

The Rise of Identity Politics

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Points of departure

Wave of nationalist, populist politics

- ▶ across countries and electoral systems, growing political conflict beyond traditional economic dimension
- ▶ partly pushed by new radical-right politicians and parties, partly adopted by existing parties
- ▶ important part: angry voters, who identify with nation and protest against immigrants and the establishment

More general trend

- ▶ rise of identity politics and tribalism

Changing political scene

Political values among voters

- ▶ GAL-TAN cleavage as salient as traditional, left-to-right cleavage (Kitschelt-McGann 1997)
- ▶ new social groups with growing participation conspire and express discontent: Pegida, Vote Leave, the Alt-Right
- ▶ support for new populist politicians and parties (Inglehart-Norris 2018, Gidron-Hall 2018)

Responses in political system

- ▶ new parties shake up old party systems (Kitschelt 2018)
- ▶ existing parties adapt and change (Wagner-Meyer 2017)

Alleged drivers – causes, mediators, or effects?

Lack of theory muddles also academic discussion

- ▶ causes of change unclear

Proximate vs. fundamental drivers

- ▶ some pinpointed forces, as globalization, long-standing
- ▶ others, as refugee migration, more recent

Changing organizations and values – drivers or outcomes?

- ▶ recruitment and change to existing parties
- ▶ formation of new social groups
- ▶ entry by new parties
- ▶ drift towards nationalist values

Need a model to explore these issues

Key elements in our modeling

- ▶ electoral competition in two political dimensions – one reflects class, the other identity and values
- ▶ endogenous organization: change within existing parties, as well as new social groups, and new political parties
- ▶ endogenous dynamics: changing values both driver and response

Big-picture (macro) trends our main motivation

- ▶ analysis has many moving parts
- ▶ rely on crude (micro) foundations and unrealistic symmetries
- ▶ richer foundations and asymmetries, at tractability cost

Related research in political economics

Formal models of multi-dimensional electoral competition

- ▶ probabilistic voting (Lindbeck-Weibull 1987, Dixit-Londregan 1996, Persson-Tabellini 2000)

Endogenous organization of parties

- ▶ composition on parties with two-dimensional political conflict (Roemer 2000, Levy 2004)

Identity in economics

- ▶ pioneering work (Bowles 1998, Akerlof-Kranton 2000), formal model of social identification (Shayo 2009), recent work on populism (Gennaioli-Tabellini 2019, Grossman-Helpman 2019)

Changing values and policy preferences

- ▶ evolutionary game theory (Weibull 1995, Sandholm 2010), other applications to value-based conflict (Besley and Persson 2019, 2020)

Related research in social science

Identity and in-group/out-group conflicts

- ▶ identity theory (Burke 1980, Stryker 1980) in sociology, and social-identity theory (Tajfel 1974, Tajfel-Turner 1979) in social psychology

Huge empirical literature on radical right

- ▶ in political science and sociology: recent Oxford handbook (Rydgren 2018)

Large body of work on social movements

- ▶ mobilization in revolutions (Tilly 1978, Skocpol 1979) civil-rights movements (McAdam 1982), few applications to radical-right groups (Caiani-della Porta 2018)

Cultural evolution of attitudes and behavior

- ▶ starts in evolutionary anthropology (Cavalli-Sforza-Feldmann 1981, Boyd-Richerson 1985)

Outline

1. Baseline Model

- ▶ how are left-right and identity-based policy conflicts resolved in electoral competition?

2. Endogenous Political Organization

- ▶ do existing parties change with more salient nationalism, or do new social groups and political parties emerge?
- ▶ which way do such changes shape immigration policy?

3. Dynamics of Nationalism

- ▶ how do nationalist attitudes and immigration policy coevolve?
- ▶ can temporary shocks have permanent consequences?

4. Taking Stock

1. Baseline Model

Two economic groups \Rightarrow class-based cleavage

- ▶ people are born "poor" or "rich"

Two social identities \Rightarrow identity-based cleavage

- ▶ people identify as "nationalist" or "cosmopolitan" – μ share of nationalists, with $\underline{\mu} < \mu < \bar{\mu}$

Two dimensions of government policymaking

- ▶ class-related "income tax", $t \in [0, 1]$
identity-related "immigration openness", $x \in [0, 1]$

Two traditional parties compete for office

- ▶ represent rich and poor – run by cosmopolitans
- ▶ can commit to x but not to t
- ▶ voting based on platforms and random shocks – cosmopolitans loyal voters, nationalists swing voters

Two key drivers

Class polarization (inequality) – z

- ▶ distance between t_P^* and t_R^* (y_P and y_R)
- ▶ higher z , parties compete harder for swing voters

