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in Europe"**

RELATORE:

CH.MA PROF.SSA DONATA FAVARO

LAUREANDO: ANDREA CALÒ

MATRICOLA N. 1242491

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Firma (signature) 

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Ai miei genitori e a mia sorella, cui devo eterna gratitudine per il supporto che mai mi hanno fatto mancare e per la persona che mi hanno educato ad essere.

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Introduction

In the grand scheme of history, the magnitude the rise of populism has reached is rather a new phenomenon. What once were marginal and residual clusters of electoral support have now become a staple of western politics. Populist parties, either to the left or to the right of the political spectrum, have gained considerable traction in most European countries, and even entered government in many of those countries where traditional mainstream parties had monopolized power throughout the 20th and the beginning of the 21st century.

In its long history, the word “populism” has kept a vague and opaque meaning, and it has been applied to a multitude of political phenomena, ranging from left-wing parties, prominent in the 20th century in economically deprived nations of Africa and Latin-America, to far-right politicians, that took over traditional conservative platforms (think of Donald Trump in the US or Boris Johnson in the UK) or started new movements on the wave of economic and immigration shocks in historically stable and democratic nations. “Populism” has now become so common and wide ranging that it’s hard to conceptualize it. The expression has been mentioned in countless academic papers and publications, aside from being used regularly on media outlets, debates, social media.

Despite the proportion of the issue, interpreting its roots and identifying how and why it has expanded so rapidly has proved to be extremely difficult. Research on this matter has captivated the attention of scholars of all sides, from psychologists and social scientists to economists and communication experts. Each one brings a different perspective and interpretation of the incredible success populist platforms have had in the last decade.

An influential and popular line of thought on the rise of populism has focused on the concept of cultural values. In fact, most populist movements tend to appeal to a sense of national or cultural pride, which is supposedly threatened by globalization, multiculturalism, and other perceived challenges. This appeal can be a powerful tool in mobilizing support for populist causes, as it taps into deep-seated emotions and feelings of belonging. Another culturally relevant issue behind the growth of populism could also be the broader cultural shift towards individualism and consumerism. In many western societies, there is a growing emphasis on personal autonomy, choice, and self-expression, which is leading to a decline in traditional social and cultural institutions. This has created a sense of dislocation and alienation among many people, who feel that their values and way of life are no longer represented in mainstream politics. While some of these arguments have proven to have merit (anti-immigration sentiment surely played a part) they failed to capture deeper motives. In particular, the idea that this

supposed “cultural backlash” was the result of intergenerational conflict, where older more conservative generations are opposed to the younger more liberal cohorts is faulted with statistical imprecision, as populist and authoritarian attitudes have been proven to be transversal to different age groups; and while it’s true poorer regions are more lenient to voting for extremist parties, many areas with relative economic prosperity have seen seemingly inexplicable shifts towards extremism as well.

With this work, we want to contribute to the debate on the cultural roots of populism in Europe, by employing econometric techniques with the goal of exploring the interaction between cultural values and populist ascension to prominence. To achieve this, our study relies on Geert Hofstede’s dimensions of national culture, a complete and multifaceted framework, useful to examine how different elements of culture compare in different countries.

Therefore, the hypothesis we test is that these dimensions have a significant effect on recorded levels of populism. The study makes use of OLS, random effects, and instrumental variable regression to examine the relationship between the six cultural dimension variables (individualism, masculinity, power distance, uncertainty avoidance, and indulgence) and the performance of populist parties in the European Union.

The work is articulated in three chapters, and the content is divided as follows:

1. In Chapter I, we present the reader with an introduction to the theoretical approach to populism, with an overview of both social scientists’ and economists’ contributions on this matter.
2. In Chapter II, we define the research question, and review existing literature on the demand side of populism, before delving into the presentation of the six cultural dimensions used as explanatory variables.
3. In Chapter III, we present and discuss the methodology and the results of the empirical analysis conducted using electoral data from European parliamentary elections.

The goal is to offer a new perspective on the role that Hofstede’s measures of culture have in determining this political phenomenon, in light of both its importance and complexity.

Chapter 1

Populism in social and economic sciences

In this chapter we explore definitions and theory on populism as a social, political, and economic phenomenon. Defining populism has proved to be a problematic and complex task, because of the very set of ideas and policies one commonly applies the definition to. Furthermore, parties and politicians sometimes shift between normal political discourse and populist rhetoric, which might make it more difficult to define specific identification criteria for populist parties. Determining what constitutes “populism” or “populist” individuals is essentially a matter of applying some discretionary criteria, which we are luckily able to identify in the rich social sciences literature that has focused on analyzing the issue. The two main tools one can rely on are contents, in terms of words and rhetoric, and actual political agendas, policy proposals, and policy outcomes, which give a clearer idea of what populist policies or practices produce in terms of real results.

1.1 Mudde’s ideational approach and the core concepts of populist rhetoric

The paper that offers perhaps the best content-related definition of populism is Mudde’s “Populist Zeitgeist” (2004). Despite being antecedent to modern populism, this work managed to capture what is arguably the essence of populist rhetoric; in the words of the author himself: *“an ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups, ‘the pure people’ versus ‘the corrupt elite’, and which argues that politics should be an expression of the volonté générale (general will) of the people”*.

With this definition, Mudde emphasizes that populism is not exclusive to any specific political ideology or position on the traditional left-right spectrum. Instead, it is characterized by a rhetorical style that seeks to establish a direct connection between the leader and the people, often relying on emotional appeals, simplistic solutions, and a rejection of established institutions and political norms. This rhetoric is often accompanied by the promise of straightforward solutions to complex problems, appealing to the frustrations and grievances of the people.

Mudde’s approach, that was labeled “ideational”, has inspired a huge wave of research, and shaped the borders for defining movements as populists. Modern databases on populism use his criteria in examining manifestos and public speeches or television debates. The Popu-list project follows a pattern of speech recognition for listing populist parties that is based on

identifying anti-elitist messages. Similarly, Roodujin and Pauwels (2011) experimented with computer-based speech pattern analysis and obtained a reliable method of populist recognition. Van Kessel (2015) famously employed a similar strategy to compile an extensive list of populist movements in Europe. Methods based on the ideational approach are especially good at differentiating between temporary and permanent populist behaviors, as they do not depend on some intrinsic property of a politician or political party but rather on the way they decide to communicate on one particular electoral turnaround or one particular point in time.

Drawing on Mudde's insight Stanley (2008) has argued that populism should therefore be described as a "thin" ideology. Unlike comprehensive ideologies such as liberalism, conservatism, or socialism, populism lacks a well-defined and consistent set of principles or policy prescriptions. Instead, it is primarily defined by its rhetoric, appeal to the common people, and opposition to the perceived elite or establishment. Expanding on Mudde's concept of populism, the author has also defined four properties that are common to all populists' rhetoric:

- The distinction between 'people' and 'elite', as homogenous entities.
- The adversarial relationship between the two groups.
- The idea of popular sovereignty.
- The positive valorization of people as a group.

Given its anti-elitist nature, populism adapts to different contexts and issues by adopting adversarial and antagonistic positions. Often, policies are not discussed on a prepositive basis but on the sole contraposition to governing bodies and powers in place. Similarly, when studying populism in Latin America, Kurt Weyland (2001) argued that populism is a strategy rather than an ideology, that is based on personalistic leadership, whose success is founded on direct and unorganized support from a large number of followers. This poses some difficulties in tracing the phenomenon because, contrary to other more conventional political traditions, it lacks communal core concepts, especially in the definition of its economic goals which may vary a lot from country to country. Besides, the idea of being inherently opposed to institutional constraints and power often leads to different outcomes when faced with the challenge of governing. Different populists have different bedfellows, which means that, what some populists define as 'elite' may not coincide with the definition given by some others. For example, left-wing populists tend to be at odds with businesses and industrialists, whereas right-wing populists often try to appeal to business communities and build their political manifestos around worries about migrants and competing nations (Kaltwasser, 2018). Similarly, the way populists define 'the people' as one homogenous group lacks any specific conceptual depth.

Left-wing populists generally aim at addressing ‘the mass’ as people who sit at the bottom of the social and economic hierarchy. For right-wing populists, on the other hand, ‘the people’ is a nationally and ethnically uniform group, that shares values and beliefs rooted in tradition.

The main distinction one could make among populist parties is along the lines of Mudde’s further work (2007, 2013), that established the categories of inclusionary and exclusionary populist parties. The differences the author identifies between the two groups are political, economic, and consequently geographical, keeping in mind that further evolution of the phenomenon has blurred the lines between parties of different countries and/or parties from different sides of the political spectrum.

These differences are rooted in the main dimensions of each party’s platform, but generally speaking, exclusionary populism primarily has a sociocultural dimension (the aim is excluding groups or minorities that are considered aliens to national culture), while inclusionary populism focuses on the socioeconomic dimension (the aim to include the poor and marginalized groups of the population). It’s worth noting that these are largely superficial aspects of populist strategy and do not necessarily reflect the action that political actors intend to take.

Exclusionary populist parties (to which we can refer to as EPPs), for example, are often sponsoring economic expansion through welfare and public subsidies, embracing economic rhetoric that is more akin to the political left than to the right. Welfare chauvinism has been the core of populist action in many countries where EPPs have risen to power (Van Kessel, 2015). Inclusionary populist parties (to which we can refer to as IPPs) usually share a common economic agenda, focusing on growth and redistribution, but may take stances on social issues that are not aligned with more mainstream progressive values (like gay rights, abortion) because of religious or cultural beliefs (Mudde, 2012).

In Mudde’s original work of 2007, EPPs were those parties that emerged because of the rise to prominence of identity politics starting from the 1990s’, as the salience of issues like immigration and globalization increased to the point of shaking longstanding political and economic habits, replacing post-fascist and far-right parties that had been irrelevant or marginalized in the years prior. The history of IPPs, on the other hand, started in Latin America long before the cold war ended. South American IPPs were those that Dornbush described in his seminal 1991 paper on populism (more on this later), whose success was fueled by economic and social deprivation in the Region. These parties were often politically aligned with the Soviet Union and were instrumental in the fragile equilibria of the conflict between communist Russia and the United States. They enjoyed various phases of political success but often produced inconsistent policies and failed to stay in power. Despite the varying historical and geographical

circumstances, the tradition of IPPs is still alive and relevant in modern Latin America, having resulted in debated and controversial results (Magud and Spilimbergo, 2017).

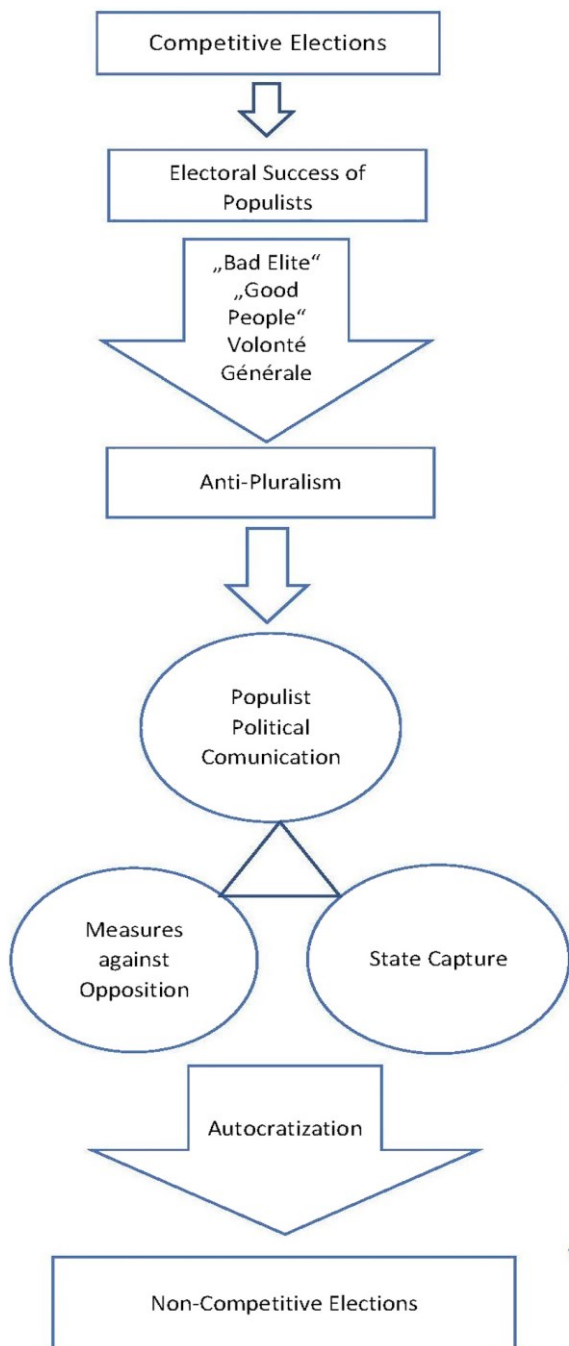
The definition of IPPs that Mudde originally proposed didn't include European populist parties that could as well be included in the category on the basis of their economic agenda, because of the lower relevancy populist parties on the left had compared to EPPs, at the time his work was first published. More recently however, the distinction between EPPs and IPPs has been extended to the modern European context, thanks to the contribution of other authors like Van Kessel (2015), Markou (2017), Kaltwasser (2013) and because of the increasing popular support IPPs have gained in some European countries (Podemos in Spain and Syriza in Greece are clear examples).

1.2 Populism and Politics: the implications of populism on democratic qualities

The ideational approach is not only employed in identifying populism ex ante, but also has some direct implications on the policies that populists are likely to adopt and put forward. The most important of these is that populist efforts are often directed at undermining the foundations of liberal democracy (Kaltwasser, 2018). Equating liberalism and elitism is, in fact, a common feat of populist rhetoric. The first reason for this is that democratic institutions are identified as the root cause for most of the pre-existing issues that the 'people' are facing. Secondly, liberal democracy and pluralism in general are the embodiments of political negotiation and compromise, and those are more likely to safeguard the interests of wealthy and powerful elites (Muno, Pfeiffer, 2022), rather than those of ordinary families and individuals. Also, depending on a country's laws on parties' financing, politicians might need a helping hand from lobbyists and individual donations. Donald Trump's campaign argument of not being in anyone's pocket was perhaps one of its strongest. For these reasons many have argued that populism and democracy are essentially incompatible. For Abts and Rummens (2007) the populist concept of "the people" creates a logic that disregards the concept of diversity within the political debate, making it impossible to contemplate the idea of political pluralism.

Of course, several factors play a part in how successful this strategy can be: the degree to which this attempt at eradicating pluralism can go depends on a country's context, in terms of both internal and external factors. Countries with longstanding democratic institutions, strong constitutional limits and international supervision are less prone to this kind of institutional risk, although history as shown, as recently as 2022, how violence and extremism can still endanger liberal democracy.

Populist parties can and often do play a significant role in the deterioration of democratic institutions, both as government partners and as an external presence. As ascertained by Muno and Pfeiffer (2022) and Vittori (2022), populist governance has led to the worsening of several indicators of liberal democratic quality, not only in eastern Europe but also in major western European nations. Muno and Pfeiffer, in particular, have modeled the ideal form of populist governance, to reconcile the nature of populist parties with their action once in power. In their scheme they use an example of populist regime that is ultimately leading towards autocracy via means of State capture, political communication, and measures against opposition parties.



Source: Muno and Pfeiffer (2022)

The strategy of state capture entails patronage of key institutional positions (usually appointing followers), clientelism, populist constitutionalism and electoral system changes. This is usually accompanied by specific political communication: many populists create an environment of endless electoral campaign, even when in power, employing demagoguery and establishing a cult-like relationship between the party leadership and its followers. This could be observed, for example, in Orbán’s communication strategy in Hungary. As Prime Minister of the country he often depicts himself as the guardian of ‘national culture’ as opposed to ‘supranational’ elites that propel openness and cosmopolitanism. This can even extend to co-opting or acquisition of media outlets by wealthy individuals aligned with the national government. Legislative measures against the opposition involve discriminatory legalism, avoidance of intermediary institutions, and repression of oppositional civil society. This implies an actual and concrete attempt at eradicating forms of dissent, usually through laws that diminish or

outright eliminate the opportunity for opposition parties to join forces in parliament (as it happened in Hungary), eliminate checks and balances to give governing bodies essentially limitless legislative power, modify the electoral system to give disproportionate representation to the governing coalition and eliminate regulatory limits on media ownership to foster the agenda of populists and reduce the attention for critics.

Using the GSoDI (Global State of Democracy Indices) data set Vittori (2022) was able to establish empirical evidence that populism negatively impacts European indicators like “Checks on government, Freedom of expression, Fundamental rights and Civil liberties”. Populists, specifically exclusionary populist parties, both as major governing forces or minor government partners, have produced particularly bad results when it comes to minority rights, pluralism and political participation.

