. When choosing what proxy to use in our analysis, we investigated two other alternatives, namely the unemployment rate over NAIRU, and the gap between potential GDP and actual GDP.

NAIRU, short for Non-Accelerating Inflation Rate of Unemployment, has received some critique, as it is difficult to measure. Moreover, NAIRU is affected by economic conditions, such as labor market policy and demographic composition of the labor force, and can therefore vary over time (Judd, 1997). Hence, it is difficult to interpret the changes in unemployment rate over NAIRU in times of great economic turmoil. The unemployment rate, on the other hand, clearly reflects the effect of economic downturns on normal citizens.

Potential GDP is obtained through calculating the trend in GDP based on historical data. This implies that the gap between trend and actual GDP grows larger over time, and that the GDP gap is smaller in 2008 compared to 2013. As a result, the measure does not fully capture the drastic shift from economic boom to deep recession when the US housing bubble burst in 2007. In contrast, the national unemployment rate reflects both the severity of the recession as well as the recovery that took place in most countries.

## **Intercepts and Control Variables**

In order to obtain unbiased estimates, we include country and year fixed effects, and a vector consisting of individual control variables.

Year and country fixed effects are included in order to control for time trends and time-independent differences between countries, respectively. Similar to our regression on systemic banking crises, we add country fixed effects in order to control for historic, both political, cultural, and demographic, differences across countries. Year fixed effects are added in order to control for trends in attitudinal shifts.

The vector of individual control variables include age, age squared, sex, marital status (a dummy variable equal to 1 if the respondent is married), employment status (full-time employed, part-time employed, students, retired, unemployed and other (mainly housewives)), educational level measured as the age the respondent finished

school (<14, 14–17, 18–20, 20<) and religion (protestant, catholic, orthodox, muslim, other religion and non-religious). (For further discussion regarding the choice of individual control variables, see Section 5.1.1.)

Since anti-immigration policies are at the center of the far-right agenda, we find it necessary to control for the link between immigration and prejudicial attitudes. We therefore run a second regression and include a control for inflow of foreign population (expressed as a percentage of the total population), as it is plausible that immigration is correlated with any of the dependent variables. Some researchers suggest that there is a causal link between levels of immigration and prejudice among the population (for instance see Sniderman et al., 2000), while others point to the issues with diversity and how multiculturalist policies could increase polarization and conflict in society (for instance, see Ford, 2006). Most recently, Stockemer (2017) brings up the ethnic competition hypothesis and the group position hypothesis, and states that the vote share for right-wing parties grows as the inflow of foreign population increases. Annual inflow of foreign population could also be correlated with the country level unemployment rate, as high levels of immigration could lead to a temporary increase in unemployment.

### 6.2.2. Model Specification

In a first stage, we run a fixed effects OLS regression based on the following model:

$$Attitudes_{ict} = \beta_0 + \beta_1 Unemployment_{ct} + \beta_2 X_i + \alpha_c + \delta_t + \epsilon_{ict}$$

The dependent variable  $Attitudes_{ict}$  measures the value of the conservative index, xenophobia index, and the value of the questions on nationalism, welfare chauvinism, authoritarian leadership, and law and order. The independent variable  $Unemployment_{ct}$  is equal to the annual unemployment rate in each country, and is used as a proxy for the severity of the financial crisis. We include country and year fixed effects (denoted as  $\beta_c$  and  $\delta_t$  respectively) and a vector consisting of individual control variables (denoted as  $X_i$ ). Standard errors are robust and clustered at country level.<sup>8</sup>

It is possible that the level of immigration is linked to the level of xenophobic or nationalist attitudes among the nation's population. We therefore run a second regression where we control for the annual influx of foreign population. For each predicted variable, we run a fixed effects OLS regression based on the following model:

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<sup>8</sup> When we run the regression on the xenophobia index in the regressions on the Great Recession, we exclude Japan. This is since question 3 and 4 were not asked in Japan in survey 5 (2005-2009) but only in survey 6 (2010-2014).

$$Attitudes_{ict} = \beta_0 + \beta_1 Unemployment_{ct} + \beta_2 X_i + \alpha_c + \delta_t + Immigration_{ct} + \varepsilon_{ict}$$

Similar to our first regression,  $Attitudes_{ict}$  is the dependent variable and  $Unemployment_{ct}$  is the main independent variable and proxy for the severity of the financial crisis. Moreover, we include country and year fixed effects (denoted as  $\alpha_c$  and  $\delta_t$  respectively), a vector consisting of individual control variables (denoted as  $X_i$ ), and the control for annual level of immigration (denoted as  $Immigration_{ct}$ ). Standard errors are robust and clustered at country level.

