Populism is on the rise, especially in the developed world. It has gone from being a force to be reckoned with to becoming one of the main challenges for society today. But the causes behind its rise remain hotly debated. Many of the economic analyses of the ascent of populism have focused on growing inequalities – both from an interpersonal and territorial dimension. In this essay, I argue that the rise of the vote for anti-system parties is far more related to the long-term economic decline of places that have seen far better times and have been disadvantaged by processes that have rendered them exposed and somewhat ‘expendable’ than to increases inequality. Fixing this type of ‘places that don’t matter’ is possibly one of the best ways to tackle anti-system voting. This will imply the implementation of well-targeted place-sensitive policies, going beyond the traditional wealthy and less developed places that have attracted the bulk of investment and considering long-term economic trajectories.

Keywords: Populism; Inequality; Economic Decline; Development Strategies

Introduction
From Hungary and Poland to Great Britain and the USA, from Austria and the Netherlands to Germany and France, from Thailand and the Philippines to Argentina and Brazil, election after election, populism has been on the rise. Voters around the globe are becoming disillusioned with a ‘system’ that they consider is delivering less and less for them so they are turning to anti-establishment options that offer allegedly straightforward solutions to their problems.

Why is populism on the rise? Why are voters tiring of mainstream parties? The rapid growth of antisystem voting has attracted swift and copious academic scrutiny, but the reasons explaining this phenomenon remain hotly debated. Much of this research has suggested that it is older, working-class men on low incomes and with few qualifications, struggling to cope with the challenges of a modern economy, who are the archetype of the antisystem, populist voter [7, 22, 26]. Facing both a seismic cultural shift [45] and rising economic insecurity [18, 31], such individuals are deserting mainstream parties and moving in droves to anti-establishment options at both ends of the political spectrum, but mainly to the extreme right. Religious, cultural, ethnic, or national divisions, often associated with the arrival of immigrants, have also featured prominently [53], with antisystem parties demonising the ‘other’ – whether Muslim minorities, asylum seekers, refugees, or the supposed elite – to achieve their electoral objectives [53].

Beyond the focus on the individual characteristics of those left behind, a different type of explanation is emerging with force: that which traces the origins of the shift to the political extremes not to individuals but to the rise of interpersonal and territorial inequalities and, more specifically, the decline of places that have seen better times. This is what I call the revenge of the ‘places that don’t matter’ [51]. The inhabitants of cities, towns, and regions that have suffered long-term economic and industrial decline, often alongside employment and demographic losses, are faced with few opportunities to prosper and so have resorted to the ballot box to express their discontent, resentment, and anger with a system they perceive as offering them no future.

The rise of populism has pitched defenders of cultural explanations against those who consider that the recent shift is fundamentally driven by economic transformations and woes [18, 39]. This distinction has triggered considerable discussion about which explanation, if at all, prevails.

Within the realm of economics, however, a different but equally important disagreement exists between those focusing on economically vulnerable individuals [e.g., 22, 31, 54, 56] and those putting emphasis on left-behind regions [15, 30, 51]. This is a divide that, despite remaining in the background, is fundamental. A focus on left-behind regions helps understand why it is not the very poor that are threatening the political system but the large numbers of still
relatively well-off people – often seen as the threatened middle classes – still living relatively comfortable lives but in declining places.

In this essay I argue that the recent rise of populism across the world, while increasingly cast as a tale of two inequalities, is not really a result of rising interpersonal or even territorial inequality but of the revenge of people living in places that have seen far better times. In the face of dismal economic trajectories and prospects, these are the people who are tilting the political balance and threatening the future of the economic and political systems that emerged from the post-World War II consensus.

The Rise of Populism

Populism is not a new phenomenon – it dates back to the early 20th century. Parts of Europe and North America saw the emergence of different types of populism, much of it associated with the deglobalisation that took place in the aftermath of World War I, which saw the return of economic nationalism [21]. This move towards populist movements was later echoed in South America, with populism in Argentina and Mexico planting its roots during the 1930s and 1940s. More recently, populist parties have dominated Thai politics since the turn of the century, while the origins of populism in some European countries, such as Hungary and Poland, can be traced to the aftermath of the collapse of communism. However, while events in Thailand and later developments in Hungary and Poland were striking, it was the Brexit vote on 23 June 2016 and the election of Donald Trump on 8 November 2016 that opened the floodgates for populism in the developed world. Since then, almost every election in the Western world has seen the pro-system parties pitched against the rising anti-system forces. This was the case in the 2016 Austrian presidential election, the 2017 French presidential election, the 2017 German and Austrian legislative elections, the 2018 Italian election, and the 2019 parliamentary elections in Finland, Spain, Denmark, Greece, Austria, Poland, and the UK, as well as the European elections that year. And this phenomenon is not restricted to Europe or the Western world, with populist politicians of a similar ilk in power in the Philippines since 2013, Mexico since 2018, and Brazil and Argentina since 2019 (Figure 1).