The effects of populist parties on politics and their relationship with democracy have also been studied in association with other dimensions of political competition like party systems, influence on mainstream parties and voter turnout (Caiano and Graziano, 2022). The effect of populist parties on shifting issue positioning for mainstream parties has been studied by looking at changes and shifts in programmatic positions regarding essential themes of populist programs (immigration, globalization, anti-establishment rhetoric, and EU integration). Tarik Abou-Chadi and Werner Krause (2018) provided empirical evidence of how, since the 1980s, mainstream parties in 23 European countries have adapted because of the emergence of populist parties (mainly radical right parties) with a policy shift towards populist positions. Steven Wolinetz and Andrej Zaslove (2018) used case studies to show how populist parties across Europe affected mainstream parties, and political competition, highlighting how, while the impact is limited in more consolidated party systems, in countries with high electoral volatility like Italy, the rise of populism has carried much more weight. Akkerman (2015) and Roodujin et al. (2014) have shown how, in some cases, populists have been able to contaminate the agendas of mainstream parties in the political system shifting the content and the tone of the political debate towards polarization and extremism as well as elevating certain issues to a more prominent position in the public debate.

The effects of populism on other indicators like political participation and trust are strongly debated and mostly ambiguous. One might expect that populist parties increase voter turnout (Huber and Ruth 2017) because of their anti-establishment agenda and people-centric political strategy, but this has not been the case in countries other than Eastern European ones. Mauk (2020) has used European Social Survey data to prove that populist success does indeed have a positive effect on political trust, possibly because of people’s perception of populist parties as corrective forces. However, this has proved to only be true for nations with pre-existing issues

that affected trust, such as low democratic quality, low government performance and corruption. Once again, contextual factors play a key role in studying the phenomenon, as initial conditions mostly determine how much of an effect populism could have on individual-level behavior.

1.3 The ‘economic’ definition of populism: Dornbush and Edwards policy outcomes approach

A different approach to populism was the one presented by Dornbush and Edwards in a seminal 1991 paper, that would lay the foundations for an ample literature focused on the economic outcomes of populist governance (see: Magud and Spilimbergo, 2017; Guiso et al., 2017; Margalit Y., 2019; Rodrik, 2016). The model and definition they provide best describes populism in South American countries, specifically for those governments led by the type of populist movements that Mudde later described as Inclusionary populist parties. This suggests that the work they presented may be somewhat outdated, but it is nonetheless pivotal in its contribution to economic research on the matter of extremism and its long-term repercussions. The model is based on the life cycle of populist governments in Latin America, and it uses two clear-cut examples of the vicious economic cycle induced by populism in power: Chile under Allende in the period 1970/1973 and Peru under Alan Garcia.

Despite being far from the reality of modern Europe, this paper was the first to discuss the effects of irresponsible economic policy on long-term financial stability with the idea of providing a clear definition of this phenomenon. This has now become recurrent even in European nations, where surges in populist consensus have presented serious threats to economic security.

The definition the authors give of what they call macroeconomic populism is the following:

“[...] an approach to economics that emphasizes growth and income distribution and deemphasizes the risks of inflation and deficit finance, external constraints and the reaction of economic agents to aggressive non-market policies.”

What this passage suggests is that this ‘economic’ approach is based on results rather than political contents: the latter can be branded as ‘populist’ only to the extent to which they will lead to the same failing economic outcomes.

Dornbush and Edwards argue that the conditions under which populist governance may arise are economic growth underperformance, stagnation, or depression, coupled with growing inequality. They further point out how most of the countries in which these conditions were

verified also experienced the application of IMF programs, that might affect living standards and be accompanied by severe austerity measures; an interesting parallel to the case of Greece that has endured similar circumstances in more recent times. The appeal of populist parties in such a scenario increases, under promises of economic restructuring and drastic redistribution policies.

In their populist paradigm they elaborate four phases of events unfolding. The first phase is generally one of output growth, real wages and employment increases. The second phase entails strong expansion in demand that produces bottlenecks, price realignments and depreciation of the exchange rate. In the third phase shortages start to appear, together with inflation surges and capital flight. In the final phase governments are forced to accept stabilization, either committing to IMF reform programs or by adopting more orthodox macroeconomic policies.

As mentioned before this thesis is unsuitable for describing modern populism in Europe, for several reasons: monetary policy in the EU is in the hands of the European Central Bank and national CBs cannot accommodate expansionary economic policies in a fashion that was common in the previous century; deficit financing is regulated and yearly economic plans at the State level now have to be vetted and approved by the European Commission; debt-to-GDP ratios are similarly regulated and under the scope of European institutions; fiscal space has severely reduced for most developed nations giving less leeway for generous welfare and redistributive policies.

It's worth noting that despite these historical changes the demand for expansionary policies is not irrelevant in modern Europe, especially in countries that had to cut back on social and welfare policies under the fiscal restrictions of the European Union; modern examples of which are southern European countries like Italy, Greece, Portugal, and Spain.

The 'economic' approach discussed in this paragraph might be historically dated, but still has some degree of applicability. Its importance lies in being essentially the first attempt at elaborating on the economic conditions for populism to prosper, and on the actual consequences of populism on the economy, a theme later explored by many others.

1.4 The economic consequences of Populism

Of the inconsistency of populist economic policy much evidence has been collected for the 20th century, particularly for South America and other economically deprived regions of the world. Data studies regarding the modern western world are scarce, due to the novelty of the issue,

although some research papers have investigated this relatively new matter to shed light on the impact it might have in the context of developed countries.

The two problems one is faced with when evaluating the economic consequences of populism in Europe are the existence of strong fiscal constraints on economic policy in the Euro area, as aforementioned, and that not many countries have had solely-populist led governments in power. Nonetheless, there are a few research papers on the matter that provide useful insight. Balduzzi et al. (2020) used instrumental variable regression analysis to measure the permanent effects of political risk shocks in Italy (instrumented on CDS spread changes in the aftermath of relevant political dates) on a number of financial and macroeconomic variables, like long-term debt sustainability and stock market returns, and their results confirm the negative impact of populist governance and its spillover effects on neighboring European countries. Hartwell (2022) used a GARCH-in-mean model to measure the effects of populist electoral success on the stock market for European, Latin American and Asian countries and suggested that, despite the effects on returns being ambiguous (and probably context-related), in the aftermath of populist success, returns' volatility permanently increased in all the cases under inspection.

Funke et al. (2020) studied the relationship between populist leadership and growth performance and consumption data on a set of countries that includes Italy, Greece, Slovakia and Poland. They use the synthetic control method to investigate whether there exists a performance gap in annualized real GDP growth after populist leadership is established. They find that countries do in fact underperform under populist governance, compared both to their long-run growth rate and to the global growth rate at the time they governed.

Another recent study by Stankov (2020) focused on the role of populist leaders in constrained economic environments, and how their effect on economic policy changes when they must deal with more restrictions than the ones populist leaders had in regions of Latin America and Asia. The first result is that constrained populists do not have any inflationary consequences, in sharp contrast with Dornbush and Edwards, but in line with what one might expect for contemporary Europe. When it comes to other indicators of fiscal policies, the results suggested that their impact on deficit expansion is limited, especially for far-right governments. In many cases far right or Eurosceptic populists (what we define as exclusionary populist parties) do not embrace macroeconomic populism, but still produce suboptimal policies. The sharpest differences the authors find between inclusionary and exclusionary populist rule is that only the former usually provokes economic recession in the short-run, although both have similar negative effect on the real economy in the long-run.

The theme of the economic impact of populism in Europe still mostly represents unexplored territory, but there's enough evidence to support the case that, be it through its impact on

institutional quality or on economic stability, populist parties are a threat to both the integrity of democracy and long-term economic prosperity. The dynamics of public debt are a particularly relevant issue when it comes to populists' talking points. Undermining debt sustainability and questioning fiscal policy limitations have been part of a recurring pattern for many populist governments, especially in Mediterranean countries. This disruptive rhetoric has been a cause for instability, to the point of not only hindering foreign investment and undermining investor confidence but ultimately leading countries on the brink of financial collapse, as it happened for Italy in 2011 and Greece in 2014.

1.5 Populist parties in Europe

Following the definitions and work presented so far and given the resources available in the literature studying populism, a list of populist parties in Europe can be reconstructed to evaluate electoral consensus over time. The starting point is the Popu-list, a continuously updated and comprehensive database on populist, extremist, Eurosceptic political movements, that uses Mudde's criteria for identification and classification. The Popu-list covers a time span of 33 years, starting from 1989. The database includes all of the European Union member states, with the addition of Norway, Switzerland and the United Kingdom. One of the benefits of the Popu-List database is its capacity for comparative analyses. With data from multiple countries and regions, users can examine and compare different populist parties, identifying commonalities and differences in their strategies, rhetoric, and policy positions. This comparative approach helps to uncover patterns and trends, allowing for a deeper understanding of the factors that contribute to the rise and success of populist movements in diverse contexts. In the database countries are defined as Far-right parties if they embrace nativism and authoritarianism, closely following Mudde (2007). Far left parties are those that reject the economic and social structures of capitalism and liberalism. Eurosceptic (which might also be either far-left or far-right) are those parties that oppose, to varying degrees, the idea of European integration and political union.

We expanded on the data included in this database, by integrating the list with other movements that took part in European elections exclusively. These were in fact not considered in the original sample which only focused on national parliamentary and presidential elections.

Table A1 presents an overview of the number and type of parties observed in the European countries of interest.

[Table A1. in Appendix]

One essential concept in classifying parties as populists is that doing so doesn't necessarily mean subscribing to the dichotomic nature of political movements. In other words, politicians are not inherently populist or non-populist. They all employ some degree of populist rhetoric in their discourse, but how prevalent they are in their agenda is what determines if populism is a core facet of their public persona or not. It follows that the degree of populism is also time-varying, and that classification is not static.

Following the same principle, in Chapter 3 we will consider electoral performance in the European Parliamentary elections. The choice of this set of electoral events is not random but rather was made for a twofold motive: first, it allows us to measure the phenomenon as it evolved using the same years of reference for each country; second, it is compatible with van Kessel's (2015) argument on electoral systems, as proportional representation usually creates incentive for populist voting (contrary to majoritarian electoral systems that may generate tactical voting). Also, as European integration and Euroscepticism are two fundamental issues for populism, European parliamentary elections are the perfect 'battlefield' for these parties.

Chapter 2

Exploring the demand side of populism: A critical review of literature and the role of culture

In this chapter we present our research question and provide both a critical review on the existing literature focusing on the “demand” side of populism, and a presentation of cultural variables, as well as a brief overview of previous academic attempts at quantifying culture.

Through the review of literature, this study aims to identify areas for further investigation regarding the factors influencing the demand for populism in Europe. By incorporating cultural dimensions alongside other socio-economic and political factors, one can gain deeper insights into the underlying dynamics that drive populist movements.

2.1 Literature review on the demand side of populism

Because of the growing attention that the populist phenomenon is getting, a significant body of literature has emerged, primarily focusing on the factors that contribute to the rise of populism. These studies explore the socio-economic, political, and cultural factors that contribute to the growth and success of populist movements throughout the world. So far, we have talked about its definitions, and the consequences it has on our social and economic reality. We can now shift the attention to what is causing the increasing relevance and traction populist parties are gaining in Europe and other developed regions.

The recent literature on populism is divided into supply and demand factors. The approach followed in this study is based on what is commonly assumed in the literature on the subject. Specifically, we take for granted that the supply of populist political platforms is circumstantial and ever-present, although its importance may vary over time. The demand for populism, on the other hand, is multidimensional and is strongly dependent on different cultural and economic parameters.

The existing research has shed light on economic inequality, political disillusionment, and dissatisfaction with mainstream politics as prominent drivers of populism. Economic factors such as job insecurity and income disparities have been widely discussed, as well as political factors such as the erosion of trust in established institutions and the perceived failure of traditional political parties. Quantitative and econometric analysis considers a series of macroeconomic variables or individual economic characteristics in relations to populism.

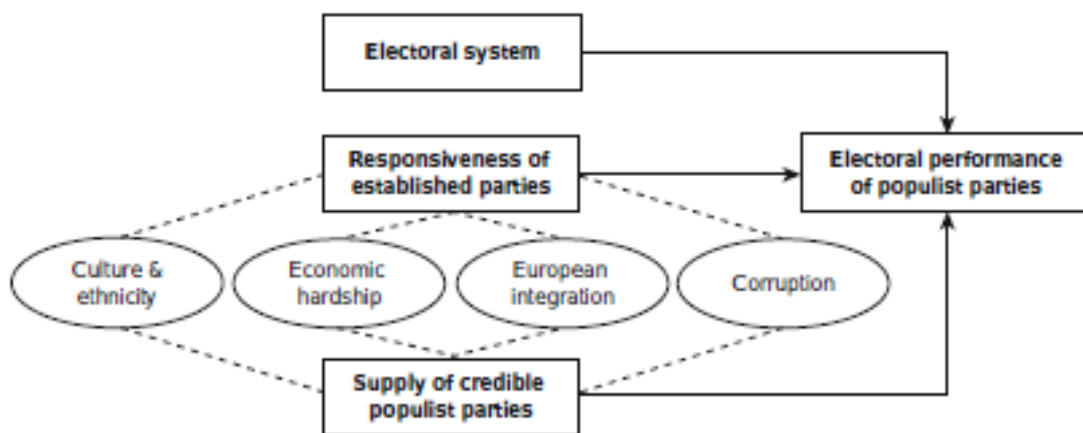
Guiso et al. (2017) explain how measures of individual economic standing influence voting decisions, suggesting that economic shocks drive the rise of populism through voting and abstention both directly and because they shift beliefs and attitudes. A later study from the same authors (2021) reaches similar results by using panel regression on data from the European Social Survey. They verified that the likelihood of voting for a populist party increases as economic insecurity increases. At the same time, a jump in economic insecurity is positively related to lower election turnout and decreases in trust in politics. Algan, et al. (2017), employed OLS and 2SLS regression models using Eurostat data on unemployment to study the consequences of economic distress on trust and voting decision. Their results are ambiguous. On the theme of trust in politics and political institutions, Foster and Frieden (2017) concluded that macroeconomic variables such as per-capita GDP, debt-to-GDP and Institutional quality all significantly affect trust levels, with countries with higher quality of economic governance all enjoying higher levels of trust. Gozgor (2022) used fixed-effect regressions to explain populist voting as a measure of uncertainty, computed using the World Uncertainty Index (WUI). He found that higher levels of the WUI are positively associated with populist support. Rodrik (2017), Colantone and Stanig (2017) subscribe to the line of thought linking populism with the economics of globalization, using several shocks (immigration, import shocks) to explain surges in regional populist support. Stankov (2018) used a number of macroeconomic parameters to explain total stock of electoral support for populist parties in 33 European and 16 Latin American countries. He found that demand for populism is inherently different in Europe and Latin America. Voters in Europe demand more populism during recessions accompanied by austerity, while voters in Latin America are more sensitive to income inequality. At the same time, the Great Recession seems to have triggered a convergence of voter preferences across countries. This is indicated by the significant similarities in how voters in Europe and Latin America responded to macroeconomic shocks after that event.

These studies have contributed to improving our understanding of the demand for populism but often do not delve extensively into other influences, such as culture. Most of the analyses linking populism to cultural traits involve capturing these traits and characteristics as individual-level preferences. Van Hauwert and Van Kessel (2018) use individual level-data to measure the “populist attitudes” of respondents in relation to the probability of expressing their preference for populism at the voting ballot. These attitudes are measures of how people relate to authoritarianism, nationalistic and anti-immigration sentiment and policies. The authors distinguish these characteristics as unique and distinct from other behaviors, like protest and dissatisfaction. They found that “populist attitudes” are positively associated with the probability of voting for either a left-wing or right-wing populist party, but they matter less as

the economic and cultural issue position of individuals becomes more extreme. Aichholzer and Zandonella (2016) study the relationship between what they call right-wing authoritarian tendencies and other cultural variables like social dominance orientation and perceived identity threat, as well as personality traits, to explain individual probability of expressing support for the alt-right FPO party in the national Austrian election. Their results suggested that FPO policies addressing the basic psychological motivations and cognitions rooted in voters' personalities were effective in capturing their vote, with particular emphasis on anti-immigration policy. Di Tella and Rotemberg (2018) subscribe to a different narrative, that associates cultural traits with demographic characteristics. They found that people living in rural areas, and those who were lower educated were more likely to express their voting decision for Donald Trump in the presidential election of 2016. The idea that populism is an issue of age profile has been discussed and rejected by the likes of Schäfer (2021), as age cohorts generally express different preferences, but these differences are often not large enough or do not follow the path that one might expect (it's generally assumed that older people are more likely to have populist or more conservative attitudes). One of the authors' findings was that most of those who expressed their preference for the Republican candidate were not necessarily convinced he was the most competent of the two. Their decision to vote for Trump was largely driven by the idea that the "powerful elites" considered him a menace. Sarabia (2019) models percentage vote variation for populist parties in major European countries as a measure of the change of two qualitative indicators, the Corruption Perception Index (CPI) and the Human Development Index (HDI). He found that increases in the HDI mitigate the effects of increases of corruption perception in relations to the electoral performance of populist parties.

