

# DISCUSSION PAPER SERIES

DP15971

**Establishment and Outsiders : Can  
Political Incorrectness and Social  
Extremism work as a Signal of  
Commitment to Populist Policies?**

Jerome Gonnot and Paul Seabright

**ORGANIZATIONAL ECONOMICS**

**PUBLIC ECONOMICS**

**CEPR**

# **Establishment and Outsiders : Can Political Incorrectness and Social Extremism work as a Signal of Commitment to Populist Policies?**

*Jerome Gonnot and Paul Seabright*

Discussion Paper DP15971

Published 27 March 2021

Submitted 25 March 2021

Centre for Economic Policy Research  
33 Great Sutton Street, London EC1V 0DX, UK  
Tel: +44 (0)20 7183 8801  
[www.cepr.org](http://www.cepr.org)

This Discussion Paper is issued under the auspices of the Centre's research programmes:

- Organizational Economics
- Public Economics

Any opinions expressed here are those of the author(s) and not those of the Centre for Economic Policy Research. Research disseminated by CEPR may include views on policy, but the Centre itself takes no institutional policy positions.

The Centre for Economic Policy Research was established in 1983 as an educational charity, to promote independent analysis and public discussion of open economies and the relations among them. It is pluralist and non-partisan, bringing economic research to bear on the analysis of medium- and long-run policy questions.

These Discussion Papers often represent preliminary or incomplete work, circulated to encourage discussion and comment. Citation and use of such a paper should take account of its provisional character.

Copyright: Jerome Gonnot and Paul Seabright

# Establishment and Outsiders : Can Political Incorrectness and Social Extremism work as a Signal of Commitment to Populist Policies?

## Abstract

This paper explores why voters might vote for candidates who espouse extreme policies that voters do not support or behave in ways that they do not approve. We develop a model in which these policies and behaviors serve as signals that the candidates are outsiders to the political establishment, and therefore more likely than Establishment candidates to implement economic policies that are congruent with voters' interests. Establishment candidates seeking election may therefore choose an extreme social platform or indulge in offensive behavior for \textit{populist} reasons - that is, as a way of signaling independence from the interests of the Establishment. This populist strategy is more likely when the value of social policies as signals of future economic policy outweighs their value as signals of future social policies, when voters' trust in economic and social policy announcements is low, when the cost for candidates of breaking campaign promises once elected is low, and when there exist few alternative ways for the voters to predict future policies. We present empirical support from the US and Europe for the main prediction of the model that liberal voters are more likely to vote for social outsiders when they have lower levels of trust in politicians.

JEL Classification: D72, D78, D81

Keywords: populism, median voter model

Jerome Gonnot - [jerome.gonnot@gmail.com](mailto:jerome.gonnot@gmail.com)  
*Toulouse School of Economics*

Paul Seabright - [paul.seabright@tse-fr.eu](mailto:paul.seabright@tse-fr.eu)  
*Toulouse School of Economics and CEPR*

## Acknowledgements

We are grateful to Maleke Fourati, discussions with whom inspired the idea of the paper and who provided us with excellent advice and feedback. Paul Seabright acknowledges IAST funding from the French National Research Agency (ANR) under the Investments for the Future (Investissements d'Avenir) program, grant ANR-17-EURE-0010. We thank Philippe De Donder and Karine Van Der Straeten for very helpful comments. Errors of fact and interpretation remain.

# Establishment and Outsiders : Can Political Incorrectness and Social Extremism work as a Signal of Commitment to Populist Policies?

Jerome Gonnot<sup>a</sup> and Paul Seabright<sup>b,c,1</sup>

<sup>a</sup>European University Institute

<sup>b</sup>Toulouse School of Economics

<sup>c</sup>Institute for Advanced Study in Toulouse

March 25, 2021

## Abstract

This paper explores why voters might vote for candidates who espouse extreme policies that voters do not support or behave in ways that they do not approve. We develop a model in which these policies and behaviors serve as signals that the candidates are outsiders to the political establishment, and therefore more likely than Establishment candidates to implement economic policies that are congruent with voters' interests. Establishment candidates seeking election may therefore choose an extreme social platform or indulge in offensive behavior for *populist* reasons - that is, as a way of signaling independence from the interests of the Establishment. This populist strategy is more likely when the value of social policies as signals of future economic policy outweighs their value as signals of future social policies, when voters' trust in economic and social policy announcements is low, when the cost for candidates of breaking campaign promises once elected is low, and when there exist few alternative ways for the voters to predict future policies. We present empirical support from the US and Europe for the main prediction of the model that liberal voters are more likely to vote for social outsiders when they have lower levels of trust in politicians.

*Keywords:* populism, median voter model.

*JEL Classification:* D72, D78,D81

# 1 Introduction

Why might voters vote for political candidates who espouse extreme ideologies that the voters themselves do not support (such as costly restrictions on personal freedom in the name of religious law)? One way to understand this is to ask a question about a phenomenon that appears different but on closer inspection is rather similar. Why might voters belonging to certain ethnic or gender groups vote for candidates who behave offensively towards those groups, such as the 53% of white women and 33% of Latino men who voted for Donald Trump in the 2016 US Presidential election? The conventional answer to both of these questions would be that the voters who behave in this way are those who do not place very much weight on the extreme ideology or the offensive behavior. Their concerns are different, the argument goes, so that they vote for the candidate for other reasons, in spite of the unattractive aspects of their platform or their behavior.

In this paper we propose an alternative view. In certain circumstances, we suggest, voters who do not personally like an extreme ideology or an offensive kind of behavior may vote for a candidate *because of* the ideology or behavior and not in spite of it. Why? The answer is that sometimes the willingness to display the ideology or behavior is a signal to the voters that the candidate has other qualities the voters value. Most obviously this may be a signal that the candidate is not captured by the interests of the Establishment and may therefore be trusted more than rival candidates to enact policies that run counter to the interests of the Establishment. Our intuition is based on recent evidence that the economic crisis of 2008 led to a sharp decline in political trust and increased support for populist, anti-Establishment platforms<sup>1</sup>. This trend is particularly visible in Western Europe, where over the past 10 years anti-Establishment rhetoric has been more frequently used by the parties of European countries with lower political trust (see Figure 1).

In this context, the implied rule of inference is relatively simple. Economic platforms are cheap talk, so you should rarely trust what a candidate promises to do. Extreme ideologies, and offensive behavior even when this is not part of an extreme ideology, are

---

<sup>1</sup>Acknowledgments: We are grateful to Maleke Fourati, discussions with whom inspired the idea of the paper and who provided us with excellent advice and feedback. Paul Seabright acknowledges IAST funding from the French National Research Agency (ANR) under the Investments for the Future (Investissements d’Avenir) program, grant ANR-17-EURE-0010. We thank Philippe De Donder and Karine Van Der Straeten for very helpful comments. Errors of fact and interpretation remain.

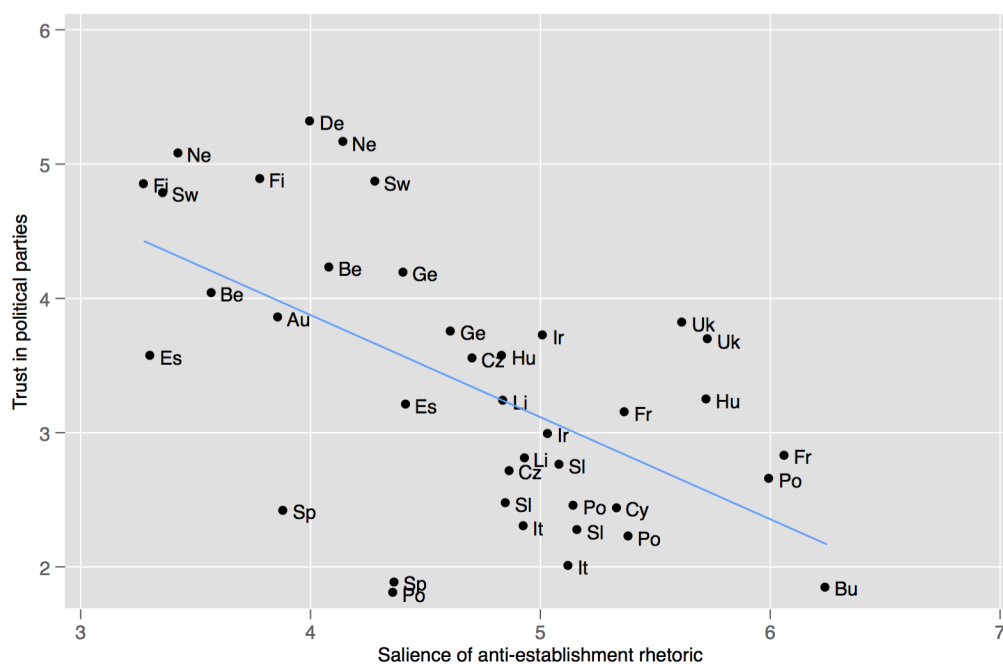
<sup>1</sup>see for instance Algan et al. (2017), Herrera et al. (2020)

not cheap talk, precisely because they alienate people that members of the Establishment do not like to alienate. When you see a candidate display such ideologies or such behavior patterns, their willingness to alienate people is precisely what makes them attractive, since it increases the likelihood that they will enact policies that do not favor the Establishment. If your preference for such policies exceeds your intrinsic dislike of the ideology or the behavior, you should be more inclined to support the candidate. An article in the *New York Times* of April 3rd 2018 expressed this point of view well when it quoted a supporter of Donald Trump as follows:

*“Mr. Trump’s most ardent supporters say they appreciate his willingness to criticize the corporate establishment. ‘He continues to go directly after the companies and not care about political correctness,’ said Terry Bowman, a former Trump campaign organizer who works at a Ford Motor parts factory in Ypsilanti, Mich. ‘He says things that a polished politician would never say. He says things that come directly from the American worker.’”*

In this paper, we examine this theory by developing a model where outsider candidates are perceived as more congruent with (median or representative) voters’ economic interests than Establishment candidates. In a context where both left and right traditional economic recipes are seen as ineffective, voters do not trust candidates’ economic policy announcements and imperfectly observe candidates’ type - that is, whether or not a candidate belongs to the Establishment. Instead, they infer the type of candidates using social policy announcements as a signal of their true policy intentions.

Figure 1: Anti-Establishment rhetoric and political trust



Source: Chapel Hill Expert Survey and European Social Survey

Notes: National average in political trust and anti-Establishment rhetoric among party platforms, 2014 and 2018

We solve our model for an election in which a liberal representative voter chooses between a conservative outsider and a liberal Establishment candidate. The main trade-off behind her decision weighs the role of social policies as signals of future economic policy against their role as signals of future social policies. We find that political demand for social outsiders exists when the credibility of economic policy announcement is sufficiently low, despite the preference of the representative voter for liberal over conservative social policies. However, if candidates' true social policy preferences are not easily observed, and if the cost of lying for political candidates is small, all candidates will claim to be conservative and the claim will lose its value. A pooling equilibrium then emerges where the likelihood of populist strategies increases when voters' trust in economic policy announcement is low; when the credibility of social platforms is low; when the political cost of renegeing on social policy announcements once elected is low; and when voters have alternative ways to evaluate the likelihood that the candidate will implement policies that run counter to the interests of the Establishment.

In an empirical section, we also provide some suggestive evidence for Proposition 1 of

the model, that socially moderate voters are less sensitive to ideological convergence with political parties and candidates, and thus more likely to vote for social outsiders, when they have lower levels of trust in politicians. We find support for this intuition in both the US and European contexts.

Using data from the 2016 ANES survey (American National Election Studies), we find that lower levels of political trust increased the probability of voting for social outsider and challenger candidate Donald Trump over the liberal Establishment candidate Hillary Clinton in the US 2016 presidential election among socially moderate voters.

Our analysis of European elections between 2002 and 2016 is consistent with the pattern observed in the US. We use data from the European Social Survey to collect information about individual characteristics and voting behaviour, and use Chapel Hill data to identify social outsider parties in each country represented in the survey. Focusing our attention on middle-of-the-spectrum voters, our results suggest that as political trust decreases, more moderate voters prefer socially extreme party or candidate to a mainstream, more traditional alternative whose views on social issues were closer to their own. We also show that the negative effect on voting intentions of ideological distance on social issues between the voter and the candidate is substantially decreased among voters with lower levels of trust in political parties.

## 2 Literature

Our paper speaks directly to the large scholarship on populism in economics, sociology, history and political science (see Mudde and Kaltwasser (2017) for a general introduction, and Gidron and Bonikowski (2013), Kaltwasser et al. (2017), Noury and Roland (2020) and Guriev and Papaioannou (2020) for a recent review).

These works approach the issue of populism in several different ways. In economics, Dornbusch and Edwards (1991, 2007) discuss macroeconomic populism in Latin America as a political programme that contains non-sustainable policies and beliefs about key elasticities that economists tend to view as implausible. Rodrik (2018) provides a generic discussion of the recent rise of populist parties and interprets it in the light of economic theory. Among theoretical works, Acemoglu et al. (2013) develops the idea that populism



arises as the consequence of the capture of the political power and economic policies by the elite. In the same vein, Tella and MacCulloch (2007) propose a model in which corruption by bureaucrats signals to voters that the rich elite are not fair, and the voters, who are assumed to directly care about fairness, react to this information by moving to the left. Before them, Alesina (1998) emphasized how redistributive policies are captured by special interest groups.

In addition, a number of recent empirical works study populism's foreign origins in specific contexts. Becker et al. (2017) find that areas with deprivation in terms of education, income and employment were more likely to vote Leave in the British referendum on the European Union. On the same issue, Colantone and Stanig (2018) show that globalization in general and import competition from China in particular are strong correlates of the Brexit vote. Their findings are line with Dorn et al. (2016), who show in the US context that counties that were most affected by China's entrance to the WTO experienced an increase in the likelihood of Trump voting and political polarization.

Against this fast-growing strand of the literature on the trade and immigration origins of populism, one of the main explanations behind the wave of populist politics in the Western World emphasizes voters' lack of trust towards traditional politics and political parties to provide economic protection and redistribution (see Müller (2016)). Our paper contributes to the empirical literature studying the impact of trust on the demand and supply of populism (Guiso et al. (2017), Dustmann et al. (2017), Algan et al. (2017), Inglehart and Norris (2016)). Using individual data on voting in European countries, Guiso et al. (2017) document a link between economic insecurity and distrust in political parties, voting for populist parties, and low electoral participation. Dustmann et al. (2017) reach similar results, finding that distrust in European institutions is largely explained by the poorer economic conditions of the Euro-area countries and correlates with the populist vote. Algan et al. (2017) study the political consequences of the Great Recession in Europe, showing that in elections after 2008 the regions where unemployment rose saw the sharpest decline of trust in institutions and establishment politics. In contrast, focusing on individual-level variables, Inglehart and Norris (2016) observe that cultural variables outweigh economic ones in the decision to vote for a populist party<sup>2</sup>. Hobolt and Tilley (2016) argue that both sanctioning and selection mechanisms can help to explain voters' flight from the centre to the benefit of challenger parties that reject the mainstream consensus of austerity and European integration. Our paper is also related to the literature

---

<sup>2</sup>For a more detailed analysis on the link between cultural values and authoritarianism and populism, see Norris and Inglehart (2019)

studying the effect of populism on party competition, and in particular how the success of radical right parties affects the policy positions of mainstream parties (see for instance Abou-Chadi and Krause (2020)).