In all of these elections, parties that had long existed at the fringes of political discourse came to be seen as legitimate contenders for power. In Italy, La Lega has gained power in a number of cities and regions and became part of a governing coalition in the aftermath of the March 2018 national election, while Rassemblement National is now seen as a credible candidate party for government in France.

This has shown that populism has gone beyond being a force to be reckoned with to becoming one of the main challenges for liberal democratic societies today. Alongside the rise in electoral viability of long-standing extremist parties, new parties at both political poles have also managed to rattle the political system (Figure 2). Syriza, a political alliance founded in 2004 and which only became a party in 2012, governed Greece between 2015 and 2019. Alternative für Deutschland, founded in 2013, has made significant inroads in successive German national and Land (regional) elections, coming third in the vote share (12.6%) in the 2017 German elections. Similarly in Spain, Vox, also founded in 2013, achieved 15% of the vote in the November 2019 parliamentary election, becoming the third largest political party.

In other cases, mainstream traditional parties have veered towards more illiberal positions. This is the case of Fidesz, the Hungarian Civic Alliance that, under the leadership of Viktor Orbán, has swung towards populism and economic nationalism since its return to government in 2010. A similar shift has taken place in the Polish Law and Justice (PiS) party, especially since 2015, and in Turkey, where the governing Justice and Development Party (AKP), under the stewardship of Recep Tayyip Erdoğan, has taken a path of economic and political nationalism and growing authoritarianism.

The most remarkable example of populist success, of course, is Donald Trump’s victory in 2016, where he took power by campaigning explicitly as an outsider and an anti-establishment candidate. Trump’s achievement is an example of how populism has contributed to the implosion of well-established political systems, where mainstream parties have abandoned the political centre ground in favour of more extreme positions, attempting to avoid the disaffection of the electorate and, in certain cases, fight off the turn of their voters to anti-system rivals. Trump’s reinvention of the Republican party was foreshadowed by the United Kingdom, where the Conservative party, particularly after the Brexit referendum, abandoned its traditional political, social, and economic positions in favour of a rhetoric that often echoed that of the UK Independence Party (UKIP) and then that of the Brexit party. In both the UK and the USA, the shift of the governing parties to the right has been mirrored on the left, with the US Democratic Party moving towards more extreme positions in recent electoral campaigns and elections and the UK Labour party returning to the hard-left ideology of the 1970s under Jeremy Corbyn (until he was replaced as leader by Keir Starmer after Labour’s dismal performance in the UK’s 2019 General Election).

Populism’s Holy Trinity

While putting all populisms on the same boat is nigh on impossible, there are a number of traits that appear common to most illiberal democratic parties, whether in the developed or developing world. These common traits can be gathered into three categories. First and foremost, at the heart of every populist movement is an anti-elite discourse. Muñoz [43] defines populism as a thin-centred ideology, which divides society into two groups – the ‘pure’ people and the ‘corrupt’ elite, with the populist party painting any who do not (or refuse to) share their values as members of this ‘corrupt
Figure 1: The rise of populist vote around the world since 2016. Sources: BBC, NYT, Globo, RTVE, Warsaw Institute, La Nación.
elite’. Elites, as indicated by Brubaker [8], ‘are represented as [those] “outside” as well as “on top”’. They do not share the same views, values, and culture as ‘ordinary’ citizens and are depicted as bent on imposing their views on society. Such parties therefore develop their support through creating the myth that they are needed to defend the interests of the ‘ordinary’ and ‘decent’ citizens against those ‘on top’ and ‘outside’.

The anti-elite discourse goes hand in hand with an anti-immigrant stance. Whether it is the arrival of Latino immigrants to the US or the presence of Muslim minorities in France, Germany, the Netherlands, or Sweden, the increasing racial and ethnic diversity of most Western societies has allowed immigration to be portrayed as a threat to the national identity to that part of the electorate which is vulnerable to such messaging from populist politicians [36, 56, 57]. In recent elections, traditionally non-populist parties – such as the Republican party in the US or the Conservatives in the UK – have adopted this anti-immigration stance as well.