Moving from cultural to individual level psychological characteristics, Bakker, Rooduijn e Schumacher (2016) use Big Five personality traits to show how they can affect political preferences. They found that low agreeableness (which entails low levels of trust, among other things) is associated with higher probability of supporting populism (both left- and right-wing). Openness (entailing openness to new ideas) is reflected in preference for inclusionary populism, while neuroticism (the tendency to express negative emotions) is associated with preference for exclusionary populist parties. On a similar note, Nowakowski (2021) found that "Psychological Well Being", expressed as a self-reported measure of personal happiness, life-satisfaction and subjective health (all of which were assessed through individual level data from the European Social Survey), was negatively correlated with the probability of populist voting decision.

In a different fashion, Van Kessel (2015) has condensed demand for populism in the context of the European Union into four spheres, which represent conditions populist parties generally foster on.



Source: van Kessel (2015)

The first relevant issue for populist demand is the theme of culture and ethnicity; a huge catalyst for “nativist” parties that subscribe to the idea that one nation should be inhabited solely by its native group. The second sphere is economic hardship, defined as a deterioration of a series of variables like unemployment, growth and inflation. The third is European integration, as the EU’s structure and institutional setup has often been a leading cause of populist opposition, due to the supposedly undemocratic nature of its regulatory bodies. The last theme that is often featured in populist propaganda is corruption, a major driving force for populist success due to their frequent self-proclaimed passion for transparency and popular rule. Another variable the author considers is the electoral system. He cites various studies (Van der Brug et al., 2005; Arzheimer and Carter, 2006; Norris, 2005) showing how more proportional electoral systems favor the performance of far right and extremist parties. Provided the existence of a credible supply of populism, van Kessel claims these are the conditions that boost the electoral performance of populist parties.

2.2 Unveiling the link between populism and culture

Building on existing literature, the question this study aims to answer is whether there exists any verifiable effect of culture on populism, by relying on refined measures of countries’ cultural profiles. In doing so, the study wishes to contribute to the field of ‘cultural economics’, which employs a multidisciplinary approach, allowing for a comprehensive examination of how culture intersects with economics and politics.

Since the inception of economics as a discipline the relationship between culture and economic and political institutions has evolved through various faces of history. Classical economists made extensive use of cultural explanations for economic phenomena, because of both their academic background and moral sophistication. Contrary to intellectuals like Adam Smith and John Stuart Mill, the first author to put forward the idea of inverting the direction of causality between culture and economics was Karl Marx. Rather than subscribing to the then prevalent doctrine, the Marxian paradigm presented the influx of economic and technological structures as the driving force shaping cultural boundaries and social structures. His materialistic approach, although presented in the context of an anti-capitalist political agenda, has survived through later centuries, and inspired the evolution of economic doctrine. In fact, it's safe to say that the way classical economists included culture in their work has fallen out of fashion within academic circles in later decades. This may be attributed to several factors. Firstly, its interdisciplinary nature can sometimes make it challenging to define and establish a clear theoretical framework, leading to skepticism or overlooking by mainstream economists. Secondly, in the aftermath of World War II, mathematical sophistication started playing a major role in the development of modern economics, with cultural factors losing their prominence. Because of that, people's beliefs and values started to be looked at as a product of individual rational choice, rather than the result of hereditary preconceptions.

This tendency ran almost uninterrupted until the beginnings of the 21st century but has stopped somewhat in more recent academic developments. The growing complexity of economic issues, and the limitations of the idea of rationality have provoked a renewed interest in culture, whose explanatory power has been investigated by economists and non economists alike. The work of a few notable non economists was particularly influential, both in defining different notions of cultural influxes and relating their role to economic and institutional outcomes.

2.3 Conceptualizing culture

Before delving deeper into the connection between the popularity of populist platforms and cultural variables, it's useful to present a general introduction on culture, its definitions, and origins.

The word "culture" has always been polysemantic. Its origins can be traced back to botany, as it stems from "cultivation" as in "agriculture". For centuries, the meaning was producing or developing something, both figuratively or practically, and it is still commonly employed in the same sense. It was in 18th-century France that the single term "culture" began to be used as in

“training” or refinement of the mind or taste. It was then extended to refer to the qualities of an educated person and has retained that meaning until today. Finally, in the latter part of the 19th century, the definition expanded to a complementary of “civilization” thanks to the development of modern anthropology. In the words of Edward Tylor (1871): “*Culture, or civilization [...] is that complex whole which includes knowledge, belief, [etc.] and any other capacities acquired by man as a member of society*”.

Despite the elusive nature of the concept, many definitions share a few common feats. All of them consider culture as the *summa* of different elements, and they all consider the existence of a defining distinguishing factor that separates one culture from the other. Kroeber’s and Kluckhohn’s work was particularly instrumental to the birth of cross-cultural psychology. They considered culture as a whole as the scheme of “*[...] patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiments in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other as conditioning elements of further action.*”.

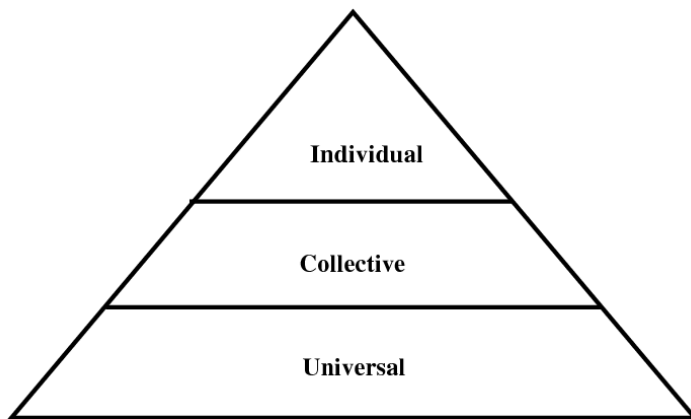
Building on Kluckhohn (1951), Geert Hofstede (1980) decided to treat culture as “*the collective programming of the mind which distinguishes the members of one human group from another.*” This characterization is in line with what were previously described as the core facets of the concept. The novelty of this definition is not in the way it is structured but in the idea of “collective programming”, as in mental programming. Mental programs are responses to actions that human beings witness when they interact with the surrounding environment. Learning from the behavior people observe in their peers, they learn to make predictions based on what actions they take. These programs change and evolve through the course of one’s life, reaching higher levels of complexity the more one participates in more complex situations. The mental programming of one person is unique, as no two individuals could ever be completely alike. There are, however, two levels of each person’s mental programming that can be modelled to be partly shared with others.

The least unique and most basic level of mental programming is the universal level, which comprises a number of expressive behaviors like laughing and weeping, and essential human emotions like anger or happiness. This is our biological operating system, which is entirely inherited and defines the concept of “human nature”.

The other level that is shared is the collective level. This is part of our learned behavior, and it is not biologically embedded in our bodies. It is, however, common to people belonging to a

certain group. This level includes elements of mental programming related to subjective human culture, like language, social and physical norms.

Finally, the individual level is what defines one's personality, the range of personal feats and traits one develops during the course of their life.



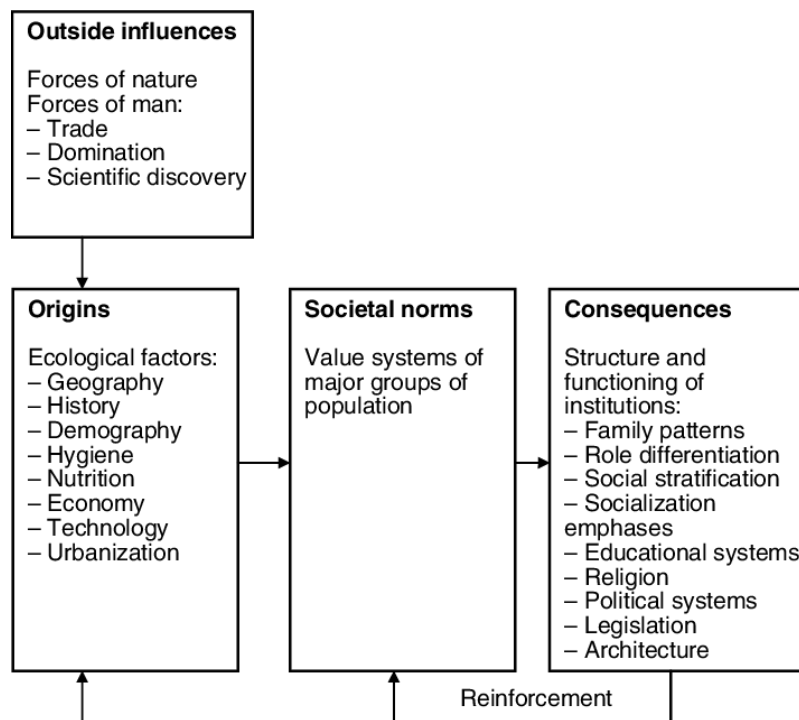
Three Levels of Uniqueness in Human Mental Programming as in Hofstede (1984)

Mental programming is, then, a composite of hereditary and learned behavioral patterns. The level that Hofstede argues is part of what we commonly define as a culture is the collective one. It is what people learn as part of a society, which can be approximated to “nations” in the modern world. The author considers nations in his work because they are the most complete of the multitude of human groups. Subcultures, which form based on ethnic or regional differences, might exist but only as sections of one unique society. Of course, one society's degree of cultural unity can vary significantly, depending on historical circumstances (especially how old one national society is), but for countries with long standing national history Hofstede feels this is a marginal issue.

The goal of Hofstede's “Culture's Consequences” (1980) and his further work is establishing the cultural borders that help differentiate one national culture from the other. This can be achieved by either stimulating (in other words “provoking”) those behavioral patterns that determine cultural traits (through the use of interviews, questionnaires, or laboratory experiments) or by observing how these patterns naturally manifest themselves in the actions of the observed (through content analysis of speech patterns, or by using already available statistics and values). This operation is needed to “operationalize” mental programs, which is to create credible measures of intangible and unobservable human characteristics.

Understanding how these characteristics form, one can then draw hypotheses on how they survive in the social structure, and what mechanisms reinforce their strength. Cultural patterns are preserved through generations because of how they shape institutions and human relationships. These institutions are the nucleus of the societal value system, like family, school,

politics, and legislation. Once they have been established, they influence the surrounding environment, affecting the accepted social norms.



Source: Hofstede (1980)

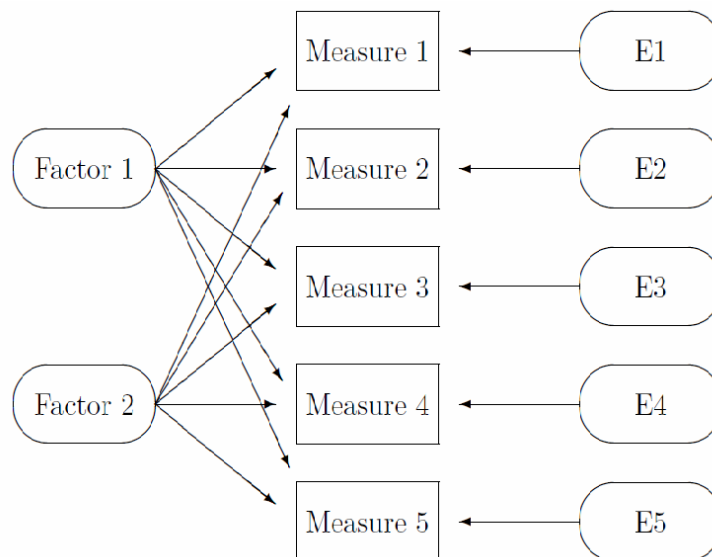
Hofstede's interest in the conceptualization and quantification of culture was born almost accidentally. The researcher was commissioned an intra-company survey by the large multinational company IBM in 1967, as part of a research team that included other academics. The questionnaires were part of the policy the company routinely adopted as an instrument for assessing the degree of satisfaction of their employees with their work environment. The setting for this cross-national survey submission is what allowed the research to reach deeper than its initial objective. At the time the questionnaires were submitted, which covered a time span from 1967 to 1973, IBM employed personnel in 66 countries from around the world (with the notable exclusion of nations that were under the influence of the Soviet Union). Although company offices were not equally distributed across the various national subsidiaries, the interviewees covered a wide-ranging set of different responsibilities and job titles in each of the sampled nations. The company had a few distinctive factors and peculiar traits, as it had a very young, highly qualified workforce, that was nonetheless subjected to a tight system of rules and controls. The benefit of this very particular setting was the inspiring factor for Hofstede's national culture indicators. His initial intuition was that differences in how employees that shared such a vast set of characteristics reacted to a series of work-related circumstances and how they responded on the matter of personal preferences could serve as a reliable measure of

how their collective programming, or cultural traits, differed. He found confirmation in later studies where he applied similar criteria on more recent value databases that were exploring comparable issues (Hofstede, 2011).

The main issue Hofstede faced in his attempt to recondact data to a model was the simultaneous analysis of data at the individual and societal level. Contrary to other variables that are accounted for at the national level (like GDP, Population density, etc.), the survey data bank that the author had to handle was collected as singular responses. To produce a nationally comparable index, stemming from these individual results, he chose to use between-society correlation measures, based on the average scores of the variables measured for each national sample. Hofstede refers to these as “ecological correlations”.

2.4 Methodology for quantification

To capture the effect of between-society correlations (i.e., ecological correlations) Hofstede relied on factor analysis. Referring to Kim et al. (1978), one can describe factor analysis as a statistical method used to explain how an underlying common factor influences the behavior of several observed variables.



Source: Kim et al. (1978)

Factor analysis can either be explanatory, in case it is employed to find out what factor influences the response, or confirmatory, in case the researcher wants to test if a pre-existing factor is influencing responses the way they had predicted.

The objective of Explanatory Factor Analysis (EFA) is to determine the number of factors affecting a set of variables and to quantify the power of the correlation between the factors and their underlying measures. One of the most frequent uses of EFA is to draw conclusions on responses to questionnaires. The objective of a Confirmatory Factor Analysis (CFA), on the other hand, is to establish the accuracy and reliability of a single factor model.

To “build” a factor one must go through a few steps. Once measures are collected, the correlation matrix is observed to pick the number of factors one could collect from it. The decision on the number of factors is partly arbitrary, although there exist some rules of thumb to pick it. It could either be the result of a previously advanced hypothesis or selected using more mathematically sound criteria. The Kaiser criterion, for example, suggests one should select the number of factors that is equal to the number of eigenvalues in the correlation matrix that are greater than one.

To extract a factor from the observed responses, one can rely on both statistical rigor (the strength of the correlation between variables), by using methods like Maximum Likelihood, principal component or principal axis extraction, and theoretical reasoning. This choice essentially marks the difference between an EFA and a CFA. EFA is a statistics-first approach to factor analysis, which is useful when theory cannot support the hypothesis of any pre-existing factor. When one is supported by strong theory about the underlying constructs that influence the observable responses, CFA is the preferable choice.

2.5 The six dimensions of national culture

The guiding principle of Hofstede scores was, in fact, following theoretical intuition rather than statistics. He wanted to avoid relying too heavily on the data-first approach to not risk losing important nuances. Therefore, he opted for employing the ecological factor analysis last to confirm the relationship between the items he had selected first.

Whatever the choice the researcher makes on the method to apply for building the factor model, they must interpret the strength of the factor they built based on its relationship with the underlying measures. This strength is captured by each measure’s factor loadings. The loading is the equivalent of a regression coefficient, regressing the factor on the measured variables. Loadings can be either positive or negative, and their contribution varies from 1 to -1. Each loading expresses how much of the variance on the factor is explained by the measure.

Hofstede’s seminal analysis produced 3 original factors, which he used to create the first four national culture indexes.

[Table A2. in Appendix]

The first factor, presented in Table A2, incorporates two dimensions: the individual-collective element of work goals (items A18, A12, A9, A13, A17, A5) and power distance with negative sign (items A55, B46, A54). Hofstede treats these two dimensions separately even though both load onto the same factor.

[Table A3. in Appendix]

Factor 2, in Table A3, has been employed to produce the Masculinity index, starting from work goal items (A5, A6, A7, A8, A11, A14, A16 and A17).

[Table A4. in Appendix]

Factor 3, in Table A4, has been used to build the Uncertainty Avoidance Index, also considering items with reverse sign.

As mentioned before, the initial sampling did not cover every country that is accounted for today. Due to geopolitical reasons and because of the limited possibilities offered by technology at the time the IBM study was conducted, reaching a larger set of nations was basically impossible. However, modern instruments and survey studies have offered Hofstede the opportunity of expanding the dataset to include countries that had previously gone untested.

The major reference Hofstede used (Hofstede, 1993; 2001; 2005) for this expansion was the World Value Survey, and its European equivalent (European Value Survey). By using similar items, the indices were reconstructed for said countries, and the model brought to a new, significantly larger, dimension.