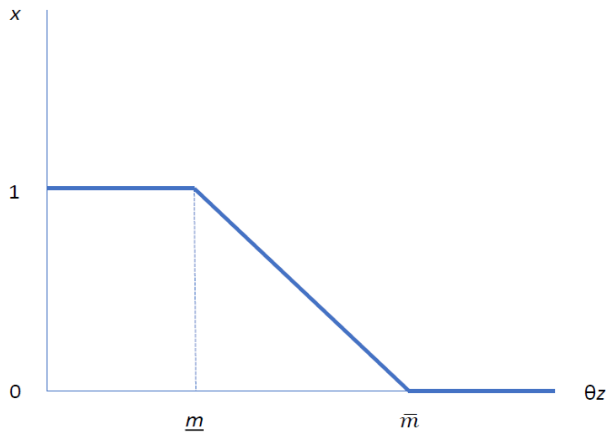
Migration salience – θ

- ▶ weight nationalists put on immigration
- ▶ higher θ , stronger response if court nationalists

Parameters z and θ complementary in politics

- ▶ what matters is product θz , not z and θ individually

Proposition 1 Equilibrium immigration policy



Interpretation and comparative statics

Corollary 1 *Equilibrium immigration policy stricter – $\hat{x}(\theta, z)$ closer to 0 – if salience θ higher or polarization (inequality) z greater, subject to interaction*

- ▶ stricter x must attract enough nationalists
- ▶ cosmopolitan parties must worry enough about z that they cater to nationalists

2. Endogenous Political Organization

Three extensions of baseline model

- ▶ composition – candidate mix – of existing parties
- ▶ formation of nationalist social groups – outside party politics
- ▶ entry of nationalist parties – inside political system

Extensions of empirical and theoretical interest

- ▶ capture important aspects absent in standard models
- ▶ all sow seeds of path dependence – temporary shock can permanently shape nationalist sentiment/immigration policy

Composition of existing parties

Baseline model – parties commit to immigration policy

- ▶ strict policy may not be credible for party dominated by cosmopolitans (like high taxes for party of the rich)
- ▶ suppose credibly stricter x requires (proportionally) larger share nationalist representatives $1 - x$

But credible immigration policy has a cost

- ▶ cosmopolitan leader more likely ousted in party with more elected nationalists – if λ basic probability of replacement, full probability is $(1 - x) + \lambda x$

Party leaders face an additional tradeoff

- ▶ catering to nationalist voters raises risk of party takeover – let σ be cosmopolitan leader's benefit of holding on

Main result and comparative statics

Proposition 2 *Immigration policy of both parties $\hat{x}(\theta, z, \sigma, \lambda)$ (weakly) stricter if σ lower and λ higher*

Reductions in x lead to greater chance of party takeover

- combine Propositions 1 and 2

Corollary 2 *Party takeover by nationalists more likely, the higher immigration salience θ and class polarization z*

Formation of nationalist social groups

Examples

- ▶ Pegida, Leave Vote, Alt-Right groups, ...
- ▶ engage members via social media, organize rallies and protests
- ▶ create *collective* social identity, as in work on mobilizing social movements (Melucci 1995, Flesher Fuminaya 2014)

Formal modeling

- ▶ group formation has fixed (sunk) per-capita cost F
- ▶ immigration salience higher among group members than when identify *individually* as nationalists – replace θ with $\Theta(\mu, \theta) = (1 + \xi\mu)\theta$
- ▶ parties more motivated adapt policy to group-members' preferences – and more so the larger the group

Main result and comparative statics

Proposition 3 *As $F \rightarrow 0$, sufficient condition for group to form is*

$$\mu > \hat{\mu} = \left[\frac{m}{\theta z} - 1 \right] \frac{1}{\xi}$$

- ▶ group forms when nationalists reach critical share $\hat{\mu}$ – instrumental cause: to influence policy
- ▶ combine Propositions 1 and 3

Corollary 3 *Given μ , a nationalist social group more likely to form, when immigration salience θ is higher and class polarization (inequality) z greater*

Group formation implies stricter immigration policy

- ▶ lower x , as “effective salience” internalized by parties rises from θ to $\Theta(\mu, \theta) = (1 + \xi\mu)\theta$
- ▶ with group in place, x falls in nationalist share μ

Entry by nationalist political parties

Similar (macro) features as group formation

- ▶ party entry has fixed per-capita cost B – enters only to influence immigration policy x

Channel of policy influence

- ▶ *direct* (representation), not *indirect* (existing-party motives)
- ▶ entry and majority of new party shifts policy from $\hat{x}(\theta, z)$ to 0
- ▶ entry and coalition with party J shifts $\hat{x}(\theta, z)$ to $\hat{x}^J(z)$
- ▶ new party can bargain for lower $\hat{x}^J(z)$, when redistributive conflict z between parties P and R larger

