

Financial Crisis, Clientelism and the Rise of Right-Wing Populists in Developing Democracies

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Abstract

Right-Wing “Authoritarian” Populist (RWAP) parties in developing-country democracies -e.g., Modi’s BJP (India), and Erdoğan’s AKP (Turkey)-have drawn substantial attention and concern in recent times. Yet, our newly constructed data on parties’ vote-shares from 58 developing-country democracies (1980-2019) reveals an intriguing trend: electoral support for RWAP parties has in fact grown steadily since the early 1990s but with considerable variation. In this paper we examine what explains these patterns of support for RWAP parties across developing democracies. We argue that variation in electoral support for RWAP parties is explained by the interactive effect of “sudden reversal” (financial) crisis and highly clientelistic party systems. Sudden reversal crises trigger severe capital flight and output contractions that unleash anti-incumbent sentiment, particularly among middle-income voters. RWAPs’ try to attract these voters by framing incumbents as elite-centered and promising to adopt nationalistic economic policies, using authoritarian tactics, if necessary to create jobs for them. However, voters only find these claims and promises to be credible in highly clientelistic systems. This is because they believe RWAPs’ can use their patron-client networks to credibly deliver benefits to them but believe other parties’ will use their clientelistic networks to serve elites instead. Statistical results from our panel data confirm our theoretical predictions. We also present evidence from vignette and conjoint survey experiments conducted on citizen samples from India and Brazil, two highly clientelistic countries, and find support for our causal mechanisms.

Keywords Crisis, Populists

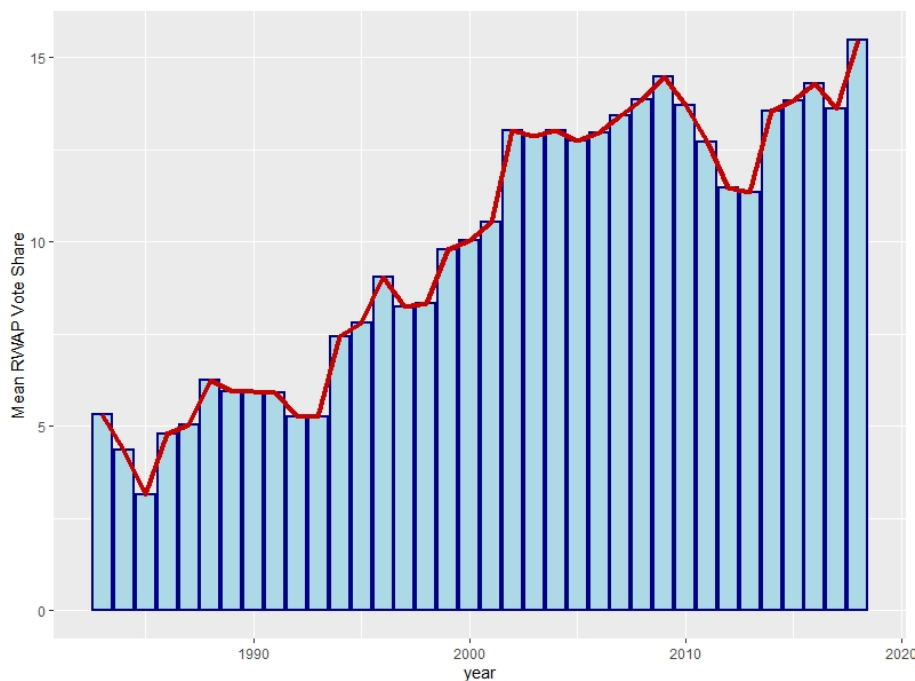
The rise of populists, primarily of the right-wing variety, across advanced industrial democracies in recent years has captured the attention of the media, policy pundits,¹ and academics (e.g., Eichengreen, 2018; Margalit, 2019; Robinson and Verdier, 2013; Rodrik, 2021s; Walter, 2021).² This is hardly surprising given that right wing populist leaders and their parties including Donald Trump in the US, the National Front in France, the Alternative für Deutschland in Germany, and the UKIP in Britain among others often seek publicity across a wide variety of media platforms. Yet, right-wing populist parties in advanced democracies usually garner attention from scholars primarily because these parties threaten liberal constitutional democracy (Eichengreen, 2018; Rodrik, 2021). These parties also challenge and are openly derisive toward the core institutional pillars of the international order including economic (e.g., trade) openness, international law, respect for human rights, and international organizations (Diamond, 2015; Milner, 2021; Frieden, 2019*a*). Antipathy toward the liberal international order is not just overtly expressed by right-wing populists in advanced democracies.

Similar antithetical views toward multilateralism, international organizations, and the rules-based international order are also voiced by right-wing populist parties in *developing country democracies* such as Jair Bolsonaro’s Social Liberal Party in Brazil, Narendra Modi’s Bharatiya Janata Party (BJP) in India, Viktor Orbán’s Fidesz Party in Hungary, and Recep Erdoğan’s AKP in Turkey. Note, however, that right-wing populists in developing democracies do not merely target their incendiary rhetoric toward the international system. Rather, they have taken steps to backtrack on economic reforms, reverse minority rights, promote economic nationalism, and have sought to establish anti-democratic single-party hegemony (Gidron and Hall, 2017; Eatwell and Goodwin, 2018; Rodrik, 2021s)). These steps have resulted in “democratic recession” (Diamond, 2015), output contractions or anemic economic growth, and domestic political instability in developing democracies which has been widely documented (Eatwell and Goodwin, 2018; Fukuyama, 2018; Frieden, 2019*a*). What is less recognized, however, is that the rise of right-wing populist parties and electoral support for these parties is not a recent phenomenon in the developing world; instead, it has grown steadily since at least the early 1990s across developing democracies.

¹Several journalists, historians and policy analysts have written extensively about the rise of right-wing populists in advanced democracies. Two prominent examples of such work include Luce (2017) and Fukuyama (2018).

²Also see, for example, Inglehart and Norris (2019), Milner (2019), Frieden (2019), Broz et al (2021), and Ballard-Rosa et al (2021) among others.

Figure 1: RWAP Vote-Share Trend, 1980-2018



To see this, consider the illustration in Figure 1 that is drawn from our newly constructed data on vote shares obtained by parties—including right-wing populist parties—in national elections across 58 developing country democracies (listed in Table 1) between 1980 and 2018. This figure reveals that there has been an upward trend in the electoral vote share received by right-wing populist parties across developing democracies since the early 1990s, albeit with substantial variation. Despite the significant increase in electoral support for right-wing populist parties in developing democracies that, as noted above, has debilitating consequences for these states, systematic theoretical and empirical research on right-wing populism has till date focused on this phenomenon in just advanced democracies. Much ink has, in fact, been spilled toward explaining how “demand-side” factors such as (for example) labor market shocks from Chinese import-penetration, automation, or xenophobia and perceived threats from immigrants induces voters to support right-wing populist parties in advanced democratic states (e.g., Funke *et al*, 2016; Im *et al*, 2019; Ahlquist *et al*, 2020; Ballard-Rosa *et al.*, 2020, 2021; Rodrik, 2021). By contrast, there has been to our knowledge relatively less generalizable theoretical and empirical research that accounts for the growth and variation in electoral support for right-wing populist parties in developing democracies.

This is surprising as the penchant for right-wing populists in developing democracies to reject multilateral organizations, foster economic autarky, and “circumvent democratic norms in favor of centralized authority” (Bonikowski, 2017, 189-190) has costly implications for the future of democracy as well as global economic stability (Luce, 2017; Fukuyama, 2018). These adverse consequences can have negative spillover effects on the international system and can get aggravated by right-wing populist parties that are gaining strength in prominent emerging markets that have a growing “footprint” in the global economy. The increasing yet underlying variation in electoral support for right-wing populist

parties across developing democracies ” and the far-reaching implications of this phenomenon ” thus raises the following question addressed in this paper: What explains the increasing but also varying electoral support right-wing populist parties across developing democracies? The theoretical framework that we develop to answer this question builds on existing “demand-side” research on populism that explores how a variety of exogenous economic shocks, cultural factors or social change induces citizens to support right-wing populist parties. However, our theory departs from these studies in two main ways. First, unlike extant research on populism, we explore how the following adverse yet common financial phenomenon in developing economies that has been largely overlooked may trigger favorable attitudes toward—that is, demand for—right-wing populist parties among voters in developing democracies: sudden reversals of foreign capital inflows or, in other words, “sudden reversal crisis” . Second, our theory examines how this demand-side factor generated by sudden reversal crises interacts with an important supply-side (i.e., institutional) variable (clientelism) to influence the electoral prospects for right-wing populist parties in developing democracies. The main prediction from our theoretical arguments is that the outbreak of sudden reversal crisis has a substantial positive effect on the vote share that right-wing populist parties receive in national elections in developing democracies, but only when the degree of clientelism in these states is sufficiently high. The causal intuition that leads to this interactive effect prediction is as follows.

To start with, sudden reversal have persistent deleterious economic consequences that triggers sharp credit and output contraction and thus high unemployment in developing states, including developing democracies. The magnitude of the pernicious economic consequences of sudden reversal crises makes it difficult for incumbents in crisis-affected states, including those in crisis-affected developing democracies, to expeditiously adjust policies to mitigate these deleterious effects. The incumbent’s inability to address the detrimental impact of the sudden reversal crisis triggers anti-government sentiment, immense resentment against the “political elite”, and a precipitous decline in trust toward domestic institutions among citizens in crisis-hit developing democracies. Growing anti-elite resentment among citizens against the backdrop of the sudden reversal crisis allows the right-wing populist party in opposition to engage in “blame-game” politics by alleging that the elite is responsible for the crisis.

It also provides right-wing populists a window-of-opportunity in the electoral arena to both (i) project their image as an anti-elite, people-centric party that can revive the crisis-affected economy by swiftly implementing policies by authoritarian means and (ii) advocate a platform of “economic nationalism” that focuses on job-creation by domestic-owned industries. We argue that this projected party image and calls for economic nationalism during the sudden reversal crisis triggers favorable attitudes toward the right-wing populist party among citizens. But such attitudes translate to greater vote-share for the said party only when the degree of clientelism is sufficiently high. This is because the patronage system in clientelist democracies increases the credibility of both the right-wing populist party’s promise of “job-creation” from domestic industries. It also bolsters the populists allegation that the incumbent and the establishment at large cater to the elite even when a sudden reversal crisis occurs in these states. Lastly, high levels of clientelism also facilitates clientelist bargain between the right-wing populists and citizens during sudden reversal events that, in effect, induces the latter to vote

for the right-wing populist party.

Statistical results from our newly developed panel data on vote shares obtained by parties in national elections across 58 developing democracies (1980-2018) provides robust support for our aggregate-level prediction drawn from the theoretical summary presented above about the interactive impact of sudden reversal crisis and clientelism on electoral support for right-wing populist parties in developing democracies. We also conducted original survey experiments in India and Brazil to evaluate the key causal mechanisms in our theory. Results from these experiments corroborate our theoretical mechanisms about how the right-wing populist party’s anti-elite stance, economic nationalism platform, and “authoritarian” policy agenda influences voters to support this party during periods of abrupt withdrawal of foreign capital inflows.

We begin the next section with a definition of right-wing populist parties and then discuss extant research about the growing phenomenon of right-wing populism. This is followed with the development of our theoretical framework, including our main causal claims, that leads to our prediction about the interactive effect of sudden reversal and clientelism stated above. In the third section, we first present our statistical results from the survey experiments that are employed to evaluate our theory’s key causal claims, and then report the main findings from the statistical models that are estimated in our new panel dataset. The main implications from our study and avenues for future research are discussed in the conclusion.

1 Background

We noted in the introduction that developing country democracies as diverse as Brazil, India, Peru, and the Philippines have become increasingly vulnerable to demagoguery and populism in recent years. Defining and conceptualizing populism is, however, notoriously difficult particularly (but not only) in the context of developing country democracies where it is often used as a pejorative term in the media. Notwithstanding this conceptual difficulty, Dornbusch and Edwards’s (1991) classic work defined populism as the adoption of economic policies by governments (primarily in developing economies) that “emphasizes income redistribution” via *shortsighted* fiscal and monetary policies, but “deemphasizes the risks of inflation and deficit finance” (p.9). While useful, the classic definition stated above focuses on a specific populist mode of redistribution that is not the focus of our paper. Instead, we employ Mudde (2007) as well as Mudde and Kaltwasser’s (2017) definition of populism in this study that is widely used across various disciplines. Specifically, these scholars suggest that with respect to political campaigns, populist parties and their leaders” as defined here ” consider society to be inherently separated into two antagonistic groups: the “ordinary people” and “established elite” .

Populists, in fact, depict ordinary people as “pure” and virtuous and thus distinct from the elite who are corrupt, self-serving, and seek to hoard power (Mudde, 2004, 2007; Eichengreen, 2018; Margalit, 2019). Populist parties and their leaders also claim to be the sole representative of the true people and propagate a governance style that emphasizes “an anti-establishment orientation, including a claim to speak for the people against the elite” (Rodrik, 2018*b*, 12). Although populist parties, as described

above, can be left-wing or right-wing, we focus on the electoral fortunes of right-wing (authoritarian) populist parties in this paper. Following Mudde and Kaltwasser (2017) and Eichengreen (2018), right-wing populist parties are defined here as political parties that frequently target ethnic or racial minorities for allegedly threatening the national identity, fostering ethno-nationalist xenophobia, and emphasizing the decline of traditional values.

Right-wing populists also—that is, in addition to their anti-elite stance described above—promote a nativist agenda and accuse the established political elite of pandering to minorities while ignoring the plight of ordinary people (Rodrik, 2018*a,b*; Guriev and Papaioannou, 2020). Finally, given the objectives of this study, we focus on right-wing authoritarian populist parties in developing country democracies. As defined by Norris and Inglehart (2019), right-wing authoritarian populists advocate not just an anti-elite and nativist agenda but also a “style of governance (that) challenges constitutional checks-and-balances” (p.247). Accordingly, RWAP parties view political legitimacy as flowing from “*vox populi*, over-riding minority rights and decision-making by elected representatives” (Norris and Inglehart, 2019, 5).

Examples of political parties that fit the aforementioned definition of right-wing authoritarian populist (RWAP) parties were provided in the introduction. Importantly, we emphasized and illustrated in Figure 1 that electoral support for RWAP has grown in developing democracies since the early 1980s, albeit with some variation. While political support for RWAP parties in *developing country* democracies has undoubtedly increased in recent decades, scholars have till date invested substantial effort to account for the growth in electoral support for right-wing populists in primarily *advanced* democracies (e.g. Margalit, 2019; Ballard-Rosa, Jensen and Scheve, 2021; Ballard-Rosa et al., 2021; Rodrik, 2018*a,b*; Walter, 2021). We lack the space to discuss this literature in detail. It is important to note here, however, that a substantial share of extant research on populism examines how “demand-side” (Rodrik, 2021*s*, 140) factors such as economic globalization or cultural variables induces citizens to vote for right-wing (authoritarian) populists (e.g., Eichengreen, 2018; Norris and Inglehart, 2019; Ahlquist, Copelovitch and Walter, 2020; Walter, 2021; Broz, Frieden and Weymouth, 2021).