Hofstede's framework was the subject of update and subsequent validation throughout the years. In the first edition of *Cultures and Organizations – Software of the mind* (2005), Hofstede and his son, Gert J. Hofstede, explored the opportunity of expanding the dimensions to five, inspired by Michael Bond's work on a particular dimension of culture he described as Confucianism (1986). This addition stemmed from values that were collected in Asian countries, where attitudes related to Confucianism were prominent and influential on both societal and cultural norms. In his revised version of the book, dated 2010, Hofstede recalls how the effects of this dimension were not captured in his original work because of the "Western bias" of those who had compiled the IBM questionnaire. In fact, Confucianism was

used to capture a set of cultural attitudes that were less prominent in western culture, but still constitute an important facet of national culture.

The new measure is based on two ranks of opposite value sets. On one side, the importance of persistence, thrift, ordering of relationship based on status and shamefulness and on the other greetings reciprocation, respect for tradition, shamelessness, and personal stability. In the aforementioned and later expanded Cultures and Organizations, Hofstede, his son and fellow researcher Michael Minkov presented this new indicator, whose effect was re-evaluated and captured by factor analyzing elements from the World Value Survey that were reliable quantifications of the traits described before. This was paired with another new indicator that is intended at capturing the importance of a set of personal beliefs, namely happiness, life control and the importance of leisure. This other new index was thus labeled Indulgence vs. Restraint.

The composition and concept behind every indicator will be discussed below, to give the reader a clearer idea of what aspects of culture each indicator actually reflects.

2.5.1 Power Distance Index

The first index used by Hofstede to describe national culture is the Power Distance Index (PDI). The essential issue the author wanted to address with the PDI was to explain how different national societies deal with the reality of human inequalities. The concept of inequality applies to many areas of human organizations, and is transversal to different fields, from economic wealth to political power and social status or legal privileges. This dimension thus describes the effects and role of inequality and authority relations in societal and organizational contexts.

To compute the PDI index Hofstede considered three items in the IBM questionnaire; “Nonmanagerial employees’ perception that employees are afraid to disagree with their managers” (B46), “Subordinates’ perception that their boss tends to take decisions in an autocratic (1) or persuasive (2) way” (A55), “Subordinates’ preference for anything but a consultative (3) style of decision-making in their boss: that is, for an autocratic (1), persuasive/paternalistic (2), or democratic (4) style” (A54).

The score for each of the sampled nations is calculated using the mean percent values for items A54 and A55 and the mean answer to item B46, for which possible answers went from 1 to 5, where 1 is equivalent to very frequently and 5 to very seldom. The formula used is precisely:

$$PDI = 135 - 25 (\text{mean score B46}) + \% (1 + 2 A55) - \% (\text{manager 3 A54})$$

The value 135 was added to adjust the possible value range for the index, so that it varies between zero and a hundred.

Our interest in the Power Distance Index stems from a number of significant correlates that Hofstede presented already in his original work in 1980. The key component of the PDI is how accepting people are of unequal social structures, in other words how desirable inequality is. Statistical analysis shows that between the forty countries that were originally sampled, 43% of the variance in PDI depends on geographical latitude. In large-power-distance countries, people read few newspapers, expressing faith in the credibility of those few, and they seldom discuss politics. The state in some cases may even admit to one party rule; where more parties are allowed, pluralism is often limited. Consequently, the political debate is usually very polarized and is characterized by strong right and left wings parties with a weak center or liberal democratic platforms, a reflection of the polarization between dependence and counter dependence. Income in such countries is generally unequally distributed, with few extremely rich people and a large majority of extremely poor.

In small PDI countries, on the other hand, authority is usually based on practical considerations rather than tradition and this implies separation between politics and traditional institutions, like religion. The use of power is strictly subjected to laws and to judgment between good and evil. Inequality is considered essentially undesirable. Laws are meant to guarantee that everybody has equal rights. Power, wealth, and status need not go together, and it is even considered a good thing if they do not. This is reflected in the tendency for these national societies to have larger wealth and lower income inequality.

We hypothesize that individuals in countries with high scores in the PDI index are more prone to supporting populist parties, particularly far right movements.

2.5.2 Uncertainty Avoidance Index

The second index produced by Hofstede using the original IBM sample is the Uncertainty Avoidance Index (UAI).

This dimension is meant to capture “the extent to which the members of a culture feel threatened by ambiguous or unknown situations” (Hofstede, 1980). This means that uncertainty is not intended in the purely economic sense of the expression, as economic risk, but rather as the way one deals with ambiguity in many domains of their life. Despite being unclearly similar in name, the two concepts describe different phenomena. Being avoidant of uncertainty does not mean being afraid of risk but rather looking for structure and certainty in the institutions and context

that surrounds the individual. One might even embark in risky economic ventures when the surroundings resemble a familiar and friendly environment if they are uncertainty avoidant, as the external conditions seem favorable.

Using this broad definition, one can consider uncertainty as a peripheral and fundamental force driving and shaping how social life is articulated in many regards. The uncertainty caused by the forces of nature, for example, is what led men to fuel technological development. In the same fashion, uncertainty in human behavior is what led humanity to create laws and moral systems that prevent abuses and prevarications.

Not all people react to ambiguity the same way, and in each country, people might accept and behave in a different manner according to how much anxiety they can deal with.

The UAI was computed by considering three items for each country in the sample: (a) Rule orientation (Item B60), (b) Employment stability (A43) and (c) Stress (A37). For calculating the actual index Hofstede considers mean percent values for responses to question b, mean scores on five-point scales for questions (a) and (c). These two mean values are multiplied, respectively, by 30 and 40 to make range. A constant is used, in a similar fashion to the previous index, to render values comparable between nations by normalizing them to a scale of 0 – 100. The exact formula is then as such:

$$UAI = 300 - 30 (\text{mean score B60}) - \% (\text{less than 5 A43}) - 40 (\text{mean score A37})$$

High uncertainty avoidance correlates with stronger legal systems, with more and more precise rules, and in some cases unchecked power distribution. High PDI countries are therefore more prone to authoritarianism. The effects on politics are somewhat difficult to measure, as nations with strong UAI tend to show both lower interest in politics and lower trust in politicians and civil servants. This tendency might be explained by the psychological roots of uncertainty avoidance, which is a driving force for pessimism and general discontent, with consequences on how people perceive public activism and society at large. This makes it more likely to adhere to a more conservative political culture, with a strong and widespread law and order mentality. Weak uncertainty avoidance, on the other hand, leads to more active participation in public life, and more conviction towards political pluralism. In some low-PDI countries politically extremist parties are forbidden from running their campaigns. This entails more pronounced liberal tendencies, higher trust in younger generations and in institutions. Legal systems in these nations are more informal, with fewer laws and rules.

This leads to the hypothesis that high scores in the UAI should correlate with larger vote shares for populist movements, both on the left and right side of the spectrum.

2.5.3 Individualism Index

The third cultural dimension in Hofstede's framework is Individualism (IDV), measured on a scale from zero (which represents the opposite side of cultural collectivism) to a hundred.

The degree of individualism in one society determines how people are expected to behave in relation to the groups they are part of. These groups include the nuclear family, the extended family, local communities and larger, regional or macroregional clusters. The way one is expected to behave with respect to these groups influences how they perceive their role in society, as priorities might shift from personal to collective goals. People's mental programming is highly dependent on the concept which lays the foundation for this dimension of national culture: each their own self-concept. In more traditional societies, people generally think of themselves as part of a circuit, a broader social institution, which includes the surrounding environment. In more modern societies, one tends to rely on themselves, and takes decisions based on their preferences, only accounting for what might constitute their very close social circle, usually their nuclear family.

The index was computed starting from the mean values from a few of the work goals in the original IBM questionnaire. The goals in question are presented below, together with the corresponding factor loadings. The loading corresponds to the correlation coefficient through the 40 nations between the factor score and the nation mean score.

<i>Loading</i>	<i>Work goal</i>
0.86	personal time
0.49	freedom
0.46	challenge
- 0.63	use of skills
- 0.69	physical conditions
- 0.82	training

Source: Hofstede (1980)

Highly individualist behavior in one People has a series of consequences on political phenomena, and the relationship that individuals have with the state. On one hand, individualist behavior is customarily accompanied by more liberal economic systems, where the interest of the government has a secondary role with respect to collectivist societies. Hofstede found that

individualist nations tend to be wealthier on average, and to simultaneously have smaller power distance, although the relationship between the two variables is not perfect.

On the effects of individualism on politics and public life, the authors of *Software of the Mind* (2011) also noted how human rights guarantee has been found to be stronger in countries where higher individualism prevailed. The explanation is partly due to IDV being correlated with gross national income per capita, but differences between wealthier countries alone could be explained by higher IDV in those nations.

The effects of individualism for culture and individual behavior hold particular importance when it comes to the definition of one nation's economic system. Economics is essentially an individualist science, whose most brilliant and famous authors have often come from highly individualist nations. Among the implications that higher IDV might have on the economic structure of one society we should mention lower percentage of family-owned businesses, economic and personal freedom ideologies prevailing over ideologies of equality, economic practices based on the pursuit of individual self-interest.

On the basis of what has been discussed we hypothesize that individualism might have an overall negative effect on populism, although results should be ambiguous when it comes to right wing populism, which might sometimes be accompanied by strongly individualistic economic doctrines.

2.5.4 Masculinity Index

The final dimension in Hofstede's original framework from 1980 is masculinity (MAS), which is measured, much like individualism, as opposed to its countertendency, femininity.

This dimension is particularly interesting as it goes deeper than its apparent and more superficial meaning. The index of masculinity is not a direct reflection of the role men hold in society but rather the one they are expected to have. In other words, whether biological differences between men and women should define their roles in social activities.

Hofstede's intent was capturing behaviors that were more reflective of traditional patterns, such as male assertiveness and female more sensitive nature. These are obviously the results of outdated and stereotypical preconceptions, but they are nonetheless latently influencing the development of both men and women in each national society. One way one could measure the effects of these learned behaviors is to see what priorities individuals have with respect to several activities that define their social and familiar life. Hofstede did precisely this, to see

whether employees in IBM (who, it's worth noting, were mostly males) adhered to more traditional sexual polarization in their behavior or not.

To compute the masculinity index Hofstede referred to the second factor, presented in Table A3. This factor was labeled by the author "social-ego", and it explains around 22% of the variance in nation mean work goals. The goals used for the calculation were, in particular: friendly management, cooperation in the workplace, living in a desirable area, employment security, and with negative signs, challenge, advancement, recognition, earnings. They are presented in the table below, together with the corresponding factor loadings.

<i>Loading</i>	<i>Work goal</i>
0.69	manager
0.69	cooperation
0.59	desirable area
0.48	employment security
- 0.54	challenge
- 0.56	advancement
- 0.59	recognition
- 0.70	earnings

Source: Hofstede (1980)

Mean scores in these work goal items were summed with reverse signs, as to account for negative loadings corresponding to what the author had identified as masculine cultural traits. Masculinity reflects on many aspects of public life, including how politics is shaped in one country, as political leaders generally embrace and display the dominant values in the society they represent. This dimension has consequences on policy choices, with particular regard to resource allocation. More masculine countries tend to reward the "stronger" elements of society rather than supporting the "weakest", just as well as they invest more in armaments rather than aid to poor nations. Finally, masculine countries tend to be more inclined towards economic growth at the expense of laws and regulations protecting the environment.

Generally, masculinity is more performance oriented, while femininity is more welfare oriented. These facts explain why, for example, feminine countries have lower shares of population living in poverty and higher literacy rates on average.

The view that societies have on certain phenomena, like immigration, is also incorporated in the masculinity index. On one side, masculine countries adopt assimilation (the belief that people from other countries should renounce their habits altogether and adopt the locals'), on the other, feminine countries believe in integration (the belief that immigrants should just adopt local customs when compatible with beliefs, values, and practices they already have). Gender participation and the share of female representatives is also an obvious reflection of the disparity between masculine and feminine cultures, the latter of which show more consistent participation of women in public life.

The effect on political preferences is hard to infer, as voters in more masculine cultures are expected to show higher preference for right wing policies. Voters in more feminine cultures have been shown to be more akin to more progressive and liberal policies, although only extreme values in both masculinity and femininity should lead to preference for more radical positions.

Based on these considerations we hypothesize that masculinity should impact populist consensus positively when it comes to right wing and nationalist parties, although it might display the exact opposite effect on left wing or inclusionary populist parties' support.

2.5.5 Long-Term Orientation Index

The fifth national culture dimension is the first of the novelties introduced by the author in his later work. The Long-Term Orientation (LTO) index was, in fact, absent from the original work from 1980, and was added later on, thanks to the contribution of Michael Harris Bond (1987), the lead author for a consortium of researchers that were interested in analyzing certain aspect of Confucianism in Asian cultures.

Bond's contribution was related to the creation of a value survey modeled around other databases, namely the European Value Survey and the World Value Survey. Hofstede saw a significant measure of culture that was not successfully captured in the IBM questionnaire in some of the items that composed the so-called Chinese Values Survey. This dimension was intended at giving a reliable quantification of work dynamics, starting from elements like persistence, thrift on the positive side and personal stability on the negative side.

Through factor analysis, Hofstede and Bond were able to construct this new dimension by applying measures of Confucianism in the CVS to comparable items in the WVS, for data accounting for the late 1990s'.

To start building the index the authors' considered items present in the WVS that satisfied two conditions: theoretical comparability to items of the original LTO-CVS questionnaire; correlation with the LTO-CVS items. They found that the best possible match for the LTO-CVS using WVS survey items were: "thrift (i.e., saving money and things) as a desirable trait for children", "National pride" with a negative sign (reflective of short-term orientation), and "importance of service to others".

The index is the sum of the percentage values of respondents who indicated thrift as the most desirable trait among a list of others, percentage values of those who were "very proud" of their national belonging and finally, percentage value of respondents who viewed service to others as "very important".

The main correlate of long-term orientation in Asian countries is economic growth. Furthermore, explaining the cultural background behind the staggering economic expansion of Confucian nations' economies during the 80's and 90's was essentially the whole reason why the LTO-CVS index was initially designed. The connection between LTO-CVS and economic growth was verified for the period 1970 to 1995, but the effects effectively stopped in subsequent years. Potential explanations for this are external conditions and differences in data. In particular, the economic world at the end of the 1990s' was not the same as in 1970, with many Asian countries having moved from poverty to moderate levels of wealth. Another important difference was the availability of modern western technology and educational resources, that were non-existent at the time the expansion started.

As for the differences in data, it's worth noting that both the set of nations examined in the two phases and the level of integration of global markets, which led to an increase of both demand and supply for specific goods, changed substantially. Once these countries had moved from the initial levels of poverty that were forced upon them by myopic and ideologically unsound political leadership, that were restricting the effects of their long-term orientation, these effects ceased to have significant impact.

Potential effects on political preferences are undocumented so far. National pride being a symptom of short-term orientation might suggest that populist economic policy, as defined by Dornbush and Edwards, would be appealing for nations with lower scores on the index.

We hypothesize that higher scores in the LTO index might correlate with lower support for parties embracing generous welfare policies, specifically left wing or inclusionary populist parties, but effects on right wing populism might be null or ambiguous.

2.5.6 Indulgence versus Restraint Index

The last national trait that was added to Hofstede's framework in later years is a measure of indulgence and restraint (IVR), on opposite poles, based on a specific set of behaviors that influence individual perception on several phenomena.

The inclusion of this final index was inspired by the work of Inglehart (2000), whose analysis of the WVS led to the creation of a dimension of well-being versus survival, associated with high levels of individualism and low masculinity.

Using some of the items considered by Inglehart, Hofstede and Minkov were able to produce a singular factor that comprised elements of happiness (self-reported), life control (how much of people's lives they believe to be the product of free and independent choice), importance of leisure (how much they value the time they spend focusing on things outside of their traditional duties). They defined indulgence as "*a tendency to allow relatively free gratification of basic and natural human desires related to enjoying life and having fun*", and restraint as "*a conviction that such gratification needs to be curbed and regulated by strict social norms*".

More indulgent national cultures report higher numbers of happy people, stronger perceived control over their life choices, higher importance of having friends, weaker tendency to support thrift and moral discipline, and higher levels of optimism. On the other hand, countries on the restrained side display lower percentages of happiness among their people, tighter moral discipline, a tendency towards cynicism and neuroticism and more pessimism.

The impact of indulgence at the collective and state level has some interesting implications on political preferences. Liberty is the cornerstone of indulgent societies, and as such, people in these societies tend to put freedom of speech at the forefront of national goals.

Autocracy and discouragement from seeking active participation in public life is more common and widespread in more restrained societies, that put less emphasis on democracy. The different levels of moral discipline registered at the two poles also suggest that restrained cultures are more inclined to law and order governance, in a fashion that is shared with uncertainty avoidant cultures. These differences are reflected, for example, in measures like the number of police officers per capita.

These effects we discussed seem to suggest that more restrained nations would be more suitable ground for populist exploits, particularly for parties leaning towards the far right. We hypothesize that lower scores in the indulgence index reflect positively on right wing populism, which implies negative correlation between the score on this dimension and the percentage share of exclusionary populist parties.