We also contribute to the sizable literature on signaling in elections. Formal models that incorporate the cost of betrayal and signaling concerns into the platform choice by a politician date back to Banks (1990) and Harrington (1993). Callander and Wilkie (2007) consider signaling equilibria in elections in which participating politicians have different propensities to lie to voters about their true preferences. Kartik and McAfee (2007) have a model where some candidates have character (which voters value in addition to campaign promises) while others do not and are strategic, choosing their platform to maximize their probability of getting elected. As political platforms are used to signal voters about character, strategic candidates can therefore run on platforms which are different from the one preferred by the median voter.

Developing this idea in the context of populism, Di Tella and Rotemberg (2018) present a model in which they show that voters can exhibit a preference for incompetent leaders when they experience low income as a result of leader betrayal instead of bad luck. They gather evidence from the Trump-Clinton 2016 election and show that on average, subjects primed with the importance of competence in policy making decrease their support for Trump. A major similarity of our work with Di Tella and Rotemberg's is that their paper models the demand for incompetent politicians because competent politicians have a higher propensity to betray them. In our framework, we also hypothesize that social outsiders are less likely to *betray* campaign promises of redistribution than Establishment candidates.

Our paper also builds on Acemoglu et al. (2013), who analyze left-wing populism with a two-period model in which an incumbent, either corrupt or honest, faces reelection concerns, and chooses an economic policy to signal her type to voters. In the presence of a lobby defending the interest of the rich elite, politicians have an incentive to implement a policy to the left of that preferred by the median voter to signal honesty. Populist policies thus emerge as a way for politicians to signal that they will choose future policies in line with the interests of the median voter. Like Acemoglu et al. (2013), we assume that politicians need to campaign on platforms that are not those preferred by the median voter to signal they are not prone to elite capture, which we refer to as being a member of

the Establishment. However, our definition of populism is somewhat different insofar as we do not regard economic policy platforms as those subject to populist rhetoric. Instead, we make the assumption that economic policy platforms are cheap talk, and that voters evaluate the quality of candidates based on their social policy announcement or personal behaviour, which may act as a signal of candidates' economic preferences. Politicians in our framework do not have to compromise between announcing a policy that caters to the needs of the median voter and one that signals competence. Instead, they choose a social policy announcement which has superior credibility to any economic policy announcement they might make. Another fundamental difference between our model and that of Acemoglu et al. (2013) is that we identify under which conditions populist politics may or may not arise, while their model assumes that populist strategies necessarily come about as soon as voters believe that politicians, despite their rhetoric, might have a right-wing agenda.

Finally, we speak to the vast scholarship on the competence of policy makers, including Besley and Coate (1997)'s study of the ability of citizens entering politics as candidates, as well as several works on fiscal policy distortions by politicians that want to signal high ability (see Rogoff and Sibert (1988); Banks and Sundaram (1993) and Alesina et al. (1995)). Because candidates' incentives in our model are also influenced by the reputation cost of lying about campaign promises, this paper is also related to the study of the role played by rewards (Caselli and Morelli (2004), Messner and Polborn (2004)) and threats (Dal Bó and Di Tella (2003)) on the quality of politicians.

### 3 Model

There are two political candidates with given social preferences  $j \in \{L, C\}$  - liberal or conservative - and given intrinsic type  $k \in \{E, O\}$  - meaning they are co-opted into the Establishment or remain Outsiders. We assume in what follows that an incumbent candidate who is part of a liberal Establishment faces a conservative Outsider in an election. The candidates compete to win the vote of a representative voter with utility function  $U(I, J) = u(I) + v(J)$ , where  $I \in \{R, F\}$  - *Redistribution* or *Laissez-faire* - and  $J \in \{L, C\}$  are respectively the economic and social policies implemented by the elected candidate. To simplify the exposition, we let  $u(R) = u > 0$ ,  $U(F) = 0$ ,  $v(L) = v > 0$ , and  $v(C) = 0$ .

Also, we assume  $u > v$ , such that the representative voter has the following order of preferences over implemented policies:  $U(R, L) > U(R, C) > U(F, L) > U(F, C)$ . This simply means that the voter cares more about the difference in economic outcomes than he cares about the difference in social outcomes.<sup>3</sup> To make it easier to keep track, we refer to candidates as “she” and to the voter as “he”.

We also assume that intrinsic types are not observable, but that the voter knows there are constraints on what different types of candidate can say and do. These constraints arise from various features of the political system that we do not model explicitly but that we believe to be present across a wide range of societies, albeit to different degrees in different societies.

The first constraint is on the relationship between a candidate’s social preferences and her membership of the Establishment. We assume that the Establishment is hostile to social conservatism while being welcoming to economic conservatism (for example, many Establishment members like being able to accumulate wealth while disliking lifestyle restrictions - on alcohol consumption, for instance - that prevent them from freely enjoying their wealth). We capture this with the following stylized assumption: a liberal candidate is always a member of the Establishment, while a conservative candidate is an Outsider with probability  $\rho$  (and a member of the Establishment with symmetric probability  $1 - \rho$ ), with  $\rho \in (0, 1]$ .

To explore the demand for social outsiders, the second constraint captures in a simple manner the idea that outsiders to the Establishment have a higher likelihood of improving economic outcomes for voters. The relationship between a candidate’s *economic* preferences and her type is such that an Establishment candidate always implements a laissez-faire policy  $F$ , while an outsider implements redistributive policy  $R$  with probability  $\theta$  (and laissez-faire with complementary probability  $1 - \theta$ ), with  $\theta > 0$ . Here, we therefore make the simplifying assumption that anti-Establishment parties and candidates are more likely than Establishment ones to implement redistributive policies, which are preferred by the representative voter.

From an empirical standpoint, it is not clear whether politicians who do not belong or

---

<sup>3</sup>This assumptions holds in the rest of the paper

claim that do they do no belong to the Establishment have a higher propensity to implement more redistributive economic policies. They are, however, more likely to promise short-term protection, by means of enhanced redistribution from the higher to the lower incomes, or protectionist policies for the jobs most at risk. Moreover, in the model, we consider redistribution and Laissez-faire as the two possible economic outcomes that determine the representative voter's economic utility. Therefore, it is not crucial for our analysis that the positive association between redistribution policies and anti-Establishment candidates be empirically valid ex-post. Rather, we are merely interested in policy intentions as perceived by the representative voter. In this regard, the second constraint requires that policy intentions as perceived by the representative voter are such that anti-Establishment candidates have a higher likelihood of improving economic outcomes, which we regard as a plausible assumption in the current political context.

The third constraint is that while economic policy announcements may be largely cheap talk they are not completely so. A candidate's true views and intentions about economic policy cannot be kept entirely secret but may leak out to voters through the press or through political gossip of various kinds. We capture this in a stylized way by an assumption that with probability  $\varepsilon \in [0, 1)$ , candidates are obliged to tell the truth about their economic policy preferences. With complementary probability  $1 - \varepsilon$ , economic policy announcements are cheap talk, so that candidates can announce whatever they believe to be in their interests to announce. We refer to the variable  $\varepsilon$  as the "informativeness" of economic policy announcements.

Therefore, both economic and social preferences are correlated with candidates' intrinsic type. A liberal candidate has a strictly greater probability of being a member of the Establishment than a conservative candidate, and an Establishment candidate has a strictly greater probability of implementing a laissez-faire policy which costs the representative voter than an outsider.

Candidates receive a benefit  $B$  from being elected, and zero otherwise.

### 3.1 Almost cheap talk

In the baseline model, the order of the game is as follows. The representative voter observes candidates' social preferences. Then candidates simultaneously announce their economic platforms.<sup>4</sup> The voter observes candidates' economic platforms and votes for his preferred candidate. If both candidates offer the same expected payoff to the voter, the election is decided by a coin toss and each candidate wins with probability  $\frac{1}{2}$ .

We obtain the following payoff function for the representative voter:

$$U(I_k|j_k) = \varepsilon u + (1 - \varepsilon)\rho(j_k)\theta u + v(j_k) \quad (1)$$

where

$$\rho(j_k) = \begin{cases} 0 & \text{if } j_k = L \\ \rho & \text{if } j_k = C \end{cases}$$

Notice that  $\forall j_k \in \{L, C\}$ ,  $P(\text{win}|R, j_k) > P(\text{win}|F, j_k)$  because  $U(R|j_k) > U(F|j_k)$ , where  $P(\text{win}|I_k, j_k)$  is the probability that candidate with social preference  $j_k$  wins the election when announcing  $I_k$ . The intuition is trivial: because the representative voter strictly prefers redistribution to laissez-faire and the announced economic policy enters the voter's expected utility with strictly positive weight  $\varepsilon$ , announcing laissez-faire is a strictly dominated strategy.

It is never optimal to announce a laissez-faire economic policy  $I_k = F$ , and candidates always run on the redistributive platform  $I_k = R$ . We can derive the following:

$$\begin{cases} \text{L wins the election} & \text{if } \varepsilon > 1 - \frac{v}{\rho\theta u} \\ \text{C wins the election} & \text{if } \varepsilon < 1 - \frac{v}{\rho\theta u} \\ \text{The election is tied} & \text{if } \varepsilon = 1 - \frac{v}{\rho\theta u} \end{cases}$$

---

<sup>4</sup>We assume hence that candidates do not need to announce a social policy as they are expected to implement their preferred social policy with certainty

When the outsider premium  $\frac{\rho\theta u}{v}$  is high enough relative to  $\varepsilon$ , the informativeness of economic policy announcements, the representative voter prefers the conservative candidate to the liberal candidate.

The outsider premium depends on two types of consideration. First, the term  $\rho\theta$  indicates how closely social policy preferences of the candidates are correlated to the economic policies they will implement: It is the product of  $\rho$ , which is the probability that a Conservative candidate is an Outsider, and  $\theta$  which is the probability that an Outsider implements a redistributive policy. Secondly, this premium depends on the ratio of  $u$  to  $v$ , which is the relative importance of economic policy outcomes to social policy outcomes in the preferences of the representative voter. We can therefore summarize the result in the form of:

**Proposition 1:** *If social policy is sufficiently informative about candidates' economic preferences, and economic policy decisions are sufficiently more important than social policy decisions in the preferences of the representative voter, relative to the informativeness of economic policy announcements, then a conservative candidate is preferred to a liberal candidate even though the voter prefers a liberal to a conservative social policy.*

Proposition 1 will be the main subject of our empirical section. In that section we will use the expressed degree of voters' trust in political parties as a measure of the extent to which they consider economic policy announcements to be informative about future policy choices.

We extend hereafter our baseline in two ways. First, we explore a version of the model without social preferences, in which candidates announce an economic policy and signal their type in the form of personal behavior. Secondly, we assume that voters cannot observe candidates' social preferences with certainty but only with some positive probability. Candidates run on a bi-dimensional policy platform and announce an economic policy and a social policy, which they use to signal their type to the representative voter when social preferences are not observable.

## 3.2 Signaling through personal behavior

In this model, social preferences are absent. Instead, prior to the election, each candidate announces simultaneously a unidimensional platform  $I \in \{R, F\}$  and sends a signal  $s$  in the form of personal behavior. We define personal behavior as a signal  $s \in \{0, 1\}$  that candidates' choose to send ( $s = 1$ ) or not ( $s = 0$ ).<sup>5</sup> The signal could be in the form of an expression of opinions (so-called politically incorrect views may be an example of this, but there are others), or it could be a way of behaving without cognitive content (such as failure of observe a dress code or a courtesy norm, for example). What matters is that the signal helps voters to decide how likely is the candidate to be part of the Establishment, hence which economic policy the candidate will implement. It does so because Establishment candidates find it more costly to send the signal than do Outsiders.

The order of the game is as follows. The candidates simultaneously announce their economic platforms and send their signals. The representative voter then infers a posterior probability  $\phi$  about whether the candidate is part of the Establishment, computes an expected payoff based on this posterior, and votes for the candidate who gives the highest expected platform utility. If both candidates offer the same expected payoff to the representative voter, the election is decided by a coin toss and each candidate wins with probability  $\frac{1}{2}$ .

The utility of candidate  $V_k(\cdot)$  is the function  $V_k = B - c_k(s)$ , where  $c_k$  is the cost of sending the signal for a type- $k$  candidate, and  $B$  is the rent from being elected (which is common to all candidates). We set  $c_k(0) = 0$  for all  $k$  and  $c_k(1) = c_k$ , with  $c_O = 0 < c_E < B$ . Moreover, we assume that the behavior signal incurs disutility  $v > 0$  to the representative voter - for this reason we will call the signal a form of “offensive” behavior.

### The voter's payoff

Under asymmetric information, the voter cannot observe candidates' type and his expected payoff depends on the set of belief  $\mu$  associated with each signal profile of candidate  $(s_k, s_l)$  where  $\mu = \{\phi(0, 0), \phi(1, 1), \phi(1, 0)\}$  and  $\phi(s_k, s_l)$  is the voter's posterior belief that candidate  $k$  is an outsider given the pair of signals  $(s_k, s_l)$ . Assuming that voters

---

<sup>5</sup>The discrete nature of the signal simplifies the setting. The signal could be made continuous, but this would involve a more complex resolution without providing additional insight.



hold the prior that the pool of candidates is equally distributed between outsiders and Establishment candidates - i.e that the probability that a candidate randomly drawn from the pool of candidates is of either type is equal to  $\frac{1}{2}$ , we define this posterior as:

$$\begin{cases} \phi(s_k, s_l) = \frac{P(s_k, s_l | j_k = O)}{P(s_k, s_l | j_k = O) + P(s_k, s_l | j_k = E)} & \text{if } s_k \neq s_l \\ \phi(s_k, s_l) = \frac{1}{2} & \text{if } s_k = s_l \end{cases} \quad (2)$$

We obtain the following expected payoff function for the representative voter:

$$U(I_k, s_k | s_k, s_l) = \varepsilon u(I_k) + (1 - \varepsilon) \theta \phi(s_k, s_l) u - v(s_k) \quad (3)$$

### Candidates' strategy

Candidate  $k$  chooses platform  $I_k$  and signal  $s_k$  to maximize her expected utility  $E[V_k(I_k, s_k)] = P(\text{win} | I_k, s_k) B - c_k(s_k)$ , where  $P(\text{win} | I_k, s_k)$  is the probability that she wins the election when announcing  $I_k$  and sending signal  $s_k$ .

Observe that whatever the strategy of the other candidate may be, we have that  $\forall s_k \in \{0, 1\}$ ,  $P(\text{win} | R, s_k) > P(\text{win} | F, s_k)$  because  $E[U(R, s_k)] > E[U(F, s_k)]$ . The intuition is the same as in the baseline model. It is never optimal to announce a laissez-faire economic policy  $I_k = F$ . Therefore, candidates always run on the redistributive platform  $I_k = R$ . A strategy decision for candidate  $k$  then turns on the signal  $s_k$  she chooses to send.