For instance, such demand-side explanations explore how labor market shocks engendered by Chinese import penetration influences authoritarian populist attitudes in the US and UK (Ballard-Rosa, Jensen and Scheve, 2021; Ballard-Rosa et al., 2021; Broz, Frieden and Weymouth, 2021), fuels economic nationalism (Colantone and Stanig, 2018*a*), and generates support for right-wing populists in advanced democracies (Colantone and Stanig, 2018*b*; Barone and Kreuter, 2021; Autor et al., 2020). Other studies suggest that support for right-wing populists or far right parties in Central and Western Europe is driven by financial (i.e., banking) crises (Funke, Schularick and Trebesch, 2016; Foa et al., 2020), inflow of immigrants (e.g., Caselli, Fracasso and Traverso, 2020), unemployment stemming from automation (Im et al., 2019), or financial shocks generated by foreign-currency denominated debt and mortgages (Frieden, 2019*a*; Ahlquist, Copelovitch and Walter, 2020; Gyongyosi and Verner, 2020). By contrast, numerous scholars argue that cultural factors such xenophobia, racism, concerns about loss of social status or perceived national threats from immigrants, ethnic and racial minorities drive electoral support for right-wing populists in advanced democracies (Gidron and Hall, 2017; Norris and Inglehart,

2019; Margalit, 2019).

The studies mentioned above undoubtedly provide rich insights and we thus account for these insights in our empirical analysis below. Yet, as noted earlier, these studies primarily restrict their empirical analysis to advanced democracies (the US or Western Europe). This limits the *generality* of their reported findings given that growing electoral support for right-wing populists is not merely confined to advanced democracies but is also common across developing democracies (see Figure 1). Further, extant demand-side research on populism is weighted toward identifying the economic or cultural factors that may trigger xenophobic or right-wing authoritarian populist attitudes among voters. Doing so is important as it enriches our theoretical micro-foundations about the political preferences of voters in the issue-area of populism. However, as emphasized by Rodrik (2021s), current demand-side research pays “less attention” (p.141) to how “supply-side” factors (e.g., domestic political institutions) may have contributed to the electoral success of right-wing populists (Frieden, 2019a; Broz, Frieden and Weymouth, 2021). This is surprising because even though demand-side factors may “generate a base for populism” (Rodrik, 2018a, 13), they do not necessarily determine whether or how populists are successful in persuading citizens to vote for their agenda. After all, voters may be sympathetic toward right-wing populist messages under certain conditions but may still vote for centrist parties during national elections because of partisan loyalty.

Moreover, political parties of all stripes, including RWAP parties, operate in the context of domestic electoral institutions, which may influence their ability to successfully garner sufficient electoral support when political demand for authoritarian populists grows. This suggests that a comprehensive theory of growing electoral support for right-wing populists and variation in such support in developing democracies requires scholars to both (i) identify the conditions that promote right-wing populist attitudes among voters and (ii) account for when right-wing populist parties can successfully mobilize citizens to vote for their party’s agenda. Accordingly, the theoretical story that we develop below is motivated by extant demand-side studies on growing political support for right-wing populists. But we part company with the previous literature by examining in our theoretical story how a key “demand-side” variable (the outbreak of sudden reversal crisis) *interacts* with an important “supply-side” institutional variable (clientelism) to affect the timing and extent of support for right-wing populist parties in developing country democracies.

2 Theoretical Framework

2.1 Financial Globalization, Capital Flight and Populism

Starting from the early 1980s, the pace of economic, including financial, globalization grew rapidly across the developing world. Unlike the vast literature on trade openness in developing states (which we control for in our empirical analysis),³ less attention has been paid to the fact that these countries have

³This is a substantially large literature that has been reviewed in Milner and Mukherjee (2009) and Pavcnik (2017).

also been increasingly exposed to growing foreign capital flows that results from financial globalization (Forbes and Warnock, 2012; Lane, 2015) . Indeed, a key feature of this financial globalization has been the dramatic increase in foreign non-FDI capital inflows—this includes foreign portfolio investments, financial derivatives,⁴ trade credits and other financial instruments—to developing countries (Mosley and Singer, 2009; Lane, 2015; IMF, 2014). Foreign capital inflows of this sort have, as per the IMF (2014, 2020), increased almost three-fold in developing economies, providing benefits including augmentation of domestic savings, reduction in capital costs for firms in developing states, job opportunities, and greater allocative efficiency of capital (Brooks and Mosley, 2007; Forbes and Warnock, 2012; IMF, 2014, 2020).

Yet higher foreign portfolio investments, derivatives and trade credit inflows has also exposed developing countries to both substantial liability dollarization and *volatility* in such flows. Exposure to particularly highly volatile foreign capital flows has, in turn, sharply increased the frequency of *sudden* withdrawals or, in other words, “sudden reversals” of foreign non-FDI capital inflows in developing states (Forbes and Warnock, 2012; Lane, 2015; IMF, 2014). As defined in the international finance literature, sudden reversals of foreign non-FDI capital inflows occur when the year-to-year change in such capital flows into a country’s economy declines sharply (by at least 30%) and remains stagnant for a certain time-period.⁵ In the last two decades alone, such sizable and abrupt withdrawals of foreign capital inflows have occurred in developing democracies such as Argentina, Ghana, Hungary, India, Indonesia, Mexico, Philippines, Thailand, and Uruguay. More generally, the frequency of sudden reversal crisis episodes has increased from an average of nine per year between 1985 and 1995 to around seventeen in each year from 1996 to 2006, and “reached an annual peak” of almost thirty during the 2007-2017 period (IMF, 2020; Forbes and Warnock, 2012). Further, in each crisis-affected state, sudden reversal crises had substantial costs: it severely destabilized the foreign exchange rates of these states, led to stock market crashes, and engendered sharp contractions in economic output that led to high unemployment (Calvo, 2004; IMF, 2014; World Bank, 2019) .

More crucially, however, the deleterious macroeconomic consequences of sudden reversal crises identified above often linger for a protracted time-period in developing states, including developing democracies. Abrupt and sharp pullback of foreign capital inflows, in fact, results in a severe contraction of credit that reduces aggregate demand and causes a precipitous long-term fall in output withing developing economies (Forbes and Warnock, 2012; IMF, 2014). Such output losses engender a prolonged deceleration in economic growth that leads to high unemployment that can persist over time (Calvo, 2004; World Bank, 2019). Furthermore, sudden withdrawals of foreign capital from developing economies induces margin calls (given collateral constraints) that gives rise to a “vanishing credit effect” (Calvo, 2004: 84; IMF, 2014). This accentuates the magnitude and duration of economic downturns and thus high unemployment (Forbes and Warnock, 2012; Lane, 2015; IMF, 2020).

The protracted pernicious economic consequences of sudden reversal crises make it difficult for incumbents—this includes incumbents in crisis-affected developing democracies—to sufficiently fund

⁴Portfolio Investment and Financial Derivatives includes equity and debt securities in the form of bonds and notes, money market instruments and derivatives such as options.

⁵For this definition, see Forbes and Warnock (2012) and Lane (2015).

consumption-smoothing mechanisms or expeditiously adjust policies to mitigate these deleterious effects. This depresses real wages, and correspondingly the domestic citizens consumption levels and material welfare (Calvo, 2004; IMF, 2014). More importantly, in the political arena, the prolonged adverse impact of the sudden reversal crisis makes it extremely challenging for the established party or parties in government in crisis-affected developing democracies to make credible promises *ex ante* to civilians that they can promptly or efficaciously ameliorate their citizens' dire economic situation. It is also plausible that as citizens continue to bear the brunt of the said crisis, they may become increasingly frustrated by the *inability* of mainstream incumbent and opposition parties to offer convincingly different policy solutions that can solve the deleterious impact stemming from abrupt withdrawals of foreign capital inflows. This likely taints the reputation of the mainstream parties from the perspective of civilians and could drive them to doubt the credibility of the resolve and commitment of these parties to address their (the citizens) concerns.

We argue that such doubts combined with common knowledge about the incumbent party or parties inability to make credible promises to address the detrimental impact of the sudden reversal crisis triggers anti-government sentiment and immense resentment against the “political establishment” (including all established parties) among citizens in developing democracies that incur the costs of the crisis. Anti-establishment resentment, in turn, has the following two key ramifications that makes voters not just more susceptible to the polemical rhetoric propagated by right-wing populists, but also induces them to favor—with respect to their political attitudes—the agenda and promises put forth by these populists.

First, at the individual-level, voters may perceive that the elite in office and the established parties in general are being unresponsive to their economic plight when the crisis-affected country's economic woes are not resolved (e.g., Funke, Schularick and Trebesch, 2016; Mudde and Kaltwasser, 2017; Rodrik, 2021s). As a result, the whole mainstream establishment and the ruling elite will be implicated in the failed status-quo from the voters viewpoint, which will likely discredit the established parties programmatic appeal. According to Panizza (2005, 11), once this viewpoint becomes more “pervasive”, it breeds “anti-elite discontent” among citizens and undermines their “confidence in the political system's ability to restore” the country's economic health. The loss of confidence may also influence discontented voters to question whether or not prevailing institutions (e.g., the legislature) truly represents the material concerns of regular denizens rather than those of “special interest groups” and the establishment (Eichengreen, 2018; Frieden, 2019a).

Consequently, in Taggart's (2004, 275) words, the incumbent and the political establishment's ineptitude with respect to addressing the costly repercussions of “extreme crisis” such as abrupt foreign capital withdrawals can influence voters to believe that “politics as usual cannot deal with the unusual conditions of crisis” (also see Mudde and Kaltwasser, 2017; Rodrik, 2021s). We posit that this belief that takes root during a sudden reversal crisis increases the voters concerns that the political establishment, including the ruling party, is nonchalant about their economic hardship (Eichengreen, 2018; Colantone and Stanig, 2018a,b; Frieden, 2019a). This gives rise to a “crisis of trust” among voters (Foa et al., 2020), induces them to “reject existing political institutions” (Frieden, 2019: 82) and reinforces

their perceived antagonism between common people and the ruling elite (Norris and Inglehart, 2019; Margalit, 2019). Eroding trust also depletes their partisan attachment toward the established party or parties in office and leads them to question the elite’s political legitimacy. Accordingly, voters will react to this political crisis of legitimacy by “deserting traditional parties” (Frieden, 2019*b*, 191), and looking for *outside options*, including authoritarian populists in the opposition, who will not just challenge the elite but who also promise to “transform” the political system to address their interests. (Frieden, 2019*b*; Eichengreen, 2018; Broz, Frieden and Weymouth, 2021)

Second, growing anti-elite resentment among citizens against the backdrop of the sudden reversal crisis allows the right-wing authoritarian populist party to capitalize—in the electoral arena—by presenting themselves as the only party that offers fresh solutions to resolve prevailing economic problems. As such, this opens a window-of-opportunity for enhance their political appeal in the electorate (Gidron and Hall, 2017; Frieden, 2019*b*; Caselli, Fracasso and Traverso, 2020). This, in turn, incentivizes the right-wing populists to adopt the following tactics to win the hearts and the minds of disgruntled voters. For one, they will engage in “blame-game” politics against the government by alleging that the latter’s incompetence is responsible for the protracted adverse impact from the sudden reversal crisis. Right-wing populists will also fuel the perception that the government is elitist, out of touch with ordinary citizens and is therefore indifferent about the material costs that common people have incurred owing to the sharp economic downturn engendered by the sudden reversal crisis (Algan et al., 2017; Gyongyosi and Verner, 2020). They are also likely to allege that despite the hardships endured by patriotic citizens (typically ethnic or religious majority) owing to the sudden reversal crisis, the other established parties and the elite are directing benefits to the minorities or “outside” groups. This harsh political rhetoric, however, does not merely recede with such blame-game politics.

Rather, when the negative consequences of the sudden reversal crisis unravel, it provides right-wing populists with an added opportunity to concurrently campaign their *self-proclaimed* ability to “fix” the crisis-generated economic downturn without delay (Eichengreen, 2018; Guriev and Papaioannou, 2020). We argue that a central component of this campaign will focus on promises to shield the domestic economy from volatile international trade and capital flows via trade or equity market restrictions to avert future sudden foreign capital reversal events. This will be accompanied by additional campaign announcements to actively promote domestic industries that can (i) provide much-needed jobs to address crisis-driven unemployment problems and (ii) bolster the country’s capacity to become economically self-reliant. To this end, right-wing populist parties will also make promises to swiftly obtain legislative approval to implement their economic revival plan in office even if it requires them to employ authoritarian measures on the legislative floor. These measures can include, for instance, controlling agenda-setting in the legislature, blocking amendments to legislative bills designed by populists and ensuring that the legislators “rubber stamp” their proposed legislation (Foa et al., 2020). These promises are crucial as it dovetails with another right-wing populist campaign pronouncement—namely, their self-advertised ability to guarantee that they will use their levers in office to ensure that domestic institutions will serve the interests of ordinary people rather than those of the establishment (Eichengreen, 2018; Foa et al., 2020; Rodrik, 2018*b*, 2021*s*) .

We build on the preceding discussion to suggest that the blame-game politics and campaign promises of right-wing populists during a sudden reversal crisis will not just resonate among citizens but will also foster the development of right-wing populist attitudes at the individual-level (that is, voters). In fact, we suggest that voters will endorse the right-wing authoritarian populist’s claim of blaming the mainstream party or parties in office for the adverse impact of the sudden reversal crisis as it confirms their *prior* that it is the ineptness of these parties or their inability to solve the prevailing economic problems, which is responsible for the protracted nature of the crisis. Next, the allegation by right-wing populists that extant institutions and the political establishment (including the ruling party) are elitist and thus indifferent to the crisis-induced hardship ensured by ordinary families will also be deemed credible by voters.

After all, given the drawn-out adverse impact of the sudden reversal crisis, accusations of the government’s indifference by populists will match the voters growing anti-elite discontent and their perception that the political establishment at large is unresponsive to their economic plight (Algan et al., 2017; Colantone and Stanig, 2018a). Furthermore, the right-wing (authoritarian) populist party’s campaign pledge to bolster employment by promoting domestic industries and thus revive the crisis-battered economy via authoritarian measures (if necessary) will likely induce voters to develop a favorable predisposition toward such promises (Eichengreen, 2018; Foa et al., 2020; Ballard-Rosa, Jensen and Scheve, 2021; Ballard-Rosa et al., 2021). This is intuitive because of two reasons. For one, pledges by the RWAP party to fix the domestic economy by designing and swiftly passing policies on the legislative floor that revives the job-market will be immensely appealing to voters hurt by crisis-generated job losses. This pledge is also attractive to voters who view the incumbent party or other mainstream parties’ inability to solve the fallout from the sudden reversal crisis as the primary cause of their enduring financial tribulations. Second, the RWAP party’s opposition to shared norms and domestic institutions—values that non-populist mainstream parties take for granted—will also appeal to voters suffering from the economic hardships engendered by the sudden reversal crisis and frustrated by the lack of mainstream alternative avenues to alleviate these problems. We thus anticipate from the reasons summarized above that the outbreak of a sudden reversal crisis likely drives pro-right wing populist attitudes among voters in developing democracies. Taken together, the theoretical predictions discussed above rest on two central causal claims that we evaluate via our survey experiments:

- **Claim 1** : *The right-wing populist party’s “economic nationalist” proposal to generate jobs from domestic-owned industries to mitigate the adverse impact of the sudden reversal crisis induces citizens to support the party.*
- **Claim 2**: *The right-wing populist party’s (i) image as an anti-elite party that works for the benefit of ordinary people rather than for the established elite and (ii) policy agenda swiftly pass policies in the legislature via authoritarian means to resolve the sudden reversal crisis’ adverse impact influences citizens to support the party.*

While disillusionment with the political establishment’s ineptitude during a sudden reversal crisis will incentivize citizens to gravitate toward right-wing populist parties in developing democracies, the

occurrence of this crisis in-and-of-itself is insufficient to explain whether or when they will act on these incentives by voting for such parties. After all, voters may worry *ex ante* that the right-wing authoritarian populist party may, as Stokes (2011) suggests, renege and “forget its promise” (p.655) to meet the citizens’ economic demands once the party is in office (Mudde and Kaltwasser, 2017). They may also be concerned that right-wing populist challengers may simply lack experience or political capital to implement their populist agenda in office. Thus, even though citizens find the RWAP party’s agenda appealing during a sudden reversal crisis and even claim allegiance to this party, they may backtrack from pronouncements or pledges to vote for right-wing populists owing to their apprehensions summarized here.