2.6 Critiques and data validation of National Culture Dimensions

Since its publication, Hofstede's model has been the subject of heavy debate among scholars and academics. Many have recognized the innovative and seminal value of the author's work, but just as many have been vocal about issues they felt would render this model ineffective.

One of the main perceived problems with Hofstede's work is that since the indices were computed years ago, they might have lost their significance (Kirkman et al., 2006). Another source of criticism focuses on the reliability of the data that Hofstede used, as his first four dimensions were created on narrow samples from corresponding employee categories through forty national subsidiaries of a single multinational corporation (McSweeney, 2002). Others have questioned the use of nations as units of analysis, since the existence of subcultures and regional differences might imply substantial cultural discrepancies within the same country.

In an article dated 2011 Hofstede himself addressed some of this criticism, especially on the issue of the dimensions' relevance in an ever-changing world. As for the matter of the 'expiration date' of his dimensions, Hofstede argues that national culture indices are only worth considering when comparing countries' positions relative to one another, and not in their absolute values. The impact of changes over the course of the 40 years that separate Hofstede's original work from today surely affected the dimensions' values we would observe now, but as globally connected and economically intertwined as the world has become, these changes do not matter if they affect all countries simultaneously. As long as countries' relative positions haven't changed, changes do not impact the power of the six dimensions.

Furthermore, he claims that the volatile nature of the global environment doesn't necessarily imply that codifying human behavior is a useless process and, quite at the opposite, that his paradigm might help interpret where some of these changes are coming from and leading to. Additional support for the relevancy of Hofstede's work came from several replication studies, conducted by Hofstede himself or others.

Results gathered by Beugelsdijk, S., Maseland, R. and Van Hoorn, A. (2015) show how modernization and growing wealth have provoked value shifts in some of the countries observed in the original IBM sample, without altering countries relative positions vis-à-vis each other. Their replication follows a closely related process to Hofstede's, by considering items from both the WVS and the EVS that would better imitate the author's intentions with the six indicators. By relying on factor analysis, they were then able to reconstruct four indices that correlate significantly with the originals, construing country scores with a similar scale to the one used in 1980. Relevant findings are increases in individualism and indulgence versus restraint, with power distance following a decreasing trend. This was perhaps a result of the

expansion of more liberal and market-oriented policies in both Europe and the rest of the world, and of the lower relevancy that religion and tradition hold in modern societies. Compared to what the world stage looked like 40 years ago, the impact of globalization and modern resources like social media has also created bridges between people of different geographical and cultural origin, which has probably changed people's idea of power structures.

Various of Hofstede's four IBM dimensions have been replicated in other multiple cross-cultural studies. Individualism versus collectivism (IDV) has been shown to have significant correlation with several different indicators constructed in other literature, like integration (Chinese Culture Connection, 1987), exclusionism versus universalism (Minkov, 2011, 2013) and egalitarianism versus conservatism (Smith et al., 1996), in-group collectivism (Gelfand et al., 2004). Other replications on narrow samples conducted between 1990 and 2021 are listed below:

<i>Author</i>	<i>Year</i>	<i>Number of Countries</i>	<i>Dimension replicated</i>
<i>Hoppe</i>	1990	18	PDI, IDV, MAS, UAI
<i>Shane</i>	1995	28	PDI, IDV, UAI
<i>Merritt</i>	1998	19	PDI, IDV, MAS, UAI
<i>De Mooij</i>	2001	15	IDV, MAS, UAI
<i>Van Nimwegen</i>	2002	19	PDI, IDV, MAS
<i>Mouritzen</i>	2002	14	PDI, MAS, UAI
<i>Orr and Hauser</i>	2008	22	IDV, UAI, MAS
<i>Taras et al.</i>	2012	49	IDV, UAI, MAS, IVR
<i>Gerlach and Eriksson</i>	2021	57	PDI, IDV, IVR

To address the problem of narrow sampling, Hofstede and Minkov (2011) have also successfully replicated the uncertainty avoidance dimension using data extrapolated from the European Social Survey, specifically the 2010 wave. The index that was replicated displays strong face validity and is strongly correlated with the original indicator.

As for the issue of utilizing nations as units of analysis, Minkov and Hofstede (2012) have also conducted cluster-analysis studies to demonstrate how culture effectively clusters along national border lines. In-country regions might share some common features with different geographical areas, but even in the case of recently emerged nations, long-standing cultural

factors, like language, religion and economic structure make for communal identities, thus preserving the importance of national culture even in more modern, globalized societies.

Chapter 3

Empirical Analysis

The aim of this chapter is to provide statistical evidence on the relationship between Hofstede's cultural dimensions and populist success. We hypothesized that the cultural dimensions may play a significant role in the success of populist movements and politicians. To test this hypothesis, pooled OLS and random effects estimation techniques are employed on a dataset of 26 European countries, using electoral data from European parliamentary elections held between 1994 and 2019. The analysis will shed light on the potential impact of cultural dimensions on populist success and provide insight into the factors driving the rise of populism in contemporary politics.

3.1 Data and variables

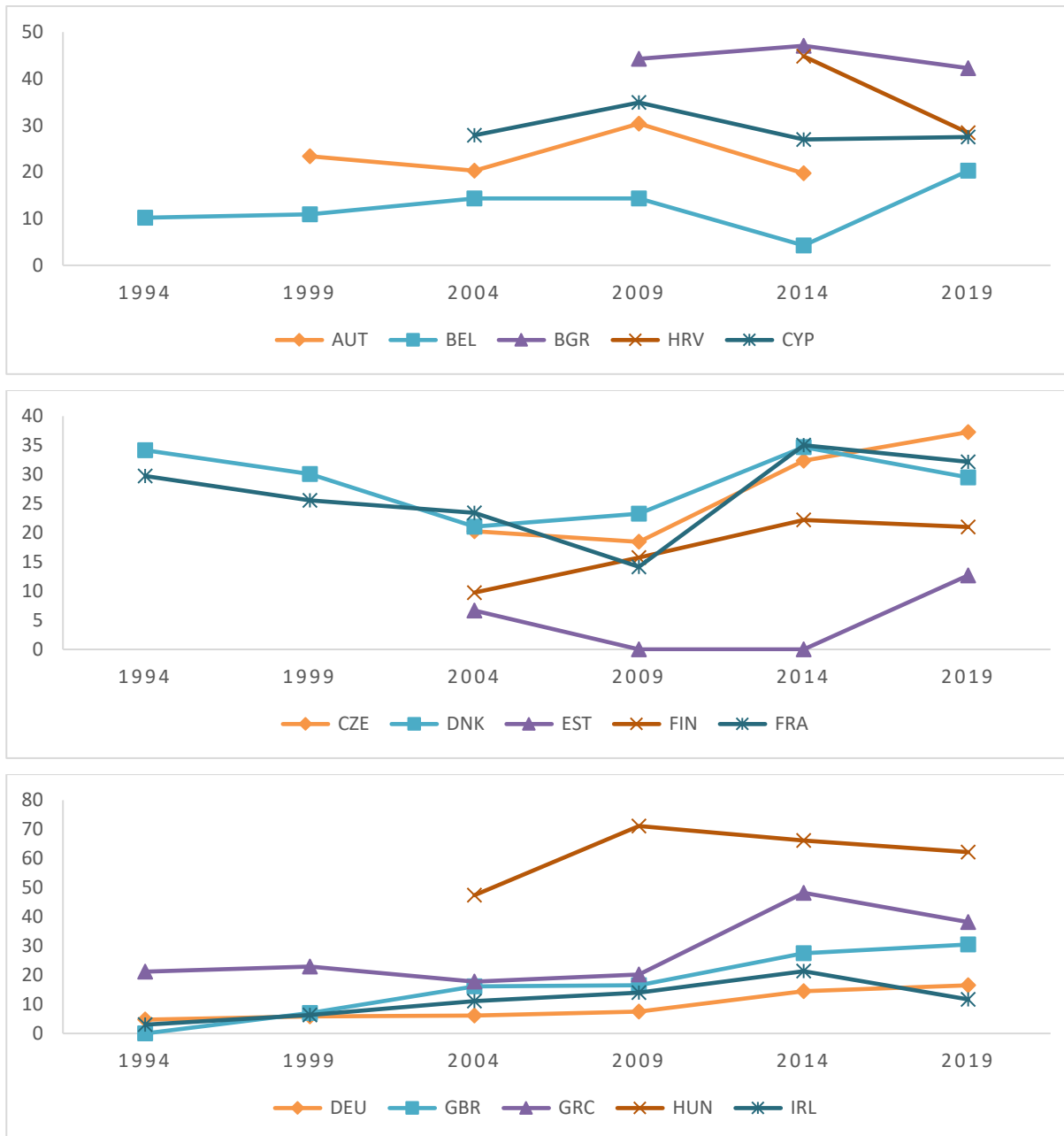
The data employed for the analysis is of a heterogeneous nature, as several variables were included to measure economic, demographic and social trends, together with Hofstede's national culture indicators.

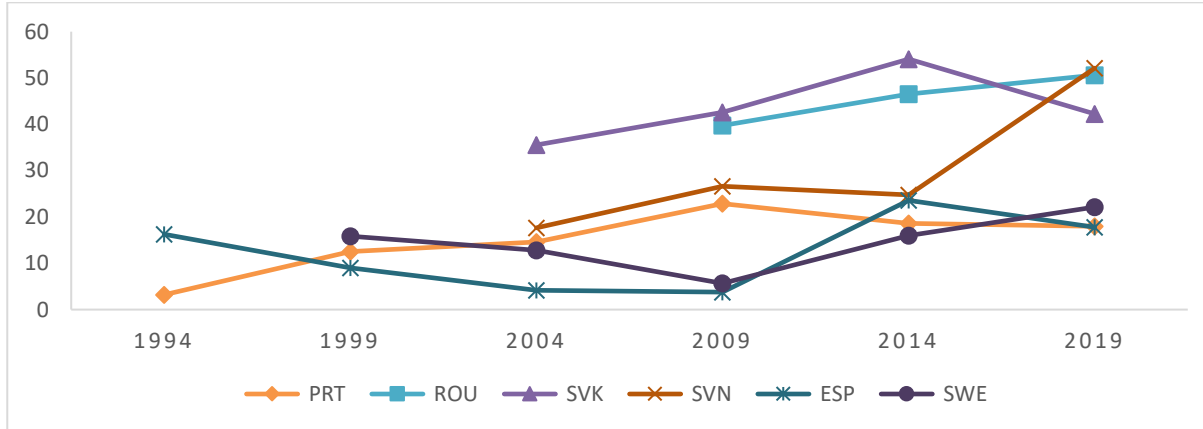
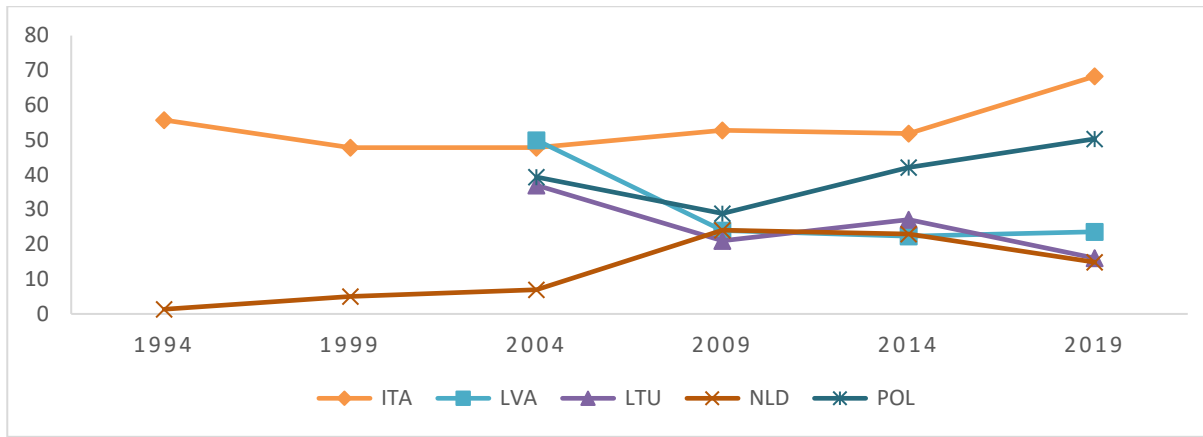
3.1.1 Outcome variables

To assess preferences for populist parties we considered parties' actual performance (in terms of percentage share of electoral support) in European parliamentary elections. European election data has been previously employed with econometric techniques by the likes of Hernandez and Kriesi (2016), Zucchini (2019) and de Vreese and Goldberg (2018) to study voting behavior. The advantages of using European parliamentary data in econometric analysis include: the large size of the sample, which allows for comparing a vast number of countries; the longitudinal nature of the data, which allows for the analysis of trends and changes over time; the variability in voter behavior, which is larger than in national parliamentary elections due to the absence of tactical voting and to lower voter turnout; and the relevance of these elections for policy issues, as they determine the direction in the governance of the EU.

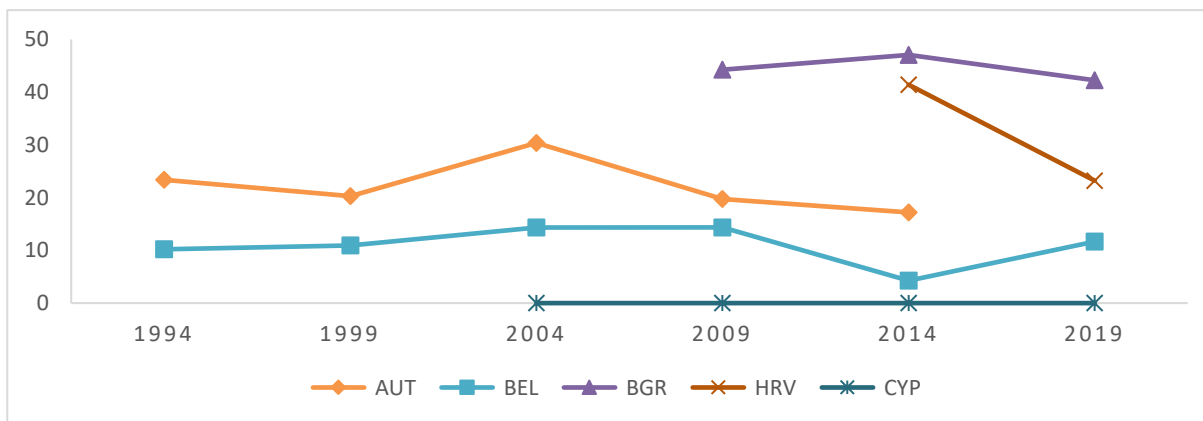
Populist parties are classified as such by relying on the Popu-List database (2019), integrated with a few other parties that weren't considered due to being exclusively competitive in European parliamentary elections rather than national ones. Overall populist parties' results are