### Equilibrium

We now solve for this equilibrium of the game. We look for Perfect Bayesian Equilibria (PBE) in pure strategies and will assume that for any out-of-equilibrium belief, the following rule applies:  $\phi(1, 0) > \frac{1}{2}$ . As the cost of sending the signal is greater for an Establishment candidate, the representative voter holds the following beliefs about how to interpret deviations from equilibria. Consider an equilibrium in which both candidates behave in the same way, either because they both send the signal or because neither sends the signal. A deviation from such an equilibrium would result in one candidate sending

the signal and the other not sending it. In any such situation the representative voter would believe that the candidate sending the signal would be more likely to be an Outsider than an Establishment candidate.<sup>6</sup>

This assumption allows us to prove the following:

- If  $\varepsilon \geq 1 - \frac{v}{\theta u}$ , there exists a unique and pooling PBE where candidates' strategies are  $(s_O^*, s_E^*) = (0, 0)$ , the payoff of both candidates is equal to  $\frac{B}{2}$  for any out-of-equilibrium belief  $\phi(1, 0) \in [\frac{1}{2}, 1]$ . Neither candidate chooses to send the signal because signalling your type to gain credibility on the economic dimension is unnecessary when economic platform announcements are sufficiently informative.
- If  $\varepsilon < 1 - \frac{v}{\theta u}$ :
  - if  $c_E > \frac{B}{2}$ , there exists a unique separating PBE  $(s_O^*, s_E^*) = (1, 0)$  and the payoffs of the Establishment and outsider candidate are respectively 0 and  $B$ . The cost of sending the signal is too high for the Establishment candidate, both candidates reveal their type and the representative voter elects the outsider.
  - When  $c_E \leq \frac{B}{2}$ , the cost of acting as an outsider is low enough for both candidates. Then, for any  $\phi(1, 0) \in \frac{1}{2}$ ,
    - \* If  $\varepsilon > 1 - \frac{v}{(2\phi-1)\theta u}$ , there exists a unique pooling PBE  $(s_O^*, s_E^*) = (0, 0)$  where the payoff of both candidates is equal to  $\frac{B}{2}$ . Although economic platform credibility is sufficiently cheap talk that the voter prefers to elect an outsider, both candidates choose not to send the signal because the cost of political incorrectness in the eyes of the voter outweighs its role as a signal of future economic policy.
    - \* If  $\varepsilon < 1 - \frac{v}{(2\phi-1)\theta u}$ , there exists a unique pooling PBE  $(s_O^*, s_E^*) = (1, 1)$  where the payoffs of the Establishment and outsider candidate are respectively  $\frac{B}{2} - c_E$  and  $\frac{B}{2}$ . The value of the information conveyed by political incorrectness about future economic intentions outweighs its cost and both candidates choose to send the signal.

---

<sup>6</sup>Although somewhat restrictive, this assumption is similar to the D1 (or divinity equilibrium) refinement as defined by Banks and Sobel (1987) and allows to restrict the set of possible equilibria of the game to more plausible outcomes

In a political environment where offensive behavior can signal economic preferences in line with those favored by the representative voter, we can summarize the results as follows:

**Proposition 2:** *If displaying offensive behavior is sufficiently informative about candidates' economic preferences relative to economic policy announcements ( $\varepsilon < 1 - \frac{v}{\theta_u}$ ), then candidates have an incentive to use such behavior even though the voter dislikes it. When the cost of displaying this kind of behavior is too high for the Establishment candidate, then only the Outsider displays offensive behavior, and wins the election with certainty. Moreover, when this cost is low enough even for a member of the Establishment ( $c_E \leq \frac{B}{2}$ ), then both types of candidates display this kind of behaviour as long as the role of political incorrectness as a signal of future economic policy outweighs its cost in the eyes of the representative voter ( $\varepsilon > 1 - \frac{v}{(2\phi-1)\theta_u}$ ), and refrain from doing so otherwise ( $\varepsilon < 1 - \frac{v}{(2\phi-1)\theta_u}$ ).*

### 3.3 Signalling through social policy

In this version of the model, social preferences are imperfectly observable. The voter learns about the true social preferences of the candidates with some probability  $q > 0$ , in which case he infers the type of candidates based on their true social preferences. When the voter cannot observe candidates' social preferences, he has to infer candidates' type by forming a posterior probability based on candidates' social policy platform announcements  $s \in \{L, C\}$ . The nature of equilibrium will depend on the relative informativeness of social policy announcements and economic policy announcements.

The order of the game is as follows: First, candidates announce their platforms  $(I_k, s_k)$ . The representative voter then observes the true social preferences of candidates with probability  $q$ . Based on the information received, the voter computes his expected payoff and votes for the candidate who offers the highest expected platform utility. If both candidates offer the same expected payoff to the voter, the election is decided by a coin toss and each candidate wins with probability  $\frac{1}{2}$ .

Each candidate gets rent  $B$  if elected, as before.

Running for office is costless *per se*, but candidates may incur a cost of announcing a social policy that is different from their true preferred social policy. This cost is two-fold. First, a candidate of type  $k$  incurs a fixed reputational cost  $l_k$  by lying about her social preferences if these preferences are subsequently observed. Second, when the voter cannot observe social preferences, there is a strictly positive probability  $\xi \in [0, 1)$  that an elected candidate cannot renege on her campaign promises and has to follow through with her social policy announcement. This probability can be considered a measure of the ‘social credibility’ of candidates. Therefore, with probability  $\xi$ , an elected candidate of type  $k$  who lied about her social preference during the campaign will pay a cost  $\gamma_k$  of implementing a social policy that is different from her true preference.

### The voter’s payoff

Observe first that both candidates run on a redistributive platform, where the intuition for this result carries over from the baseline model section. We can thus write the representative voter’s utility from candidate  $k$ ’s social policy announcement  $s_k$  conditional on the information he receives and candidate  $k$ ’s social preference  $j_k$ .

Under full information, when social preferences are observable, the rep. voter’s utility can be written as:

$$U^0(I_k, j_k) = \varepsilon u + (1 - \varepsilon)\rho(j_k)\theta u + v(j_k) \quad (4)$$

where

$$\rho(j_k) = \begin{cases} 0 & \text{if } j_k = L \\ \rho & \text{if } j_k = C \end{cases}$$

Therefore, the voter’s decision problem is straightforward. He will vote for candidate  $k$  over candidate  $l$  whenever  $U^0(j_k) > U^0(j_l)$ , randomize with probability  $\frac{1}{2}$  when  $U^0(j_k) = U^0(j_l)$ , and vote for  $l$  otherwise. Following this simple decision rule, we define  $P_k^0$  as the probability that the voter votes for candidate  $k$  when social preferences are observable.

When social preferences are unobservable, the voter has to infer the type of candidates based on their announcements. His utility under imperfect information can be written as:

$$U^1[j_k|s_k] = \varepsilon u + (1 - \varepsilon)\rho(j_k)\theta u + \xi v(s_k) + (1 - \xi)v(j_k) \quad (5)$$

where, because he cannot observe the true social preferences of candidate  $j_k$  but only her social platform  $s_k$ , the rep. voter must infer a posterior probability about the preferred social policy of candidate  $k$ . We define  $\phi(s_k, s_l)$  the voter's posterior belief that candidate  $k$  is a conservative given the pair of policy announcements  $(s_k, s_l)$ . Assuming that voters hold the prior that the pool of candidates is equally distributed between liberals and conservatives - i.e that the probability that a candidate randomly drawn from the pool of candidates is a liberal or a conservative are both equal to  $\frac{1}{2}$ , we define this posterior following Bayes' rule as:

$$\begin{cases} \phi(s_k, s_l) = \frac{P(s_k, s_l|j_k=C)}{P(s_k, s_l|j_k=C)+P(s_k, s_l|j_k=L)} & \text{if } s_k \neq s_l \\ \phi(s_k, s_l) = \frac{1}{2} & \text{if } s_k = s_l \end{cases} \quad (6)$$

where the ratio  $\frac{P(s_k, s_l|j_k=C)}{P(s_k, s_l|j_k=C)+P(s_k, s_l|j_k=L)}$  is the probability that the conservative candidate announces policy  $s_k$  over the probability that this policy is announced. We call  $\mu = (\phi(L, L), \phi(C, C), \phi(C, L)) = (\frac{1}{2}, \frac{1}{2}, p)$  the set of belief of the representative voter over all possible strategy profiles played by the candidates. If no candidate runs either on the conservative or the liberal platform and the posterior  $\phi(C, L)$  cannot be derived using Bayes' rule, we assume that  $p > \frac{1}{2}$ , such that the representative voter holds the intuitive belief that any deviation to a liberal platform from an equilibrium in which both candidates announced conservative platforms is more likely to have come from a liberal candidate, while any deviation to a conservative platform from an equilibrium in which both candidates announced liberal platforms is more likely to have come from a conservative candidate. As in the previous section, this restriction on the off-the-equilibrium path

beliefs is similar to the D1 equilibrium refinement by Banks and Sobel (1987).

The voter's expected payoff from electing candidate  $k$  conditional on the set of beliefs  $\mu$  can then be written as:

$$U[s_k|\mu] = \phi(s_k, s_l)U^1[C|s_k] + (1 - \phi(s_k, s_l))U^1[L|s_k] \quad (7)$$

Finally, we define  $\sigma(s_k, s_l, \mu) : (s_k, s_l) \times \mu \in \{C, L\}^2 \times [0, 1]^3 \rightarrow \sigma \in [0, 1]$  as the voting rule of the representative voter when candidates  $k$  and  $l$  respectively announce social platforms  $s_k$  and  $s_l$ , where  $\sigma$  represents the probability of voting for candidate  $k$ .

### Candidates' strategy

We formally define candidate  $k$ 's strategy  $s_k$  as a type-dependent social platform announcement. Candidate  $k$ 's expected payoff from strategy  $s_k$  conditional on her opponent's strategy  $s_l$  and the representative voter's voting rule  $\sigma$  can be written as:

$$V_k[s_k|\sigma(s_k, s_l, \mu)] = q[P_k^0 B - l_k \mathbb{I}_{s_k \neq j_k}] + (1 - q)\sigma[B - \xi \gamma_k \mathbb{I}_{s_k \neq j_k}] \quad (8)$$

where  $\mathbb{I}_{s_k \neq j_k}$  is the indicator function equal to 1 when candidate  $k$  lies about her social policy, and 0 otherwise.

We now define threshold levels for the two types of candidate to lie about their social policy preferences. Let  $\xi_l = \frac{B - 2\frac{q}{1-q}l_l}{\gamma_l}$  and  $\xi_c = \frac{B - 2\frac{q}{1-q}l_c}{\gamma_c}$ . In the rest of the paper, we maintain the following assumption:  $0 \leq \xi_l < \xi_c$ . This implies  $B - 2\frac{q}{1-q}l_l > 0$ , which makes sure that both candidates have an incentive to lie about their social policy preferences. Also, the expected cost of lying about social preferences is higher for the liberal than for the

conservative candidate<sup>7</sup>.

## Equilibrium

In what follows, we use the concept of sequentially rational Perfect Bayesian Nash Equilibrium.

**Definition:** A PBE  $(s_c, s_l, \sigma, \mu)$  corresponds to a strategy profile for both candidates  $(s_c, s_l)$  (resp. conservative and liberal), and a voting rule  $\sigma$  for the representative voter together with the set of Bayes' rule compatible beliefs  $\mu$  such that:

1. The candidates' strategies  $(s_c, s_l)$  are sequentially rational under the set of beliefs  $\mu$  and given the representative voter's voting rule  $\sigma(s_c, s_l, \mu)$ :

$$\begin{cases} s_c = \max_{s \in \{C, L\}} V_c[s, \sigma(s, s_l, \mu(s, s_l))] \\ s_l = \max_{s \in \{C, L\}} V_l[s, \sigma(s_c, s, \mu(s_c, s))] \end{cases} \quad (9)$$

2. The representative voter's beliefs  $\mu$  are compatible with Bayes' rule as defined in (6) **and** satisfy the intuitive criterion when they are off the equilibrium path and cannot be derived using Bayes' rule.
3. The representative voter's voting rule is sequentially rational given his beliefs  $\mu$  and candidates's announcements  $(s_c, s_l)$ :

$$\sigma(s_c, s_l, \mu) \text{ solves } \max_{\sigma \in [0, 1]} \sigma U[s_c | \mu] + (1 - \sigma) U[s_l | \mu]$$

There are two quite different regimes in the model: one in which the probability  $\varepsilon$  that candidates announce their true economic policy preferences is low, and one in which it is high enough that their announcements act as a significant constraint on what they subsequently do if they win power.

### A) Case where $\varepsilon \leq 1 - \frac{v}{\rho\theta u}$ <sup>8</sup>.

<sup>7</sup>We relax this assumption in the equilibrium analysis later in the paper

<sup>8</sup>Analytically, this implies  $U^1[L|C] \geq U^1[C|C] \geq U^1[L|L] \geq U^1[C|L]$

The above inequality has two main implications, which imply a low probability that economic policy announcements are binding. First, if the voter observes candidates' social preferences, she will vote for the conservative candidate over the liberal candidate. This is because social preferences provide a more reliable guide to the candidate's economic preferences than anything the candidate actually says.

Second, if the voter does not observe candidates' social preferences, the incentives for candidates are to persuade voters that they are of a particular type. The strategy for doing so will depend in turn on the extent to which candidates are dissuaded from lying about their social preferences by the possible reputation cost of lying, and by the probability of having to implement the social policy they have announced rather than the one they would prefer.

When these costs are low, there is little difference in the incentives for the conservative and liberal candidates, so we should expect to see pooling equilibria. However, which pooling equilibrium is observed will depend on whether the role of social policy announcements as signals of likely future economic policy outweighs their role as signals of likely future social policy.

- If  $\xi \in (0, \xi_l]$ , for any  $p \in [\frac{1}{2}, 1]$ ,
  - If  $\varepsilon \leq 1 - \frac{v(\xi+(2p-1)(1-\xi))}{(2p-1)\rho\theta u}$ , there exists a unique pooling equilibrium where both candidates announce a conservative platform, the voter randomizes with probability  $\frac{1}{2}$  between the two candidates and the respective payoff of the liberal and conservative candidates are  $\frac{1}{2} \left[ B - (1-q)\xi\gamma_l \right] - ql_l$  and  $\frac{B}{2}$ .
  - If  $\varepsilon > 1 - \frac{v(\xi+(2p-1)(1-\xi))}{(2p-1)\rho\theta u}$ , there exists a unique pooling equilibrium where both candidates announce a liberal platform, the voter randomizes with probability  $\frac{1}{2}$  between the two candidates and the respective payoff of the liberal and conservative candidates are  $\frac{B}{2}$  and  $\frac{1}{2} \left[ B - (1-q)\xi\gamma_l \right] - ql_c$ .

When social credibility  $\xi$  is low enough that the liberal candidate can afford to lie about her social preferences but the credibility of economic announcements is also very low, both candidates will claim to be conservative. This is because the role of social policy announcements as signals of future economic policy outweighs their



role as signals of future social policy.

However, when social credibility is low enough for candidates to lie, but still high enough for social policy announcements to serve as a more credible signal of future social policy than of future economic policy, both candidates will claim to be liberals. This is because the representative voter would still prefer to randomize between two liberal platforms than two conservative platforms, because of the strictly positive probability with which social announcements are implemented and the fact that he intrinsically prefers a liberal over a conservative policy ( $v > 0$ ).

We now see what happens when social credibility is sufficiently high that candidates no longer have an incentive to lie.

- If  $\xi \in (\xi_l, 1]$ , there exists a unique fully revealing separating equilibrium where both candidates announce their preferred social policy and the representative voter always votes for the conservative platform, yielding respective payoffs  $B$  and 0 for the conservative and the liberal candidate.

When lying is too costly for the liberal candidate, platform divergence is the only possible equilibrium and the outsider candidate is elected on a conservative platform.