2.2 *Clientelism, Sudden Reversal Crisis and Right-Wing Populists*

Exogenous economic crisis such as abrupt withdrawal of substantial foreign capital inflows may make citizens in crisis-affected developing democracies more susceptible to the political narratives and policy promises proposed by the RWAP party. Susceptibility to right-wing populist rhetoric can increase the political popularity or acceptability of RWAP parties. Growing popularity of this kind translates to higher vote share for RWAP parties in some national elections, but not others. For instance, polls indicated growing political support for RWAP parties such as the BJP in India during 2013-14 and *Prawo i Sprawiedliwość* (PiS) in Poland in 2010-11, which coincided with the outbreak of a sudden reversal crisis in the years mentioned above within each of these two countries. Although the BJP’s vote-share increased substantially in the general *Lok Sabha* election held in 2014 under the backdrop of foreign capital outflows, the growing popularity of PiS did *not* translate into a higher vote-share during the 2011 national election that was also held within the context of a sudden reversal crisis.⁶

We further find that the electoral vote-share of right-wing populist parties only increased after approximately 43% but not the remaining share of sudden reversal crisis episodes in our sample. This variation, therefore, suggests that sudden reversal crises are a necessary but not a sufficient condition that can explain when widespread acceptability of RWAP parties results in greater vote-share for these parties in national elections. Rather, we argue below that RWAP parties can successfully mobilize citizens to vote for them and thus substantially increase their electoral vote-share following a sudden reversal crisis in developing democracies only when the degree of clientelism is sufficiently high in these states. To understand the logic (described below) underlying this claim, we need to first define what the term “clientelism” means.

Following extant research, the term clientelism in this study is defined as a particular pattern of linkage between political parties (the *patron*) and citizens (*client*) in which the parties delivery of material goods—that is, selective “material inducements” (Kitschelt, 2007)—is strictly contingent on the latter’s electoral support (Stokes, 2011; Hicken, 2011; Frye, Reuter and Szakonyi, 2019). Further, as emphasized by Frye, Reuter and Szakonyi (2019), parties or politicians in clientelist systems “across the developing world rely on clientelist networks to buy off, cajole, and/or intimidate” (p.713) domestic

⁶In fact, the vote share for the PiS *decreased* by about 9% in 2011 compared to the vote share the party obtained in the previous national election.

citizens to induce turnout and ultimately mobilize civilians to vote for them (Stokes, 2011; Hicken, 2011). An important feature of this patron-client exchange is the contingent nature of this dyadic yet hierarchical relationship in which parties distribute material payments (e.g. jobs, loans or administrative assistance) to citizens with the expectation that the beneficiaries will be “highly responsive to such side-payments and willing to surrender their vote for the right price” (Kitschelt, 2007, 10). Another critical feature of clientelism is the repeated nature of the dyadic interaction “with each side anticipating future interactions as they make decisions about their behavior today” (Hicken, 2011, 292 Frye, Reuter and Szakonyi, 2019).

While the pattern of clientelist exchange in developing democracies vary considerably (Stokes, 2011; Hicken, 2011), three types that typically occur concurrently figure prominently in the literature: patronage, targeted delivery of benefits to specific voters, and vote-buying. The first is patronage or “patronage-based voter-party linkage” (Kitschelt, 2007, 10) entails the offer and distribution of public-sector jobs to voters for their political support (Robinson and Verdier, 2013; Hicken, 2011). The second is targeted delivery of benefits, which in the context of patron-client exchange, involves the politically motivated distribution of material benefits to loyal voters, geographically delimited communities or even independent voters who are leaning toward the party offering the said targeted benefits (Stokes, 2011; Frye, Reuter and Szakonyi, 2019). The third form of exchange is vote-buying in which parties distribute private goods such as cash, food or even liquor to entice the support of voters, including the poor whose votes are cheaper to buy (Frye *et al*, 2019: 715-716; Stokes, 2011). To this end, parties in highly clientelist democracies often employ party members or brokers to distribute the material benefits listed above to voters in order to solicit and obtain their vote (Stokes, 2011; Frye, Reuter and Szakonyi, 2019).

It is important to note here that *unlike* programmatic policy promises that focus on providing either public goods or transfers to broader socioeconomic groups (e.g., Hicken, 2011), the three forms of clientelist exchange delineated above operate on a *quid pro quo* principle (Stokes, 2011; Robinson and Verdier, 2013). The central feature of this reciprocity principle is that clientelist parties offer selective inducements to citizens conditional on the latter voting for these parties in elections (Stokes, 2011; Frye *et al*, 2019). Thus, building on this claim about reciprocity and the detailed definition of clientelism provided above, we argue that sufficiently high levels of clientelism—which exhibits the forms of clientelist exchange described in the previous paragraph—has three complementary effects that mitigates the dual commitment problem between the right-wing populist challengers and voters under the shadow of abrupt reversals of foreign capital inflows. As discussed below, these effects allow RWAP parties to make credible promises *ex ante* to voters about swiftly addressing the economic fallout from the sudden reversal crisis, discredit other mainstream parties as well as domestic institutions, and mobilize disillusioned citizens to exercise their vote for the right-wing authoritarian populists.

To understand these claims in more detail, consider the first effect that stems directly from a key feature in clientelist democracies highlighted earlier: patronage. In this regard, we posit that the patronage system in clientelist democracies that entails distribution of public-sector jobs increases the *credibility* of both the job-creation promises of RWAP parties and their allegation that the other

established (including the incumbent) parties cater to the elite when a sudden reversal crisis occurs in these states. It does so in two main ways. For one, the incumbent party or parties' inability to address the adverse impact of the sudden reversal crisis makes it easier for right-wing populists to allege that the said parties have failed to leverage either existing public investment or public-sector firms (which is already an integral part of the patronage system) to generate much-needed jobs for "ordinary people" .

Rather, right-wing populists in crisis-affected clientelist democracies have political incentives to claim that the other mainstream incumbent and opposition parties have misused domestic institutions like the legislature to direct public-sector generated patronage benefits to the elite and minorities rather than to common families. It is plausible that voters will accept these criticisms as it sensitizes them to the possibility that the established parties in office—that have failed to address the detrimental economic impact of the crisis—have indeed misdirected the income stream from patronage to enrich elites via the tools of legislative power. Accordingly, the allegations mentioned above will undermine the reputation of such mainstream parties and instead bolster the voters' faith in the RWAP party's proclamations. This will reap electoral dividends for the populists.

Furthermore, the public sector-based patronage system in highly clientelist democracies permits RWAP parties to overtly commit to voters that they can build on this existing capacity to promote domestic (including state-owned) industries that can generate the necessary jobs required to resolve the crisis-driven unemployment problems. This commitment will be deemed credible by voters primarily because the "patronage infrastructure" to generate jobs via domestic (including state-owned) industries is already in place in clientelist democracies, including those affected by the sudden reversal crisis. The credibility of this commitment curbs the voters' fear about the RWAP party renegeing from its promises in office *ex post*. This consequently incentivizes them to vote for the party especially in light of job-losses and negative consumption shocks triggered by the sudden reversal crisis.

With respect to the second effect, note that the clientelist practice of parties (as patrons) offering targeted benefits to a set of voters (e.g. loyal voters) provides an opportunity for the RWAP party to credibly signal its self-proclaimed ability to rapidly fix the domestic economy during a sudden reversal crisis. Specifically, we argue that in the context of the adverse fallout engendered by the sudden reversal crisis, RWAP parties will be driven to publicly offer targeted benefits to voters in order to reveal information about their ability to deliver particularistic services after the election (Robinson and Verdier, 2013). Offering such targeted benefits during elections against the backdrop of a sudden reversal crisis permits RWAP parties to send a *costly signal* to citizens that they have the disposition to meet not merely the current but also future demands of loyal voters and a broad cross-section of the electorate that includes ordinary people.

Publicly "tying their hands" by providing costly benefits increases the credibility of their signal to domestic audiences that they (that is, the right-wing authoritarian populists) have the demonstrated capacity to take effective action to mend the crisis-ravaged economy that addresses the ordinary people's economic plight. We further suggest that the RWAP parties will rationally leverage this demonstrated capacity to reveal to citizens that they have both the inclination and ability to design and swiftly pass policies in the national legislature via authoritarian means (if needed) that caters not to the elite but

rather to common families hurt by the crisis. This will appeal to a broad cross-section of voters who, as described earlier, view domestic institutions as corrupted by other mainstream incumbent parties to serve the political establishment. As a result, credible signals of their capacity to diligently pursue the interests of ordinary people helps RWAP parties to “mobilize individual votes and foster wider perceptions of competence and trustworthiness” (Frye, Reuter and Szakonyi, 2019, 718).

Widespread perceptions of their competence permits right-wing authoritarian populists to advertise themselves as the sole party that can provide innovative policy solutions to address the deleterious economic consequences stemming from the sudden reversal crisis. It also provides them with an opportunity to demonstrate to civilians that their proposed solutions are efficacious and thus distinct from other mainstream incumbent and opposition parties who have failed to . Accordingly, this allows the right-wing authoritarian populists to develop their “brand” as a party that can revive the crisis-battered economy. This party brand will appeal to undecided voters and civilians whose partisan attachment to other established parties has faltered because of their frustration by the failure of these parties to resolve the prolonged fallout from the sudden reversal crisis. Indeed, the RWAP party brand combined with their demonstrated ability to deliver targeted benefits during a sudden reversal episode entices the voters mentioned above to shift their allegiance to the RWAP party, while also reinforcing the partisan attachment of loyalist voters to the party. This serves to maximize the electoral vote share of RWAP parties and subsequently cement their dominance over the ruling party and other parties in the wake of a sudden reversal crisis.

Third, RWAP parties in developing democracies may also (apart from patronage and targeted benefits) offer handouts in the form of private goods (e.g., cash) to voters to induce compliance by ensuring that these beneficiaries vote for the said party following the sudden reversal crisis. To this end, the RWAP party will typically turn to party members or activists—often denoted as “brokers” in extant studies (Stokes, 2011)—to present such handouts to voters (Hicken, 2011; Frye *et al*, 2019). This particular exchange of private goods leads to repeated interaction between the RWAP party’s members and the targeted voters, usually poor voters in this case (Kitschelt and Wilkinson, 2007; Hicken, 2011). Repeated interaction makes it easier for these brokers to keep track of and monitor the electoral behavior of voters who directly benefit from the party’s largesse (Frye *et al*, 2019: 718; Stokes, 2011). Monitoring deters defection from the clientelist bargain by these beneficiaries (Hicken, 2011; Stokes, 2011). Instead, it drives them to vote for the right-wing populist patron as not doing so may compel the party brokers to withdraw the handouts that the voters desperately need for their basic consumption when experiencing negative economic shocks stemming from the sudden reversal crisis. This further augments the vote share of the RWAP populist party.

Another advantage of the repeated interaction mentioned above for the RWAP party is that it serves to increase the extent to which targeted voters rely on handouts even for their day-to-day basic consumption given that the ruling party has not resolved the dire economic impact from the “sudden reversal” event. Indeed, the ruling and other established parties inability to address the adverse economic fallout from the sudden reversal crisis means that the voters lack credible *outside options* (i.e., non-RWAP parties) that can solve their crisis-generated economic plight. The absence of an outside option

effectively ensures that the targeted voters are highly dependent on the RWAP party’s largesse for their economic survival when foreign capital is abruptly withdrawn from the economy. As such, this material dependence further encourages compliance by voters and influences them to vote for the RWAP party, which allows the latter to build a “captive” electoral base (Holland and Palmer-Rubin, 2015; Frye, Reuter and Szakonyi, 2019). Put together, the preceding discussion leads to the following hypothesis: sudden reversal crisis has a substantial positive effect on the vote share that right-wing populist parties receive in national elections in developing democracies, but only when the degree of clientelism in these states is sufficiently high,

Hypothesis 1: *Sudden reversal crisis has a substantial positive influence on the vote-share that right-wing (authoritarian) populist parties receive in national elections in developing democracies when the level of clientelism in these states is sufficiently high.*

3 Survey Experiments and Panel Analysis

3.1 Experiment I

The theoretical framework presented above leads to the testable prediction in hypothesis 1 that requires a sample of country-election-years in developing democracies for statistical evaluation. We thus test this hypothesis in our newly constructed sample of country-election-years across developing democracies in the next section. Note, however, that our theory also provides key *causal claims* about individual-level support for right-wing populist parties as well as attributes associated with these parties in the context of a sudden reversal crisis.

The causal proposition in Claim 1 posits that the right-wing populist party’s “economic nationalist” proposal to generate jobs from domestic-owned industries to mitigate the adverse impact of the sudden reversal crisis appeals to voters and thus induces them to support this party. The proposition in Claim 2 suggests that two central features (i.e., attributes) of the right-wing populist party during a sudden reversal crisis further reinforces the favorable disposition that voters have and their support for this party. The first is the right-wing populist party’s projected “image” as the party that seeks to form a *people-centric* and thus *anti-elite* government that works for the benefit of ordinary people rather than for the established elite. The second is the right-wing populist party’s announced “policy agenda” of using the party’s strongman leader who—along with other party-members—will swiftly pass policies in the legislature via authoritarian means (e.g., without the cooperation of other parties in the legislative body) to resolve the sudden reversal crisis’ adverse impact.⁷

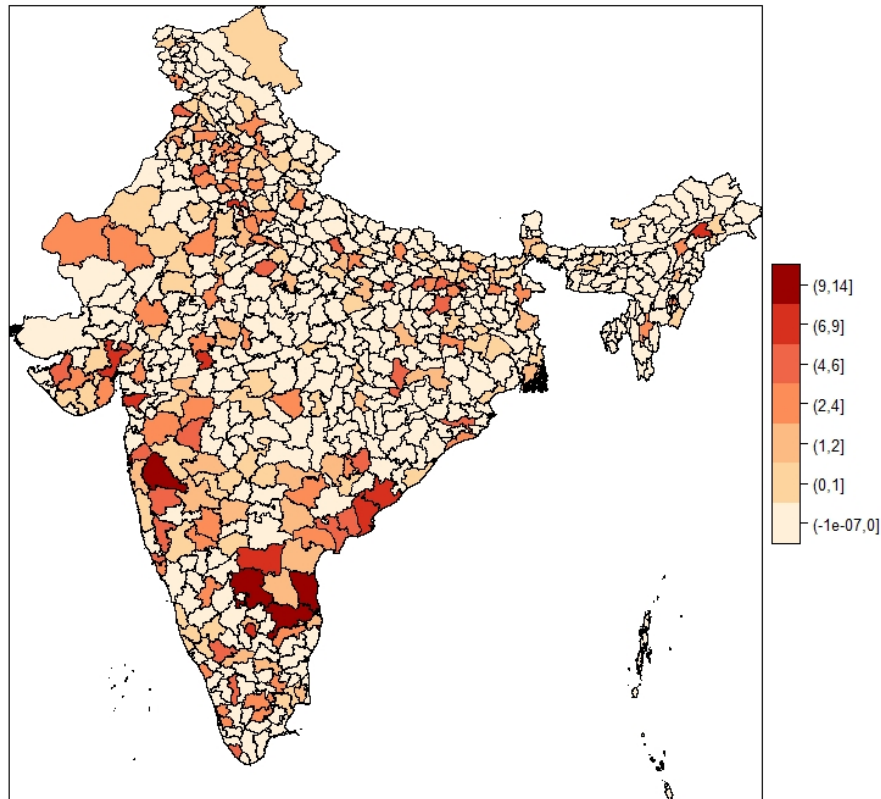
We, therefore, employ a set of survey experiments to test these claims that are briefly described in the following subsections. Additional details of the survey experiment analysis are presented in the Supplemental Appendix.