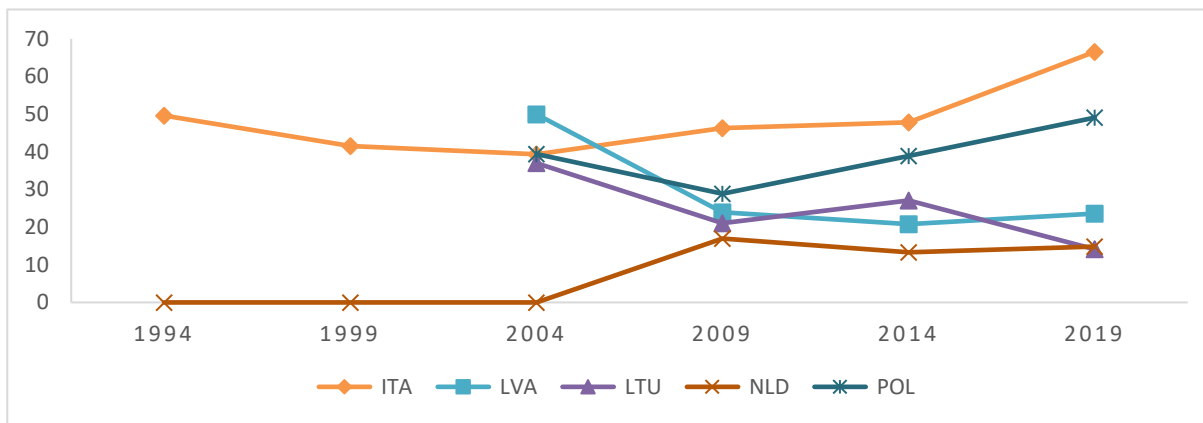
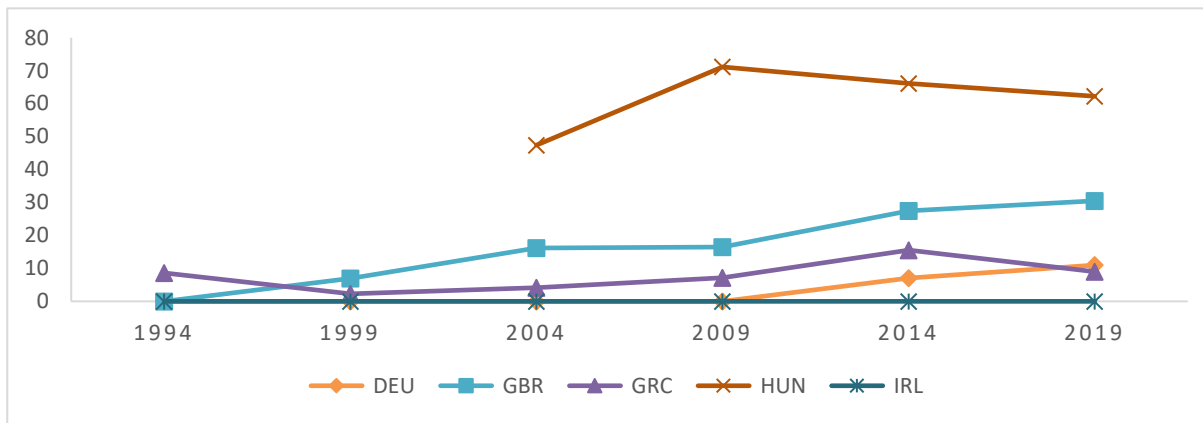
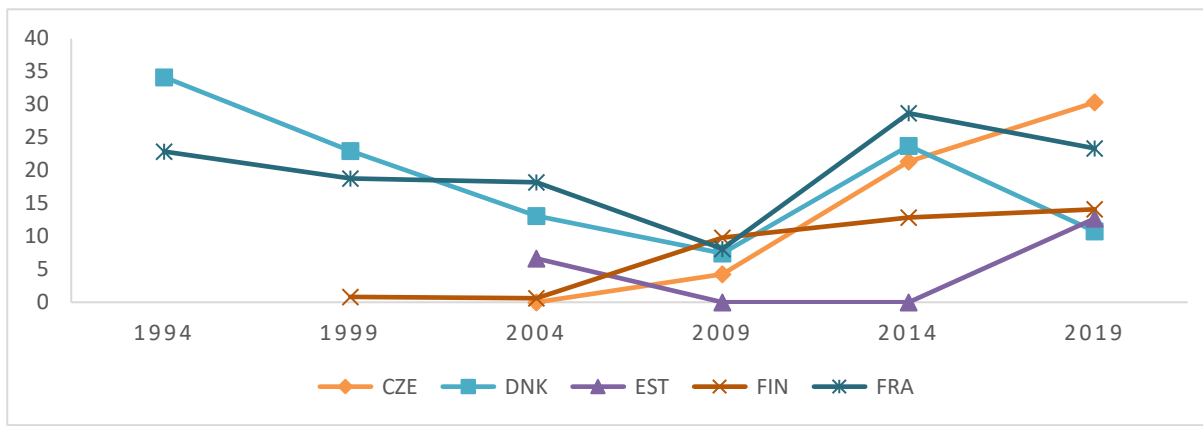
presented below. The effect of time on the increase of populist support can be appreciated graphically, although results have varying degrees of statistical significance in different model specifications, as will be seen later.

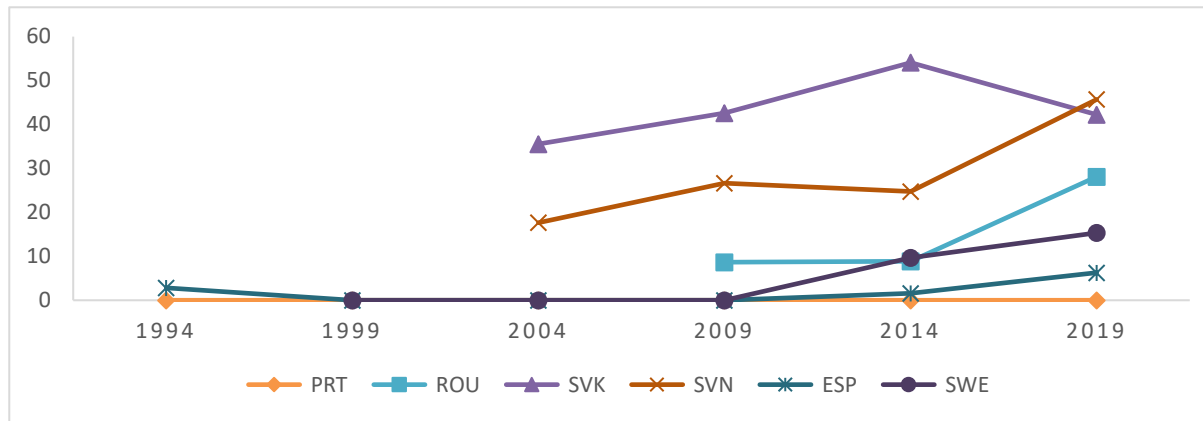




To highlight differences in the subsamples of exclusionary populist parties (right-wing) and inclusionary populist parties (left-wing) the following graphs show the share of EPP votes (which accounts for the majority of populist vote) separately.







The number of observations for populist party electoral shares is equal to 124, which is equivalent to the number of national results recorded in European parliamentary elections. As one can immediately notice, observations are not equally distributed among European nations, so the dataset is unbalanced. Due to later admission in the EU, some of the countries we consider have as little as just two observations in the sample. The start date considered was liberally chosen among European elections in the last 4 decades. The rationale behind the decision to start collecting observations from 1994 was that results from elections held previous to that date would have been slightly outdated if one was interested in studying the more recent evolution of the populist phenomenon and might have produced unreliable results.

3.1.2 Explanatory and control variables

Data on Hofstede's national culture indicators has already been presented in Chapter 2. The indicators are used separately and simultaneously as the main explanatory variables in the model. Their values are time-invariant and sourced through Hofstede's original work from 1980 and his latest adjustments and additions from 2001 and 2011.

To account for the variability of electoral data over time, a series of control variables is used, which serve as measures of potential economic and social determinants of populism. These control variables are:

- **Growth of GDP:** GDP is a commonly used measure of economic performance and reflects the overall health of a country's economy. It has already been employed in connection with populism by the likes of Magud and Spilimbergo (2021), Foster and Frieden (2017) and Stankov (2018). Including GDP as a control variable helps accounting for the general economic conditions of a country that may influence both populism and Hofstede's

cultural dimensions. GDP as a control variable can also help to address issues of omitted variable bias. This occurs when there are other relevant factors that are not included in the analysis, leading to biased or inaccurate estimates of the relationship between the variables of interest. This measure is computed as the average GDP growth rate in the 5 years preceding the election, using World Bank data.

- **Stock of Immigration:** Populism in the European Union is often associated with anti-immigrant sentiment. Therefore, it is probable that immigration stock could affect the relationship between populism and Hofstede's indicators. This measure has been employed in previous studies, as in Sarabia et al. (2019) and Rodrik (2021). By including the immigration stock as a control variable, we can better account for this potential relationship. Moreover, the immigration stock represents the number of foreign-born people living in a country, and this can be an indicator of the level of cultural diversity in each nation. This variable is obviously limited as a proxy for cultural diversity, as it doesn't account for a series of important measures of integration, like the level of social integration of immigrants. The stock of foreign-born people was sourced through the World Bank databank.
- **Debt-to-GDP ratio:** Other than immigration, one of the most pressing issues that has often been found relevant for populist electoral success is public debt and European tight regulations on both debt-to-GDP stock and annual public deficit. Measures of national fiscal discipline like debt-to-GDP and fiscal space have previously been used in other empirical studies on populism by the likes of Guiso et al. (2017, 2021), Foster and Frieden (2017) and Balduzzi et al. (2019), to account for this very sensitive issue for populists. Populist parties have often surged in popular support in response to economic difficulties, especially in Mediterranean countries like Italy and Greece. We used World Bank data to measure levels of debt-to-GDP and constructed a dummy variable taking the value of 1 in case countries were exceeding the limits imposed by Maastricht regulation in the years of observation.
- **Interest paid (% of overall government expense):** Similarly to the previous variable, the inclusion of the percentage of government expense spent on public debt interest can be used as a proxy of the country's level of fiscal discipline. High interest payments can be an indication of poor fiscal management, while low interest payments can be a sign of fiscal prudence. We use World Bank data to measure levels of interest paid on public debt.
- **Corruption Perception Index (CPI):** This index is a measure of perceived corruption in the public sector of countries around the world. It is compiled annually by Transparency International, a global civil society organization that promotes transparency and

accountability in public and private institutions. The CPI is widely employed as a measure of corruption and is used by governments, businesses, and other organizations to assess the risk of corruption in countries around the world. While the index is based on perceptions rather than actual instances of corruption, it is considered a reliable measure because it is based on the opinions of experts who are familiar with the situations in each country of computation. We include the CPI as it serves as a control measure for countries' institutional quality, in a similar fashion to Sarabia et al. (2019). High CPI scores can be interpreted as an indication of strong institutions and good governance, while low CPI scores can be a sign of weak institutions and poor governance.

3.1.3 Correlation matrices

By examining the correlations between our variables of interest we can gain important insights into their patterns of association and identify any particularly strong or weak relationships. In the following paragraph, the correlation matrices for this analysis are presented and discussed, to explore some of the findings that emerge from them.

Table 5 reports the correlations between Hofstede's national culture indicators and the percentage of populist electoral share. The strongest correlations one can observe between the six indicators are between the individualism, power distance and uncertainty avoidance indices, all with statistically significant values above 0.5. The percentage share of populist parties is positively associated with masculinity, power distance and uncertainty avoidance, and negatively correlated with the indulgence and individualism indices. Correlation with the long-term orientation index is close to zero and shows no statistical significance. Intuitively, the observation of these correlation coefficients seems in line with the hypothesis formulated in Chapter 2 on the relationship between cultural dimensions and populism.

Table 5. Corr. matrix for Cultural Dimensions and % Share of Populist support

	% Populist	IDV	IVR	LTO	MAS	PDI	UAI
% Populist	1						
IDV	-0.115	1					
IVR	-0.385***	0.340***	1				
LTO	0.006	0.188*	-0.370***	1			
MAS	0.316***	0.061	-0.108	0.108	1		
PDI	0.361***	-0.530***	-0.450***	0.189*	0.238**	1	
UAI	0.224*	-0.620***	-0.369***	0.097	0.177*	0.625***	1

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Source: own work

Table 6 reports correlations between the percentage share of populist electoral support and the control variables.

The two socio-demographic variables we include show the strongest correlations with populism. Counter-intuitively, the negative sign of the correlation between stock of immigration and populist share suggests that the connection between migration flows and political extremism is not necessarily based on actual number of foreign-born citizens, but rather on subjective or perceived fears. It's likely that countries who experience higher levels of ethnic and cultural diversity have less reasons to embrace anti-immigration rhetoric.

The sign of the correlation with our perceived corruption indicator, on the other hand, is suggestive of a significant effect on populist voting. It's worth noting that corruption is not only a relevant issue for populist parties, but also a bipartisan topic, which might explain the seemingly strong predictive power of the CPI.

Table 6. Corr. Matrix for control variables and % Share of populist support

	% Populist	Growth of GDP	Immigration	Debt-to-GDP	Interest	CPI
% Populist	1					
Growth of GDP	-0.136	1				
Immigration	-0.319	-0.115	1			
Debt-to-GDP	0.146	-0.289	0.182	1		
Interest	0.023	-0.173	-0.227	0.485	1	
CPI	-0.472	0.009	0.099	-0.285	-0.168	1

Source: own work

Finally, in Table 7 we once again report correlation measures, dividing the share of populist vote between Eurosceptic and far-right parties (EPP), and far-left parties (IPP). The coefficients and signs of correlations between right-wing and Hofstede's indicators suggest that most of the correlation observed in Table 5 is likely attributable to these parties, as implied by the graphic examination of electoral vote shares.

The effects of the masculinity and indulgence indices are particularly relevant for exclusionary populist parties, while the individualism and long-term orientation indices seem to be more statistically significant when we consider their correlation with inclusionary populist parties' support.

We also observe a negative correlation between the two measures of populist support, an indication that preferences for either end of the political spectrum might be mutually exclusive, possibly due to ideological reasons.

Table 7. Corr. Matrix for Cultural Dimensions and % Share of EPP/IPP support

	% EPP	% IPP
% EPP	1	
% IPP	-0.438***	1
IDV	0.0973	-0.410***
IVR	-0.429***	0.167
LTO	0.179*	-0.354***
MAS	0.323***	-0.0788
PDI	0.222*	0.210*
UAI	0.0462	0.318***

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Source: own work

3.2 Model specification for OLS and Random Effects estimations

In econometric modeling, selecting the appropriate method of estimation is crucial to obtain reliable and robust results. For studying the relationship between Hofstede's dimensions and populism in Europe, we employ two of the most common estimation techniques for panel data, pooled OLS and random effects. In this paragraph, we will discuss why both methods might be suitable for this analysis and why random effects estimation may be preferred over pooled OLS. Pooled OLS is a widely used method that assumes, specifically for our case, that the country-specific effects are constant across all countries and time periods. This approach can be appropriate when the country-specific effects are not expected to vary systematically with the explanatory variables. In the case of this analysis, we might use pooled OLS if the expectation was for the relationship between Hofstede's dimensions and populism to be similar across all sampled countries, without any other country-specific factors that affect their relationship.

In practice, it's reasonable to expect that there are other country-specific factors affecting the association between cultural variables and populist vote, like differences in political systems or economic structures. In this case, one might consider using random effects estimation, which allows for country-specific effects to vary across countries and time periods.

Random effects estimation assumes that the country-specific effects are uncorrelated with the explanatory variables, but they can vary systematically across countries. This estimation method allows for capturing those country-specific effects that are not explained by the explanatory variables, which can improve the accuracy and reliability of the estimates.

We exclude the possibility of employing fixed effect estimation, also known as within estimation, because of its inapplicability to the research question of this analysis. In fact, fixed effect is appropriate when one is interested in estimating the effect of changes within countries

over time, holding constant country-specific factors. In the case of this analysis, the requisite of variation within countries over time is violated, at least for Hofstede's indicators, which renders the application of fixed effect ineffective both practically and theoretically.

The basic equation describing the model is:

$$Y_{it} = \beta_0 + \beta \text{Culture} + \gamma Z_{it} + \delta t_t + \varepsilon_{it}$$

Where:

- Y_{it} is the outcome variable, representing the level of populism in country i at time t .
- $Culture_{it}$ is a vector of variables which includes the six indices quantifying Hofstede's dimension of culture. They are the main explanatory variables, and their value is time-invariant.
- Z_{it} is the vector of control variables.
- t_t is a vector of time dummies, which captures any time-specific factors that may affect the relationship between Hofstede's dimensions and populism.
- β_0 is the intercept, representing the expected level of populism when all independent variables and control variables are zero.
- β is a vector of coefficients for the independent variables, which captures the expected change in populism for a one-unit increase in each of the Hofstede's cultural dimensions.
- γ is a vector of coefficients for the control variables, representing the expected change in populism for a one-unit increase in each of the control variables.
- δ is a vector of coefficients for the time dummies, which captures the expected change in populism for each period, holding constant all explanatory and control variables.
- ε_{it} is the error term, representing the random variation in populism that is not explained by the independent variables, control variables, or time dummies.

Because of the time-invariant nature of the cultural dimensions, we do not include country dummies in the model. Including them would give rise to collinearity issues due to both country fixed effects and Hofstede's dimensions "loading" on the same variation between countries.

3.3 Pooled OLS and RE results discussion

Regression results for OLS and RE estimation are presented in Table 8.

We test the influence of culture on populist electoral success in all sample countries. Column (1) reports estimation results for the Pooled OLS model with no control variables. Coefficients on all cultural variables are significant except for the uncertainty avoidance dimension. Although statistical significance in this first regression is limited, we can interpret the coefficient values and signs for the six dimensions as a positive indication for further analysis. In column (2) estimation results for the same Pooled OLS model are reported with the inclusion of the control variables. We use cluster-robust standard errors to account for potential autocorrelation with observations within the same countries. The R-squared is slightly higher when controlling for the other factors, but statistical significance for the six dimensions is null. Column (3) reports estimation results with the same specifications, this time using random effects. Using STATA's cluster option, we can employ clustered sandwich estimators in the tests to allow for possible autocorrelation between observations related to the same countries. Three of the six dimensions display statistically significant effects on the electoral percentage share of populist parties. In particular, the indulgence dimension has a negative effect on populist consensus, such that a one unit increase in the indulgence index provokes a 0.32% decrease in populist vote. On the other hand, the indices measuring masculinity and power distance are positively related to populism, so that a one unit increase in their values causes a 0.14% and 0.21% increase in populist vote, respectively. Column (4) shows how estimation coefficients change when including the CPI index, and results are essentially in line with the previous regression, although the effects are slightly smaller.