## B) Case where $1 - \frac{v}{\rho\theta u} < \varepsilon \leq 1$

In this configuration, the voter will neither vote for a conservative platform when candidates' social preferences are observable, nor for a candidate announcing a conservative social policy when another candidate announces a liberal platform. The expected economic benefit from voting for a conservative outsider to the voter does not outweigh the social loss it incurs. Then, the only candidate with an incentive to lie about her social policy preferences is the conservative candidate. She will do so when the level of social credibility  $\xi$  is sufficiently low, yielding the following conditions:

- If  $\xi \in (\xi_c, 1]$ , there exists a unique separating, fully revealing PBE where both candidates announce their preferred social policy. The representative voter always vote for the liberal platform and the respective payoffs are  $B$  and 0 for the liberal

and the conservative candidate.

- if  $\xi \in (0, \xi_c)$ , a unique pooling equilibrium exists where both candidates announce a liberal platform and the rep. voter randomizes with probability  $\frac{1}{2}$  between the two candidates. The respective payoffs of the liberal and conservative candidates are  $\frac{B}{2}$  and  $\frac{1}{2} \left[ B - (1 - q)\xi\gamma_c \right] - ql_c$ .

We can summarize these results in the following proposition:

**Proposition 3:**

a) *When economic policy announcements are sufficiently uninformative and the political cost of lying about social preferences is low enough ( $\xi \in (0, \xi_l]$ ), candidates will pool and announce a conservative policy as long as the role of social policies as signals of future economic policy outweighs their role as signals of future social policies and will pool and announce a liberal policy otherwise.*

b) *When the credibility of economic policy announcements increases and lying becomes too costly for the liberal candidate ( $\xi \in (\xi_l, 1]$ ), truth-telling is the only equilibrium.*

c) *When social policy conveys little information about economic preferences, there is no demand for conservative platforms and the liberal Establishment candidate always tells the truth, while the conservative Outsider lies when the cost of doing so is not too high.*

**Comparative statics analysis**

In what follows, we provide a comparative statistics analysis based on the different equilibrium outcomes in the  $(\varepsilon, \xi)$  space illustrated in Figure 1.

The area below  $\varepsilon_1$  represents the subset of the parameter space in which a political demand for conservative candidates exists despite the preference of the representative voter for liberal over conservative social policies. However, if candidates' true social policy preferences are not easily observed, and if the cost of lying is small, all candidates will claim to be conservative and the claim will lose its value.

We first discuss what happens when the cost of lying is low for the liberal candidate ( $\xi \leq \xi_l$ ).

In the bottom left corner of Figure 1, a pooling equilibrium  $(C, C)$  exists when the representative voter decides to vote for a conservative platform in the absence of information. This happens when the credibility of economic platforms is low enough with respect to the credibility of social announcements (the area below the red, downward sloping line with graph  $\varepsilon = 1 - \frac{v(\xi + (2p-1)(1-\xi))}{(2p-1)\rho\theta u}$ ). This result is in line with the empirical findings of Guiso et al. (2017) that lower trust levels following the 2008 economic crisis drove party platforms of Establishment candidates to the right. Likewise, in our model, lower levels of political trust may push Establishment policy platforms on social issues toward conservative positions.

As the credibility of both social and economic announcements increases, the unique PBE of the game switches from the pooling equilibrium  $(C, C)$  to the pooling equilibrium  $(L, L)$ . This equilibrium is somewhat surprising as the representative voter would prefer to elect a conservative candidate over a liberal one when the two are running against each other, since  $\varepsilon < \varepsilon_1$ . However, because the representative voter also prefers a liberal social policy to a conservative social policy, in the absence of informative signal, he prefers a lottery over 2 liberal platforms to one over 2 conservative platforms, and the equilibrium  $(L, L)$  dominates. The intuition behind this equilibrium is as follows: Even when the representative voter holds the intuitive belief that any deviation to a conservative platform from an equilibrium in which both candidates announced liberal platforms is more likely to have come from a conservative candidate, it can still be a dominant strategy for him to vote for the liberal platform when the relative credibility of economic announcement vis-à-vis social announcements is high enough. This is because the value of the information contained in the signal is small enough that the role of social policy announcements as signals of future economic policy outweighs their role as signals of future social policy. Therefore, the representative voter prefers a gamble between the outsider and the Establishment candidate to electing the outsider with certainty.

In the case where there is no demand for outsider candidates ( $\varepsilon \geq \varepsilon_1$ ), both candidates announce their true social preferences when it is too costly for the conservative candidate to lie ( $\xi_c \leq \xi$ ). The conservative candidate lies and announces a liberal social policy when the expected cost of lying about her social policy is lower than her expected gain from doing so, i.e whenever  $\xi < \frac{R - 2\frac{q}{1-q}l_c}{\gamma_c} = \xi_c$ .

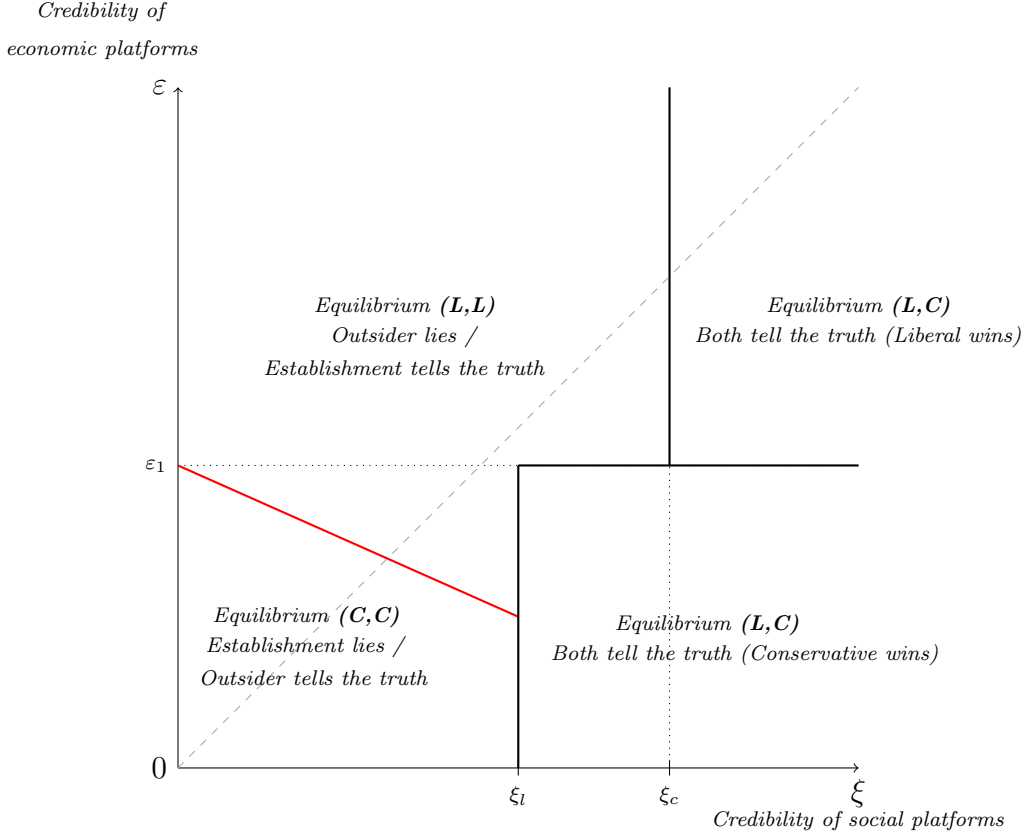


Figure 2: *Equilibrium in the  $(\varepsilon, \xi)$  space, with*

$$\begin{cases} \varepsilon_1 = 1 - \frac{v}{\rho\theta u} \\ \xi_l = \frac{B-2\frac{q}{1-q}l_l}{\gamma_l} \\ \xi_c = \frac{B-2\frac{q}{1-q}l_c}{\gamma_c} \\ \xi_l > \varepsilon_1 \end{cases}$$

It is worth stressing that a more accurate description of the setting in which we expect political outsiders to be successful would assume that a change in candidates' policy positions does not involve the same amount of cognitive dissonance on the economic and social dimensions. While it seems relatively easy to renege on economic promises regardless of whether or not they are cheap talk because of the intricate nature of economic problems, it is harder for an elected politician to implement a policy that runs against her campaign promises when it comes to social matters. Amongst others, this is so because it is easier to tell whom social policies will benefit, while the welfare gains from economic reforms are harder to gauge and their beneficiaries certainly harder to identify.

Analytically, we hence believe that our results have more grip under the assumption that  $\xi \geq \varepsilon^9$ .

### Policy-motivated candidates

That candidates have an incentive to lie about their true social preferences is not only sufficient but also necessary for our results. With rent-seeking candidates, whose utility depends solely on the election outcome, this required  $0 \leq \xi_l < \xi_c$ . Indeed, if  $\xi_k < 0$ , then candidate  $k$  no longer has an incentive to lie, regardless of the policy announcement of her opponent. The intuition is as follows. Lying can only be an equilibrium strategy in a pooling equilibrium where candidates are elected with probability  $\frac{1}{2}$ . Therefore, candidate  $k$  has an incentive to lie only if her expected rent from being in office ( $\frac{(1-q)B}{2}$ ) outweighs the cost of being caught doing so ( $ql_k$ ). This is equivalent to  $\xi_k > 0$ . If we relax this assumption, then truth-telling is the only equilibrium, with the liberal candidate winning the election when  $\varepsilon > \varepsilon_1$  and the conservative candidate winning otherwise.

When candidates have a policy motivation, the previous assumption can be somewhat relaxed. By policy motivation, we mean that they care about which social policy will be implemented after the election, whether or not they themselves are elected. Building on the design of the model, it is then convenient to define policy utility as the cost  $\gamma_k$  that candidates have to pay when the social policy implemented after the election is not their preferred policy, whether because they have lost the election or because despite being elected they must follow through with their campaign promises to implement a policy that was not the one they preferred. Using the same notation as before, the payoff of policy motivated candidate  $k$  can be written as:

$$\begin{aligned}
V'_k[s_k|\sigma(s_k, s_l, \mu)] &= q[P_k^0 B - (1 - P_k^0)\gamma_k - l_k \mathbb{I}_{s_k \neq j_k}] \\
&\quad + (1 - q) \left[ \sigma[B - \xi \gamma_k \mathbb{I}_{s_k \neq j_k}] - (1 - \sigma)[(1 - \xi)\gamma_k + \xi \gamma_k \mathbb{I}_{s_l \neq j_k}] \right] \\
&= V_k[s_k|\sigma(s_k, s_l, \mu)] - q(1 - P_k^0)\gamma_k - (1 - q)(1 - \sigma)[(1 - \xi)\gamma_k + \xi \gamma_k \mathbb{I}_{s_l \neq j_k}]
\end{aligned} \tag{10}$$

Comparing this with Equation 8, we can see that the expected payoff of policy motivated

---

<sup>9</sup>This corresponds to the area located below the 45 degree dashed line in Figure 1

candidate  $k$  is now lower ( $V'_k \leq V_k$ ) because of the disutility term  $-q(1 - P_k^0)\gamma_k - (1 - q)(1 - \sigma)[(1 - \xi)\gamma_k + \xi\gamma_k\mathbb{I}_{s_l \neq j_k}]$  that she incurs from seeing a social policy she dislikes being implemented after the election. Analytically, this disutility term increases with the probability that candidate  $k$  loses the election when social preferences are not observable, captured by  $\sigma$ . Therefore, when a candidate arbitrates between lying ( $s_k = j_l$ ) and truth-telling ( $s_k = j_k$ ), she has an extra incentive to lie, for this will increase her probability of winning the election from 0 to  $\frac{1}{2}$ . Indeed, one can check that

$$V'_k[j_l|\frac{1}{2}] - V'_k[j_k|0] = V_k[j_l|\frac{1}{2}] - V_k[j_k|0] + \frac{1 - q}{2}\gamma_k \quad (11)$$

Because  $\frac{1 - q}{2}\gamma_k > 0$ , the difference in utility between the two strategies is greater for a policy motivated candidate.

As losing the election becomes more costly, policy motivated candidates have stronger incentives to use a strategy that increases their probability of winning and are therefore more likely to lie about their preferences. With policy motivated candidates, our results in Proposition 3 then hold under the following, less restrictive assumption  $-1 \leq \xi_l < \xi_c$ .

We have argued that, when the credibility of politicians' economic policy announcements is low, voters may vote for candidates who either promise social policies that the voters do not want, or behave in ways that the voters do not personally like or admire, because these may be credible signals that the candidates in question do not belong to the political establishment and may therefore implement more radical economic policies than the political establishment would be prepared to accept. Such candidates often fit the description "populist", and in our model the description is apt to the extent that candidates who do these things are indeed more likely than other candidates to be political Outsiders. This does not mean, however, that all who behave as populists intend really to implement redistributive economic policies. In our model, candidates from the Establishment may pretend to be Outsiders, when the costs of lying are not too high; and even Outsiders may disappoint those who voted for them by failing to implement redistributive policies.

However, many readers may recognize some of the characteristics of such populist politicians, including the individual described as "vulgar, almost illiterate, a public liar easily detected....an actor of genius" who ran successfully for the presidency of the United States

on a protectionist, anti-immigrant platform in ...1936, in the bestselling novel *It Can't Happen Here*, by Sinclair Lewis.

## 4 Empirical analysis

In this section, we attempt to provide some empirical support for the main prediction of our baseline model, as captured in Proposition 1. In particular, we investigate whether or not socially moderate voters are less sensitive to ideological convergence with political parties and thus more likely to vote for social outsiders, when they have lower levels of trust in politics (which we interpret to mean that they consider announcements about economic policy to be relatively uninformative). We find support for this intuition using both US and European voting data.

### 4.1 The US 2016 presidential election

#### The data

Our intuition on the role of trust as a key driver of the demand for social outsiders is first illustrated in the American context. Using data from the 2016 ANES (American National Election Studies) survey, we find that socially moderate voters turned to the social outsider Donald Trump over the liberal Establishment candidate Hillary Clinton when their level of trust in politicians was low enough. This survey contains both face-to-face and online interviews that are assembled into a single dataset with over 4,000 observations. The study interviewed respondents in a pre-election survey between September 7 and November 7, 2016, and re-interviewed as many as possible of the same respondents in a post-election survey between November 9 and January 8, 2017<sup>10</sup>. Although most respondents were therefore surveyed before and after the Presidential election, a significant share (about 15 %) dropped out. We base our main sample on respondents who completed a post-election interview<sup>11</sup>.

---

<sup>10</sup>Election day was November 8, 2017

<sup>11</sup>The study provides sampling weights that are suited for the analysis of the full sample using post-election survey only

The 2016 presidential election featured 4 candidates - Hilary Clinton, Donald Trump, Jill Stein, Gary Johnson - 3 of whom can be regarded as political outsiders based on the radical platforms on which they campaigned. However, the dual structure of US politics leaves little opportunity for candidates that are not members of the Democrat or Republican party, and we therefore concentrate our attention on those parties' candidates. While political leaders of both the Democrat and Republican parties are commonly regarded as members of the Establishment, the surprising nomination of Donald Trump as the Republican candidate paved the way for the confrontation of a Democrat, Establishment, and liberal candidate - Hillary Clinton - against one who was largely perceived as an outsider as defined in our model, for reasons on which we have elaborated in the introductory section of the paper.

Respondents were asked about several political issues, including their vote in the 2016 presidential election. We focus on the voting behaviour of people who declared to have voted in the election,<sup>12</sup> and use a discrete choice model where the dependent variable is the candidate for whom the respondent actually voted. In our narrative, moderate voters choose to vote for outsiders because of their radical stance on social issues. To proxy individual social conservatism, we use respondents' self-reported position on the social dimension from a 7 point-scale ranging from extremely liberal to extremely conservative. We recode this variable on a 3-point scale to isolate "moderate", or middle-of-the-spectrum voters from more radical liberal and conservative respondents.