The third pillar of the populist trinity is nationalism, with nationalistic posturing integral to populist governments’ identities [14]. Anti-system parties have systematically labelled other countries and outside institutions as ‘the enemy’, using this threat – whether real or imagined – to mobilise their electorate. Within Europe, the European Union has been a constant scapegoat for both the populist right and left, with the French Rassemblement National claiming in their manifesto that the their main objective is ‘to regain our freedom and the control of our destiny by restoring to the French people their sovereignty’ [49]. Donald Trump has turned the demonization of foreigners into an art form, particularly through his tweets. He has, for instance, suggested that for many years China (and many other countries) has been taken advantage of the United States on trade, intellectual property theft, and much more. Our country has been losing hundreds of billions of dollars a year to China with no end in sight [...] Better off without them [59].

What explains the rise of populism?

Why has populism risen? Despite the abundance of studies trying to explain the growth of anti-system parties proposing illiberal democracies, we are still at a loss to explain the fundamental reasons behind this trend. The drivers of the rise of populism vary from France to the UK, from Hungary to the US, and from Brazil to Turkey. No overarching explanation of this phenomenon has yet emerged – or is likely to ever do so. Moreover, research on the roots of populism within specific countries often reaches contradictory results.

The explanations behind the rise of populism can be grouped into three types of cleavage. The first, and so far dominant, cleavage is between cultural and economic explanations. Many have argued that it is a loss of culture and identity – both individual and national – that has driven the discontent with the prevailing system, with many voters increasingly alienated from a society that has experienced a rapid transformation, a society that has become detached...
from the world they grew up in, making them uncomfortable, almost as if they are 'strangers in their own land' [33]. Factors such as rising immigration, multiculturalism, cosmopolitanism, and globalism are transforming countries, leaving older generations and those less capable of participating in (and/or benefiting from) this new cultural environment estranged from and resentful of an environment they are not familiar with and with which they no longer identify [45].

The traditional values of family, religion, order, and conformism are perceived as being undermined by this shift in society, pitching the elderly against the young, as well as cities against small towns and rural areas [50].

The economic argument emphasises that changes linked to globalisation have rendered increasing numbers of individuals economically vulnerable. Openness to trade – especially the ‘China-shock’ [4, 5, 10, 11] – together with the expansion of artificial intelligence have rendered many traditional skills obsolete, thrusting those relying on limited formal skills into economic insecurity [31]. The austerity measures adopted after the outbreak of the crisis have also been a factor that has contributed to the loss of opportunities [6, 28, 47] and social status by vulnerable individuals [25].

At the heart of this economic explanation is the rise of interpersonal inequality that has been a growing feature over the last few decades, especially in developed countries [16, 42, 48]. The rise in inequality has resulted in more people being left behind, including larger numbers at risk of falling into poverty, triggering dissatisfaction with the system and a reaction at the ballot box. This dissatisfaction and subsequent rejection has only become more evident as the recovery from the last economic crisis is shown to be ever more unequal [18, 46, 47, 53]. The result is rejection of the status quo and an erosion of democratic institutions, leading to nativism and plutocracy [42].

The second cleavage concerns reality versus perceptions. According to this view, the rise in the populist vote is often driven more by perception than by reality. We know migration is one of the fundamental issues behind the feeling of discontent and resentment with the system. Yet it is often the places with the lowest number of migrants that tend to fear migration most and, consequently, vote against the system. Similarly, populist votes driven by inequality are frequently based on perceptions of inequality rather than on real inequality [17], and the same applies for perceptions about corruption and the state of politics [55]. Moreover, as inequality rises, those who perceive themselves as unfairly treated tend to have less trust in the system, creating a feeling of threat and insecurity, alongside a tendency to reject arguments which rebut their perceptions of inequality and threatened status [35].

Finally, the third cleavage concerns those who focus on individual factors against those who focus on the collective characteristics of territories – that is, the division between the people who are left behind and the places that are left behind. Research on the reasons for discontent and the rise of populist vote amongst people ‘left behind’ traditionally focused on a limited number of economic and cultural characteristics of individuals. Age is possibly the factor that has featured the most prominently [19, 23, 26, 27, 32], with older generations, suffering both from cultural and economic shocks, being more likely to feel disaffected by transformations in society and to turn to anti-system parties. Analysis of age is normally coupled with education (Tyson & Maniam, 2016) [2, 6, 7, 19, 27, 32, 37, 53] and low income [2, 6, 23, 26, 32, 53] as the key factors that underpin the populist reaction at the ballot box. Broadly, as indicated by Goodwin and Heath [26], antisystem backers tend to be older, working-class, white voters, citizens with few qualifications, who live on low incomes and lack the skills that are required to adapt and prosper amid the modern, post-industrial economy’. Other individual characteristics, such as lack of employability [6, 38] and immobility [27, 37], can also be added to the equation.