## 7. Results

### 7.1. Systemic Banking Crises, 1981–2013

Table 1 presents the estimates from our first fixed effects OLS regression. In model 2, 4, and 6, country-specific time intercepts have been included. We find that while all dependent variables are positive, only the conservative index is significant on a 1-percent level ( $p < 0.001$ ) when excluding country-specific time intercepts (model 1), and on a 5-percent level ( $p < 0.045$ ) when controlling for country-specific time trends (model 2). In the five years following a financial crisis, respondents score 0.486 higher on the conservative index (measured on a ten-point scale), meaning that individuals on average find abortion, homosexuality, and divorce, less justifiable after a financial crisis, conditional on their age, sex, marital status, employment status, education and religion. Conservative attitudes seem to be stronger among muslims and married respondents, but weaker among respondents who are highly educated and employed. In model 1 and 2, the R-square equals 0.198 and 0.205, respectively. The low R-square suggest that our model only partially explains the shift in attitudes.

Table 1: Systemic Banking Crises, 1981–2013

VARIABLES	(1) Conservative index	(2) Conservative index	(3) Xenophobia index	(4) Xenophobia index	(5) National pride	(6) National pride
Financial crisis year	0.666*** (0.169)	0.486** (0.227)	0.0190 (0.0126)	0.0135 (0.0105)	0.0159 (0.0283)	0.0540 (0.0327)
Constant	7.581*** (0.266)	-4.001 (35.93)	0.0827*** (0.0179)	-0.502 (1.320)	3.250*** (0.0608)	4.101 (8.352)
Observations	103,367	103,367	100,905	100,905	99,920	99,920
R-squared	0.198	0.205	0.021	0.026	0.038	0.044
Number of country	20	20	20	20	20	20
Country FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Country-specific time trend	NO	YES	NO	YES	NO	YES

*Note:* Fixed year and country effects, and in a second regression, country-specific time trends. Robust standard errors in parentheses. Robust standard errors clustered at country level. We have included controls for age, age-square, sex, marital status (married or not married), when respondent completed education (-14, 14–17, 18–20, +21, with -14 as baseline), employment status (full-time, part-time, unemployed, retired, student, and other, with other as baseline), and religion (protestant, catholic, muslim, orthodox, non-religious, and other religion, with other religion as baseline).

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , +  $p < 0.1$



## 7.2. *The Great Recession*

Table 2 presents our estimates from our second fixed effects OLS regression. In model 1, 3, 5, 7, 9, and 11, immigration levels are excluded from the regression, and in model 2, 4, 6, 8, 10, and 12, all control variables are included. Model 12 shows that there is a positive and significant association between demanding “[O]rder in the nation” and unemployment. Specifically, the question on law and order is statistically significant on a 5-percent level ( $p < 0.016$ ) in model 12 when we include individual controls and control for immigration. In model 11, however, when we exclude the control for immigration, the estimate is not statistically significant. Our findings suggest that nationals living in a country with a higher unemployment exhibit a higher demand for law-and-order policies, conditional on their age, gender, marital status, education, employment status, religion, and the annual immigration level. Still, it should be noted that the size of the estimate is small, which in turn suggests that the economic significance is rather low. Moreover, model 12 has an R-square equal to 0.026, further questioning the strength of our findings.

In model 5, the question on national pride reaches marginal significance ( $p < 0.10$ ), but loses its significance in model 4 when the control for immigration is included.