Another critical feature of our model is that social outsiders' platforms are more likely to succeed when voters lose faith in politicians. The ANES study contains various measures of political trust. We use respondent's answer to the statement *Most politicians are trustworthy* to capture political trust, which range from "Disagree strongly" to "Agree strongly" on a five-point scale. We add socio-demographic controls in order to complement the existing set of explanatory variables.

Because voting choices and in particular the decision to vote for an anti-Establishment party are at least partly determined by economic policy preferences and economic insecurity, we control for economic conservatism (measured by the first principal component of a factor analysis that includes views on redistribution, government spending, the public

---

<sup>12</sup>We leave the issue of turnout outside of the scope of the analysis



provision of jobs and healthcare, and whether or not the minimum wage should be increased) and a measure of financial distress capturing respondents' concerns about their financial situation.

As we are interested in how social views interact with trust to predict voting behaviour, we limit other individual controls to variables that are unlikely to be correlated with our regressors of interest. Following Herrera et al. (2020), we control for gender, and the individual's level of interest in politics. We use age as a proxy for subjective discounting and risk aversion, since voting for an anti establishment party may be more appealing for risk prone voters. The overall number of observations in the sample on which we base our analysis amounts to 1,953. Descriptive statistics of these variables are provided in Table 1 of the Appendix.

## Results

We estimate a multinomial logit model where the liberal candidate Hillary Clinton is used as the base alternative. Our results are presented in the Appendix, Figures 3 and 4<sup>13</sup>. Unsurprisingly, the vote for Donald Trump is strongly predicted by the degree of social and economic conservatism, as well as economic insecurity (see Figure 3). More interestingly, Figure 4 indicates that for socially liberal and moderate individuals, voting for Donald Trump is also predicted by the level of trust in politicians. In particular, lower levels of political trust increases the probability of voting for Trump among these voters. A symmetric effect is visible among supporters of Hillary Clinton for moderate voters. This suggests that as trust in politicians decreases, more moderate voters choose to vote for a notoriously socially radical candidate (i.e Donald Trump) despite their views on social issues being closer to Hillary Clinton's. These results go in the direction of our intuition on the role played by political trust.

---

<sup>13</sup>Due to the very limited number of respondents voting for Gary Johnson and Jill Stein in the sample, we focus of our analysis on the differences between Donald Trump and Hillary Clinton. Detailed results for Johnson and Stein are available from the authors upon request.

## 4.2 European Elections (2002-2016)

We provide further corroborating evidence for the main proposition of the model in the European context.

### The data

Our main source of individual data is the European Social Survey (ESS), which maps attitudes, beliefs, and behaviors in Europe. It covers all European countries, though not every country participates in every wave. Data have been collected every two years, since September 2002, by face-to-face interviews. We use eight consecutive waves between 2002 and 2016 which cover a wide range of social, economic, political, psychological and demographic variables. To identify parties' policy positions on both the economic and social dimensions, we rely on the classification proposed in the CHES Chapel Hill Expert Survey database (2017), which studies party positioning on ideology and policy issues for national parties in a variety of European countries. The first survey was conducted in 1999, with subsequent waves in 2002, 2006, 2010, and 2014. Not every country and every party was surveyed in every wave, and we use all rounds of the survey in order to maximize the reliability of our data. Detailed information about the survey rounds and election years by country can be found in Table 2 of the Appendix.

#### *Measuring voters' characteristics*

The ESS asks people whether they voted in the last parliamentary election in their country and which party they voted for: "Did you vote in the last [country name] national election in [month/year?]" Those answering yes were then asked: "Which party did you vote for in that election?" and shown the list of parties. We include in our database only those respondents who claimed to have voted, and amongst them those who voted for a party that has been surveyed at least once in the CHES<sup>14</sup>.

To measure political trust, the ESS has several proxies for confidence in governments and political parties, all on a scale between 0 (no trust) and 10 (full trust). These indicators tend to be closely correlated and thus hard to tell apart. In analyzing individual voting behaviour, we use trust in political parties.

---

<sup>14</sup>Because several parties are not surveyed in the CHES database and many respondents refused to give the name of the party they voted for, we are forced to leave out of the analysis a significant share (18%) of voters. Figure 6 in appendix provides information about the share of excluded voters in each country.

The ESS also contains several questions related to social beliefs. We choose 6 of them<sup>15</sup>, and combine these objective measures into a single composite index of social conservatism *SocialCons* by taking the first principal component, rescaled to vary between 0 (least conservative) and 1 (most conservative). We then use the weighted distribution of this composite variable within each country-election pair to label individuals as liberal, moderate, or conservative, based on the distribution of this composite variable<sup>16</sup>. The distribution of social conservatism by country and election year is available from Figure 6, where the adjusted boxes around the median represent moderate voters according to our definition.

We include the same socio-economic controls as in the US analysis. Economic insecurity is measured through individuals' assessment of their financial situation. In order to proxy voters' economic conservatism, we use the *gincdif* variable of the ESS questionnaire, which codes respondents' answer to the following question: "Do you think the government should reduce differences in income levels?", which we rescale between 0 and 1 under the name *EcoCons*, a higher score indicating greater opposition to redistribution and hence greater economic conservatism<sup>17</sup>.

It is worth stressing that individuals were asked about their vote in the latest parliamentary elections, which sometimes took place as much as 4 years before the survey took place, while the rest of the questions were asked at the time of survey. This creates a potential limitation insofar as we attempt to explain past vote choices through current individual characteristics and ideology. Moreover, the voting choices reported in the ESS do not necessarily correspond to what people actually did. Guiso et al. (2017) point out that the correlation between ESS votes for populist parties conditional on participation and actual voting is only 65%. Given the high correlation between socially very conservative and populist platforms, our results may suffer from similar bias. Figure 7 of the Appendix describes the share of ESS interviewees who reported to have voted for social

---

<sup>15</sup>These 6 questions are the following: "Is it important that government is strong and ensures safety?", "Do you agree with the following statement: Gay men and lesbians should be free to live their own life as they wish?", "To what extent do you think [country] should allow people of a different race or ethnic group as most [country]'s people to come and live here?", "Is [country] made a worse or a better place to live by people coming to live here from other countries?", "Is [country]'s cultural life is generally undermined or enriched by people coming to live here from other countries?", "Is it important to follow traditions and customs handed down by religion or family?"

<sup>16</sup>The first three deciles of the distribution are coded as liberal, decile 4 to 7 as moderate, and the last 3 deciles as conservatives

<sup>17</sup>The ESS features other questions that proxy individual opinions on economic policies and economic conservatism but none is part of the core module which is constant from round to round.

outsiders in each country, both within the entire voting population and the sub-sample of “middle-of-the-spectrum”, socially moderate voters on which we run our supplementary analysis.

### *Measuring parties’ characteristics*

In order to distinguish between outsiders and traditional parties, we construct a dummy variable to identify radically conservative parties in Europe based on the classification of the CHES survey. We use the “*galtan*” - green-alternative-libertarian versus traditional-authoritarian-nationalist - variable, which codes the position of a party in terms of their views on democratic freedoms and rights, and rescale it to vary between 0 (least conservative) and 1 (most conservative). A lower score on this variable indicates “Libertarian” or “postmaterialist” parties which favor expanded personal freedoms, for example, access to abortion, active euthanasia, same-sex marriage, or greater democratic participation, while a higher score is attributed to “Traditional” or “authoritarian” parties that often reject these ideas, value order, tradition, and stability, and believe that the government should be a firm moral authority on social and cultural issues.

An alternative, somewhat more accurate way of measuring party social conservatism would be to use the first principal component of party positions on issues which we have used to construct our variable of individual social conservatism. The corresponding policy issues surveyed in the CHES are: Civil liberties and law and order, multiculturalism, social lifestyle, the rights of ethnic minorities, and immigration policy. However, these variables were not recorded in every year of the CHES survey, and using this method would then force us to reduce substantially the size of the sample.

In any event, our results do not change qualitatively if we use a synthetic measure (PCA) of single issue party-level positions as a proxy for social conservatism instead of the *galtan* variable. Moreover, our calculations reveal that the correlation between this synthetic measure of parties’ social conservatism and the *galtan* variable is very high (0.93), suggesting that we should not be concerned with measurement error when computing the social distance between parties and voters.

We identify as social outsiders those parties that (i) ranked higher than 0.9 on the *galtan* variable or (ii) were located at least 2.5 standard deviations to the right from the mean of voters’ social conservatism distribution, which is computed separately for each country-

election pair. All other parties are treated as mainstream.<sup>18</sup>.

Because party positions can change over time, some parties were identified as social outsiders in some elections and as a mainstream party in others. The list of parties listed at least once as social outsider can be found in Table 3 of the Appendix. The share of reported votes in favour of social outsiders is presented in Figure 7. Moreover, we exclude from our sample all observations from country-election pair in which individuals did not have the option to vote for a social outsider party. Summary statistics for the final sample can be found in Table 4.

## Results

We estimate a logit model where the mainstream party is used as the base alternative. Our results are presented in Figures 8 and 9 of the Appendix and are consistent with those of the US election. The only significant difference is the effect of economic conservatism, which has a negative effect on the probability of voting for a social outsider. Figure 9 indicates that for socially moderate individuals, voting for a social outsider is also predicted by the level of trust in politicians. Among these voters, lower levels of political trust significantly increases the probability of choosing a social outsider rather than a mainstream party. This suggests that as political trust decreases, more moderate voters prefer socially extreme party or candidate to a mainstream, more traditional alternative whose views on social issues are closer to their own. These results go in the same direction as those obtained in the US context, and provide further empirical support for Proposition 1 of the model.

### 4.3 Supplementary analysis

In this section, we conduct a supplementary analysis on the ESS data to see whether the distance between a voter and political parties on the social dimension influences voting choices in a way that is consistent with our theoretical result. We expect the negative impact of this social distance individual voting choice to decrease when political trust

---

<sup>18</sup>Although our theoretical model does not rule out the possibility that social outsiders can exist on the far-left of the social spectrum, we choose to classify party as social outsiders only when they are sufficiently more conservative than average. Because our inference mechanism is based on radical social platforms and policy positions that are likely to be found alienating or offensive, we choose to regard very liberal parties as part of a moderate alternative on account of their rather inclusive opinions, which are unlikely to clash with the views of socially moderate voters

is lower, as individuals with lower trust in politics are more likely to be subject to the signalling mechanism that we describe in the model.

## The data

### *Voting sample*

Our intuition is that people would vote for socially radical candidates because their policy positions serve as a signal of their economic intentions, not because of ideological convergence. Therefore, we limit our analysis to voters who hold moderate views on social issues and are unlikely to be drawn to conservative platforms because they share the same conservative social views. These voters are those already identified as socially "moderate" in our previous analysis.<sup>19</sup>

### *Economic and social divergence between voters and parties*

For each of these moderate voters, we then construct party-specific social and economic distance variables.

First, we proxy party positions on the social and economic dimensions. For social conservatism, we use as in the previous section the *galtan* variable. For economic conservatism, we use *lrecon* variable of the CHES survey, which codes the position of a party in terms of its ideological stance on economic issues<sup>20</sup>, and rescale it from 0 to 1.

For every individual  $i$  who voted in country  $c$  and election  $t$ , we then compute the difference between her social conservatism score  $SocialCons_{ict}$  and the social score  $SC_{jct}$  of every party  $j$  that was running in that same election. We thus obtain for every voter and every party the variable  $\delta_{ijct}^S = |SocialCons_{ict} - SC_{jct}|$  that captures the social distance between them. We repeat the same procedure on the economic dimension and create the distance variable  $\delta_{ijct}^E = |EcoCons_{ict} - EC_{jct}|$  that captures the distance on the economic dimension between a voter  $i$  and party  $j$  with respective economic conservatism  $EcoCons_{ict}$  and  $EC_{jct}$ .

---

<sup>19</sup>We check the validity of our results for a narrower definition of moderate voters, namely using only the 5<sup>th</sup> and 6<sup>th</sup> deciles of the social conservatism distribution

<sup>20</sup>In particular, parties on the economic left want government to play an active role in the economy, while parties on the economic right emphasize a reduced economic role for government: Privatization, lower taxes, less regulation, less government spending, and a leaner welfare state.

Our theoretical framework implies that individual vote choice boils down to choosing between a mainstream and an outsider alternative. We must therefore compute individual social and economic distance variables for each of these alternatives. To do this, we need to attribute to each alternative a social and economic distance based on those computed for every single party.

A first issue is to capture the social distance between an individual and the alternative she did not vote for. For instance, if a voter chose to vote for a social outsider according to our classification, then we are left with several mainstream (liberal) parties to choose from as the mainstream alternative. In practice, we select as the liberal alternative the party in the set of all liberal parties with the smallest social distance from the voter. We use a symmetric method for voters who voted for a liberal party, and repeat the same procedure for the economic distance variable. Because we do not distinguish between economically extreme parties and moderate ones, our alternative-specific measure of economic distance comes directly from the party used to create the social distance variable.

Formally, for any policy dimension  $P \in \{E, S\}$  (Economic or Social), we define the alternative-specific variables capturing the distance between an individual  $i$  who voted for party  $k$  in country  $c$  and election year  $t$  and the liberal (resp. conservative) alternative  $\delta_{iLct}^P$  (resp.  $\delta_{iCct}^P$ ) as follows:

$$\delta_{iLct}^P = \begin{cases} \delta_{ikct}^P & \text{if } k \in L \\ \delta_{ilct}^P, \text{ where } l = \arg \min_{j \in L} \delta_{ijct}^S & \text{if } k \notin L \end{cases} \quad (12)$$

and

$$\delta_{iCct}^P = \begin{cases} \delta_{ikct}^P & \text{if } k \in C \\ \delta_{ilct}^P, \text{ where } l = \arg \min_{j \in C} \delta_{ijct}^S & \text{if } k \notin C \end{cases} \quad (13)$$

where  $L$  (resp.  $C$ ) denotes the liberal (resp. conservative) alternative choice set, and party  $j$  belongs to  $C$  if it was identified as a social outsider as per our classification.

## Econometric specification

We propose a simple binary choice framework to empirically model people’s voting choices. Individuals who participate in elections have to decide whether to vote for a political outsider or for a mainstream party. To estimate the relationship between social distance and trust, we use a conditional logit model with alternative-variant regressors (the social and economic distance variables) in which the probability that voter  $i$  will vote for alternative  $k \in L, C$  can be written as:<sup>21</sup>

$$P(y_i = k) = \frac{\exp(x'_{ik}\beta)}{\sum_{j \in L, C} \exp(x'_{ij}\beta)} \quad (14)$$

where

$$x_{ik} = \begin{bmatrix} \delta_{ik}^E \\ \delta_{ik}^S \end{bmatrix}$$

We omit alternative-invariant explanatory variables such as age, education, financial situation, gender and other individual characteristics which were included in the previous section, as they are very likely to influence voters’ decision to vote for political outsiders through social and economic conservatism, and in particular to influence the social and economic distance between outsider parties and moderate voters.

Another way of putting this is that we are not interested in testing hypotheses about why voters are socially or economically conservative in this section. We want to ask what extent their tendency to act on their degree of social and economic conservatism (whatever its social or educational origins) is moderated by their degree of trust in the political system. If we included these socio-economic variables we would be asking that question only about their social or economic conservatism to the extent that it exceeded what would be expected given their socio-economic characteristics, which is not our question of interest.