The effects of time are noticeable, particularly with respect to the last two years of observation, when populist vote surged in many European countries. These dummies should capture the part of variation in populism linked to the European migrant crisis and the aftermath of the debt crisis.

Statistical significance for the coefficients of the control variables included is low, although this might be attributable to the relatively low statistical power of the model compared with other research studies conducted on populism. Given the small number of observations, the values might be lacking in terms of predictive power, but still be theoretically relevant when considering both their correlation with populism and Hofstede's dimensions.

Table 8. Estimation results using POLS and RE

Variables	Pooled OLS	Pooled OLS	RE – Cl. S.e.	RE – Cl. S.e.
	(1)	(2)	(3)	(4)
	% Share of Populist vote	% Share of Populist vote	% Share of Populist vote	% Share of Populist vote
IDV	0.25** (0.10)	0.16 (0.17)	0.17 (0.18)	0.20 (0.17)
IVR	-0.30*** (0.08)	-0.25 (0.16)	-0.32** (0.15)	-0.30** (0.13)
LTO	-0.26*** (0.08)	-0.14 (0.15)	-0.23 (0.18)	-0.23 (0.16)
MAS	0.14*** (0.05)	0.11 (0.08)	0.14* (0.08)	0.14* (0.08)
PDI	0.20** (0.08)	0.12 (0.12)	0.21* (0.12)	0.18* (0.11)
UAI	0.04 (0.07)	-0.02 (0.11)	-0.01 (0.12)	-0.04 (0.12)
1999	3.41 (5.45)	6.97** (3.25)	2.52 (2.50)	1.60 (2.31)
2004	5.31 (4.89)	11.72** (4.35)	4.69 (3.36)	3.01 (3.06)
2009	7.43 (4.85)	14.71** (5.40)	6.01 (4.77)	4.62 (3.63)
2014	13.30*** (4.83)	17.46*** (6.23)	9.84** (4.52)	7.89** (3.55)
2019	13.64*** (4.83)	21.77*** (5.73)	11.98** (4.85)	10.82*** (3.17)
Growth of GDP		-0.82 (1.11)	-0.36 (0.81)	-0.45 (0.78)
Immigration		-0.91* (0.52)	-0.08 (0.49)	
Debt * Interest		0.58 (0.40)	0.40 (0.24)	0.30 (0.24)
CPI				-0.18 (0.11)
Constant	11.08 (11.37)	19.06 (23.90)	19.28 (22.96)	32.75* (21.96)
Observations	124	124	124	124
R-squared	0.38	0.45		
Number of Countries			26	26

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1
 Source: own work

We run a Breusch-Pagan test to determine whether the variability of the errors is dependent on the values of the independent variables. This technique is used to verify the presence of linear forms of heteroscedasticity in the model, which would violate the assumptions of linear regression. Having detected heteroskedasticity in the model, preference for random effects

estimation over pooled OLS seem to be supported by both practical and theoretical elements. Table 9 reports results for a replication of the analysis, splitting the populist vote between right-wing and Eurosceptic parties (columns 1 and 2) and left-wing or inclusionary populist parties (columns 3 and 4).

Table 9. Estimation results for Random Effects on EPPs' and IPPs' vote shares

VARIABLES	RE – Cl. S.e.	RE – Cl. S.e.	RE – Cl. S.e.	RE – Cl. S.e.
	(1) % EPP	(2) % EPP	(3) % IPP	(4) % IPP
IDV	0.27 (0.25)	0.27 (0.24)	-0.09 (0.11)	-0.08 (0.11)
IVR	-0.46*** (0.16)	-0.45*** (0.15)	0.11 (0.10)	0.14 (0.09)
LTO	-0.11 (0.22)	-0.11 (0.20)	-0.15 (0.10)	-0.13 (0.09)
MAS	0.18* (0.11)	0.18* (0.11)	-0.03 (0.05)	-0.04 (0.04)
PDI	0.14 (0.18)	0.13 (0.17)	0.10 (0.09)	0.07 (0.10)
UAI	-0.09 (0.13)	-0.09 (0.13)	0.07 (0.07)	0.05 (0.07)
1999	-2.44 (2.39)	-2.41 (2.05)	4.17** (1.96)	4.00** (1.81)
2004	-0.61 (3.27)	-0.56 (2.80)	3.94* (2.23)	3.71** (1.78)
2009	-0.36 (4.68)	-0.15 (3.43)	4.54* (2.69)	4.66** (2.05)
2014	5.02 (4.49)	5.24 (3.68)	2.57 (2.55)	2.83 (2.03)
2019	5.78 (5.11)	6.17* (3.69)	3.89 (2.66)	4.50** (2.08)
Growth of GDP	0.35 (0.60)	0.34 (0.62)	-0.73* (0.39)	-0.73** (0.37)
Immigration	0.08 (0.53)		0.16 (0.22)	
Debt * Interest	0.30 (0.26)	0.29 (0.27)	0.07 (0.17)	0.04 (0.17)
CPI		-0.03 (0.13)		-0.10 (0.06)
Constant	15.77 (23.08)	18.12 (23.90)	3.93 (13.07)	11.08 (13.69)
Observations	124	124	124	124
Number of countries	26	26	26	26

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Source: own work

The four columns report coefficient values for random effects estimation, employing clustered

sandwich estimators to account for autocorrelation with observations within the same countries. The coefficients for the indulgence and masculinity indices are as strong for right wing populism as in the overall analysis, with the former displaying an even larger negative effect than in Table 8 where we considered the whole sample. Statistical significance is lower for every other dimension, just as it decreases for the time dummies coefficients.

Statistical significance is null for left-wing populist parties, which suggests that the influence of cultural dimensions is somewhat “carried” by right-wing populism. This is indeed in line with what one could expect both by looking at the matrices of correlation and intuitively by looking at how much of the overall populist vote was captured by far right and Eurosceptic parties.

3.4 Sensitivity testing

To address some of the limitations and check the robustness and reliability of the results, sensitivity analysis techniques are employed. Specifically, heteroscedasticity and endogeneity testing are conducted.

In the previous section we have discussed the use of the Breusch-Pagan test to verify if the assumptions of linear regression were violated. This technique is useful to determine whether random effects estimation might be preferable but fails to consider non-linear forms of heteroscedasticity. We run additional heteroscedasticity testing by using STATA’s ‘estat intest, white’ command. The goal of the White test is to determine whether the variance of the error term in the regression model is constant across all values of the independent variables, which is a necessary assumption for some modeling approaches, like OLS. Compared to the Breusch-Pagan test, the White test is more general, and accounts for non-linear forms of heteroscedasticity. The results we obtained from the White test suggest the absence of generic heteroscedasticity in the overall model.

Endogeneity, on the other hand, is an issue that one is likely to face in the presence of measures that might create simultaneity with the dependent variable or omitted variable bias, due to the absence of other economic and social determinants in the model. In the presentation of Hofstede’s cultural dimensions, we have mentioned some of their key social implications and correlates, which are, in many cases, impacting the political structures and voting preferences in each nation. This gives rise to a potential issue of endogeneity, which would create unreliable and misleading estimates if unaccounted for properly.

The most commonly used methods to address endogeneity in econometric analysis are instrumental variable regression and two-stage least squares regression. These methods allow for the estimation of the causal effect of the explanatory variables on the dependent variable, while controlling for the endogeneity of all or some of the explanatory variables.

Testing endogeneity in a model is a rather tricky task, as it is only possible to assess its presence with post-estimation techniques. The downside of testing endogeneity ‘ex-post’ is that test results can change based on both model specification and the number of instruments and endogenous variables one includes. In the next section we will go into deeper lengths to discuss exactly how and why different instrumental variable models were structured, supporting the decisions with post-estimation testing results.

To instrument more than one potentially endogenous variable in the same model might be problematic in itself and create more problems with the model. Some of these problems are:

- **Multicollinearity:** the inclusion of multiple endogenous variables can produce biased estimates because of multicollinearity between the chosen instruments.
- **Overidentification:** inconsistencies may also arise from the presence of too many instruments simultaneously.
- **Model complexity:** increasing the model complexity might alter the interpretation of results and reduce the overall predictive power of the analysis.

To find fitting instruments for Hofstede’s national culture dimensions, one can rely on both the theoretical background the author has presented in his work, and a series of variables that were previously considered in other academic endeavors.

Clearly, the choice to instrument the dimensions is not only a theoretical dilemma but also depends on whether endogeneity testing verifies the need to do so. Endogeneity testing is a problematic task in and of itself due to changes in results based on model specification: whether a variable is indeed endogenous is dependent on the overall model and not only on the specific variable one is considering. With that in mind, we tested all six variables and were able to exclude endogeneity for the masculinity and the long-term orientation dimensions.

Potential instruments for the remaining four dimensions were found considering other elements of culture that might constitute a good funding ground for the development of those measures used by Geert Hofstede to quantify his indices. Historical events or circumstances, language and religion are all potential “roots” for culture’s evolution. To find a good instrument when looking at these categories, one must only consider variables that meet the necessary conditions: the instrument must be relevant, which is easily assessed looking at correlations between the

instrumented and instrumental variable, and must respect the exclusion condition, so that it only influences the dependent variable Y through its effect on the endogenous explanatory variable. Several options for potential instruments have already been presented in the culture and finance literature.

Gorodnichenko and Roland (2011, 2017) argue for the use of genetic distance from the US to instrument the individualism dimension, as the United States are the country with the highest value on this index in Hofstede's framework. However, the use of this variable requires a complex method of quantification (as there are no unique ways of measuring genetic differences) and might be irrelevant in the context of this analysis given the focus we have put on European countries. A more sound and easily quantifiable variable one might use to instrument individualism refers to the field of language. Kashima and Kashima (1998) argue that languages that require person-indexing pronouns (like the use of "I" in English) place bigger importance on the subject (the individual) compared to those languages who allow for the omission of the pronoun. The languages that fit into the pronoun-dropping category for the sample of nations employed in this study are Greek, Italian, Spanish, Portuguese, Bulgarian, Czech, Polish, Croatian, Slovenian, and Hungarian. Correlation between individualism and pro-dropping languages is strong enough to support the case for relevancy. It seems realistic to assume the exclusion condition is satisfied as there looks to be no other plausible causal connection between language habits and populism.

As for the power distance and uncertainty avoidance dimensions, literature suggests (La Porta et al., 1997, 1999; Li et al., 2013) that hierarchical religions, like Catholicism and Islam, are associated with stricter social structures and higher verticality in power rankings. This intuition renders religion a powerful instrument for these two dimensions. In particular, the authors have noted how the prevalence of Protestantism is associated with looser societies, which should display lower values in both UAI and PDI. Using the same instrument for two separate endogenous variables is not possible if one intends on including them both in the same model. We will discuss potential solutions for this specific issue in the further course of this section. Correlation between power distance and uncertainty avoidance and protestant population is strong enough to support the case for relevancy. As in the previous case, there look to be enough elements to support the exclusion condition as well. Although the impact of religion might be connected to populism, or at least to certain conservative values, it is through its effects on society at large that it creates the condition for certain ideas to foster and develop.

When it comes to the indulgence/restraint dimension, an element of novelty with respect to existing literature was included in the analysis, by employing history of a communist government as an instrumental variable for this index. The intuition is both theoretical and

statistical. First, Hofstede himself (2001, 2011) argued that historically ‘traumatic’ events such as dictatorial rule influence this facet of culture. Communist rule typically involves a strong central authority that imposes strict control over social and economic life, which can lead to a culture of restraint and a preference for conformity and order over individual expression and enjoyment. This can be reflected in cultural values related to self-expression, leisure time, and personal fulfillment, which are, on the contrary, highly valued in indulgent societies. The use of communist governance as an instrument for Hofstede’s cultural dimensions is by no means innovative, as it has already been used in other works to instrument the power distance dimension. In the context of this analysis, we find that correlation is significantly stronger for the indulgence index, which suggests it might perhaps be more appropriate for this dimension. The rationale behind the decision to only consider former soviet vassal republics, and no other countries that have experienced different forms of totalitarian regimes is to account for the relatively close temporal connection between communist rule and the measurement of the dimensions’ values. This index was in fact added in later works, and it was computed employing data referring to the late 1990s’ and early 2000s’. The only European countries that hadn’t experienced democracy for longer than a few years at the time were those that had been under the Soviet sphere of influence. We test the relevancy condition for this instrument by checking the correlation between a dummy variable of value 1 in case the country had experienced communist governance and the indulgence index. The value and significance of the correlation gives a positive signal for the employment of this variable as an instrument. As for the exclusion condition, one could argue in a similar fashion to the previous two dimensions that, although communist rule has probably influenced the potential development of populism in many ways, the indulgence index certainly captures a significant part of its effect on how societal norms are shaped.

Table 10 presents correlation values for the instrumental variables we have introduced in this section.

Table 10. Corr. Matrix for Cultural Dimensions and Instrumental variables

	Pro-drop language	Share of Protestant population	Communist dummy
IDV	-0.640***	0.386***	-0.117
PDI	0.674***	-0.537***	0.326***
UAI	0.631***	-0.674***	0.0574
IVR	-0.425***	0.444***	-0.758***

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Source: own work

As for the masculinity and the long-term orientation dimensions, as mentioned earlier, post-estimation diagnostics couldn't detect endogeneity after testing for some potential instrumental variables. For the masculinity index, we relied on insight gathered from Hofstede (1980) and considered two different measures, one for the percentage of renewable energy consumption on overall energy use and the other for the percentage of females in top managerial positions in medium to large firms. Both variables displayed statistically strong and significant correlation with the masculinity dimensions, but neither passed post-estimation endogeneity testing. To test potential endogeneity even further, a fictitious variable with almost perfect correlation with the endogeneity index was tested, but the analysis still couldn't produce any results indicating the dimension required instrumenting. We proceeded in an analogous way with the LTO dimension, and once again failed to detect endogeneity. For these reasons we find it reasonable to deem instrumenting these variables unnecessary in the context of this study. It must be pointed out that these results are only relevant due to the specification of the model and might not apply in other studies relating cultural dimensions to social or economic phenomena. Post-estimation results change depending on the nature of the variables considered in the analysis, which makes it only possible for researchers to form reasonable assumptions on the issue.

3.5 Instrumental variable analysis

In Table 11, estimates for instrumental variable regression analysis are reported. First, standard 2SLS methodology is used, to allow for both post-estimation testing and first stage regression analysis.

Column (1) presents results for the model including all 3 instrumented variables. We used a linear combination of the Power Distance and Uncertainty Avoidance indices (an average measure of the two, specifically) to address the issue of using a singular instrument for both the dimensions. Results suggest higher statistical significance for both the PD/UA combined index and the Individualism index, compared to Pooled OLS and RE estimation. The masculinity index retains a strong level of significance, same as it was with the Pooled OLS and Random Effects. The coefficient for the Indulgence index is statistically insignificant, but it's necessary to point out that including all 3 of the instruments creates divergences in endogeneity testing results. In fact, including all three of the potentially endogenous variables leads to accepting the null hypothesis of exogeneity for the indulgence dimension for both the Durbin and the Wu-Hausman tests. Test statistics for the PD/UA and the IDV measures, on the contrary, support the case for endogeneity.

To allow for measuring both the relevancy of the instruments and to further test for potential endogeneity we include columns (2), (3) and (4), which describe estimation results for identically specified models, this time instrumenting one variable at a time. The rationale behind this choice is to avoid any issue of possible multicollinearity between the instruments, and to evaluate the F statistic for all three first stage regressions separately, to verify the strength of the three instruments.

Column (2) presents results for IV regression instrumenting just the Indulgence dimension. Post-estimation test results once again suggest the absence of endogeneity, although the F statistic for the instrument in the first stage regression is considerably high (=78), implying the communist governance dummy constitutes a strong instrument. Both the Durbin score and the Wu-Hausman test are very sensitive to the inclusion of the CPI index, implying there might be some additional information in the corruption perception measure that renders instrumenting the IVR variable unnecessary.

Column (3) presents IV estimates obtained by solely instrumenting the Individualism index. Post-estimation test results confirm the presence of endogeneity bias. The F statistic for the first stage regression is higher than 10, and it passes the 10% threshold for the Wald Test, which is an indication of good strength for the instrument.

Finally, in Column (4) IV estimates obtained by solely instrumenting the Power Distance/Uncertainty Avoidance combined indices are presented. Post-estimation endogeneity testing confirms the endogeneity bias. The F statistic for the first stage regression is considerably higher than 10 (=22), and it passes the 10% threshold for the Wald test, which is once again an indication of good strength for the instrument.