Table 2: The Great Recession

VARIABLES	(1) Conservative index	(2) Conservative index	(3) Xenophobia index	(4) Xenophobia index	(5) National pride	(6) National pride	(7) Authoritarian leadership	(8) Authoritarian leadership	(9) Welfare chauvinism	(10) Welfare chauvinism	(11) Law and order	(12) Law and order
Unemployment rate	-0.00481 (0.0147)	-0.0214 (0.0197)	-0.00626 (0.00805)	-0.000903 (0.0114)	-0.0102+ (0.00489)	-0.00928 (0.00737)	0.0190 (0.0115)	0.0595 (0.0355)	0.00149 (0.00634)	-0.00733 (0.00975)	0.00835 (0.00557)	0.0268** (0.00950)
Constant	6.835*** (0.397)	7.075*** (0.474)	0.229** (0.0754)	0.148 (0.127)	3.483*** (0.0808)	3.470*** (0.101)	2.239*** (0.165)	1.653*** (0.536)	0.661*** (0.0892)	0.788*** (0.141)	0.325*** (0.0571)	0.0583 (0.119)
Observations	33,461	33,461	30,658	30,658	32,151	32,151	31,638	31,638	33,110	33,110	33,206	33,206
R-squared	0.153	0.153	0.022	0.022	0.037	0.037	0.037	0.038	0.041	0.041	0.025	0.026
Number of country	13	13	12	12	13	13	13	13	13	13	13	13
Immigration	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES
Country FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES

*Note:* Regressions using country and year fixed effects. Robust standard errors in parentheses. Robust standard errors are clustered at country level. We have included controls for age, age-square, sex, marital status (married or not married), when respondent completed education (-14, 14-17, 18-20, +21, with -14 as baseline), employment status (full-time, part-time, unemployed, retired, student, and other, with other as baseline), religion (protestant, catholic, Muslim, orthodox, non-religious, and other religion, with other religion as baseline), and when included, immigration (annual inflow of immigration as percent of total population).

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , +  $p < 0.1$

## 8. Discussion

### 8.1. *Systemic Banking Crises, 1981–2013*

In our first regression, we find that respondents become more conservative in the five years following a financial crisis. In general, the opposition toward abortion, homosexuality, and divorce increases, which indicates that the moral implications of right-wing extremist ideology grow stronger in times of economic turmoil.

However, it is unclear *why* conservative attitudes become more pronounced after financial crises. One plausible explanation is that attitudes change as a result of confirmation bias, as proposed by Runst (2014). While Runst discusses systematic biases in relation to economic preferences, Betz (1994) and Rydgren (2005) stress that the supporters of right-wing extremist parties interpret economic issues through non-economic issues. One could therefore argue that the pessimistic bias—the tendency to overestimate economic performance in the past and underestimate economic performance in the future—is linked to the non-economic opposition toward political progression, discussed by Mudde (2000) and Caplan (2007). Hence, confirmation bias make individuals become more likely to believe that it was better before, economically as well as socioculturally, following financial crises.

Another possible explanation is that sociocultural conservative beliefs, typically associated with the authoritarian policies advocated by right wing extremist parties, are triggered among the broader public. Hetherington and Suhay (2011) argue that the demand for authoritarian policies can be triggered among non-authoritarians when faced with a threat. While financial crises do not constitute a physical threat, one could argue that economic turmoil and the increased risk of unemployment creates a feeling of uncertainty—and in some cases fear—among the general public. In turn, this could explain the rise in conservative attitudes following financial crises. This line of argument is stressed by Inglehart and Norris (2016), as well as Rydgren (2005). Nevertheless, since the IVS is not an individual level panel data set, we are unable to study whether the observed shift in conservative values is due to confirmation bias or a trigger effect.

As stated in our hypothesis, we predicted that xenophobic and nationalist attitudes would increase in the years after a financial crisis. However, the estimates in our first regression are positive but not statistically significant.

Runst’s theory on confirmation bias and Caplan’s theory on irrational rationality both point in the other direction, making our findings surprising. Since economic recessions result in an increase in competition on the labor market, the price for holding irrational beliefs should fall. In turn, the consumption of xenophobic or protectionist beliefs should increase. As Johnston and Lordan (2016, p.71) hypothesize, it should be less costly to discriminate on the labor market following financial crises “due to the

greater pool of qualified White applicants”. Further, Johnston and Lordan show that in line with the ethnic competition hypothesis, self-reported racial prejudice increases during economic recessions.

However, in contrast to Johnston and Lordan (2016), who argue that racism varies with economic conditions, Margalit (2013), as well as Kenworthy and Owens (2011), claim that cultural attitudes are not affected by financial recessions. Moreover, Spies (2013) states that the success of right wing extremist parties is not driven by shifts in demand, but changes in policy supply. According to the theories presented by Margalit, Kenworthy and Owens, and Spies, changes in attitudes along the GAL-TAN scale following financial crises would thus be unlikely.