## Results

Table 5 indicates that voters are more likely to vote for political alternatives that are closer to their own views on both the social and economic dimensions, and that individuals with

---

<sup>21</sup>We have omitted the country-election specific subindices  $c$  and  $t$  to simplify the notation



lower trust in political parties are also more likely to vote for a social outsider over a mainstream alternative. Moreover, as expected, the negative effect of social distance is substantially decreased among those with lower levels of trust in political parties: The adverse impact of social distance on the probability to vote for a political alternative is more than twice as large for voters who have complete trust in political parties than among voters who do not trust political parties at all. These findings corroborate the intuition in the model that moderate voters who trust political parties less may turn to socially radical candidates because their policy positions serve as a signal of their economic intentions.

We do not find that the effect of distrust is large enough to lead moderate voters with low levels of trust in political parties to prefer, on average, parties whose social policies are more distant from their own preferences to parties whose policies are closer. However, this statement holds true for the mean preferences of moderate voters, and is quite compatible with the existence of some moderate voters whose preferences may indeed take that form. At all events, the evidence provides clear support for the view that conservative social preferences are not as off-putting as might be expected to moderate voters when those moderate voters have low levels of trust in political parties.

Table 6 contain various robustness tests based on voter coverage in each country, a more restrictive definition of socially *moderate* voters, the time lag between the date respondents were surveyed and when they voted, and using alternative measures of political trust.

## 5 Conclusion

In this paper, we explore why voters might vote for political candidates who espouse extreme ideologies that the voters themselves do not support. In particular, we argue that, when the credibility of politicians' economic policy announcements is low, voters may vote for candidates who either promise social policies that the voters do not want, or behave in ways that the voters do not personally like or admire, because these may be credible signals that the candidates in question do not belong to the political establishment and may therefore implement more radical economic policies than the political establishment would be prepared to accept. Such candidates often fit the description "populist", and in our model the description is apt to the extent that radically conservative candidates are

indeed more likely than other candidates to be political Outsiders.

The main message of the paper is that populist behaviour should be most common when voters' trust in economic policy announcement is low; when the credibility of social platforms is low; when the political cost of renegeing on social policy announcements once elected is low; and when voters have alternative ways to evaluate the likelihood that the candidate will implement policies that run counter to the interests of the Establishment.

This does not mean, however, that all who behave as populists are really outsiders to the political Establishment or intend to implement redistributive economic policies. In our model, candidates from the Establishment may pretend to be Outsiders, when the costs of lying are not too high; and even Outsiders may disappoint those who voted for them by failing to implement redistributive policies. In the empirical section of the paper, we provide some support for the main prediction of the model that liberal voters are less sensitive to ideological convergence with political parties and therefore more likely to vote for social outsiders when they have lower levels of trust in politicians.

An interesting question for future research would be to test the "supply side" of our results, and in particular the prediction that socially radical platforms should be most common when politicians have little opportunity to make credible announcements about economic policy. We should therefore expect new parties, parties facing unprecedented economic crises and challenges, and parties that have recently had a change of leadership, to be more likely to show these populist characteristics than established parties under well known leaders facing familiar economic circumstances.

## References

- Abou-Chadi, T. and Krause, W. (2020). The causal effect of radical right success on mainstream parties' policy positions: A regression discontinuity approach. *British Journal of Political Science*, 50(3):829–847.
- Acemoglu, D., Egorov, G., and Sonin, K. (2013). A political theory of populism. *The Quarterly Journal of Economics*, 128(2):771–805.
- Alesina, A. (1998). *The political economy of macroeconomic stabilizations and income inequality: myths and reality*. Cambridge, Mass: MIT Press.
- Alesina, A., Rosenthal, H., et al. (1995). *Partisan politics, divided government, and the economy*. Cambridge University Press.
- Algan, Y., Guriev, S., Papaioannou, E., and Passari, E. (2017). The european trust crisis and the rise of populism. *Brookings Papers on Economic Activity*, 2017(2):309–400.
- Banks, J. S. (1990). A model of electoral competition with incomplete information. *Journal of Economic Theory*, 50(2):309–325.
- Banks, J. S. and Sundaram, R. K. (1993). repeated elections model. In *Political economy: Institutions, competition and representation: Proceedings of the seventh international symposium in economic theory and econometrics*, volume 7, page 295. Cambridge University Press.
- Becker, S. O., Fetzer, T., and Novy, D. (2017). Who voted for brexit? a comprehensive district-level analysis. *Economic Policy*, 32(92):601–650.
- Besley, T. and Coate, S. (1997). An economic model of representative democracy. *The Quarterly Journal of Economics*, 112(1):85–114.
- Callander, S. and Wilkie, S. (2007). Lies, damned lies, and political campaigns. *Games and Economic Behavior*, 60(2):262–286.
- Caselli, F. and Morelli, M. (2004). Bad politicians. *Journal of Public Economics*, 88(3-4):759–782.
- Colantone, I. and Stanig, P. (2018). Global competition and brexit. *American political science review*, 112(2):201–218.

- Dal Bó, E. and Di Tella, R. (2003). Capture by threat. *Journal of Political Economy*, 111(5):1123–1154.
- Di Tella, R. and Rotemberg, J. J. (2018). Populism and the return of the “paranoid style”: Some evidence and a simple model of demand for incompetence as insurance against elite betrayal. *Journal of Comparative Economics*, 46(4):988–1005.
- Dorn, D., Hanson, G., Majlesi, K., et al. (2016). Importing political polarization? the electoral consequences of rising trade exposure. Technical report, National Bureau of Economic Research.
- Dornbusch, R. and Edwards, S. (1991). The macroeconomics of populism. In *The macroeconomics of populism in Latin America*, pages 7–13. University of Chicago Press.
- Dornbusch, R. and Edwards, S. (2007). *The macroeconomics of populism in Latin America*. University of Chicago Press.
- Dustmann, C., Eichengreen, B., Otten, S., Sapir, A., Tabellini, G., and Zoega, G. (2017). Europe’s trust deficit. *Causes and Remedies*. London: Centre for Economic Policy Research.
- Gidron, N. and Bonikowski, B. (2013). Varieties of populism: Literature review and research agenda.
- Guiso, L., Herrera, H., Morelli, M., Sonno, T., et al. (2017). *Demand and supply of populism*. Centre for Economic Policy Research London, UK.
- Guriev, S. and Papaioannou, E. (2020). The political economy of populism. *Available at SSRN 3542052*.
- Harrington, J. E. (1993). The impact of fteelection pressures on the fulfillment of campaign promises. *Games and Economic Behavior*, 5:71–97.
- Hobolt, S. B. and Tilley, J. (2016). Fleeing the centre: the rise of challenger parties in the aftermath of the euro crisis. *West European Politics*, 39(5):971–991.
- Inglehart, R. F. and Norris, P. (2016). Trump, brexit, and the rise of populism: Economic have-nots and cultural backlash.
- Kaltwasser, C. R., Taggart, P. A., Espejo, P. O., and Ostiguy, P. (2017). *The Oxford handbook of populism*. Oxford University Press.

- Kartik, N. and McAfee, R. P. (2007). Signaling character in electoral competition. *American Economic Review*, 97(3):852–870.
- Messner, M. and Polborn, M. K. (2004). Paying politicians. *Journal of Public Economics*, 88(12):2423–2445.
- Mudde, C. and Kaltwasser, C. R. (2017). *Populism: A very short introduction*. Oxford University Press.
- Müller, J.-W. (2016). *What is Populism?* University of Pennsylvania Press.
- Norris, P. and Inglehart, R. (2019). *Cultural backlash: Trump, Brexit, and authoritarian populism*. Cambridge University Press.
- Noury, A. and Roland, G. (2020). Identity politics and populism in europe. *Annual Review of Political Science*, 23:421–439.
- Rodrik, D. (2018). Populism and the economics of globalization. *Journal of international business policy*, 1(1-2):12–33.
- Rogoff, K. and Sibert, A. (1988). Elections and macroeconomic policy cycles. *The review of economic studies*, 55(1):1–16.
- Tella, R. D. and MacCulloch, R. (2007). Why doesn't capitalism flow to poor countries? Technical report, National Bureau of Economic Research.

## 6 Appendix

### Proofs

#### Proof of Proposition 2

**Case where  $\varepsilon < 1 - \frac{v}{\theta u}$**

When  $c_E \leq \frac{B}{2}$ , we must show that there exists a unique pooling equilibrium which depends on the relative credibility of social and economic platforms. First, note that it is straightforward that a separating equilibrium cannot exist as the candidate not sending the signal would always have an incentive to deviate and send the signal, increasing her payoff doing so.

Let  $(0, 0)$  be the no-signal strategy profile played by both candidates. The election is then tied and the payoff of both candidates is  $\frac{B}{2}$ . These strategies are then sequentially rational for the candidates provided that neither of them could increase their payoff by sending the signal. A necessary condition for either candidate to increase their payoff when deviating to  $s = 1$  requires that they get elected with probability 1, which would yield respectively a payoff of  $B - c_E > \frac{B}{2}$  and  $B > \frac{B}{2}$  for the Establishment and outsider candidate.

Therefore, the set of off-the-equilibrium-path beliefs  $\phi(1, 0)$  which satisfies the no-deviation constraint is such that the rep. voter always prefers to vote for the candidate not sending the signal whenever both strategies  $s = 0$  and  $s = 1$  are played. Under our assumption that  $\phi > \frac{1}{2}$ , this is equivalent to

$$U[R, 1|(1, 0)] < U[R, 0|(1, 0)] \quad (15)$$

$$\iff \varepsilon u + \phi(1 - \varepsilon)\theta u - v < \varepsilon u + (1 - \phi)(1 - \varepsilon)\theta u \quad (16)$$

$$\iff \phi < \frac{1 + \frac{v}{(1-\varepsilon)\theta u}}{2} \quad (17)$$

$$\iff \varepsilon > 1 - \frac{v}{(2\phi - 1)\theta u} \quad (18)$$

Therefore, we have that the strategy profile  $(0, 0)$  is a PBE of the game under the set of compatible belief  $\phi$  whenever  $\varepsilon > 1 - \frac{v}{(2\phi-1)\theta u}$ .

A symmetric argument allows to prove that this equilibrium is unique, and that the

pooling equilibrium  $(1, 1)$  is the unique equilibrium on the parameter space where  $\varepsilon < 1 - \frac{v}{(2\phi-1)\theta u}$ .  $\square$ .

When  $c_E > \frac{B}{2}$ , it can be shown trivially that the separating equilibrium  $(1, 0)$  is PBE equilibrium of the game. Indeed, both strategies are played in equilibrium, with  $\phi(1, 0) = 1$ , the rep. voter elects the outsider which sends the signal, and the outsider and Establishment payoffs are respectively  $B$  and  $0$ , where the Establishment candidate has no incentive to send the signal since lying is too costly for her.

Also, because sending the signal is a strictly dominated strategy for the Establishment candidate, the strategy profile  $(1, 1)$  is never an equilibrium, and we are left to check that  $(0, 0)$  does not survive the intuitive criterion.

We know from what precedes that  $(0, 0)$  can be a PBE as long as the belief of the rep. voter off the equilibrium path  $\phi(1, 0)$  is such that  $\phi < \frac{1 + \frac{v}{(1-\varepsilon)\theta u}}{2}$ . However, when  $c_E > \frac{B}{2}$ , we also have that strategy  $s = 1$  is equilibrium dominated for the Establishment candidate under any belief  $\phi(0, 1)$ . Indeed, for any action taken by the rep. voter upon observing the signal, the Establishment candidate will always be worse-off than under the  $(0, 0)$  equilibrium if he chooses to deviate and send the signal<sup>22</sup>. Therefore, upon observing signal  $s = 1$ , the representative voter cannot put positive probability weight on the Establishment type and his out-of-equilibrium belief  $\phi(1, 0)$  must be equal to 1. Then, because the representative voter prefers to elect an Outsider candidate when  $\varepsilon < 1 - \frac{v}{\theta u}$ , he will vote for the candidate sending the signal, which implies that the outsider candidate would be strictly better-off if she sends the signal than under a  $(0, 0)$  equilibrium. The pooling equilibrium therefore does not survive the intuitive criterion, and  $(1, 0)$  is the unique eq. of the game.  $\square$

### Case where $\varepsilon \geq 1 - \frac{v}{\theta u}$

Note that when  $\varepsilon \geq 1 - \frac{v}{\theta u}$ , an Establishment candidate is preferred to an Outsider sending the signal  $s$  and a separating eq. thus cannot exist because the outsider is always better off choosing not to send no signal. Moreover, we have shown before that a pooling equilibrium will exist where no signal is announced whenever (18) is satisfied, and both candidates send the signal otherwise. Yet, in the absence of demand for political out-

---

<sup>22</sup>Even if the rep. voter were to elect the candidate sending the signal with certainty, the Establishment candidate's payoff would be strictly lower than under the pooling, no-signal equilibrium

siders, we have that  $\varepsilon \geq 1 - \frac{v}{\theta u}$ , which implies  $\frac{v}{(1-\varepsilon)\theta u} > 1$  and  $\frac{1 + \frac{v}{(1-\varepsilon)\theta u}}{2} > 1$ . By definition,  $\phi(0, 1) \leq 1$ , and (18) holds for any belief  $\phi(0, 1) \in [0, 1]$ . Therefore, a pooling no-signal equilibrium is the unique PBE of the game.  $\square$

### Proof of Proposition 3

**Case where  $\varepsilon \leq 1 - \frac{v}{\rho\theta u}$**

We start with the case where  $\varepsilon \leq 1 - \frac{v}{\rho\theta u}$  and there is demand for political outsiders.

When  $\xi \in (0, \xi_l)$  and both candidates can afford to lie about their social preferences, we must show that there exists a unique pooling equilibrium which depends on the relative credibility of social and economic platforms.

First, it is straightforward to see that truth-telling can never be an equilibrium as the liberal candidate always has an incentive to deviate to a conservative platform and tie the election, increasing her payoff doing so.

Let  $(L, L)$  be the strategies played by both players. When both candidates play  $L$ , the election is tied and the liberal (resp. conservative) candidate gets payoff  $\frac{B}{2}$  (resp.  $\frac{1}{2}[B - (1-q)\xi\gamma_c] - ql_c$ ). These strategies are sequentially rational provided that neither of them could increase her payoff by deviating to a  $C$  platform. For neither type  $k \in \{l, c\}$  to deviate, it must be that  $V_k[L|\sigma(L, L, \mu(L, L))] \geq V_k[C|\sigma(C, L, \mu(C, L))]$ .

We first establish that the former constraint is binding for the conservative candidate: Note that the liberal would increase her payoff only if she were to get elected with probability 1 ( $\sigma(C, L, \mu(C, L)) = 1$ ), which would yield a payoff of  $B - (1-q)\xi\gamma_l - ql_l > \frac{B}{2}$ . At the same time, the conservative candidate would increase her payoff running on a conservative platform if she gets elected with probability at least equal to  $\frac{1}{2}$  ( $\sigma(C, L, \mu(C, L)) = \frac{1}{2}$ ), which would yield payoff  $\frac{B}{2} > \frac{1}{2}[B - (1-q)\xi\gamma_c] - ql_c$ .