Table 11. Estimation results using 2SLS

	IV – 2SLS	IV – 2SLS	IV – 2SLS	IV – 2SLS
VARIABLES	(1)	(2)	(3)	(4)
	% Share of Populist vote	% Share of Populist vote	% Share of Populist vote	% Share of Populist vote
IVR	-0.13 (0.18)	-0.25** (0.11)	-0.09 (0.10)	-0.18** (0.08)
PD/UA	-1.17** (0.54)			-0.62*** (0.24)
IDV	-1.11* (0.64)	0.23** (0.09)	-0.45 (0.33)	-0.10 (0.16)
MAS	0.26** (0.11)	0.09** (0.04)	0.17*** (0.06)	0.14*** (0.05)
LTO	0.43 (0.29)	-0.14* (0.09)	0.14 (0.15)	0.07 (0.11)
PDI		0.03 (0.08)	-0.12 (0.11)	
UAI		-0.08 (0.07)	-0.29** (0.13)	
1999	5.11 (8.11)	4.84 (4.63)	5.30 (5.57)	3.67 (5.34)
2004	10.49 (7.87)	7.18 (4.41)	9.21* (5.39)	7.70 (5.10)
2009	13.59* (7.79)	11.12** (4.41)	12.32** (5.32)	12.35** (5.11)
2014	12.73 (8.79)	11.50** (5.13)	12.93** (6.04)	12.03** (5.72)
2019	22.20*** (7.97)	18.63*** (4.52)	20.05*** (5.40)	21.29*** (5.20)
Growth of GDP	-1.50 (1.19)	-1.36** (0.69)	-1.23 (0.81)	-1.55** (0.78)
Immigration Stock	-1.86*** (0.60)	-0.98*** (0.30)	-1.30*** (0.35)	-1.60*** (0.35)
Debt * Interest	1.23* (0.65)	0.20 (0.25)	0.67* (0.38)	0.49 (0.31)
CPI	-0.45** (0.19)	-0.41*** (0.09)	-0.33*** (0.12)	-0.65*** (0.14)
Constant	161.85*** (56.36)	55.65*** (12.93)	86.56*** (21.76)	109.86*** (26.60)
Observations	124	124	124	124
R-squared		0.53	0.32	0.37

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Source: own work

We report post-estimation testing results in Table 12, presenting both the Durbin score and the Wu-Hausman test values for all four models.

Table 12. Post-estimation endogeneity diagnostics

Durbin Score				
Models	(1)	(2)	(3)	(4)
IVR	.76 (p = 0.38)	0.55 (p = 0.46)		
IDV	12.45 (p = 0.00)		6.63 (p = 0.01)	
PD/UA	6.32 (p = 0.01)			8.91 (p = 0.00)
Wu-Hausman				
Models	(1)	(2)	(3)	(4)
IVR	.66 (p = 0.42)	.48 (p = 0.49)		
IDV	12.05 (p = 0.00)		6.04 (p = 0.02)	
PD/UA	5.80 (p = 0.01)			8.36 (p = 0.00)

Source: own work

To take the problem of potential serial correlation and unobserved country-level heterogeneity into account we decided to also use STATA's `xtivreg` command. In particular, `xtivreg` with the 're' (random-effects) option makes use of a two-stage least squares random-effects estimator. Implementation of this technique is based on theory originally presented by Balestra and Varadharajan-Krishnakumar (1987).

Results for the two-stage least-squares random effects estimation are presented in Table 13. Coefficient values and model specification in the two columns are identical, as the second differs only for the use of cluster robust sandwich estimators, which are used as a robustness check on the estimates. Given the results of postestimation diagnostics with standard 2SLS we decided to solely instrument the PD/UA and IDV dimensions.

Results are in line with both Pooled OLS and RE estimation. Indulgence has a similar negative and significant effect on overall populist electoral performance, amounting to 0.3% percentage decrease per unit of IND. The size and statistical significance of the coefficient for the masculinity dimension confirms its positive effect on overall populist vote. Statistical significance for the individualism, long-term orientation and power distance/uncertainty avoidance is lower compared to 2SLS estimation.

Unlike standard 2SLS regression techniques, 2SLSRE estimation doesn't allow for post-estimation diagnostics. We trust the results presented so far for post-estimation with standard instrumental variable constitute a solid enough foundation for both the choice of instruments and the methodology we followed.

Table 13. Estimation Results using 2SLSRE

VARIABLES	2SLSRE	2SLSRE – Cl. S.e.
	(1) % Share of Populist vote	(2) % Share of Populist vote
PDUA	-0.43 (0.38)	-0.43 (0.39)
IDV	-0.17 (0.29)	-0.16 (0.30)
IVR	-0.30** (0.15)	-0.30* (0.17)
MAS	0.22** (0.11)	0.22** (0.09)
LTO	-0.07 (0.18)	-0.07 (0.23)
1999	2.08 (3.52)	2.09 (3.04)
2004	4.41 (3.53)	4.42 (3.82)
2009	6.67* (3.70)	6.70 (5.20)
2014	10.77** (4.43)	10.79** (4.56)
2019	14.08*** (4.10)	14.11*** (5.19)
CPI	-0.26** (0.12)	-0.27** (0.13)
Immigration Stock	-0.58 (0.43)	-0.58 (0.47)
Growth of GDP	-0.38 (0.60)	-0.38 (0.83)
Debt * Interest	0.40* (0.24)	0.40 (0.27)
Constant	81.58** (38.76)	81.63** (36.03)
Observations	124	124
Number of country_n	26	26

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Source: own work

Finally, we run instrumental variable regression analysis on the two subsamples of exclusionary, or right-wing, and inclusionary, or left-wing, populist parties. Results are

presented in Table 14. For each of the two subsamples, we report estimates in both 2SLS and 2SLSRE settings. The two subsamples are divided between columns (1) and (2) and columns (3) and (4).

Column (1) includes estimates for 2SLS, that show significant negative effect for both the indulgence and the power distance/uncertainty avoidance instrumented variables. The effect of masculinity is positive and strongly significant. However, neither the Durbin score nor the We-Hausman statistic support the case for exogeneity of the indulgence and power distance/uncertainty avoidance dimensions when we employ post-estimation diagnostics. Therefore, in column (2) we restrict RE2SLS and instrument the individualism dimension solely. By doing so, results cease to show any statistical significance for all the cultural dimensions. It must be pointed out that post-estimation diagnostics for the EPP subsample alone display low strength for the instrument in the model specification of column (2), which might be suggestive of weak predictive ability and unreliable results. Weak instruments are sometimes a cause to disregard instrumental variable estimation results, or at least interpret them with caution.

We replicate the process with inclusionary populist parties, as shown in column (3) and (4), and fail to detect endogeneity for any of the six dimensions. Due to these differences, we conclude that results for the analysis on inclusionary populist parties are unreliable when employing either 2SLS or RE2SLS techniques and shouldn't be taken into account.

These divergences with the previous model in which we considered the whole sample might be attributable to the different structure of the data, or to omitted variable bias given that right-wing and left-wing populism are likely connected to different social phenomena.

Table 14. Estimation results using 2SLS and 2SLSRE for EPPs' and IPPs' vote shares

VARIABLES	2SLS	2SLSRE – Cl.	2SLS	2SLSRE – Cl.
	(1)	(2)	(3)	(4)
	% EPP	% EPP	% IPP	% IPP
IDV	-0.66 (0.58)	-1.21 (1.47)	-0.45* (0.27)	-0.23 (0.15)
IVR	-0.29* (0.17)	-0.22 (0.32)	0.16** (0.08)	0.12 (0.13)
PD/UA	-0.92* (0.49)		-0.24 (0.23)	-0.09 (0.15)
PDI		-0.33 (0.65)		
UAI		-0.51 (0.44)		
MAS	0.25** (0.10)	0.41 (0.36)	0.01 (0.04)	0.00 (0.05)
LTO	0.39 (0.26)	0.36 (0.58)	0.03 (0.12)	-0.09 (0.08)
1999	1.85 (7.36)	-2.14 (2.91)	3.26 (3.41)	4.03** (2.00)
2004	6.81 (7.15)	0.10 (3.91)	3.68 (3.31)	3.79* (2.11)
2009	8.90 (7.07)	0.31 (5.94)	4.69 (3.27)	4.80* (2.65)
2014	9.16 (7.98)	5.62 (5.38)	3.57 (3.69)	2.93 (2.53)
2019	17.28** (7.23)	6.57 (6.57)	4.91 (3.35)	4.73* (2.76)
Growth of GDP	-1.05 (1.08)	0.35 (0.61)	-0.45 (0.50)	-0.75** (0.37)
Immigration Stock	-1.59*** (0.54)	-0.07 (0.73)	-0.27 (0.25)	-0.04 (0.26)
Debt * Interest	0.84 (0.59)	0.41 (0.34)	0.39 (0.28)	0.05 (0.17)
CPI	-0.33* (0.18)	0.01 (0.13)	-0.12 (0.08)	-0.11 (0.07)
Constant	116.65** (51.16)	108.84 (100.50)	45.20* (23.68)	30.89 (21.59)
Observations	124	124	124	124
R-squared	0.04		0.15	
Number of country_n		26		26

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Source: own work

3.6 Possible extensions

The findings of this empirical study have provided valuable insight into the potential connections between culture, at least through the methods and quantifications of Hofstede, and populism in the European Union. As rich as the literature on the demand side of populism is, this is, to the best of our knowledge, an original and previously unexplored take on the roots of the phenomenon. To extend the analysis, it feels necessary to address and discuss some of the limitations of the models we have laid out.

The first of the potential extensions has to do with improving the statistical power of the models. To increase the predictive ability of the analysis two key elements must be taken into consideration: the quality of the data and the amplitude of the sample.

The quality of data on the explanatory side is mostly related to the methodology used to construct the cultural dimensions. Hofstede pointed out how quantifications of culture, as widely employed as they might be, are all relying on subjective perceptions of what is at the roots of cultural phenomena. In other words, what one author could use as a measure of individualism, or masculinity, might not coincide with other definitions of the same cultural variables. The role of subjective measurements is especially significant for social sciences, where statistical sophistication is just as important as theoretical reasoning. Comparing the six indices with other measures of culture might draw a clearer picture of the true power of Hofstede's dimensions. Either by using surveys or by collecting information on behavior and social structures that reflect cultural trend and habits, one could build similar indices and examine the patterns of correlation to see whether Hofstede's definitions of culture still match different and perhaps more modern definitions of culture. With that in mind, we feel like including instrumental variable regression techniques in the analysis has helped produce more convincing results, which has at least partly improved the issue of reliability on the side of the cultural variables.

As for the issue of data quality on the independent side, using results from European parliamentary elections surely made sense from a practical point of view but it might also yield partially biased results. To fully capture the essence of the populist wave that has hit Europe and to possibly extend the analysis to other nations and continents, one might have to extend the model to other, different, electoral rounds. National parliamentary or presidential elections follow different logics and could produce different outcomes. Of course, this is not a simple issue to tackle, so the choice of using relatively similar settings for a vast set of nations made sense for structuring the analysis more easily. To increase sample size and improve predictive power, further research might use a wider set of electoral rounds, which would allow for

studying different voting patterns. Another alternative one could use going forward would be using survey data on electoral preference rather than actual electoral performance. This would lower the noise generated by tactical voting, but it might still generate imperfect results because of divergences between preferred choices and actual behavior.

A higher number of observations would also make it possible to increase the general predictivity of the model, producing higher significance in estimation results and lowering the risk of incurring in potential issues like multicollinearity between explanatory variables. That implies that as the size of the sample increases it's also possible to include more variables in the right end side of the model equation, even if one wanted to abide by the rule of thumb prescribing the inclusion of no more than one predictive variable for every ten occurring events.

Concluding Remarks

This study has hopefully emphasized the peripheral importance of culture and populism in today's social and economic sciences. The primary objective of this investigation was to shed new light on these issues and reach original conclusions. The endeavor has been successful, as the findings from the statistical analysis have yielded interesting implications.

The results have demonstrated a significant influence of two key dimensions of culture, namely masculinity and indulgence, on political radicalism. Additionally, a less pronounced yet still noteworthy effect has been observed for the power distance dimension. These findings hold true across 26 countries, encompassing both the overall percentage share of European populist parties and specifically right-wing and Eurosceptic populist parties. By employing statistical analysis and drawing upon empirical data, this research adds a layer of practical support to the existing body of knowledge and literature, bridging the gap between theoretical assumptions and empirical validation. This achievement provides a solid foundation for future scholarly inquiries and policy interventions aimed at addressing the complex challenges posed by political extremism.

The importance of these discoveries extends beyond academic purposes and holds significant implications for policymaking. To effectively address the pressing issue of radicalization within the political sphere, it is essential for political leaders and influential thinkers to tackle the underlying roots of a society's collective mindset. Initiating change in how individuals perceive and respond to challenges such as immigration, climate change, or economic inequalities necessitates a focus on the educational experiences that shape their collective consciousness. While effecting a complete transformation of cultural paradigms may seem like an insurmountable task, it should be considered a long-term goal if we aspire to safeguard the values of liberal democracy and pluralism in public life. Beginning with schools and extending to other influential institutions, an emphasis on gender, ethnic, and social inclusivity, which are all important correlates for the dimensions we have observed results for, becomes paramount to prevent the perpetuation of harmful cultural mechanisms and to promote and reinforce good ones. By acknowledging the impact of culture on political radicalism, policymakers can adopt proactive measures to cultivate an environment that nurtures understanding, inclusivity, and resilience against extremist ideologies.

Finally, we hold the hope that the evidence collected through this study will invigorate the field of cultural economics and advocate for the integration of cultural variables in economic analysis. The findings presented here emphasize the critical role of culture in shaping

individuals' political behaviors and beliefs, highlighting the need to expand the scope of economic inquiry beyond traditional factors, enabling a more comprehensive grasp of human behavior and decision-making processes.

Appendix

Table A1. Populist parties overview

Countries	Populist parties	Far-right	Far-left	Eurosceptic
<i>Austria</i>	4	2	0	4
<i>Belgium</i>	5	3	1	4
<i>Bulgaria</i>	9	5	0	5
<i>Croatia</i>	8	4	1	4
<i>Cyprus</i>	3	1	2	2
<i>Czech Republic</i>	9	4	2	7
<i>Denmark</i>	6	3	3	4
<i>Estonia</i>	4	2	0	1
<i>Finland</i>	3	1	1	3
<i>France</i>	6	3	2	6
<i>Germany</i>	2	1	1	2
<i>Greece</i>	11	4	6	9
<i>Hungary</i>	7	6	1	7
<i>Iceland</i>	7	0	1	5
<i>Ireland</i>	5	0	5	4
<i>Italy</i>	13	5	4	8
<i>Latvia</i>	7	1	3	3
<i>Lithuania</i>	11	2	4	6
<i>Netherlands</i>	10	3	1	9
<i>Poland</i>	15	9	3	10
<i>Portugal</i>	4	1	3	4

<i>Romania</i>	6	3	2	2
<i>Slovakia</i>	12	4	2	8
<i>Slovenia</i>	6	2	3	3
<i>Spain</i>	11	1	10	10
<i>Sweden</i>	3	2	1	2
<i>United Kingdom</i>	5	1	2	5

Source: Roodujin, M. et al. (2019)

Table A2. Factor loadings and items for Factor 1

Factor 1

<i>Loading</i>	<i>Item Number</i>	<i>Item</i>
0.82	A18	Importance personal time
0.82	B53	Interesting work not as important as earnings
0.78	B52	Corporation non responsible for employees
- 0.76	A55	Low percentage perceived manager 1 or 2
0.75	B46	Employees not afraid to disagree
0.74	A54	High percentage preferred manager 3
0.69	B59	Staying with one company not desirable
0.63	B56	Employees should not participate more
- 0.62	A12	Low importance physical conditions
- 0.61	A9	Low importance training
0.59	A13	Importance freedom
0.59	B55	Employees don't lose respect for consultative manager
0.59	B24	Does not prefer foreign company
- 0.58	A17	Low importance use of skills
0.41	A5	Importance challenge
0.37	B58	Corporation not responsible for society
- 0.35	A15	Low importance advancement

Source: Hofstede (1980)

Table A3. Factor loadings and items for Factor 2

Factor 2

Loading	Item Number	Item
- 0.71	A16	Low importance manager
0.68	A7	Importance earnings
- 0.67	A8	Low importance cooperation
0.60	A11	Importance recognition
0.54	A5	Importance challenge
- 0.53	A6	Low importance desirable area
- 0.51	A14	Low importance employment security
- 0.46	A37	High stress
- 0.45	B57	Individual decisions better
0.43	A17	Importance use of skills
0.39	A15	Importance advancement
- 0.35	B52	Corporation responsible for employees
- 0.35	B58	Corporation responsible for society

Source: Hofstede (1980)

Table A4. Factor loadings and items for Factor 3

Factor 3

Loading	Item Number	Item
0.76	B60	Company rules may be broken
0.62	A37	Low stress
0.59	A43	Continue less than five years
0.56	B9	Prefers manager rather than specialist career
- 0.50	B57	Individual decisions better
0.49	B44	Does not prefer manager of own nationality
0.49	A58	Low overall satisfaction
0.46	A15	Importance advancement
- 0.46	B55	Employees lose respect for consultive manager
0.45	B54	Competition not harmful
- 0.43	A9	Low importance training
- 0.35	A10	Low importance benefits

Source: Hofstede (1980)

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