The lack of significant results does, however, not necessarily imply that the success of right wing extremist parties is fully driven by changes in supply. The lack of significant results could also be due to the composition of the IVS data set. First, the question on nationalism captures the respondent’s positive feelings toward his or her nation. Consequently, the question is used by Flanagan and Lee (2003) as a measure of *patriotism*. In the context of right-wing extremism, however, Mudde (2000) defines nationalism in terms of the rejection of foreigners and foreign customs. As such, the question on national pride may not fully capture the nationalist message of right-wing extremist parties. Second, in the study by Johnston and Lordan (2016), the authors find empirical support for the ethnic competition hypothesis when studying racial subgroups. The IVS does not include questions on race, making it difficult for us to study different effects within various ethnic or racial subgroups in our sample. It is possible that certain subgroups within our sample report an increase in xenophobic attitudes during economic recessions, but that the effect is offset by other subgroups in our sample.

### 8.2. *The Great Recession*

In our second analysis, we find weak results. The estimate for law and order is positive and significant at a 5-percent level when controlling for influx of foreign population, but none of the estimates on conservatism, xenophobia, nationalism, authoritarian leadership, and welfare chauvinism are significant at the 5-percent or 1-percent level. Given that the conservative index is significant in our first model, our findings suggest that there is no clear link between how severely the countries were affected by the Great Recession and the shift in attitudes along the GAL-TAN scale. Instead, our findings imply that it is not the severity of a financial crisis, but the mere occurrence of one, that causes attitudes to shift along the GAL-TAN scale.

The estimate for law and order is insignificant in model 11, but reaches significance on a five-percent level ( $p < 0.016$ ) in model 12 when the control for

immigration is included. Our results therefore suggest that, when the country-level unemployment rate is linked to the high influx of immigrants, the majority of the population does not perceive their surrounding as chaotic or unstable. One plausible explanation is that newly arrived and unemployed immigrants do not come in contact with the domestically employed population, and as a result, the majority of the population does not experience a drastic effect following the crisis. In contrast, if unemployment hits groups that were employed before the crisis, the majority of the population will perceive their surrounding as increasingly chaotic.

Still, except for the marginal increase in the support for law-and-order policies, our second model does not show any significant results. Drawing on the reasoning by Spies (2013), this might indicate that shifts in voting behavior are not driven by altered beliefs. Given that working class voters base their voting decision on non-economic policies when parties are homogeneous in economic issues, but heterogeneous in non-economic issues, economic chaos could benefit right-wing extremist parties. Following the Great Recession, governing parties in the West were forced to solve complex issues that, to a large extent, depended on global circumstances. As a result, established parties might have appeared more homogenous in economic issues, as governing parties only had a limited number of policy responses to choose from.

Similarly, Rydgren (2005) suggests that people who have lost trust in established parties are prone to interpret economic issues such as unemployment through an ethnic framework, rather than the traditional socio economic framework, since the latter is perceived as inefficient. This does not imply a shift in beliefs, but changing perceptions of causality. As our results suggest that demand for more law-and-order policies slightly increase as unemployment rises, respondents do not seem to believe that current policies are sufficient to resolve turmoil. They might therefore be more inclined to accept new explanations to complex problems.

## 9. Conclusion

Previous literature has found evidence supporting that financial crises are followed by an increase in support for right-wing extremist parties. Whether this stems from a change in policy demand, caused by altered attitudes and beliefs, is nevertheless uncertain. Our results demonstrate that respondents become more conservative in times of economic turmoil. The increase in conservative responses likely reflects that people view sociocultural progression, rather than economic policy, as the cause of their impaired situation. Nevertheless, our results reveal no significant changes in nationalist or xenophobic attitudes in the years following financial crises. The lack of significant results could, to some extent, be an effect of the construction of the data. Moreover, when studying the Great Recession, we find that only the estimate for law and order is statistically significant at a 5-percent level. Hence, our results do not support the hypothesis that individuals became more in favor of right-wing extremist policies the more their country suffered from the Great Recession. Still, the marginal increase in support for law-and-order policies suggest that financial crises may serve as leverage for right wing extremist parties.

In sum, we find some support for our hypothesis that financial crises events cause attitudinal shifts along the GAL-TAN scale, but little or no support for our hypothesis that countries that were more severely hit by the crisis in 2008 experienced larger shifts in attitudes along the GAL-TAN scale. The shift in attitudes can work in favor of right-wing extremist parties, but their alleged success following financial recessions is more likely due to more complex changes in the political landscape.