Therefore, the set of off-the-equilibrium-path beliefs  $\phi(C, L) = p$  which satisfies the no-deviation constraint are such that the rep. voter strictly prefers to vote for a liberal candidate upon observing  $(C, L)$ , i.e. s.t.  $\sigma(C, L, \mu(C, L)) = 0$ . Under our assumption that  $p > \frac{1}{2}$ , this is equivalent to



$$U[C|C, L] < U[L|C, L] \tag{19}$$

$$\iff pU^1[C|C] + (1-p)U^1[L|C] > (1-p)U^1[C|L] + pU^1[L|L] \tag{20}$$

$$\iff p[\varepsilon u + (1-\varepsilon)\rho\theta u] + (1-p)[\varepsilon u + (1-\xi)v] > (1-p)[\varepsilon u + (1-\varepsilon)\rho\theta u + \xi v] + p(\varepsilon u + v) \tag{21}$$

$$\iff \varepsilon > 1 - \frac{v(\xi + (2p-1)(1-\xi))}{(2p-1)\rho\theta u} \tag{22}$$

Therefore, under the assumption that  $p > \frac{1}{2}$ , we have that the strategy profile  $(L, L)$  is sequentially rational under the set of compatible belief  $p$  whenever  $\varepsilon > 1 - \frac{v(2\xi + (2p-1)(1-\xi))}{(2p-1)\rho\theta u}$  and  $(L, L)$  is a PBE of the game.

A symmetric argument allows to prove that this equilibrium is unique, and that  $(C, C)$  is the unique equilibrium when  $\varepsilon < 1 - \frac{v(\xi + (2p-1)(1-\xi))}{(2p-1)\rho\theta u}$ .  $\square$

When  $\xi \in (\xi_l, 1]$ , it can be shown trivially that truth-telling  $(C, L)$  is an equilibrium of the game. Indeed, all strategies are played in equilibrium, with  $\phi(C, L) = 1$ , and the liberal and conservative payoffs are respectively  $V_l[L|\sigma(C, L, \mu(C, L))] = 0$  and  $V_c[C|\sigma(L, L, \mu(L, L))] = B$ . Also, because lying is too costly for the liberal candidate, she has no incentive to deviate to  $C$ , and  $(C, L)$  is therefore a PBE.

Because announcing  $C$  is a strictly dominated strategy for the liberal candidate, we are left to check that  $(L, L)$  does not survive the intuitive criterion: When  $\xi > \xi_l$ , we have that strategy  $s = C$  is equilibrium dominated for the liberal candidate under any belief  $p$ . Indeed, for any action (voting rule) taken by the rep. voter upon observing a  $C$  platform, the liberal candidate will always be worse-off than under the  $(L, L)$  equilibrium if he chooses to deviate to  $C$ <sup>23</sup>. Therefore, upon observing platform  $C$ , the representative voter cannot put positive probability weight on the liberal type and his out-of-equilibrium belief  $\phi(C, L)$  must be such that  $p = 1$ . Also, because the representative voter prefers to elect a conservative candidate (recall that  $\varepsilon \leq 1 - \frac{v}{\rho\theta u}$ ), he will vote with certainty for the candidate deviating to a  $C$  platform. This implies that the conservative candidate would be strictly better-off by deviating from a liberal platform  $L$  to a conservative platform  $C$  under an  $(L, L)$  equilibrium, and that the pooling equilibrium  $(L, L)$  does not survive the

---

<sup>23</sup>Even if the rep. voter were to elect a liberal candidate running on a conservative platform with certainty, the candidate's payoff would be strictly lower than under the pooling liberal equilibrium:  $\xi > \xi_l \Rightarrow$  For any  $\mu \in [0, 1]^3$ ,  $V_l[L|\sigma(L, L, \mu(L, L))] > V_l[C|\sigma(C, L, \mu(C, L))]$

intuitive criterion.  $\square$

**Case where**  $1 - \frac{v}{\rho\theta u} < \varepsilon \leq 1$

Let's now look at the parameter space where  $(1 - \frac{v}{\rho\theta u} < \varepsilon \leq 1)$  when there exists no signal that will convince the representative voter to vote for a conservative candidate and a liberal candidate is therefore always preferred to a conservative one.

If  $\xi \in (\xi_c, 1]$ , it comes immediately that no pooling equilibrium can exist because lying about their preferences is too costly for both candidates. It is also trivial to check that truth-telling is an equilibrium. Indeed, when both candidates announce their preferred social policy,  $\phi(C, L) = 1$ , and the voting rule of the rep. voter is  $\sigma(C, L, \mu(C, L)) = 0$ , from which we obtain equilibrium payoffs  $V_l[L|\sigma(C, L, \mu(C, L))] = B$  and  $V_c[C|\sigma(L, L, \mu(L, L))] = 0$ . Also, because lying is too costly for the conservative candidate, she has no incentive to deviate to  $L$ , and  $(C, L)$  is therefore a PBE.

If  $\xi \in (0, \xi_c]$ , we have to prove that  $(L, L)$  is the only equilibrium. First, notice that  $(C, L)$  (truth-telling) cannot be an equilibrium because the cost of lying for the conservative candidate is low enough so that she has an incentive to lie and increase her payoff from  $V_c[C|\sigma(C, L, \mu(C, L))] = 0$  to  $V_c[L|\sigma(L, L, \mu(L, L))] = \frac{1}{2} \left[ B - (1 - q)\xi\gamma_c \right] - ql_c > 0$ . Second, the rep. voter's beliefs off the equilibrium path that are compatible with this equilibrium must be such that no candidate has an incentive to deviate to  $C$ . From what precedes, we know that the no-deviation condition will be satisfied for beliefs  $\phi(C, L) = p$  such that the rep. voter will prefer to vote for a conservative over a liberal platform, which is equivalent to

$$U[C|C, L] < U[L|C, L] \tag{23}$$

$$\iff (2p - 1) \left[ (1 - \varepsilon)\rho\theta u - v \right] < 2(1 - p)\xi v \tag{24}$$

When there is no demand for political outsiders, we have that  $1 - \frac{v}{\rho\theta u} < \varepsilon \leq 1$ , which implies  $(2p - 1) \left[ (1 - \varepsilon)\rho\theta u - v \right] < 0$  under our assumption that  $p > \frac{1}{2}$ . Hence, (24) is always satisfied. By a symmetric argument, it is trivial to show that there exists no

off-the-equilibrium-path beliefs  $p$  such that  $(C, C)$  is sequentially rational, and therefore  $(L, L)$  is the only PBE of the game when  $1 - \frac{v}{\rho\theta u} < \varepsilon \leq 1$  and  $\xi \in (0, \xi_c]$ .  $\square$

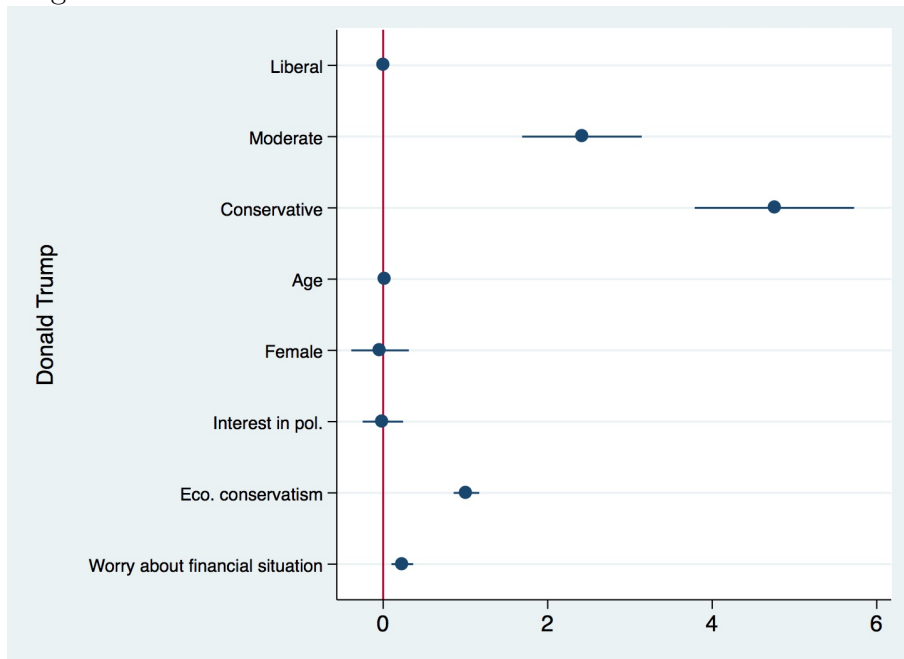
## Tables and figures

### ANES study

Table 1: Summary statistics

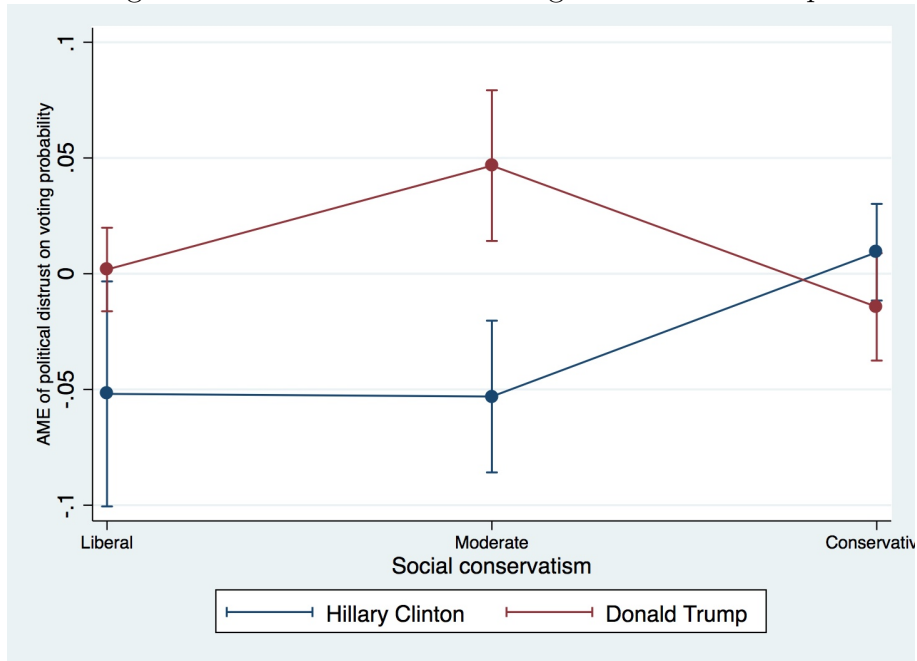
Variable	Mean	Std. Dev.	Min.	Max.	N
Vote choice					
<i>Hillary Clinton</i>	0.48	0.5	0	1	1982
<i>Donald Trump</i>	0.47	0.5	0	1	1982
<i>Gary Johnson</i>	0.04	0.2	0	1	1982
<i>Jill Stein</i>	0.01	0.1	0	1	1982
Social conservatism	2.07	0.71	1	3	1982
Pol. distrust	3.58	1.02	1	5	1982
Age	52.34	16.74	18	90	1982
Female	0.51	0.5	0	1	1982
Interest in pol.	1.88	0.74	1	4	1982
Eco. conservatism (PCA)	0.13	1.76	-3.27	4.08	1982
Worry about financial situation	2.59	1.17	1	5	1982

Figure 3: US election: Individual characteristics and vote choice



Notes: The coefficients from a multinomial logit model are reported with confidence intervals and measure the effect of individual characteristics on the predicted probability of choosing Donald Trump over Hillary Clinton in the 2016 election. Liberal is the reference category of the social conservatism scale - Liberal, moderate, conservative - and coefficients are therefore equal to 0.

Figure 4: Effect of trust on voting for Donald Trump



Notes: The y-axis measures the average marginal effect of political distrust on the predicted probability of voting for either Donald Trump or Hillary Clinton. Effects for Jill Stein and Gary Johnson are not reported as they are not statistically different from zero for any level of social conservatism.

# European Social Survey

Table 2: Elections, voters and ESS survey by country and year

Country	# Elections	Election year.	# Survey rounds	Survey years	# Voters	# Moderate voters
Austria	5	2002, 2006, 2008, 2013	7	2004, 2006, 2008, 2010, 2014, 2016,	8,472	3,034
Belgium	5	1999, 2003, 2007, 2010, 2014	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	9,504	3,698
Bulgaria	3	2005, 2009, 2011	4	2006, 2008, 2010, 2012,	4,713	1,236
Cyprus	3	2006, 2011, 2016	5	2006, 2008, 2010, 2012,	1,310	432
Czech Republic	5	2002, 2006, 2010, 2013	7	2004, 2008, 2010, 2012, 2014, 2016,	2,554	942
Denmark	4	2001, 2005, 2007, 2011	6	2004, 2006, 2008, 2010, 2012, 2014	7,290	2,447
Estonia	4	2003, 2007, 2011, 2015	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	8,589	3,219
Finland	5	1999, 2003, 2007, 2011, 2015	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	6,527	2,328
France	4	2002, 2007, 2012, 2017	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	10,305	3,632
Germany	5	2002, 2005, 2009, 2013	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	7,865	3,007
Greece	3	2004, 2007, 2009	3	2004, 2010, 2012	14,662	5,564
Hungary	4	2002, 2006, 2010, 2014	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	5,088	1,849
Iceland	3	2009, 2016	2	2012, 2016	6,248	1,935
Ireland	4	2002, 2007, 2011, 2016	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	10,416	3,500
Italy	4	2001, 2006, 2013,	4	2004, 2012, 2016,	1,869	467
Lithuania	3	2008, 2012, 2016	5	2008, 2010, 2012, 2014, 2016	2,606	807
Luxembourg	2	1999, 2004	2	2002, 2004	1,288	270
Netherlands	5	2003, 2006, 2010, 2012	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	11,357	4,255
Norway	5	2001, 2005, 2009, 2013	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	9,613	3,595
Poland	3	2005, 2007, 2011	5	2006, 2008, 2010, 2012, 2014	7,113	2,404
Portugal	5	2002, 2005, 2009, 2011, 2015	7	2004, 2006, 2008, 2010, 2012, 2014, 2016	5,872	1,949
Slovakia	4	2002, 2006, 2010, 2012	5	2004, 2006, 2008, 2010, 2012	4,880	1,643
Slovenia	4	2004, 2008, 2011, 2014	6	2006, 2008, 2010, 2012, 2014, 2016	5,373	1,915
Spain	4	2004, 2008, 2011, 2016	7	2004, 2006, 2008, 2010, 2012, 2014, 2016	7,459	2,666
Sweden	4	2002, 2006, 2010, 2014	7	2004, 2006, 2008, 2010, 2012, 2014, 2016	11,043	3,915
Switzerland	5	1999, 2003, 2007, 2011, 2015	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	5,890	2,223
United Kingdom	5	2001, 2005, 2010, 2015	8	2004, 2006, 2008, 2010, 2012, 2014, 2016,	10,623	3,971

Table 3: List of social outsider parties

Country	Party	Conservatism ( <i>galtan</i> score)
Austria	FPO	9.67
Belgium	VB	9.37
Belgium	FN	9.75
Bulgaria	NOA	9.17
Croatia	HSP	9.38
Denmark	DF	8.92
Finland	SKL	8.10
Finland	PS	9.11
France	MN	9.71
France	MPF	9.00
France	FN	9.80
Germany	DVU	9.82
Germany	AfD	8.69
Germany	REP	9.42
Greece	XA	10.00
Greece	LAOS	9.55
Hungary	MIEP	9.69
Hungary	JOBBIK	9.41
Italy	LN	9.14
Italy	Fdl	9.29
Italy	MS	9.60
Lithuania	DK	9.00
Netherlands	CU	8.78
Netherlands	SGP	9.38
Norway	KrF	8.25
Poland	KNP	8.82
Poland	PiS	9.57
Poland	LPR	10.00
Portugal	CDS-PP	8.90
Slovakia	SNS	9.21
Slovenia	NSI	9.33
Sweden	SD	8.25
Sweden	KD	7.50
Switzerland	SVP/UDC	9.38
Switzerland	EDU/UDF	9.13
Switzerland	LdT	8.25
UK	UKIP	9.29
UK	BNP	9.53

Table 4: Descriptive statistics

Variable	Mean	Std. Dev.	Min.	Max.
Gov. ensures safety	7.11	2.43	0	10
Gay rights	2.59	2.82	0	10
Accept immig. from different ethnic back.	4.56	2.9	0	10
Follow traditions	6.58	2.68	0	10
Immig. make country worse place to live	4.88	2.24	0	10
Immig. undermine country's culture	4.13	2.48	0	10
Voter's social conservatism (PCA)	4.81	1.74	0	10
Trust in political parties	4.01	2.27	0	10
Social distance	1.96	1.51	0	8.93
Economic distance	3.01	2.05	0	9.91

Source: All variables were standardized on a 0-10 scale for comparability. A higher score indicates more conservative views.