To test Claim 1, we designed an original survey experiment that was conducted in two prominent

⁷This is distinct from other non-populist mainstream parties who are more likely to call for all parties in the legislature to cooperate and jointly negotiate to devise policy solutions to resolve a sudden reversal crisis.

developing country democracies in Summer 2021: Brazil and India. The methodological and substantive rationale for focusing on these two countries is discussed in the Supplemental Appendix. Since this survey was conducted in summer 2021 when Covid cases were still high in each of these two countries, we opted to do an online survey by employing the services of survey research firms.⁸ Since online surveys can be biased towards younger urban individuals (Jones, House and Gao, 2015; Comley, 2005), we use the most common sampling strategy, quota sampling, to improve representation (Couper, 2000; Callegaro et al., 2014). We stratified regions into urban, semi-urban and rural, and set explicit quotas for drawing sample shares from towns and older age groups in both countries to improve coverage. Geocoding the survey sample, in particular, allows us to obtain a more geographically disaggregated sample, as illustrated in Figure 2 in the case of India. Furthermore, we used quotas to match our sample to national gender and education profiles. We implemented data and respondent quality checks by including red herring questions and low probability questions to check for attention, implemented timers for experiments and checked response speeds (Jones, House and Gao, 2015; McCutcheon, Rao and Kaminska, 2014).

Figure 2: India Sampling Coverage



A total of 1,461 respondents were recruited for the experiment in India, and 1,557 respondents

⁸For the experiment in India, we hired the firm *YouGov India*, while we hired *Qualtrics* for the experiment in Brazil.

were recruited for the experiment in Brazil. The survey instrument fielded in both countries includes a Vignette experiment to test Claim 1 and Conjoint experiments to test claim 2. It also includes a dispositional questionnaire fielded before the main experiments that measures individual-level characteristics such as ideology, party identification, political knowledge, trust in domestic institutions, and news sources. Additionally, before and after the experiments, the instrument for each country includes questions that operationalizes each respondent’s location of residence as well as questions that operationalize demographic variables and economic features (e.g. age, gender, income, employment status) to ensure that the sample—as described and illustrated in Figures A.1-A.4 in the Supplemental Appendix—resembles the general population in Brazil and India respectively.⁹

For the first experiment to test claim 1, survey respondents in each of the two countries were presented with a hypothetical “sudden reversal” crisis scenario. Specifically, they were told that their respective country’s economy is experiencing an abrupt and substantial withdrawal of investment by foreign investors that is leading to job-losses, firm defaults, and slowdown of the economy. The respondents were, in fact, presented with the following scenario:

Your country is currently going through a very serious financial crisis. Foreign investors are withdrawing from the economy and companies in the country are losing business. As a result, workers are losing their jobs.¹⁰

The respondents were then told to “imagine an upcoming election” in which the competing parties are proposing and promising different policy solutions to address (if they win office) the negative economic consequences of the sudden reversal crisis. As discussed below, these solutions that correspond to the treatment(s) the respondents received in the experiment are—as per our theoretical story—the distinct policy promises that the right-wing populist party and the other established parties propose to address the fallout from the crisis. Hence, to be more precise, the respondents were randomly assigned to one of the following two treatments:

- **Economic Nationalism Treatment: Party A** wants to generate good jobs and growth for the country’s citizens, especially ordinary people, by adopting policy initiatives to actively promote domestic manufacturing and, domestic-owned firms instead of foreign-owned firms.
- **Placebo Treatment: Party B** wants to generate economic growth and good jobs for the country’s citizens by promoting market competition between all firms, domestic and foreign.

After receiving the hypothetical scenario discussed earlier and one of these two treatments, respondents were then asked, “which party’s policy platform would you support?” and could answer: “Party

⁹While the respondent pool in Brazil and India is relatively close to nationally representative surveys, it is not surprising that for an online survey, respondents in each of these two countries tended to be younger, more likely to be male, and more likely to never have been married.

¹⁰This sudden reversal crisis situation was also contrasted with a financially stable scenario characterized by healthy economic growth, good job prospects, and growing profitability of firms. The prompt in this financially stable scenario is, “your country is currently financially stable. Foreign companies are actively investing in the economy and companies in the country are expanding their businesses. Workers are doing well and finding jobs easily.” This helped respondents understand more clearly the gravity of the adverse impact stemming from the sudden reversal crisis.

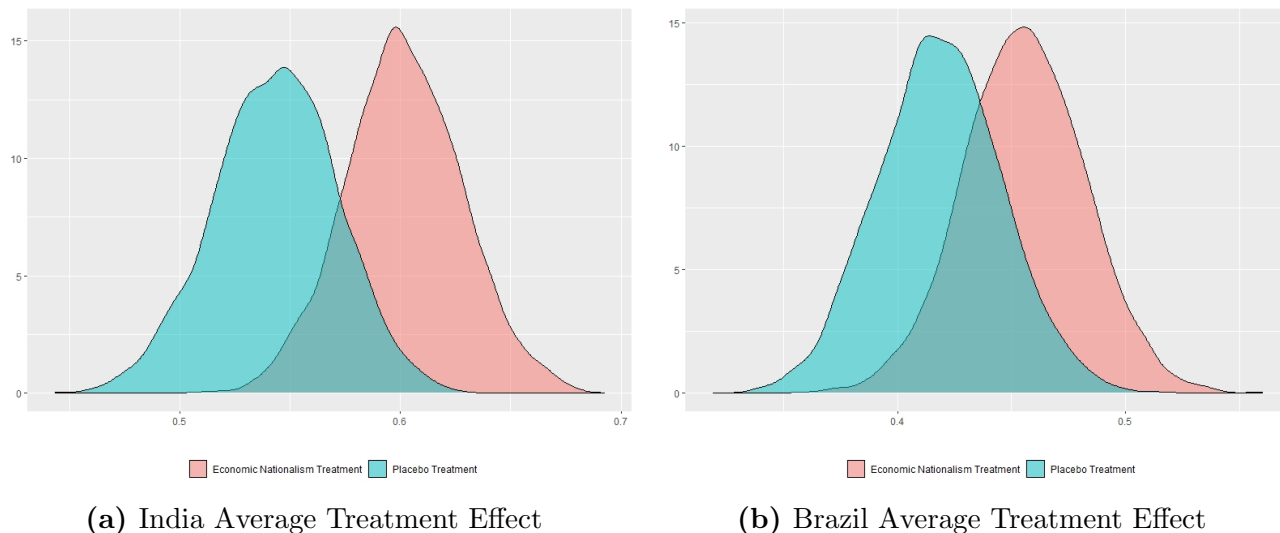
A” or “Party B”. We employed the responses to this question to operationalize the binary variable *support* that is coded as 1 for individuals who chose Party A, and 0 for those who opted for Party B. Support serves as the main dependent variable for testing claim 1. Respondents were also asked to rate the strength of their support for each party “on a scale of 1 to 10, where 1 means not at all and 10 means complete support”. Answers to this question is operationalized as the continuous *party support* dependent variable. Owing to space constraints, however, we focus on presenting the results from the binary *support* dependent variable.

Note that the “economic nationalism” treatment proposed by Party A captures “nationalist” policy solutions that (we argued) right-wing populist parties employ to solicit the support of citizens in the context of reversal crisis. We hypothesized that unlike the solutions offered by other mainstream parties that assiduously avoid nationalist rhetoric, the economic nationalist promises by right wing populist parties influences citizens to favorably view and support these parties during a sudden reversal crisis (see claim 1). Thus, estimating the effect of the economic nationalism treatment on the binary *support* dependent variable allows us to test claim 1. We next discuss our results from the experiment described above.

To start with, we estimate the average treatment effect (ATE) of the “economic nationalist” treatment on the respondents’ support or lack thereof for Party A (the right-wing populist party) in light of the sudden reversal crisis scenario described earlier. We do so by assessing the average difference in support for the right-wing populist party when it proposes the *nationalist solution* of generating jobs from domestic industries, compared to the placebo option stated above. This exercise is conducted for the full sample from first India and then Brazil.

Using the sample difference-in-means from India, we estimate the ATE for the economic nationalism treatment to be equal to 0.16 with 95% Bootstrapped Confidence Intervals (CIs) of (0.01, 0.13). The density plots from the India sample in Figure 3a that are derived from 5,000 bootstraps to provide estimates of uncertainty further confirms this result. These plots, in fact, show that the right-wing populist party’s promise of generating jobs from domestic industries leads to statistically higher support for this party compared to other mainstream parties who propose competition between domestic-owned and foreign-owned firms to revive the crisis-battered economy. The density plots from Brazil also indicate that the right-wing populist party’s promise of job-creation from domestic industries in a sudden reversal crisis generates higher support for this party compared to the level of support for other non-populist parties that propose an alternative platform. Yet this difference is not significant. Indeed, the sample difference-in-means from Brazil indicate that the ATE for the economic nationalist treatment is 0.10 suggesting higher support for the right-wing populist party, but the 95% Bootstrapped CIs is (-0.04, 0.11).

Figure 3: India Brazil Average Treatment Effect Density Plots



Notes: The density plots obtained from the respective full sample is illustrated on the (i) left-hand side for India and (ii) right-hand side for Brazil. For ease of interpretability, the x-axis of the density plot for India is bounded at (0.2, 0.7) and for Brazil is bounded at (0.3, 0.55)

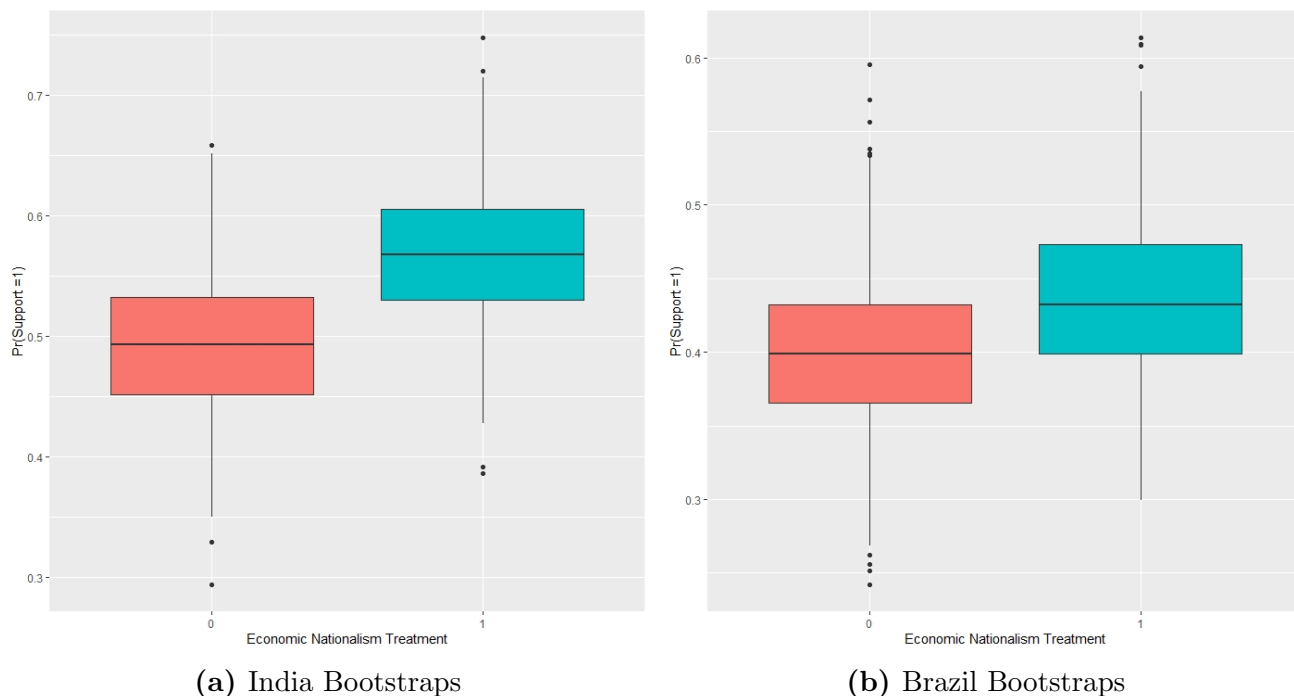
We further assess the ATE of the economic nationalism treatment by estimating logit models for the India and Brazil sample. The dependent variable in these models in which we estimate the effect of this treatment via the *economic nationalism* dummy variable is the binary *support* measure. We first evaluate the ATE in a baseline logit model with a few covariates, and then progressively incorporate more covariates in the model that primarily capture dispositional and demographic features of the respondents. As reported in Table A.5 in the Supplemental Appendix, the ATE of *economic nationalism* is positive and statistically significant in all the logit models estimated for the India sample and is positive but often insignificant in the logit models estimated for the Brazil sample.

Using the estimates from the main logit specification from the India and Brazil sample and parametric bootstraps, we conduct an additional exercise to derive and analyze the substantive effect of the *economic nationalism* treatment. To this end, we compute and illustrate the marginal effect of *economic nationalism* on the predicted probability of support with 95% CIs in Figure 4a for India and Figure 4b for Brazil. The first of these two figures reveal that when *economic nationalism* is increased from 0 to 1 in the specification of interest estimated for India, the predicted probability of support increases by 8% and is statistically significant. The latter figure shows that while the change in the economic nationalism treatment from 0 to 1 in the specification for Brazil also leads to an increase in the predicted probability of support, this effect is insignificant.

Finally, we also checked the robustness of the Economic Nationalism treatment effect by applying a variety of ATE (and HTE) estimators on the full sample from India and Brazil. This indicates the inverse probability weighting (IPW) estimator, augmented inverse probability weighted (AIPW) estimator, and the Conditional Average Treatment Effect (CATE) estimator. The procedure employed to apply these

estimators are described in the Supplemental Appendix, and the results reported from these additional ATE estimation exercises remain largely consistent with the estimates presented above.¹¹ Hence, put together, the results from the experiment conducted for India and Brazil provide support for the causal prediction in claim 1, but are more statistically pronounced and robust in the former case.

Figure 4: India and Brazil Parametric Bootstaps



Notes: The marginal effect figure on the (i) left-hand side is drawn from the model estimated on the India sample and (ii) right-hand side is from the Brazil sample.