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## Appendix A: IVS Survey Questions

*List of Questions (Exact Wording) from the IVS Dataset:*

1. “Please tell me for each of the following statements whether you think it can always be justified, never be justified or something in between, using this card. [Card sais 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, or V, where 1 is “Never”, 10 is “Always”, and V is “Don’t know”] Abortion”
2. “Please tell me for each of the following statements whether you think it can always be justified, never be justified or something in between, using this card. [Card sais 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, or V, where 1 is “Never”, 10 is “Always”, and V is “Don’t know”] Divorce”
3. “Please tell me for each of the following statements whether you think it can always be justified, never be justified or something in between, using this card. [Card sais 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, or V, where 1 is “Never”, 10 is “Always”, and V is “Don’t know”] Homosexuality”
4. “On this list are various groups of people. Could you please sort out any that you would not like to have as neighbours. Immigrant/foreign workers”
5. “On this list are various groups of people. Could you please sort out any that you would not like to have as neighbours. People of a different race”
6. “How proud are you to be [nation]? Very proud [,] Quite proud [,] Not very proud [,] Not at all proud [,] I am not [nation]”
7. “I’m going to describe various types of political systems and ask what you think about each as a way of governing this country. For each one, would you say it is a very good, fairly good, fairly bad or very bad way of governing this country? Having a strong leader who does not have to bother with parliament and elections”
8. “Do you agree, disagree or neither agree nor disagree with the following statements? When jobs are scarce, employers should give priority to people of this country over immigrants.”
9. “If you had to choose, which one of the things on this card would you say is most important? Maintaining order in the nation [,] Giving people more say in important government decisions [,] Fighting rising prices [,] Protecting freedom of speech”

## Appendix B: Summary Statistics

### *Summary Statistics, IVS wave 1:*

VARIABLES	N	mean	sd	min	max
Abortion	20,291	6.904	2.985	1	10
Homosexuality	19,876	7.531	3.056	1	10
Divorce	20,346	5.973	2.056	1	10
Race	21,107	.072	.259	0	1
Immigrants	21,107	.079	.269	0	1
Proud of nationality	19,882	3.236	.848	1	4

### *Summary Statistics, IVS wave 6:*

VARIABLES	N	mean	sd	min	max
Abortion	11,800	5.453	3.025	1	10
Homosexuality	11,633	4.505	3.358	1	10
Divorce	11,890	4.144	2.675	1	10
Race	12,491	.102	.302	0	1
Immigrants	12,489	.182	.386	0	1
Proud of nationality	11,767	3.252	.761	1	4

## Appendix C: Number of Country Observations per IVS Wave

Country/region	1	2	3	4	5	6	Total
Australia	1,228	0	2,048	0	1,421	1,477	6,174
Austria	0	1,460	0	1,522	1,510	0	4,492
Belgium	0	2,792	0	1,912	1,509	0	7,358
Canada	1,254	1,730	0	1,931	2,164	0	7,079
Denmark	1,182	1,030	0	1,023	1,507	0	4,742
Finland	1,003	588	987	1,038	2,148	0	5,764
France	1,200	1,002	0	1,615	2,502	0	6,319
Germany	1,305	3,437	2,026	2,036	4,139	2,046	14,989
Greece	0	0	0	1,142	1,500	0	2,642
Ireland	1,217	1,000	0	1,012	1,013	0	4,242
Italy	1,348	2,018	0	2,000	2,531	0	7,897
Japan	1,204	1,011	1,054	1,362	1,096	2,443	8,170
Netherlands	1,221	1,017	0	1,003	2,604	1,902	7,747
Norway	1,051	1,239	1,127	0	2,115	0	5,532
Portugal	0	1,185	0	1,000	1,553	0	3,738
Spain	2,303	4,147	1,211	2,409	2,700	1,189	13,959
Sweden	954	1,047	1,009	1,015	2,190	1,206	7,421
Switzerland	0	1,400	1,212	0	2,513	0	5,125
Great Britain	1,167	1,484	1,093	1,000	2,602	0	7,346
United States	2,325	1,839	1,542	1,200	1,249	2,232	10,387
Total	21,107	29,426	13,309	24,220	40,566	12,495	141,123

## Appendix D: Regression Analyses (Including All Control Variables)

Table 3: Regression on Systemic Banking Crises, 1981–2013, Including Control Variables