Comparative statics for entry

- ▶ most likely when z low but θ high: existing parties ignore nationalists – $\hat{x}(\theta, z)$ close to 1 – but these highly motivated

Results depend on electoral rule

Proposition 4 *Under plurality rule and $B \rightarrow 0$, a nationalist party enters for all $\mu > 1/3$, provided that $\hat{x}(\theta, z) > 0$*

- ▶ only if nationalist voters are in plurality, with side-condition that entry shifts policy

Proposition 5 *Under PR and $B \rightarrow 0$, a nationalist party enters for all $\mu \in [\underline{\mu}, 1/2]$, provided that $\hat{x}(\theta, z) > \hat{x}^J(z)$, and all $\mu > 1/2$, provided that $\hat{x}(\theta, z) > 0$*

- ▶ "early" entry possible, for $\underline{\mu} < \mu < 1/3$ – new party forms majority coalition with existing party J
- ▶ offers better tax policy to J for stricter immigration policy

3. Dynamics of Nationalism

Study how μ evolves over time

► in baseline model

1. Enters period s with nationalist share μ_s in current generation
2. Parties offer platforms $\{t_P^*, x_{P,s}\}, \{t_R^*, x_{R,s}\}$
3. Election held where poor party wins with probability $\hat{P}(\theta, z)$
4. Payoffs realized
5. Next generation of citizens identify as nationalists or cosmopolitans. This determines μ_{s+1}

Nationalist (identity) dynamics

Driven by expected payoffs to two identities

$$\Delta(\theta, z) = E(\text{Nationalist payoff} - \text{Cosmopolitan payoff})$$

- ▶ $\Delta(\theta, z)$ (relative) “cultural fitness” of nationalist identity – hinges on equilibrium policy, and thus θ and z

Darwinian dynamics

$$\mu_{s+1} - \mu_s = \begin{cases} > 0 & \text{if } \Delta(\theta, z) > 0 \\ < 0 & \text{if } \Delta(\theta, z) < 0 \end{cases} \quad \text{for } \mu \in [\underline{\mu}, 1 - \bar{\mu}]$$

- ▶ can be derived from alternative socialization models

Benchmark result

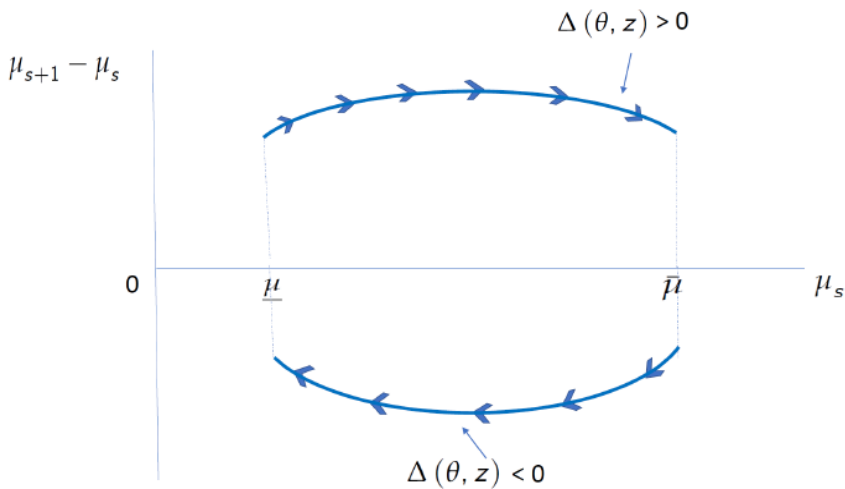
Baseline-model dynamics unique

Proposition 6 *From any starting point $\mu \in [\underline{\mu}, 1 - \bar{\mu}]$, polity converges to maximal nationalism $\bar{\mu}$ if $\Delta(\theta, z) > 0$, or to minimal nationalism $\underline{\mu}$ if $\Delta(\theta, z) < 0$*

Result driven by expected policy

- ▶ nationalism grows (shrinks) when θ and z high (low) – makes it more (less) attractive to be a nationalist, as parties cater policy more (less) to them

Illustration of Proposition 6



Comparative dynamics in baseline model

Expected immigration policy has dynamic consequences

- ▶ x driven by polarization z , and salience θ – parameter shifts can change $\text{sgn}[\Delta(\theta, z)]$ and dynamics of μ

But baseline model has just *one-way* dynamics

- ▶ only link from x to μ
- ▶ predicts correlation: growing nationalism, strict immigration control – but nationalist share an outcome, not a driver