Table 5: Main results

	Determinants of voting choice		
	(1)	(2)	(3)
Social distance	-7.06*** (0.12)	-4.70*** (0.22)	-2.20*** (0.13)
Economic distance	-2.34*** (0.10)	-2.28*** (0.10)	-1.99*** (0.11)
Social_distance $\times$ Trust		-0.69*** (0.057)	
Trust in political parties <sup>a</sup>			-0.51*** (0.012)
Number of cases	37709	37709	37709
$\chi^2$	3823.8	3817.9	4710.7

a. The coefficient corresponds the estimated effect of political trust on voting for the social outsider alternative. Standard errors in parentheses and clustered at the individual (case) level. Sampling design and population weights used. \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*

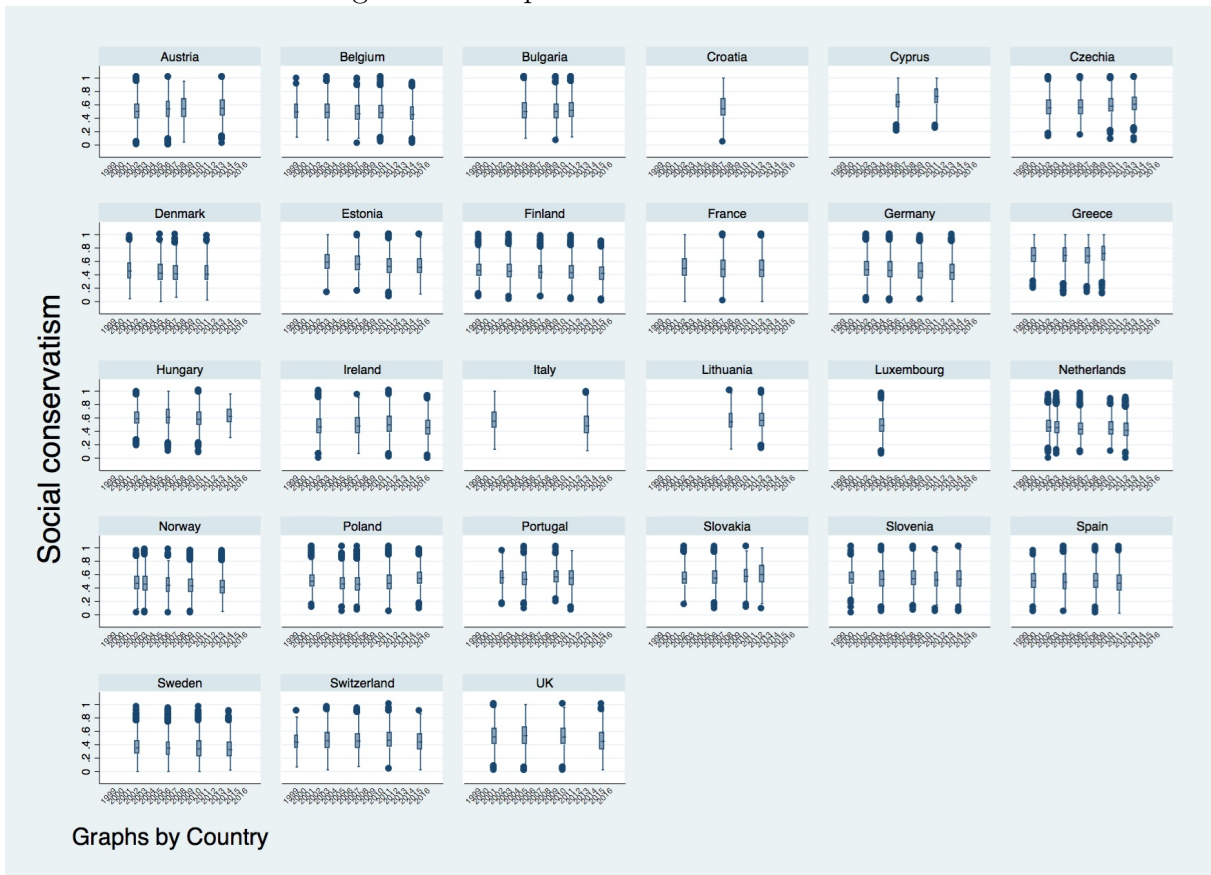


Table 6: Robustness checks

	Small brackets		Voter coverage		Election year		Alt. trust
Social distance	-7.18***	-4.82***	-9.04***	-6.62***	-6.18***	-3.73***	-4.51***
	(0.17)	(0.31)	(0.19)	(0.41)	(0.15)	(0.27)	(0.21)
Economic distance	-2.33***	-2.27***	-1.78***	-1.82***	-2.40***	-2.32***	-2.29***
	(0.14)	(0.14)	(0.17)	(0.17)	(0.15)	(0.15)	(0.10)
Social_distance × Trust		-0.69***		-0.65***		-0.72***	-0.75***
		(0.083)		(0.10)		(0.075)	(0.055)
Number of cases	18862	18862	25860	25860	18896	18896	37650
$\chi^2$	1959.3	1940.5	2282.5	2331.5	1717.3	1637.4	3844.1

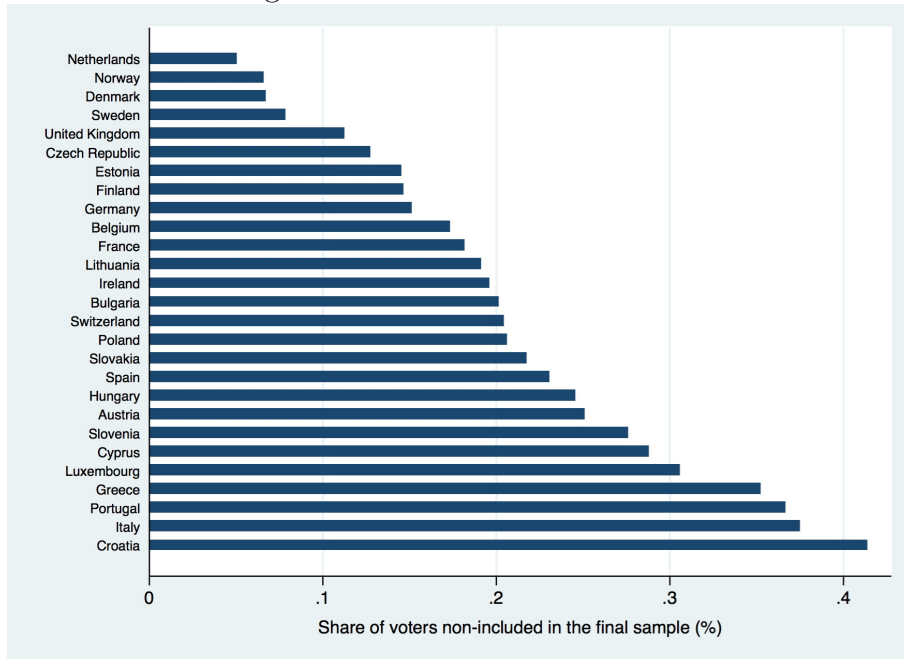
Standard errors in parentheses and clustered at the individual (case) level. Sampling design and population weights used. The Small bracket regressions contain the main results for a sample that includes individuals in the 5<sup>th</sup> and 6<sup>th</sup> deciles of the social conservatism distribution. The Voter coverage regressions excludes countries where more than 20% of voters voted for a party that was not covered by the CHES survey. Election year regressions focus on individuals who voted on the year preceding, the same year, or the year after they were surveyed by the ESS. The Alt. trust column shows the effect of trust on social distance using trust in politicians instead of trust in political parties as a measure of political trust. \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*

Figure 5: Box plots of social conservatism



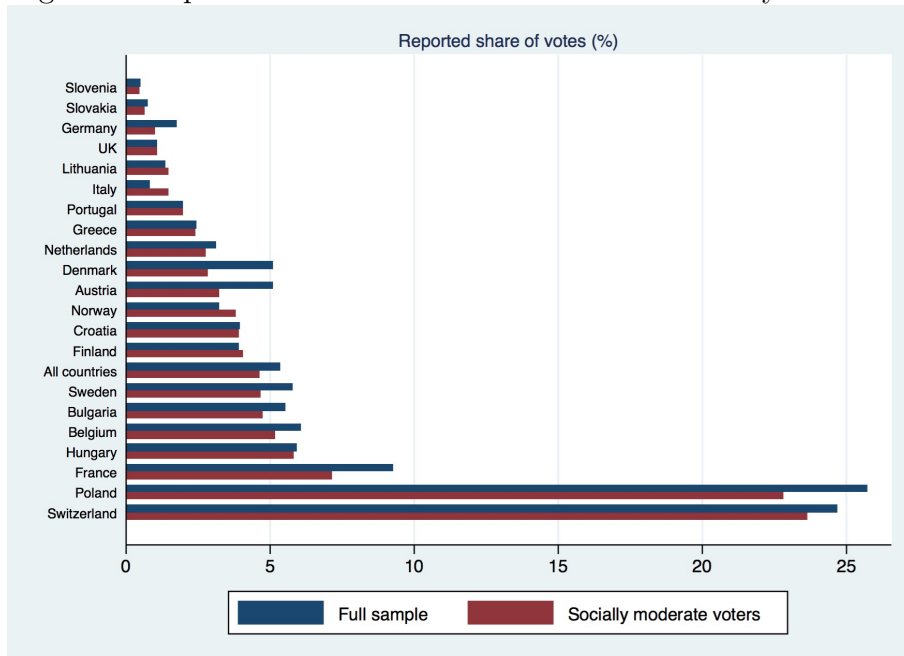
Notes: Country-level distribution of social conservatism among individuals with the right to vote. The x-axis represents all voting years covered in the ESS survey between 2002 and 2016. Source: ESS survey and authors' own calculations.

Figure 6: Share of voters left-out



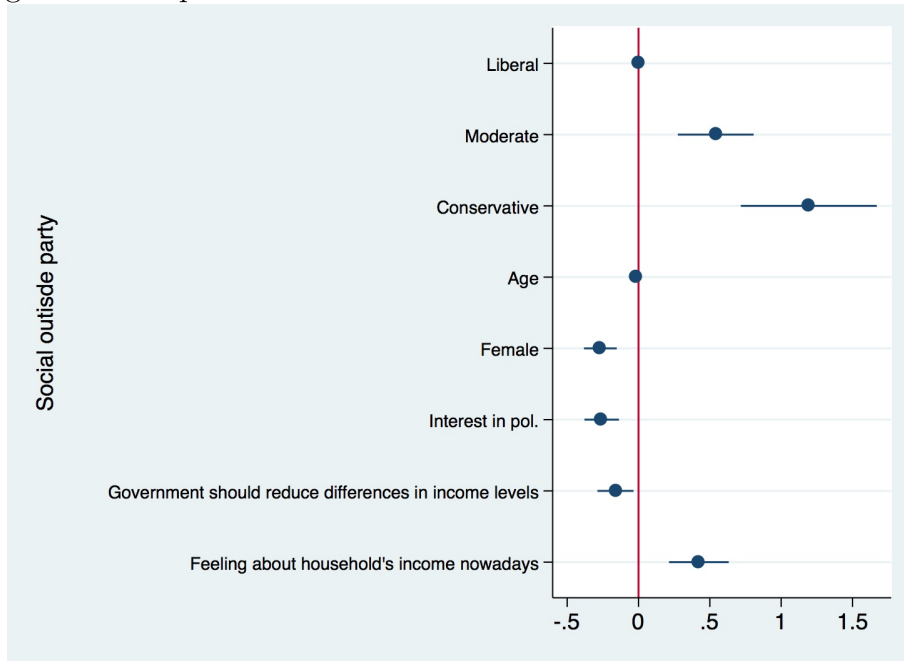
Notes: Reported share of voters left out of the analysis because they refused to give the name of the party they voted for or because that party was not covered in the CHES database.

Figure 7: Reported share of votes for social outsiders by countries



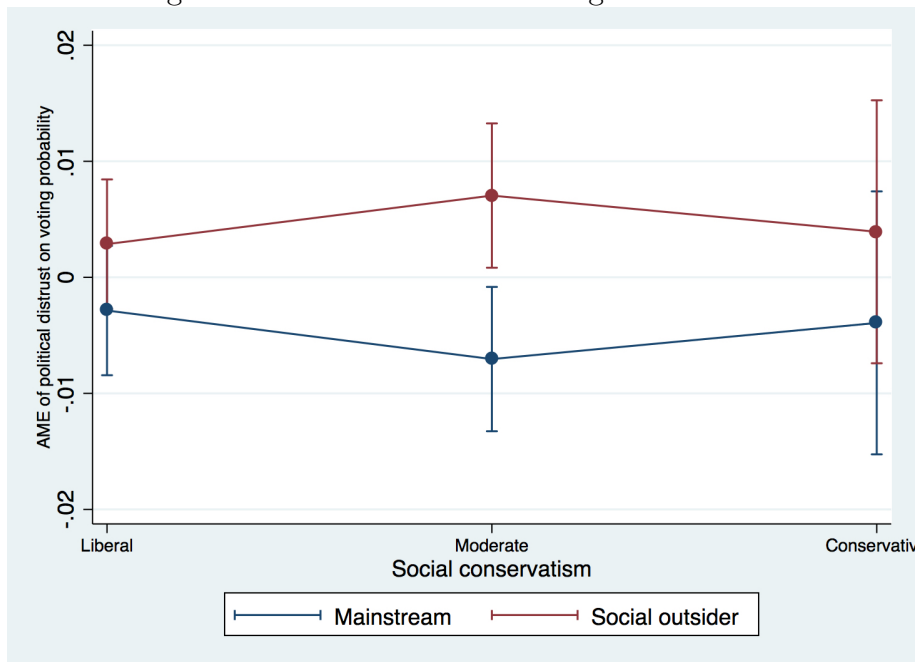
Notes: Reported aggregate vote shares for all election years covered by the ESS survey between 2002 and 2016.

Figure 8: European election: Individual characteristics and vote choice



Notes: The coefficients from a multinomial logit model are reported with confidence intervals and measure the effect of individual characteristics on the predicted probability of voting for a social outsider over a mainstream political party in a given election. The regression accounts for survey design and population weights. Standard errors are clustered at the country-election level. Liberal is the reference category of the social conservatism scale - Liberal, moderate, conservative - and coefficients are therefore equal to 0.

Figure 9: Effect of trust on voting for outsiders



Notes: The y-axis measures the average marginal effect of political distrust on the predicted probability of voting for a social outsider or a mainstream political party. The regression accounts for survey design and population weights. Standard errors are clustered at the country-election level.