VARIABLES	(1) Conservative index	(2) Conservative index	(3) Xenophobia index	(4) Xenophobia index	(5) National pride	(6) National pride
Financial crisis year	0.666*** (0.169)	0.486** (0.227)	0.0190 (0.0126)	0.0135 (0.0105)	0.0159 (0.0283)	0.0540 (0.0327)
Age	-0.0370*** (0.00452)	-0.0384*** (0.00458)	-0.000827+ (0.000405)	-0.000816+ (0.000406)	-0.00359*** (0.00123)	-0.00341*** (0.00119)
Age-square	0.000637*** (3.58e-05)	0.000649*** (3.56e-05)	1.85e-05*** (4.11e-06)	1.82e-05*** (4.06e-06)	7.81e-05*** (1.24e-05)	7.58e-05*** (1.21e-05)
Education completed age 14-17	-0.382*** (0.0724)	-0.381*** (0.0674)	-0.0156 (0.00999)	-0.0176 (0.0106)	-0.0335 (0.0212)	-0.0347 (0.0214)
Education completed age 18-20	-0.729*** (0.0810)	-0.727*** (0.0784)	-0.0298*** (0.00998)	-0.0349*** (0.0112)	-0.0968*** (0.0255)	-0.0938*** (0.0262)
Education completed age +21	-1.154*** (0.0934)	-1.148*** (0.0902)	-0.0545*** (0.0109)	-0.0588*** (0.0121)	-0.176*** (0.0269)	-0.172*** (0.0272)
Full-time employment	-0.324*** (0.0526)	-0.317*** (0.0484)	-0.00720 (0.00469)	-0.00747 (0.00458)	0.0231+ (0.0115)	0.0214+ (0.0123)
Part-time employment	-0.282*** (0.0587)	-0.288*** (0.0549)	-0.0113** (0.00461)	-0.0111** (0.00476)	-0.0306+ (0.0155)	-0.0297+ (0.0146)
Retired	-0.131+ (0.0757)	-0.132+ (0.0752)	-0.00436 (0.00299)	-0.00353 (0.00274)	0.00308 (0.0126)	0.00604 (0.0134)
Student	-0.259*** (0.0846)	-0.268*** (0.0792)	-0.0158*** (0.00516)	-0.0156*** (0.00528)	-0.0109 (0.0190)	-0.0135 (0.0178)
Unemployed	-0.132 (0.107)	-0.125 (0.0951)	-0.00156 (0.00582)	-0.000853 (0.00600)	-0.0399** (0.0141)	-0.0427*** (0.0148)
Marital status	0.339*** (0.0319)	0.337*** (0.0319)	-0.00796** (0.00282)	-0.00771*** (0.00261)	0.0503*** (0.00655)	0.0525*** (0.00615)
Male sex	0.340*** (0.0376)	0.337*** (0.0381)	0.0164*** (0.00253)	0.0162*** (0.00259)	-0.0194 (0.0136)	-0.0190 (0.0136)
Protestant	-0.160 (0.148)	-0.202 (0.139)	0.0155+ (0.00755)	0.00992 (0.00667)	0.0502 (0.0355)	0.0660*** (0.0212)
Orthodox	0.670*** (0.223)	0.659*** (0.219)	-0.00192 (0.0129)	-0.00313 (0.0130)	0.0357 (0.0558)	0.00796 (0.0434)
Non-religious	-0.945*** (0.196)	-0.950*** (0.197)	0.00746 (0.00605)	0.00700 (0.00517)	-0.124** (0.0446)	-0.112*** (0.0371)
Muslim	2.164*** (0.254)	2.165*** (0.243)	-0.0319+ (0.0156)	-0.0321** (0.0127)	-0.0498 (0.0495)	-0.0296 (0.0464)
Catholic	-0.0101 (0.152)	-0.0461 (0.154)	0.0126** (0.00561)	0.0101+ (0.00515)	0.0456 (0.0391)	0.0582+ (0.0331)
Constant	7.581*** (0.266)	-4.001 (35.93)	0.0827*** (0.0179)	-0.502 (1.320)	3.250*** (0.0608)	4.101 (8.352)
Observations	103,367	103,367	100,905	100,905	99,920	99,920
R-squared	0.198	0.205	0.021	0.026	0.038	0.044
Number of country	20	20	20	20	20	20
Country FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Country-specific time trend	NO	YES	NO	YES	NO	YES

Robust standard errors in parentheses.

