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### **Causes of populism: IWH begins international research project**

no press embargo

Is the increasing strength of populist parties due to economic causes? The Halle Institute for Economic Research (IWH) is set to play a leading role in scrutinising this controversial question with immediate effect, together with researchers from England, Scotland and the Czech Republic. The Volkswagen Foundation is funding this interdisciplinary project to the tune of almost one million euro for four years.

Press contact  
Rafael Barth  
Tel +49 345 7753 832  
presse@iwh-halle.de

Scientific contact  
Steffen Müller  
Tel +49 345 7753 708  
Steffen.Mueller@iwh-halle.de

Political departments  
Federal Ministry for Economic Affairs  
and Energy (BMWi), Ministry of  
Economy, Science and Digitalisation  
Sachsen-Anhalt, Federal Ministry of  
Education and Research (BMBF),  
Federal Chancellery

Be it triumphant Brexit supporters, right-wing populist governments in eastern Europe or the AfD's election successes in Germany: the resurgence in populism is affecting the heart of Europe's democracies and putting the European Union under pressure. There are various explanations as to the causes of this phenomenon. In a new research project, the Halle Institute for Economic Research (IWH) will investigate to what extent economic factors influence support for populist policies. To this end, the IWH will be leading an international and interdisciplinary project team, starting this year. It will include economists and political science researchers from the Universities of Nottingham (England) and Glasgow (Scotland), as well as the Economics Institute of the Czech Academy of Sciences in Prague. The Volkswagen Foundation is funding this project to the tune of almost one million euro for four years. It is entitled: "The rise of Europe's populist parties: the dark side of globalisation and technological change?".

Halle Institute for Economic  
Research (IWH) – Member of the  
Leibniz Association  
Tel +49 345 7753 60  
Fax +49 345 7753 820

Globalisation may have increased prosperity in general, but has also led to unemployment, wage inequality, outward migration and, thus, ageing populations in many European regions. The IWH and its partners will now examine whether these economic burdens have helped to cause this upturn in populism. An extensive causal analysis will show to what extent economic hardship leads to votes for populist parties. To obtain conclusive results, the researchers aim to analyse the correlations for several European countries. This will include central and eastern European states, in particular.

Kleine Maerkerstrasse 8  
D-06108 Halle (Saale)  
Germany

P.O. Box 11 03 61  
D-06017 Halle (Saale)  
Germany

The research project aims to enrich the debate, in which populism is primarily interpreted as a cultural backlash to liberalisation, open borders and migration. In addition, the results could yield important political recommendations, says project coordinator Steffen Müller, Head of the Structural Change and Productivity Department at the IWH. "When subsidies are distributed, politicians are often concerned with appeasing voters in economically lagging regions. This is based on the assumption that economic problems are the main reason for the election of anti-democratic, populist parties and that state aid can influence this voting behaviour. Both these assumptions are questionable and not sufficiently scientifically proven." Müller and his team therefore aim to investigate, for example, whether EU funding in structurally weak regions reduces the vote share for Eurosceptic parties.

[www.iwh-halle.de/en/](http://www.iwh-halle.de/en/)

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### Scientific contact

Professor Dr Steffen Müller  
Tel +49 345 7753 708  
Steffen.Mueller@iwh-halle.de

### Press contact

Rafael Barth  
Tel +49 345 7753 832  
presse@iwh-halle.de

 IWH on Twitter

 IWH on Facebook

The IWH [list of experts](#) provides an overview of IWH research topics and the researchers and scientists in these areas. The relevant experts for the topics listed there can be reached for questions as usual through the IWH [Press Office](#).

The Halle Institute for Economic Research (IWH) – Member of the Leibniz Association was founded in 1992. With its three research departments – Macroeconomics, Financial Markets, and Structural Change –, IWH conducts economic research and provides economic policy recommendations, which are founded on evidence-based research. With the IWH's guiding theme "From Transition to European Integration", the institute's research concentrates on the determinants of economic growth processes with a focus on efficient capital allocation in a national and European context. Particular areas of interest for the institute are macroeconomic dynamics and stability, microeconomic innovation processes, productivity and labour markets, the dynamics of structural adjustment processes, financial stability and growth and the role of financial markets for the real economy.

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