Recent research is also putting stress on the role of places left behind in generating a ‘geography of discontent’ [15, 41] or a ‘geography of resentment’ [52]. This line of work argues that local economic conditions shape voting patterns by individuals living in specific places and that certain territorial characteristics are more conducive to the rise in anti-system vote [24, 38]. The division between large cities, on the one hand, and suburbs, medium-sized cities, towns, and rural areas, on the other, is by far the one that has captured the most attention. In the US, large cities voted for Hillary Clinton by substantial margins. However, this trend was reversed as soon as one ventured into the suburbs, and the Trump vote was prominent in medium-sized towns and rural areas [50]. The urban/rural divide and population density is also deemed to have played a role in the rise of discontent and anti-system vote in other parts of the world [29, 30]. Distance from power and isolation are other factors that have been considered to spur discontent [37].

Economic and industrial decline is also at the base of many analyses [e.g., 15, 52]. Places that became industrial hubs during the industrial revolution and remained proud motors of regional and national economies, but have been hit hard or bypassed by globalisation, have become fertile ground for populist parties. These places have struggled to cope with industrial and economic transitions, such as the rise of trade and automation, and have often undergone, or are still undergoing, sustained periods of decline. From the shrinking industrial heartlands in the USA to formerly prosperous industrial cities in Italy, the inhabitants of such cities and towns have become disillusioned with the new status quo. The lengthy financial and economic crisis of the late 2000s and early 2010s and the ensuing austerity only ignited a ready-made fuse [28, 51]. Citizens in these places have grown tired of waiting for solutions to come from the nation-state or from supranational actors, who have either ignored or progressively withdrawn from these areas. The consequence is a large number of places that have said enough is enough and are increasingly intent on wrecking a system that has for long not worked for them. A summary of this view is ‘if we are sinking, we are sinking the whole system with us’. This mounting anger reached a boiling point and then exploded at the ballot box in recent years [51]. Indeed, in some countries and regions, the ballot box has not been enough to sate their anger and frustration. The alternative is outright street revolt, as in France, where the disaffected from such declining regions formed the main ranks of the rioting ‘gilet jaunes’ (yellow vests) [1, 30].
Alongside this focus on economic and industrial decline has been an emphasis on economic and demographic decline, and this is now attracting the greatest attention [19, 30, 40]. Within these eviscerated regions, rising depopulation and a consequent loss of basic services has caused certain rural areas in affluent countries to become demographic deserts, deprived of public and private services [12, 30]. Residents are reacting to this reality at the ballot box.

A Tale of Two Inequalities
It is as if the rise of discontent at the base of the current revolt at the ballot box is a tale of two inequalities. On the one hand, the change in the production system is leading to greater interpersonal inequality in most of the developed world – but not necessarily in the developing world [42]. Those at the pinnacle of the wealth pyramid are accumulating ever more wealth [16, 48], while those with lower levels of education, formal and informal skills, and with fewer opportunities are being left behind [9].

Simultaneously, territorial polarisation has widened. While economic activity and wealth have increasingly accumulated in large urban agglomerations, often capital cities, many areas within countries have increasingly been caught in ‘development traps’ [34]. This has resulted in significant rises in intra-country inequalities. These development traps take several forms. First come the territories that had caught up towards the levels of the more developed regions until recently – like formerly poor regions in southern and western Spain – but whose convergence stalled once they reached middle income levels. Second are those territories that have remained in no-man’s-land, neither rich nor poor (i.e., the East Midlands in the UK), incapable of improving their condition, often for decades. Third are the territories that were once rich, like the North of Italy, and have witnessed limited, no, or negative growth in recent decades. These are the places that in the past propelled their countries to riches but now find themselves obsolete, irrelevant, and cast aside by more dynamic and high-ranking places.

The list of declining areas keeps on growing. It includes, among many others, the North of England, the former factory of the British Empire, an area that has been losing out to London and the South East for close to a century [58]; the US ‘Rust belt’, incapable of keeping up with the rise of the ‘Sun belt’ and the economic dynamism of both coasts [13, 44]; and the North of Italy, hailed as the motor of the Italian miracle until the 1980s but that has had virtually zero economic growth over the last 30 years. It is the resentment of those who reside in these areas that drives political discontent and the turn to populism [20].