\*\*\* p<0.01, \*\* p<0.05, + p<0.1

Table 4: Regression on the Great Recession, Including Control Variables

$-1/(2)$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VARIABLES	Conservative index	Conservative index	Xenophobia index	Xenophobia index	National pride	National pride	Authoritarian leader	Authoritarian leader	Welfare chauvinism	Welfare chauvinism	Law and order	Law and order
Unemployment rate	-0.00481 (0.0147)	-0.0214 (0.0197)	-0.00626 (0.00805)	-0.000903 (0.0114)	-0.0102* (0.00489)	-0.00928 (0.00737)	0.0190 (0.0115)	0.0595 (0.0355)	0.00149 (0.00634)	-0.00733 (0.00975)	0.00835 (0.00557)	0.0268** (0.00950)
Age	-0.0646*** (0.00642)	-0.0646*** (0.00642)	-0.00185*** (0.000808)	-0.00184*** (0.000801)	-0.00861*** (0.00244)	-0.00861*** (0.00243)	-0.0164*** (0.00316)	-0.0164*** (0.00324)	-0.00615*** (0.00199)	-0.00616*** (0.00199)	-0.00563*** (0.00133)	-0.00561*** (0.00133)
Age-square	0.000844*** (7.67e-05)	0.000844*** (7.67e-05)	2.23e-05** (8.69e-06)	2.22e-05** (8.57e-06)	0.000120*** (2.13e-05)	0.000120*** (2.13e-05)	0.000147*** (2.84e-05)	0.000146*** (2.86e-05)	7.12e-05*** (1.56e-05)	7.12e-05*** (1.57e-05)	7.22e-05*** (1.54e-05)	7.20e-05*** (1.54e-05)
Education completed age 14-17	-0.488*** (0.136)	-0.487*** (0.137)	-0.0296 (0.0242)	-0.0299 (0.0242)	-0.0149 (0.0220)	-0.0149 (0.0221)	-0.0603 (0.0483)	-0.0618 (0.0474)	-0.0250 (0.0301)	-0.0245 (0.0299)	0.0316* (0.0171)	0.0307* (0.0164)
Education completed age 18-20	-0.839*** (0.148)	-0.840*** (0.148)	-0.0497* (0.0260)	-0.0493* (0.0259)	-0.0600* (0.0297)	-0.0599* (0.0297)	-0.206*** (0.0404)	-0.202*** (0.0417)	-0.0940*** (0.0293)	-0.0946*** (0.0293)	0.0188 (0.0182)	0.0202 (0.0176)
Education completed age +21	-1.312*** (0.172)	-1.313*** (0.172)	-0.0819** (0.0288)	-0.0816** (0.0267)	-0.156*** (0.0274)	-0.156*** (0.0274)	-0.388*** (0.0530)	-0.385*** (0.0538)	-0.194*** (0.0339)	-0.194*** (0.0338)	-0.0126 (0.0203)	-0.0116 (0.0201)
Full-time employment	-0.263*** (0.0535)	-0.262*** (0.0535)	0.00608 (0.00653)	0.00566 (0.00642)	0.0390* (0.0207)	0.0390* (0.0207)	-0.0412** (0.0173)	-0.0443** (0.0172)	-0.0188 (0.0121)	-0.0181 (0.0119)	0.000160 (0.00970)	-0.00112 (0.0101)
Part-time employment	-0.203** (0.0823)	-0.202** (0.0828)	0.00445 (0.00648)	0.00407 (0.00641)	-0.0380 (0.0259)	-0.0381 (0.0261)	-0.0248 (0.0269)	-0.0279 (0.0269)	0.00329 (0.0118)	0.00385 (0.0119)	-0.0133 (0.00779)	-0.0145* (0.00786)
Retired	-0.0664 (0.125)	-0.0642 (0.126)	0.00154 (0.00574)	0.000819 (0.00530)	0.00590 (0.0188)	0.00579 (0.0189)	0.00828 (0.0224)	0.00286 (0.0225)	-0.00496 (0.0140)	-0.00388 (0.0139)	0.0101 (0.00768)	0.00786 (0.00738)
Student	-0.326** (0.124)	-0.324** (0.124)	-0.0166* (0.00892)	-0.0172* (0.00930)	-0.00580 (0.0311)	-0.00501 (0.0313)	-0.115** (0.0414)	-0.119** (0.0394)	-0.0741*** (0.0215)	-0.0731*** (0.0218)	-0.0455*** (0.0121)	-0.0475*** (0.0127)
Unemployed	0.0355 (0.119)	0.0365 (0.119)	0.00309 (0.0104)	0.00273 (0.0102)	-0.0107 (0.0175)	-0.0107 (0.0176)	0.0242 (0.0699)	0.0216 (0.0702)	0.0174 (0.0159)	0.0179 (0.0159)	-0.0316 (0.0188)	-0.0325 (0.0185)