3.2 Experiment II: Conjoint Analysis

Our causal proposition in [Claim 2](#) further suggests that during periods of sudden reversal crisis, citizens not just gravitate toward the right-wing populist party’s promise of job-creation by domestic industries but are also attracted to two key attributes of these parties that was stated earlier. The first is the right-wing populist party’s “image” of being people-centric and thus anti-elite. The second is the right-wing populist party’s “policy agenda” of swiftly passing crisis-resolution policies in the legislature by authoritarian means via the party’s strongman leader.

We argued that these two features of right-wing populists appeal to citizens during a sudden reversal crisis as the onerous costs of such a crisis influences them to prompt swift policy action that benefit ordinary people cope instead of the established elite. This appeal is further reinforced by perceptions

¹¹Some of these additional results are reported in Tables A.6 and A.7 in the Supplemental Appendix.

that existing domestic institutions such as the legislature only serve the interests of the elite or non-populist mainstream parties (or both) and are mere “talk-shops” that do not carry out any meaningful action. For these reasons, we thus anticipate that the two theoretical attributes of the right-wing populist party that we focus on influences citizens to support this party during periods of abrupt and substantial reversals of foreign capital inflows. Is this claim empirically valid?

We employ conjoint experiments to answer this question. To this end, we use paired conjoint tasks¹² in which survey respondents are presented with two pairs of fictitious political party profiles which exhibit different attributes that incorporate the key features of right-wing populist parties and other mainstream established parties described in our theory. Respondents are then asked to choose which party in each pair they would rather vote for. Stated more technically, using a conjoint is appropriate as we are interested in understanding the causal relationship between a multidimensional treatment and support for right-wing populist parties versus other non-populist mainstream parties during a sudden reversal crisis. This multi-dimensional treatment includes the two key theoretical attributes (that is, features) of right-wing populists and other established parties that can potentially influence the vote-choice of citizens in our theoretical story: “party image” and “policy agenda”.

We employ completely independent randomization (Assumption 5 of Hainmueller, Hopkins and Yamamoto, 2014), meaning that we do not constrain any attribute depending on the values of the other attributes or profiles. Instead, the attributes are mutually independent and each attribute has been drawn from an independent uniform distribution for each profile. This simplifies estimation and interpretation, as the Marginal Means (MMs) can be estimated without bias via both difference-in-means and regression estimators; we opt to employ regression-based estimates below.

We fielded our conjoint experiments in Summer 2021 for India and Brazil respectively. The sampling procedure used to recruit the respondents, and the survey firms hired for this recruitment was mentioned earlier. The number of recruited respondents, and the demographic composition of the respondents from India and Brazil were also described earlier. For the conjoint experiments, the respondents in India and Brazil were first presented with the following hypothetical scenario that described a sudden reversal crisis and an upcoming national election.

“Imagine that your country is experiencing a very serious economic crisis. Because of this crisis many firms are shutting down and large numbers of people are losing their jobs. National elections are coming up soon and you will be casting your vote. There are two leading parties in this election. Consider these details about these parties with this election and your voting decision in mind.”

After reading this scenario, respondents were presented with the sample pairing profiles of the two competing parties (Party A and B) and the theoretical attributes mentioned earlier. Table 1 provides the list of attributes for this study. These attributes vary randomly for each profile, and as described

¹²While we borrow insights from the design recommended by Hainmueller, Hopkins and Yamamoto (2014), we use a paired conjoint design with a forced choice response. This allows us to directly test the causal claims in our theory that explores when citizens will favor and support right-wing populist parties as opposed to other mainstream established parties.

below the table, respondents were asked to respond which party they prefer to support, given the varying attributes.

Table 1: Attributes and Attribute Levels (Sample Pairing) For Conjoint Experiment

	Party A	Party B
Party Ideology	Is a leftist party	Is a rightist party
Party Image	Party leaders are strong, decisive, willing to take tough decisions and adopt policies with or without the legislature’s cooperation	Party leaders are willing to compromise and negotiate on tough decisions and, cooperate with the legislature to adopt policies
Policy Agenda	Believes government must work to benefit ordinary people, instead of benefitting established elites.	Believes government must work for all people and benefit both common people and established elites.
Cultural Platform	Wants to protect and honor traditional Indian values and customs	Wants to protect and honor traditional Indian values and customs
Economic Platform	Wants to promote Indian-owned firms and does not oppose foreign trade and investment	Wants to promote market competition between domestic and foreign firms and is open to foreign trade and investment

Which party would you support?

1. **Party A**
2. **Party B**

Our binary dependent variable Party Choice, which is drawn from answers to the question stated above, is coded as 1 for respondents who opt for Party A; it is coded as 0 for respondents who chose Party B.¹³

We follow recent advice by Leeper, Hobolt and Tilley (2020) and present the results from our conjoint experiments using Marginal Means (MMs) instead of AMCEs introduced by Hainmueller, Hopkins and Yamamoto (2014). In paired conjoint designs with binary forced choice outcomes, the MM of an attribute level has a straightforward interpretation. It is simply the probability that a profile will be chosen given the attribute level x is present and marginalizing across all other attribute levels, $Pr(Y = 1|X = x)$.¹⁴ A key advantage of MMs is that it allows one to interpret results that are not inherently relative to a chosen baseline category, which is particularly advantageous when assessing the preferences of individual respondents.

Figures 5-6 display MMs using the full sample from India and Brazil for all attribute levels. The red vertical line indicates the 0.5 probability of opting for a party, that is, the mean probability in a

¹³The results obtained from the respective conjoint experiments using the continuous *party support* dependent (response) variable are similar.

¹⁴We conduct this analysis data by using Leeper’s (2018) *cregg* R-package.

choice task with two profiles. Taken together, the results from the conjoint experiment corroborate our theoretical claims about the effects that the right-wing populist party’s “image” and “policy agenda” has on garnering support from citizens during a sudden reversal crisis in particularly India, and to a lesser extent in Brazil. For instance, Figure 5 suggests that each of the following two attributes significantly influences citizens in India to support the right-wing populist party against the backdrop of sudden reversal of foreign capital inflows: “government must work to benefit ordinary people, instead of benefitting established elites” and “party leaders are strong, decisive, willing to take tough decisions and adopt policies with or without the legislature’s cooperation.” The results for these attributes are in the similar direction but statistically weaker for Brazil (see Figure 6).

The MM results thus indicate that the right-wing populist party’s image of being people-centric, and its policy agenda of taking swift decisive actions (via the strongman leader) to address the sudden reversal crisis’ adverse impact even without the legislature’s cooperation has a positive causal impact on citizens’ support for the party. The results remain robust when we employ three instead of two fictitious party profiles. Further, the MM results that permit comparison across subgroups indicate, as per our auxiliary theoretical claims, that voters that are disillusioned with domestic institutions (e.g. the legislature) are more likely to support right-wing populist parties during a sudden reversal crisis when randomly treated by the two theoretical attributes of interest.

3.3 Panel Data Variables

The prediction in Hypothesis 1 states the conditions under which right-wing authoritarian populist parties obtain a higher vote share in national-level elections across developing country democracies. We thus construct and compile a dataset of all national-level elections held—that is, for electing representatives to the national legislature—in 58 democracies across the developing world between 1980 and 2018 to test hypothesis 1 as this hypothesis focuses on vote-share outcomes from national elections in developing democracies. The democracies in our sample that are listed in Table A.1 (see Supplemental Appendix) satisfy Cheibub, Gandhi and Vreeland’s (2010) criteria for a democracy which are as follows: the chief executive and legislature must be directly elected, there must be more than one party in the legislature, and incumbents must allow a lawful alternation of office if defeated in elections. Our sample is comprehensive as it covers all national elections held—for electing representatives to the national legislature—in democracies across the developing world during the 1980-2018 period for which data to operationalize the dependent and independent variables (described below) are available.¹⁵ The results reported below remain robust if countries are coded as democracies when their Polity score is greater than or equal to +4, +5 and +6 in the -10 (full autocracy) to +10 (full democracy) Polity scale.¹⁶

The dependent variable in hypothesis 1 is the vote share obtained by Right-wing Authoritarian-

¹⁵Given the constraints of data availability, however, our panel is unbalanced, containing between a minimum of three elections to fifteen elections, with a median number of nine elections.

¹⁶To conserve space, we focus on reporting the results that we obtain from our country-year sample of developing democracies that satisfy Cheibub, Gandhi and Vreeland’s (2010) criteria for a democracy.

Populist (RWAP) parties in national elections in developing country democracies. This dependent variable is operationalized in three steps. For the first step, we develop a comprehensive list of *all* political parties that competed in each national election-year for every developing democratic country in our sample.¹⁷ We then gathered data on the vote share obtained by each of these parties per national election-year. Information to operationalize the vote share obtained by parties in national election-years is obtained from secondary sources such as Mackie and Rose (2016) and Döring and Regel (2019), and several country-specific primary sources that are not listed here to save space. For the second step, we identified and coded Right-Wing Authoritarian-Populist parties (among the set of all political parties) for every national election-year in each sample country. A party is defined as a RWAP party if and only if it satisfies the following three criteria. The first criterion is that the party must be “populist”. Following Mudde’s (2004; 2007) definition of populism, we define a given party as a populist party if it divides society (in campaigns and discourse) into two antagonistic groups—the “corrupt elite” versus the “pure people” — and claims to be the sole representative of the pure people.¹⁸ Parties that are defined as populist are, therefore, those that advocate an “anti-elite” agenda in which the “people” are virtuous and thus have a moral right to government unlike the self-serving corrupt elite (Muller, 2016; Rovira Kaltwasser *et al.*, 2017; Rodrik, 2018).

The second criterion is that the categorized populist party must be a Right-wing rather than a Left-wing populist party. Specifically, as conceptualized by Mueller (2016) and Rodrik (2018) among others,¹⁹ a populist party in our sample is classified as a Right-wing populist party if it primarily frames the organization’s political campaigns and rhetoric in nativist terms (i.e., identity politics) by targeting the following “outside” groups: ethnic, religious or immigrant minorities that allegedly threaten the national identity and culture. Right-wing populist parties, therefore, promote ethno-nationalist xenophobia and emphasize a return to traditional values that cannot be eroded by minority groups (Mudde, 2007; Norris and Inglehart, 2019). The third criterion is that the defined Right-wing populist party must—in addition to being nativist and anti-elite—also actively promote authoritarianism to be classified as a Right-wing Authoritarian Populist party. Following (Norris and Inglehart, 2019, 216), we thus code Right-wing populist parties as also being authoritarian when they “challenge the authority of establishment elites” and view political legitimacy as flowing from “vox populi, over-riding minority rights, constitutional checks-and-balances, and decision-making by elected representatives”. Furthermore, as per Norris and Inglehart’s criteria that we use, right-wing authoritarian populist parties propagate “threats from outsiders, xenophobic nationalism..., strict adherence to conventional moral norms, and intolerance of multiculturalism” (p.76).

After coding a given party as a Right-wing Authoritarian populist party in each national election-year only if they satisfy all the three criteria listed above, we turn to the third step that is required to complete operationalizing our dependent variable. To this end, we use government websites, Wikipedia, research articles and books to operationalize the share of votes obtained by Right-wing Authoritarian

¹⁷The list of these parties per national-election year for each country in the sample is available on request.

¹⁸Mudde’s (2004) definition of populism is widely used by scholars including, for example, Hawkins (2009), Eichengreen (2018), Rodrik (2018), Norris and Inglehart (2019), and Guriev and Papaioannou (2020).

¹⁹See e.g., Mudde (2007), Eichengreen (2018) and Rovira Kaltwasser *et al.* (2017).

populist parties in each election-year for every country in our sample (labeled as *RWAP vote*) as the dependent variable. This measure is characterized by substantial variation, as illustrated in Figure 1.

We interact two independent variables to test the interactive effect posited in hypothesis 1: the first is a binary measure of *sudden reversal* crisis that operationalizes the sharp contraction in foreign (non-FDI) capital inflows in developing economies, and the second is the degree of clientelism. Following existing studies in international finance (e.g. Forbes and Warnock, 2012; Lane, 2015), we code the binary *sudden reversal* crisis measure in two steps. First, we compute the year-to-year change in non-FDI capital ($\Delta c_{i,t}$) inflows—that is, portfolio investments and financial derivatives and other investments²⁰—for each country in our sample. Second, we code the *sudden reversal* crisis measure as 1 when (i) $\Delta c_{i,t} < \overline{\Delta c_i} - 2\sigma_{\Delta c_i}$ which means that the change in foreign capital inflows ($\Delta c_{i,t}$) for country i in our sample falls *at least* two standard deviations ($2\sigma_{\Delta c_i}$) below its county-specific sample mean ($\overline{\Delta c_i}$) and (ii) the “sudden reversal” phase ends only if the change in foreign capital inflows in country i is smaller than one standard deviation below the country-specific sample mean. If these two conditions are not met, then *sudden reversal* crisis is coded as 0. Our results remain robust if *sudden reversal* crisis is coded as 1 when $\Delta c_{i,t}$ falls between 1.5 to 3 standard deviations below its country-specific sample mean. We also evaluate below whether our results hold when we employ an alternative measure of sudden reversal crisis (labeled *reversal episode*) that is coded as 1 when $\Delta c_{i,t}$ is one standard deviation below its country-specific sample mean *and* exceeds 5% of the country’s GDP in absolute value; it is coded as 0 otherwise. Data to operationalize *sudden reversal* and *reversal episode* is drawn from the IMF’s *Balance of Payments Statistics* and the Fund’s *World Economic Outlook* database.

We employ the Varieties of Democracy (V-Dem) project’s index of *clientelism* to draw from the V-Dem database to operationalize our second independent variable. Specifically, V-Dem defines clientelism as relationships that “include the targeted, contingent distribution of resources (goods, services, jobs, money, etc) in exchange for political support” (Coppedge *et al* 2020b: 273). Building on this, the *clientelism* index captures the extent to which politics is based on clientelistic relationships. This continuous index ranges from zero (low clientelism) to one (high clientelism) and it is constructed from three indicators: the degree of vote-buying, clientelistic party-voter linkages, and particularistic government spending. The aforementioned index thus permits us to carefully test our theory as it corresponds *directly* to our theoretical concept of clientelism as a system characterized by party-voter linkages in which resources are distributed to voters in exchange for their support. We introduce *sudden reversal* \times *clientelism* in the specification and control for this interaction term’s individual components to test hypothesis 1. Following hypothesis 1, the association between this interaction term and *RWAP vote* will be positive.

Numerous control variables are included in the specification. With respect to economic controls, we control for both *log GDP per capita* and *economic growth* as some studies have shown that both these covariates—particularly contractions in GDP growth and income—can lead to greater electoral support for far right or RWAP parties (e.g., Dustmann et al., 2017; Margalit, 2019; Guriev and Papaioannou,

²⁰Portfolio Investment and Financial Derivatives includes equity and debt securities in the form of bonds and notes, money market instruments and financial derivatives such as options. Other investment is composed of trade credits, loans, currency and deposits, and other assets and liabilities.