However, there is something that seems incongruous in the alleged connection between the rise of inequalities and the spread of populism. It is true that interpersonal inequalities have been on the rise in the developed world. But deepening inequalities have mostly occurred within large agglomerations. And in these agglomerations the richest of the rich and the poorest of the poor are still voting together for mainstream parties. This is what happened in the US presidential election, where the very wealthy suburbs of West Philadelphia voted for Hillary Clinton alongside the deprived Philadelphia Badlands to the north of the City. Similarly, relatively wealthy districts in London, such as Holborn and St Pancras, Hampstead and Kilburn or Islington South, voted for Labour, as was the case in less well-off areas of the city, such Walthamstow, Lewisham East, Camberwell, or Peckham.

Things change when moving outside of these agglomerations to areas that have less internal income polarisation but are either less densely populated, such as the American suburbs [50] or the English countryside, or are affected by long-term economic decline, such as the American Rust Belt, the former industrial north of England, or in declining industrial districts in the still relatively wealthy northern regions of Italy like Lombardy, Piedmont, or Veneto. These are the areas that have tipped the balance toward populism.

Populism is not the result of persistent poverty. Places that have been chronically poor are not the ones rebelling [15]. It has been the slow, prolonged decline in the Rust Belt, the North of England, the North of Italy, and North Eastern France that has pushed the citizens of these regions to express their anger at their loss of status, at their diminished roles, and at their incapacity to cope with and adapt to a system that has rendered them less relevant and vulnerable.

Hence, from a purely economic point of view, the rise of populism is not a tale of two inequalities. Neither interpersonal nor inter-territorial inequality are at the root of rising discontent. Instead, the rise of populism is a tale of how the long-term decline of formerly prosperous places, disadvantaged by processes that have rendered them exposed and almost expendable, has triggered frustration and anger. In turn, voters in these so-called ‘places that don’t matter’ have sought their revenge at the ballot box [51].

What Can Be Done?
Finding solutions to the rise of populism is not easy. Intervening in the cultural issues at the root of discontent with the system is difficult and fraught with problems. Moreover, we are still grappling with the economic factors behind rising resentment. Tackling inequality is not necessarily the best way forward. Whereas the recent growth of interpersonal and inter-territorial inequalities represents real threats for our societies, focusing on inequalities alone – while important on its own – is unlikely to do the trick.

Long-term economic and demographic stagnation and/or decline seem to be, by contrast, more connected to the spread of discontent. Fixing the so-called ‘places that don’t matter’ is a good way to start to grapple with the problem. This means adopting territorial policies that go well beyond either focusing on simply the largest and more dynamic places – as proposed by the new economic geography and urban economics – or targeting the least developed places,
as has been traditionally the case in development strategies (as in the European Cohesion policy). It also means that the solutions that are currently being proposed – such as the rise in transfers to the less well-off in lagging-behind territories [e.g., 3] – may do little to quell economic discontent and resentment. This is a strategy that European countries – in the South of Italy, in East Germany – have been doing for years without managing to suppress a brewing of resentment against the system.

Territorially differentiated investment is needed, but this investment has to move away from the glitzy interventions that have dominated policy in recent decades (big infrastructure mega-projects that often end up as white elephants) [52]. There is also a need for investment policies to go beyond static criteria (rich vs. poor) and adopt more dynamic ones (thriving vs. declining) [15]. This would require directly targeting places that still hold considerable potential but have been neglected by policy-makers because they have often fallen in between the cracks of economic theories. There needs to be more investment in places that have long suffered from periods of low, no, or negative growth; industrial decline; low employment rates; brain drain; and out-migration.

Investing more effectively in those places that have remained overlooked by policy in recent years – and have been frequently told that there is no hope for them – will require focusing on new types of place-sensitive intervention [34] and ditching the one-size-fits all approach. We need place-specific policies capable of mobilising the potential that is present in almost every territory. This is not just a question of social and political fairness but also an economic necessity. This type of intervention will allow countries currently suffering from discontent to unleash their full economic potential.

Last but not least, intervening in these regions is also a matter of political survival for mainstream political actors. Preserving an economic system that, despite all its problems and need of reform, has brought about the longest period of prosperity, equality, and peace that the developed world has ever experienced is certainly worth our while.

Competing Interests
The author has no competing interests to declare.

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