All three extensions alter nature of dynamics

- ▶ can get *two-way* dynamics, with feedback from μ to x mediated by political organization
- ▶ multiple steady states and path dependence possible

Party composition and nationalist dynamics

Proposition 7 *If two cosmopolitan parties set $\hat{x}(\theta, z) < 1$, polity may converge to maximal nationalism $\bar{\mu}$ from any starting point $\mu \in [\underline{\mu}, 1 - \bar{\mu}]$*

Path dependence via nationalist party takeover(s)

- ▶ shocks to θ, z make cosmopolitan parties cater to nationalists: $\hat{x}(\theta, z) < 1$, via share $1 - \hat{x}(\theta, z)$ of nationalist candidates
- ▶ sooner or later, one party taken over by nationalist leader – sets maximally strict policy $x = 0$
- ▶ other cosmopolitan-led party fights harder for nationalist voters with $x < \hat{x}(\theta, z)$ – raises risk of takeover
- ▶ fitness of nationalism permanently shifted to $\Delta(\theta, z) > 0$, even if initial shock goes away

Group formation and nationalist dynamics

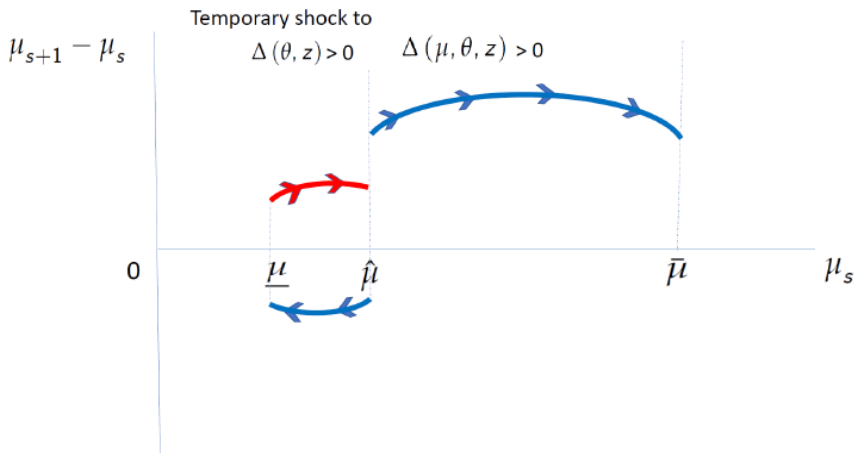
Nationalist fitness shifts when group forms

- ▶ $\Delta(\Theta(\mu, \theta), z) > \Delta(\theta, z)$ for $\mu \geq \hat{\mu}$ by revealed preference

Dynamic complementarity and two-way dynamics

- ▶ crossing threshold $\hat{\mu}$, nationalism becomes self-reinforcing, as Θ grows in μ , Δ grows in Θ , and μ grows in Δ
- ▶ nationalism feeds back to immigration policy, as x decreasing in $\Theta(\mu, \theta)$
- ▶ multiple steady-states and path dependence can – but need not – occur (Proposition 8 in paper)

Two steady states and path dependence



Party entry and nationalist dynamics

Fitness of nationalism depends on party entry

- ▶ as entry requires policy influence, $\Delta(\mu, \theta, z)$ shifts up at entry threshold for μ
- ▶ creates dynamic complementarity with similar two-way dynamics as group formation (Proposition 9 in paper)

Putting pieces together

Long-run consequences of shocks

- ▶ even temporary shocks to θ or z can trigger organizational change that mediates permanent change in μ and x
- ▶ path dependence more likely reflect takeover of existing parties under plurality rule, but entry of new nationalist party under PR (by Propositions 4-9)

4. Taking Stock

Baseline static model

- ▶ portrays party competition with nationalist-cosmopolitan conflict on top of class-based conflict
- ▶ fundamentals drive party incentives and whether nationalism shows up in policy

Two sets of extensions

- ▶ three forms of endogenous organization – capture real-world phenomena, and create link from nationalist attitudes to immigration policy
- ▶ dynamics of nationalism – opens door to path dependence, where temporary shocks affect long-run nationalist attitudes and immigration policy?

A wider research agenda

Relax economic and political symmetry

- ▶ still doable comparative statics (by log supermodularity) and dynamics
- ▶ which existing party most eager to please nationalists? – cf. decline of Social Democracy *cum* rise of Radical Right

Build other models of multidimensional politics

- ▶ how do class-based and identity-based conflicts – e.g., materialism-environmentalism – interact?
- ▶ how do non-targeted and targeted redistribution – usually treated one by one – interact?