2020). We also control for the rate of *unemployment* rate as joblessness stemming from labor market shocks is positively associated with political support for far right and RWAP parties (e.g., Colantone and Stanig, 2018a; Eichengreen, 2018; Rodrik, 2018). *Trade openness* is added to the specification as terms-of-trade shocks stemming from such openness can engender severe contraction in output, which may induce voters to favor RWAP parties (Milner, 2021; Broz, Frieden and Weymouth, 2021; Scheve and Slaughter, 2020). Chinn and Ito’s (2008) measure of *capital account openness* is added as greater financial openness can trigger macroeconomic volatility and thus unemployment that translates to more support for far right or RWAP parties (Frieden, 2019; Milner, 2019). We also incorporate Reinhart and Rogoff’s (2004) coarse de facto *exchange rate* regime variable (updated by Ilzetki, Reinhart and Rogoff 2019) in which higher values of the said measure account for countries with a floating exchange rate. This is because developing states that have a floating exchange rate are more susceptible to currency crashes or output contractions that may translate to electoral support for right-wing populist parties (Frieden, 2019a; Corsetti et al., 2021).

Next, with respect to political controls, we first include the binary *Proportional Representation* (PR) variable in the specification as some scholars hypothesize that the PR system permits far right and right-wing populist parties to increase their vote share (Dow, 2011; Becher, Menendez Gonzalez and Stegmueller, 2021). We control for electoral particularism by using an ordinal index of personalism initially introduced by Johnson and Wallack (2012) as incentives to cultivate their personal vote may provide right-wing authoritarian populist leaders (and their party) an opportunity to gain electoral votes (Weyland, 2017; Rhodes-Purdy and Madrid, 2020). The lag of the dependent variable is included in the specifications to address the possibility that the vote share obtained by RWAP parties is influenced by their past electoral performance. Further, as described below, we check the robustness of our results in specifications in which include a battery of additional control variables.

We test hypothesis 1 in our panel sample described earlier by estimating TSCS regression models with robust-clustered standard errors and fixed effects. We also check below whether our results remain robust in Tobit models estimated with random effects and robust standard errors as well as in an extended sample that includes election and non-election years.

3.4 Large-N Analysis Results and Robustness Checks

The baseline specification results in Model 1 in Table 2 includes *sudden reversal* \times *clientelism*, the individual components of this interaction term, an economic and a political control variable. Model 2 incorporates more controls, while Model 3 includes all the control variables. All the models include the lag of the dependent variable. The statistical association between *sudden reversal* \times *clientelism* and the *RWAP vote* dependent variable is positive and highly significant at the 1% level in Models 1-3, which statistically corroborates hypothesis 1. Each individual component of this interaction term is, however, statistically insignificant. Hence, it is indeed the interaction of the two independent variables—rather than each variable individually—that has a statistically positive influence on the vote share obtained by right-wing authoritarian populist parties in national elections in developing democracies.

Table 2: Main Results

	Fixed Effects	Fixed Effects	Fixed Effects	Fixed Effects	Random Effects Tobit
	Model 1	Model 2	Model 3	Model 4	Model 5
Lag RWAP Vote Share	0.165* (0.079)	0.159 (0.102)	0.147 (0.105)	0.755*** (0.046)	
GDP Per Capita	0.0658* (0.027)	0.0548* (0.024)	0.0581* (0.023)	0.0193* (0.010)	0.016 (0.018)
Clientelism	0.0662 (0.138)	0.119 (0.154)	0.116 (0.137)	0.05 (0.045)	0.098 (0.078)
Sudden Reversal	-0.236* (0.083)	-0.231* (0.083)	-0.221* (0.076)	-0.0555* (0.019)	-0.158 (0.084)
Sudden Reversal × Clientelism	0.556** (0.216)	0.563** (0.219)	0.527*** (0.189)	0.159** (0.064)	0.392** (0.175)
Personalism	-0.00019 (0.002)	-0.00022 (0.003)	0.00588 (0.005)	0.00181 (0.002)	0.0034 (0.005)
Capital Openness		0.00952 (0.007)	0.00823 (0.007)	0.00112 (0.002)	0.0171* (0.007)
Trade Openness		0.000402 (0.001)	0.000302 (0.001)	0.0000909 (0.000)	-0.0003 (0.000)
Exchange Rate Regime		0.0251 (0.026)	0.029 (0.025)	0.0085 (0.006)	0.0133 (0.017)
PR System			0.0544 (0.038)	0.0131 (0.012)	0.0387 (0.029)
GDP Growth			0.000176 (0.002)	0.000244 (0.000)	0.0019 (0.002)
Constant	-0.471 (0.251)	-0.449 (0.263)	-0.530* (0.242)	-0.181 (0.093)	-0.108 (0.163)
$\sigma(u)$					0.182*** (0.021)
$\sigma(e)$					0.0751*** (0.005)
N	775	771	771	1289	789

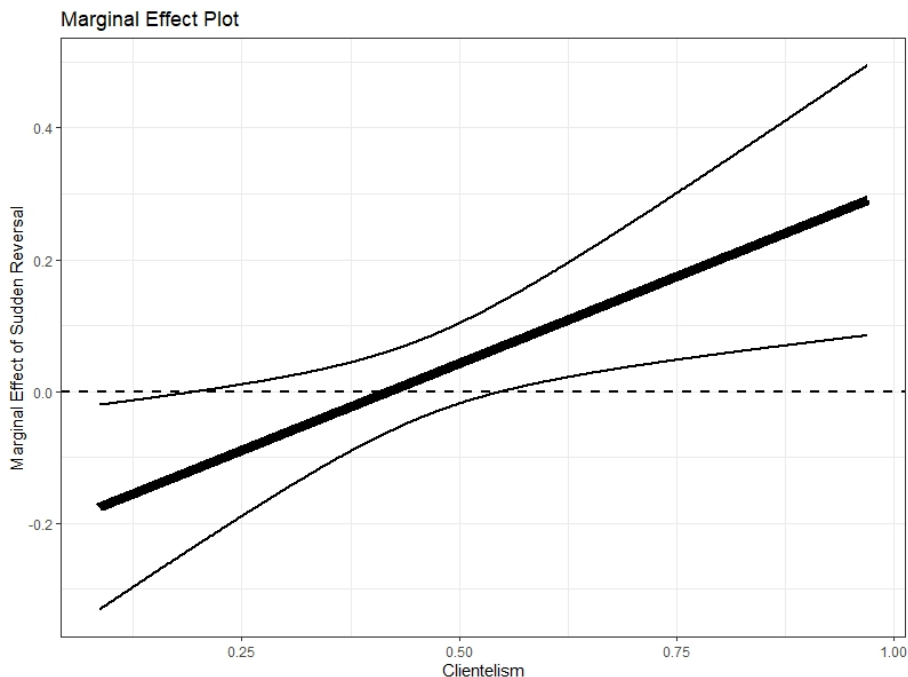
Notes: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$. . Figures reported in parentheses in the GLS-Fixed Effects and Tobit Random Effects Models (Models 1-5) are cluster-adjusted robust standard errors. The specification in Model 4 is estimated in the developing democracies sample that includes election and non-election years.

Using the estimates from the specification in Model 3 and parametric bootstraps,²¹ we conduct two exercises to derive and analyze the substantive effect of the interaction term results reported in the preceding paragraph. For the first exercise, we compute the marginal effect of increasing the binary *sudden reversal* variable from 0 to 1 on change in the level of *RWAP vote* across the entire sample range of *clientelism*. We illustrate this effect with 95% confidence intervals in Figure 7. This figure reveals that when *sudden reversal* increases from 0 (no sudden reversal crisis) to 1 (sudden reversal crisis), the change in the level of *RWAP vote* becomes positive and highly significant only when the index of

²¹For the bootstraps, $m = 1,000$

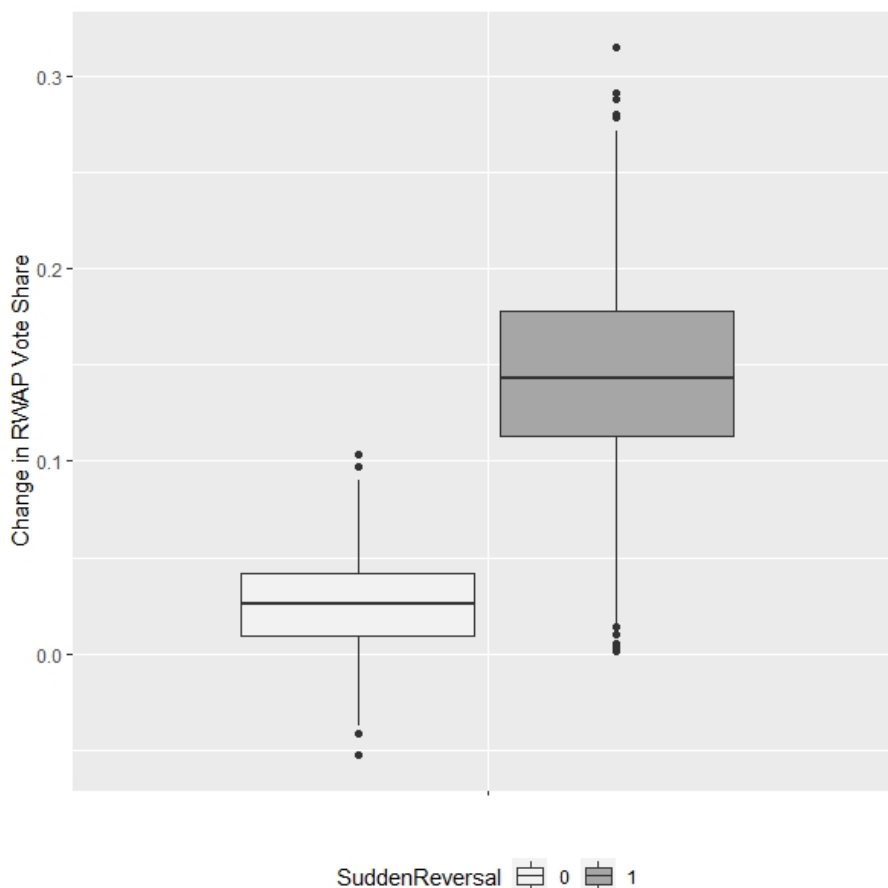
clientelism rises to approximately one standard deviation above its mean in the sample. For lower levels of clientelism, however, increasing *sudden reversal* crisis from 0 to 1 has an insignificant effect on the aforementioned dependent variable.

Figure 7: Marginal Effect of Sudden Reversal



For the second exercise, we compute the marginal effect of *clientelism* on the level of *RWAP vote* for each level of the binary *sudden reversal* measure: when a sudden reversal crisis occurs (*sudden reversal* = 1), and in the absence of this type of financial crisis (*sudden reversal* = 0). The resultant first differences in expected values are reported via box-plots of their distribution in Figure 8. The far right box-plot in this figure reveals that when all other specification variables are held at their mean or mode, a one standard deviation increase in *clientelism* from its mean increases the degree of *RWAP vote* by approximately 14% in the context of a sudden reversal crisis. This marginal effect is statistically significant at the 95% confidence level. By contrast, the remaining box-plot in the figure shows that a one standard deviation increase in *clientelism* from its mean has a negligible and statistically insignificant influence in the electoral vote share obtained by right-wing authoritarian populist parties in the absence of a sudden reversal crisis. Hence, put together, the marginal effects illustrated in Figures 7 and 8 provide strong statistical and substantive support for hypothesis 1.

Figure 8: Marginal Effect of Clientelism



As an initial test of robustness, we check whether our key results hold in a Tobit model estimated with random effects to account for the possibility of excessive observations left-censored at zero in our *RWAP vote* share measure. We also assess whether our results remain robust when we extend our sample to include all national election *and* non-election years for the developing country democracies in our sample during the 1980 to 2018 period. The effect of *sudden reversal* \times *clientelism* on *RWAP vote* remains positive and highly significant in the specification estimated on the extended sample (Model 4) and the Tobit model estimated with random effects (see Model 5, Table 2). We obtain mixed results for the control variables. For instance, *log GDP per capita* is positive and statistically significant in all the models in Table 2. *Capital account openness* is also positive and consistently significant in the specifications. Hence, our intuition that higher levels of financial openness is positively associated with electoral support for RWAP parties in developing country democracies is plausible. The other economic controls including *trade openness*, de facto *exchange rate* regime, and economic *growth* are each consistently insignificant in the specifications in Table 2. The estimates of *personalism* is positive but often (if not always) insignificant across the specifications, which indicates that statistical support for the association between electoral particularism and *RWAP vote* is tenuous. The *PR* electoral dummy is consistently insignificant in the specifications, while the lag of the dependent variable is always positive

but significant in just some of the estimated model.

We conduct a series of additional robustness tests and diagnostic checks. First, we replace the *sudden reversal* variable with the alternative *reversal episode* variable described earlier in our interaction term of interest. We check and find that the influence of *reversal episode* \times *clientelism* on *RWAP vote* is positive and highly significant (Model A, Table A.2, Supplemental Appendix). Next, following extant research, we add more controls that may influence support for RWAP parties in developing democracies: *Urbanization*, *Average District Magnitude*, and *Average Vote*.²² We find that the estimates of *sudden reversal* \times *clientelism* remains positive and significant in the specifications after introducing the additional control variables listed above (Models B and C, Table A.2). *Urbanization* and *average vote* are each positive and significant, but *average district magnitude* is insignificant.

Diagnostic tests from the empirical models reveal that none of the models suffer from severe multicollinearity, serial correlation, and omitted variable bias.²³ Lastly, we do not anticipate an endogenous relationship between the dependent variable and each of the two independent variables in the interaction term: *sudden reversal* and *clientelism*. Yet out of an abundance of caution we test hypothesis 1 via a “system-GMM” model that combines a regression in first-differences and a regression in levels; estimating the two equations (levels and differences) in a single system leads to consistent and efficient estimates (Blundell and Bond, 1998). The system-GMM model corrects for potential endogeneity by using moment conditions to derive a set of valid instruments for the potentially endogenous explanatory variables. It also corrects for serial correlation, controls for fixed effects and accounts for heteroskedasticity via White’s heteroskedasticity robust standard errors. *Sudden reversal* \times *clientelism* remains positive and highly significant in the system-GMM model. The disturbances from the system-GMM model show no sign of serial correlation, and the Sargan test result obtained from this model fails to reject the null hypothesis of the validity of the instruments.

4 Conclusion

What accounts for the growth and variation in electoral support for right-wing populist parties across developing democracies since the 1980s? We offer a nuanced argument about the interactive impact of “sudden reversal” of foreign capital inflows and clientelism to answer this question. The adverse economic consequences of a sudden reversal crisis open a window of opportunity for the right-wing populist party to project a people-centric and anti-elite image, while also proposing to expeditiously revive the crisis-affected economy (by authoritarian means) via a nationalist agenda that focuses on job-creation by domestic-owned industries. We argue that the right-wing populist party can seize this opportunity in clientelist democracies as high levels of clientelism enhance the credibility of the party’s

²²Larger district magnitude decreases the percentage of votes that extremist parties—that can include right-wing populist parties—need to win elections (Grzymala-Busse 2002), while rapid growth of the urban population (i.e. urbanization) increases poverty and crime rates that creates a favorable environment for RWAP parties to expand their electoral base (Resnick, 2014).

²³The largest and mean VIF value from the models indicate that multicollinearity is not a problem. The Breusch-Godfrey LM test failed to reject the null of no serial correlation in the estimated models. The RESET test shows that there is no omitted variable bias problem.

crisis-resolution policy agenda. This, in turn, induces citizens to vote for the party in the context of a sudden reversal crisis. Statistical results from our newly developed panel data provide robust support for our aggregate-level prediction about the interactive impact of sudden reversal crisis and clientelism on electoral support for right-wing populist parties in developing democracies. Further, results from survey experiments conducted in India and Brazil corroborate our theoretical mechanisms about how the right-wing populist party’s anti-elite stance, economic nationalism platform, and “authoritarian” policy agenda influences voters to support this party during periods of abrupt withdrawal of foreign capital inflows.