Table 4: Regression on the Great Recession, Including Control Variables 2(2)

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Conservative index	Conservative index	Xenophobia index	Xenophobia index	National pride	National pride	Authoritarian leadership	Authoritarian leadership	Welfare chauvinism	Welfare chauvinism	Law and order	Law and order
Marital status	0.351*** (0.0479)	0.352*** (0.0477)	-0.00799* (0.00439)	-0.00829* (0.00426)	0.0435*** (0.00819)	0.0435*** (0.00821)	-0.0421*** (0.0114)	-0.0443*** (0.0105)	-0.00526 (0.00665)	-0.00477 (0.00672)	0.0335*** (0.00582)	0.0325*** (0.00603)
Male sex	0.422*** (0.0389)	0.422*** (0.0388)	0.0155*** (0.00289)	0.0155*** (0.00290)	-0.00277 (0.0194)	-0.00277 (0.0194)	0.0350* (0.0184)	0.0349* (0.0185)	0.0149* (0.00768)	0.0149* (0.00769)	0.0199*** (0.00731)	0.0199*** (0.00727)
Protestant	-0.253 (0.166)	-0.256 (0.166)	0.0145* (0.00721)	0.0157* (0.00768)	0.0506 (0.0286)	0.0508 (0.0285)	-0.0449 (0.0547)	-0.0367 (0.0547)	0.0529*** (0.0203)	0.0512*** (0.0204)	0.0245 (0.0220)	0.0280 (0.0202)
Orthodox	0.981*** (0.285)	0.974*** (0.288)	-0.0203 (0.0206)	-0.0182 (0.0209)	0.0124 (0.0414)	0.0128 (0.0413)	0.0948 (0.0773)	0.112 (0.0796)	-0.141** (0.0555)	-0.145*** (0.0561)	0.0110 (0.0239)	0.0181 (0.0227)
Non-religious	-0.961*** (0.239)	-0.963*** (0.239)	0.00545 (0.00369)	0.00628 (0.00389)	-0.114*** (0.0327)	-0.114*** (0.0327)	-0.0207 (0.0352)	-0.0157 (0.0335)	4.80e-05 (0.0210)	-0.00103 (0.0211)	-0.0607*** (0.0149)	-0.0585*** (0.0141)
Muslim	2.169*** (0.312)	2.167*** (0.313)	-0.0282 (0.0170)	-0.0273 (0.0162)	-0.0212 (0.0448)	-0.0211 (0.0446)	0.179** (0.0583)	0.186** (0.0612)	-0.259*** (0.0366)	-0.260*** (0.0364)	0.0287 (0.0387)	0.0316 (0.0381)
Catholic	-0.0917 (0.203)	-0.0933 (0.204)	0.00866** (0.00313)	0.00932** (0.00375)	0.0694** (0.0246)	0.0695** (0.0246)	0.0806 (0.0472)	0.0852* (0.0454)	0.0415* (0.0216)	0.0406* (0.0216)	0.00578 (0.0145)	0.00762 (0.0133)
Immigration as percentage of population		-15.82		5.081		0.867		39.04		-8.398		17.51***
Constant	6.835*** (0.397)	7.075*** (0.474)	0.229** (0.0754)	0.148 (0.127)	3.483*** (0.0808)	3.470*** (0.101)	2.239*** (0.165)	1.653*** (0.536)	0.661*** (0.0892)	0.788*** (0.141)	0.325*** (0.0571)	0.0583 (0.119)
Observations	33,461	33,461	30,658	30,658	32,151	32,151	31,638	31,638	33,110	33,110	33,206	33,206
R-squared	0.153	0.153	0.022	0.022	0.037	0.037	0.037	0.038	0.041	0.041	0.025	0.026
Number of country	13	13	12	12	13	13	13	13	13	13	13	13
Immigration	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES
Country FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses.

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1