The findings presented in this study contribute to the literature in numerous ways. To start with, recall that existing studies primarily focus on how a variety of economic or cultural demand-side factors drive political support for right-wing populists in advanced democracies (e.g., Colantone and Stanig, 2018*a*; Frieden, 2019*a*; Milner, 2021; Ballard-Rosa et al., 2021; Walter, 2021; Broz, Frieden and Weymouth, 2021). Our paper builds on insights from these studies. Yet it also contributes theoretically to current work by exploring how a key supply-side variable—the prevailing level of clientelism—plays a crucial role in enabling right-wing populist parties to garner sufficient electoral support from citizens against the backdrop of a sudden reversal crisis. We specifically explain how right-wing populists can be adept at exploiting clientelist networks to both bolster the credibility of their promised policy agenda and “tie the hands” of citizens to vote for them during a sudden reversal crisis. Our theoretical framework thus reflects the exhortation by Rodrik (2018*a*, 2021*s*) to study the effects of demand-side factors conditional upon supply-side (e.g., domestic institutions) variables on support (or lack thereof) for right-wing populist parties.

Additionally, *unlike* extant work that analyzes how, for example, automation, labor market shocks engendered by imports from China or inflow of immigrants fosters the rise of right-wing populists in advanced democracies, our theory sensitizes researchers to the following crucial yet largely overlooked phenomenon in developing economies that we claim is associated with right-wing populism: sudden reversal crisis. We indeed argue and demonstrate empirically from our survey experiments that the economic fallout of a sudden reversal crisis makes citizens in a crisis-affected economy more susceptible to the right-wing populist agenda of “economic nationalism” that focuses on exclusively promoting domestic-owned firms for generating employment. While extant research has shown that financial shock such as banking crisis or a surge in foreign-currency denominated debt enhances the political prospects for right-wing extremists in advanced industrial economies (Funke, Schularick and Trebesch, 2016; Ahlquist, Copelovitch and Walter, 2020; Foa et al., 2020), this study is the first (to our knowledge) to theoretically elaborate the link between abrupt foreign capital withdrawals and individual-level attitudes toward right-wing populists. Finally, our newly constructed panel dataset from developing democracies described earlier as well as individual-level response data from the survey experiments are useful empirical contributions. This is because it provides researchers with empirical tools to conduct systematic research on the political economy of populism in *developing country democracies* that has been largely understudied in previous work.

A key substantive implication that emerges from this study is that the rise of right-wing populists

in developing democracies may give rise to a distinct brand of economic nationalism that focuses on vigorously promoting or subsidizing domestic-owned firms, including private-sector and public-sector firms. Economic nationalism of this sort may not engender a complete reversal of economic liberalization even though it may stall or delay such reforms. But state-sponsored policies to actively promote domestic-owned firms may reinforce crony capitalism, lead to the re-emergence of state-owned firms with a substantial degree of "soft" budget constraints, and exacerbate structural rigidities within developing economies. This may have detrimental welfare consequences in developing democracies and increase their odds of falling into a low-income or middle-income trap.

Another implication of this study is that under conditions of rapid foreign capital withdrawals, electoral clientelism possibly leads to the emergence of a sufficiently large set of disillusioned (with existing democratic institutions) yet committed voters in developing democracies who both accept and disseminate the right-wing populist party's rhetoric and agenda. These voters are not just driven to put right-wing populist parties in office but are also willing to demand (or at least countenance) fire-brand nationalism and authoritarian action by these parties or their leaders. These factors could foster democratic backsliding in developing countries that has been acknowledged by scholars (Eichengreen, 2018; Norris and Inglehart, 2019). But perhaps more ominously, it could also lead to other policies within developing democracies that stress national sovereignty, rejects multilateralism, and seeks to advance national interests at the expense of international economic or political stability.

The research presented here can be extended in two main directions. First, understanding when right-wing populists are likely to win national-level elections in developing democracies is undoubtedly vital. Yet it is also important to explore the impact of right-wing populists in office on international economic or even domestic macroeconomic policies. Do right-wing populists raise trade and capital account barriers or revert to economic autarky when they constitute the sole or main ruling party? Second, it may also be worthwhile to explore whether right-wing populists deliver on their people-centric policy promises and platform once they enter office? Doing so will likely help us gauge the future electoral prospects of right-wing populist parties and leaders in developing democracies which, in turn, has crucial policy ramifications.

Appendix

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A Additional Tables

Table A.1: List of Countries

Country	Country	Country
Argentina	Honduras	Philippines
Bangladesh	Hungary	Poland
Benin	India	Romania
Bolivia	Indonesia	Senegal
Botswana	Kenya	Serbia
Brazil	Latvia	Slovakia
Bulgaria	Lithuania	Slovenia
Chile	Macedonia	South Africa
Colombia	Malta	South Korea
Costa Rica	Mexico	Sri Lanka
Croatia	Namibia	Taiwan
Cyprus	Nepal	Tanzania
Czechia	Nicaragua	Thailand
Dominican Republic	Nigeria	Turkey
Ecuador	Pakistan	Uganda
El Salvador	Panama	Ukraine
Estonia	Paraguay	Venezuela
Ghana	Peru	Zambia
Guatemala		

B Robustness Tests

We conduct a series of additional robustness tests and diagnostic checks. First, we replace the *sudden reversal* variable with the alternative *reversal episode* variable described earlier in our interaction term of interest. We check and find that the influence of *reversal episode* \times *clientelism* on *RWAP vote* is positive and highly significant (Model A, Table A.2, Supplemental Appendix). Next, following extant research, we add more controls that may influence support for RWAP parties in developing democracies: *Average District Magnitude*, number of *Legislative Seats*, *EU Membership*, and *Average Vote* in Model B, and *Urbanization*, *Unemployment*, and *FDI* in Model C.²⁴ We find that the estimates of *sudden reversal* \times *clientelism* remains positive and significant in the specifications after introducing the additional control variables listed above (Models B and C, Table A.2). For the effects of the additional control variables, *EU*

²⁴Larger district magnitude decreases the percentage of votes that extremist parties—that can include right-wing populist parties—need to win, while conversely, a higher number of legislative seats means more overall competition for these party elections (Grzymala-Busse 2002; Golder 2003). Rapid growth of the urban population (i.e. urbanization) increases poverty and crime rates that creates a favorable environment for RWAP parties to expand their electoral base (Resnick, 2014). RWAP parties in EU member countries have the additional target and gather support through euroskepticism positions (Pirro and Taggart 2018). In addition, high unemployment rates lead to dissatisfaction toward the status-quo and support for RWAP parties (Algan et al. 2017).

membership and *urbanization* are positive and significant, but *GDP growth*, *average vote*, *average district magnitude*, and *legislative seats* are insignificant. Additionally, the main interactive effect result remains robust in Model C where we incorporate additional controls, including Urbanization Unemployment, and *FDI* (% GDP).

Diagnostic tests from the empirical models reveal that none of the models suffer from severe multicollinearity, serial correlation, and omitted variable bias.²⁵ Lastly, we do not anticipate an endogenous relationship between the dependent variable and each of the two independent variables in the interaction term: *sudden reversal* and *clientelism*. Yet out of an abundance of caution we test hypothesis 1 via a “system-GMM” model that combines a regression in first-differences and a regression in levels; estimating the two equations (levels and differences) in a single system leads to consistent and efficient estimates (Blundell and Bond, 1998). The system-GMM model corrects for potential endogeneity by using moment conditions to derive a set of valid instruments for the potentially endogenous explanatory variables. It also corrects for serial correlation, controls for fixed effects and accounts for heteroskedasticity via White’s heteroskedasticity robust standard errors. *Sudden reversal* \times *clientelism* remains positive and highly significant in the system-GMM model. The disturbances from the system-GMM model show no sign of serial correlation, and the Sargan test result obtained from this model fails to reject the null hypothesis of the validity of the instruments.

²⁵The largest and mean VIF value from the models indicate that multicollinearity is not a problem. The Breusch-Godfrey LM test failed to reject the null of no serial correlation in the estimated models. The RESET test shows that there is no omitted variable bias problem.

Table A.2: Additional Robustness Tests

	Model A	Model B	Model C	Model D
		FE	FE	System-GMM
Lag RWAP Vote Share	.095 (.102)	0.205 (0.124)	-0.0452 (0.127)	.087 (.106)
GDP Per Capita	.125 (.117)	0.0352 (0.0208)	0.0651* (0.0316)	.073 (.084)
Clientelism	.045 (.067)	0.0558 (0.101)	0.289* (0.114)	.011 (.008)
Sudden Reversal		-0.254*** (0.0673)	-0.150*** (0.0399)	.009* (.005)
Reversal Episode	-.012 (.007)			
Sudden Reversal x Clientelism		0.636*** (0.141)	0.495*** (0.0860)	.115* (.067)
Reversal Episode x Clientelism	.162*** (.050)			
Personalism	.0064 (.0095)	0.00915 (0.00704)	0.0209* (0.0104)	.0051 (.0064)
Capital Openness	.0035 (.092)	0.000315 (0.000616)	0.000544 (0.000745)	.061 (.075)
Trade Openness	.0067 (.00132)	0.00338 (0.00935)	-0.00571 (0.00767)	.058 (.143)
Exchange Rate Regime	.035 (.046)	0.0379 (0.0286)	0.0289 (0.0292)	.029 (.040)
PR System	.056 (.123)	0.0699 (0.0668)	0.00481 (0.0485)	.042 (.092)
GDP Growth		-0.000934 (0.00219)	0.000436 (0.00229)	
Average Vote		0.0926 (0.0887)	0.133 (0.0818)	
EU Membership		0.136** (0.0396)	0.111* (0.0487)	
Average District Magnitude		0.00150 (0.00102)	0.000316 (0.000941)	
Legislative Seats		-0.000352 (0.000343)	-0.000122 (0.000588)	
Urbanization			0.0495* (0.0237)	
Unemployment			0.000686 (0.00369)	
FDI			-0.00257 (0.00273)	
Constant	-.364 (.196)	-0.337 (0.224)	-0.758 (0.309)	-.245 (.084)
AR(1)				-2.103**
AR(2)				-1.252
Hansen J-test				0.133
p-value				(0.585)

Note: Standard errors in parentheses,* p<0.1; ** p<0.08; *** p<0.01. For System-GMM Model (D), a negative and statistically significant AR1 term plus a statistically insignificant AR2 term in model D indicates no serial correlation.

C Survey Experiment Samples: India and Brazil

Demographic and Dispositional Features

Demographic Questions

1. How old are you?
2. What is your gender?
3. What is your current employment status? [1.Full time employee (44 hours a week or more)/ 2. Part time employee (less than 44 hours a week)/ 3. Self-employed/ 4. Unemployed/ 5. Home-maker and not otherwise employed (e.g. housewife or househusband)/ 6. Retired/ 7. Student/ 8. Other]
4. What is your marital status? [1. Single 2. Married 3. Common law marriage (Living together) 4. Divorced 5. Separated 6. Widowed 7. Civil union]
5. What is your income level?

Ideology and Political Preferences

1. When we speak of political leanings, some people sympathize more with the left and others with the right. Let's say the number 1 means sympathize very strongly with the left and 10 means sympathize very strongly with the right. Where would you place yourself on this scale?
2. Which of the following type of political leader would you prefer was in charge of government today: [A strong leader who can make decisions based on his own judgement and is willing to adopt policies even without the legislature's cooperation and approval OR A leader who consults and negotiates with other political leaders and experts when making decisions and cooperates with the legislature to adopt policies.]
3. Which of the following type of political leader would you prefer was in charge of government today: [A political leader who works to benefit everyone in India, including ordinary people, rich people and well-connected business and political elites OR A political leader who works to benefit ordinary people and takes away the advantages rich people, and well-connected business and political elites have enjoyed in this country.]
4. 12. Using the scale 1-7, where 1 means "I disagree a lot" and 7 means "I agree very much", please indicate which number best indicates how much you agree or disagree with the following sentences: [Indian/Brazilian parties and politicians only work to help people who are loyal to them and always vote for them by giving them gifts, helping them find jobs, getting them access to valuable government programs and benefits and building roads, clinics, etc. in the areas where loyal voters live.]

Table A.3: India Sample Descriptive Statistics

Statistic	Mean	St. Dev.	Min	Max
Party Choice	0.576	0.495	0	1
Economic Nationalism Treatment	0.516	0.500	0	1
Income	95,192.380	140,436.900	1,000	1,000,000
Age	36.518	12.631	18	65
Gender	1.468	0.499	0	1
Authoritarian Leader	0.445	0.497	0	1
Populist Leader	0.235	0.424	0	1
Newspaper	0.523	0.500	0	1
Social Media	0.617	0.487	0	1
Clientelism	5.053	1.709	1	7

Table A.4: Brazil Survey Descriptive Statistics

Statistic	Mean	St. Dev.	Min	Max
Party Choice	0.437	0.496	0	1
Economic Nationalism Treatment	0.517	0.500	0	1
Income	5,920.673	6,579.838	6	85,000
Age	38.818	12.595	18	65
Gender	0.496	0.500	0	1
Authoritarian Leader	0.738	0.440	0	1
Populist Leader	0.360	0.480	0	1
Newspaper	0.400	0.490	0	1
Social Media	0.620	0.486	0	1
Clientelism	4.822	2.053	1	7

Figure A.1: Age (India)

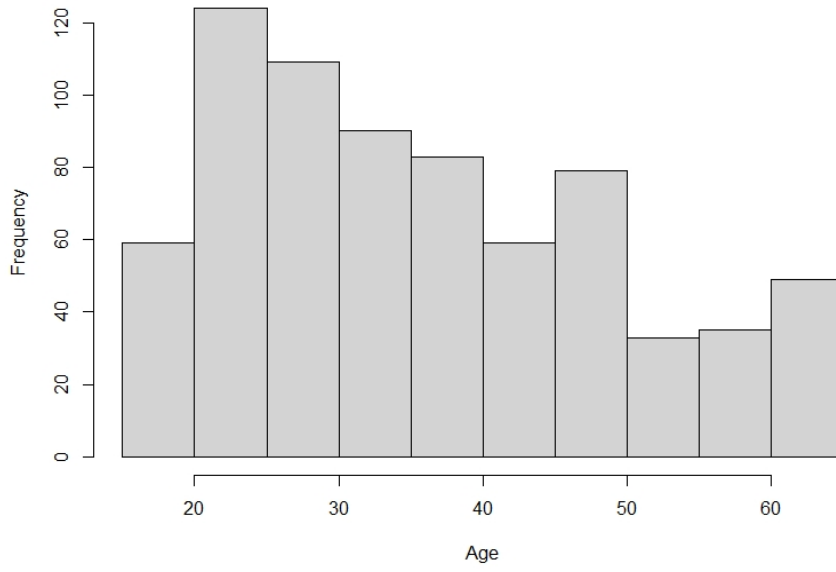


Figure A.2: Income (India)

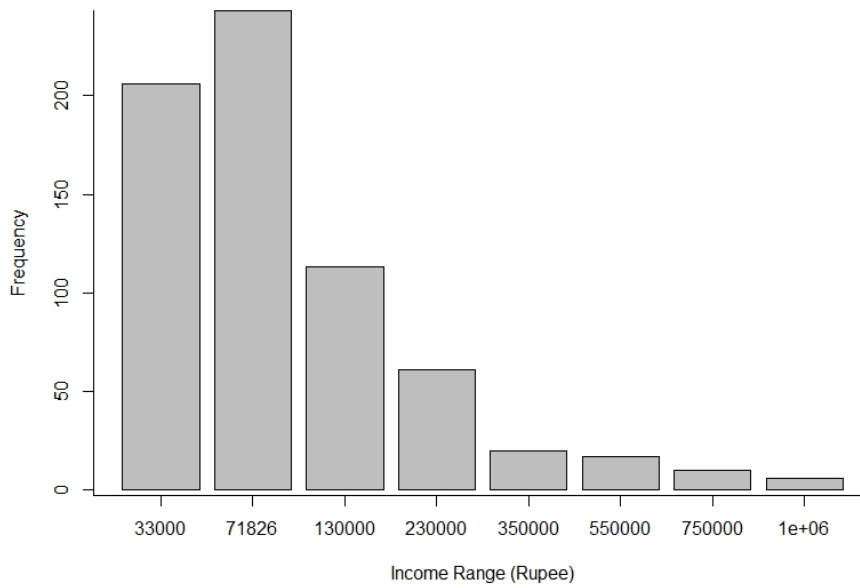


Figure A.3: Age (Brazil)

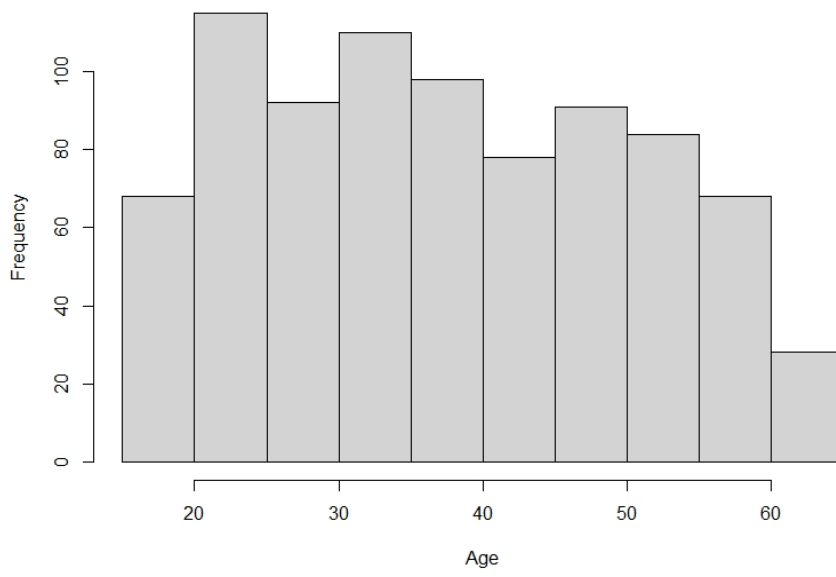
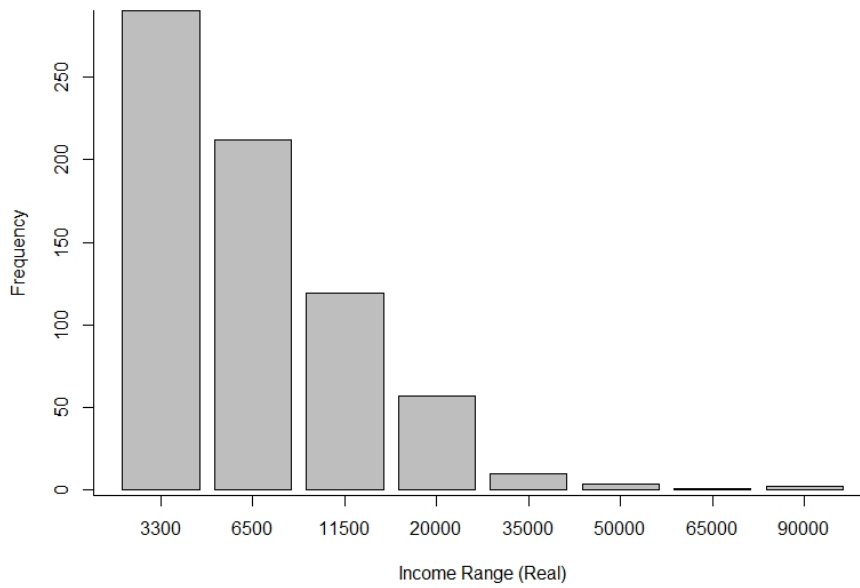


Figure A.4: Income (Brazil)



D Survey Experiment Analysis: Robustness Tests

D.1 Specification Robustness Tests

Table A.5: India and Brazil Vignette Survey Logit Results

	India	India	Brazil	Brazil
	Model D	Model E	Model F	Model G
Economic Nationalism Treatment	0.274*	0.297*	0.166	0.137
	(0.166)	(0.167)	(0.172)	(0.173)
Income	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Age	-0.006	-0.006	-0.016**	-0.018**
	(0.007)	(0.007)	(0.006)	(0.007)
Gender	0.093	0.101	0.243	0.284*
	(0.167)	(0.168)	(0.171)	(0.173)
Authoritarian Leader	0.653***	0.675***	0.226	0.210
	(0.170)	(0.172)	(0.201)	(0.203)
Populist Leader	-0.178	-0.177	-0.301*	-0.323*
	(0.199)	(0.200)	(0.183)	(0.185)
Newspaper		-0.207		0.101
		(0.206)		(0.197)
Social Media		-0.033		-0.060
		(0.213)		(0.202)
Clientelism		-0.072		0.125***
		(0.049)		(0.043)
Constant	0.259	0.733	-0.333	-0.959
	(0.453)	(0.576)	(0.465)	(0.575)
N	618	618	573	573

Note: Standard errors in parentheses, * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$

Models D, E and models F, G in Table A.5 display the results of the Logistic models for the India and Brazil vignettes, respectively. The results Table A.5 indicate the respondents who received the treatment vignette (characteristics of a sudden reversal crisis) are more likely to choose the Party A with a economic nationalist position. This result is consistent with our theoretical expectations and the large-N analysis. Regarding the effect of the control variables, we also find that respondents who prefer Authoritarian Leaders are also more likely to choose Party A. We do not find any significant effects for Populist Leader, Clientelism, information sources, or demographic characteristics.

For the Brazil sample, as shown in Table A.5's models F and G we find positive but insignificant effect of the Treatment on respondents' party choice.

D.2 Additional ATE Estimation

Suppose that for each respondent i , we observe an outcome Y_i , and a treatment indicator Z_i , which is equal to 1 if the respondent is in the treatment group and 0 if he or she is in the control group. Suppose further that the respondent's features (e.g. dispositional characteristics) are given by the vector X_i . We adopt the Neyman-Rubin causal model: for each respondent, we observe the outcome $Y_i = Y_i(1)$ if he or she is assigned to the treatment, and $Y_i = Y_i(0)$ if the respondent is assigned to the control. To assess whether the treatment is effective, we consider the average treatment effect defined as,

$$\text{ATE} = E[Y_i(1) - Y_i(0)] \quad (1)$$

Next, consider the subgroup S in the data. To evaluate heterogenous treatment effects, we consider the average treatment effects of the selected subgroup S given by,

$$E[Y_i(1) - Y_i(0)|X_i \in S] \quad (2)$$

Given equations (1) and (2), the Conditional Average Treatment Effect (CATE) function is,

$$c(x) = E[Y_i(1) - Y_i(0)|X_i = x] \quad (3)$$

We assess the robustness of our ATE results reported in the paper by using three estimators. The first two of these three estimators are drawn from the Glynn and Quinn's (2017) **CausalGam** package. This package uses generalized additive models to estimate the expected potential outcomes $\hat{\mu}_0(x) = \hat{E}[Y_i(0)|X_i = x]$, and $\hat{\mu}_1(x) = \hat{E}[Y_i(1)|X_i = x]$, and the propensity score: $\hat{e}(x) = \hat{E}[Z_i|X_i = x]$. Given these estimates, we can compute the inverse probability weighting estimator,

$$\widehat{\text{ATE}}_{\text{IPW}} = \frac{1}{n} \sum_{i=1}^n \left(\frac{Y_i Z_i}{\hat{e}_i} - \frac{Y_i(1 - Z_i)}{1 - \hat{e}_i} \right) \quad (4)$$

The augmented inverse probability weighting (AIPW) estimator,

$$\widehat{\text{ATE}}_{\text{AIPW}} = \frac{1}{2n} \sum_{i=1}^n \left(\frac{[Y_i - \hat{\mu}_0(X_i)]Z_i}{\hat{e}_i} + \frac{[\hat{\mu}_1(X_i) - Y_i](1 - Z_i)}{1 - \hat{e}_i} \right) \quad (5)$$

Finally, the third estimator that we use is the CATE estimation procedure. In this regard, we adopt the "T-Learner" procedure for CATE estimation developed by Kunzel (2019). Specifically, the T-learner is a meta-algorithm (or meta-learner) is a framework to estimate the CATE using any machine learning estimators that are labeled as base-learners. To employ the T-Learner framework, then, first note that base learners are used to estimate the control and treatment response functions *separately*, $\hat{\mu}_1(x) = \hat{E}[Y_i(1)|X_i = x]$ and $\hat{\mu}_0(x) = \hat{E}[Y_i(0)|X_i = x]$. The CATE estimate is then the difference between these two estimates which is defined as,

$$\widehat{\text{CATE}}(x) = \hat{\mu}_1(x) - \hat{\mu}_0(x) \quad (6)$$

We briefly report below the results from the IPW and AIPW estimator in the case of India (see Table A.6) and Brazil (Table A.7) respectively. The ATE from the IPW and AIPW estimators from the India survey sample statistically corroborate our causal claim that support for the right-wing populist party among respondents compared to other non-populist mainstream parties is indeed higher during a sudden reversal crisis owing to the said populists’ “economic nationalist” promises of raising jobs from domestic industries. The results from the Brazil survey sample are more mixed. Indeed, the ATE from the IPE—but not the AIPW—estimator from the Brazil sample corroborate our causal claim that support for the right-wing populist party among respondents compared to other non-populist mainstream parties is indeed higher during a sudden reversal crisis owing to the former party’s “economic nationalist” promises. The results from the CATE estimators (available on request) are similar to the IPW and AIPW estimator results reported above.

Table A.6: IPW and AIPW Results: India

Treatment	Treatment Level	Estimate	Bootstrap Bias Corrected 95% Confidence Limits		Pr > Z
Panel A					
Economic Nationalism	Yes	1.587	1.089	1.71	≤ 0.05
Economic Nationalism	No	1.261	0.973	1.44	≤ 0.05
IPW (ATE)		0.326			
Panel B					
Economic Nationalism	Yes	2.214	1.627	2.88	≤ 0.05
Economic Nationalism	No	2.052	0.973	1.44	≤ 0.05
AIPW (ATE)		0.162			

Table A.7: IPW and AIPW Results: Brazil

Treatment	Treatment Level	Estimate	Bootstrap Bias Corrected 95% Confidence Limits		Pr > Z
Panel A					
Economic Nationalism	Yes	3.002	2.114	3.53	≤ 0.05
Economic Nationalism	No	2.821	1.171	2.94	≤ 0.05
IPW (ATE)		0.181			
Panel B					
Economic Nationalism	Yes	2.546	1.943	2.7	> 0.05
Economic Nationalism	No	2.484	1.557	2.42	> 0.05
AIPW (ATE)		0.062			

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Figure 5: India Conjoint Marginal Means

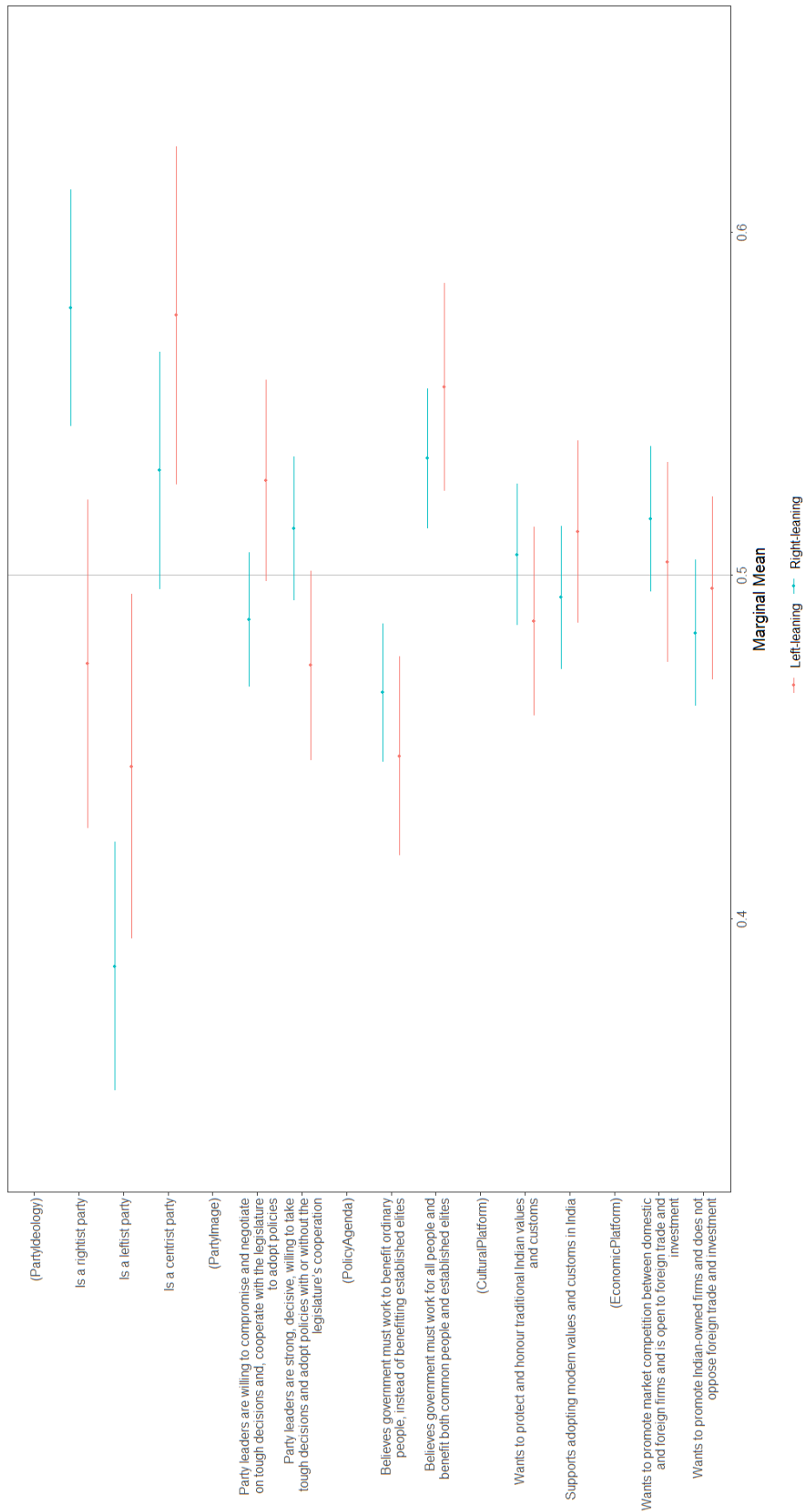


Figure 6: Brazil Conjoint Marginal Means

