

# The Historical Perspective on the Donald Trump Puzzle: A Review of Barry Eichengreen's *The Populist Temptation: Economic Grievance and Political Reaction in the Modern Era*<sup>†</sup>

KONSTANTIN SONIN\*

*In The Populist Temptation: Economic Grievance and Political Reaction in the Modern Era, Barry Eichengreen relies on historical and contemporary evidence to analyze major episodes of populism in the twenty-first century, the Trump election in the United States, and Brexit in Europe. Populism—an anti-elite, authoritarian, and nativist movement—rises in times of economic and political discontent because elites, the winners of the preceding period, are unwilling or unable to share their winnings with the losers. This review asks for a model that would allow one to differentiate a destructive populism wave and a constructive adjustment of the political system to changing circumstances. (JEL D72, D73, N40)*

## 1. Introduction

Why Trump? How Trump? These are the two big questions that Barry Eichengreen's *The Populist Temptation* tries to address, relying on historical and contemporary data. Why does a country that was both a driver and a major beneficiary of globalization elect an isolationist leader? How is it possible that a leader with strong authoritarian rhetoric was elected in the

most competitive of political systems? What can be done to avoid the “populist temptation” in the future?

The book starts with a new definition of populism—Eichengreen defines it as any anti-elite, authoritarian, and nativist movement—and proposes a simple model that encompasses both past and recent populist episodes. An economic shock, such as the Second Industrial Revolution of the nineteenth century or globalization that followed the collapse of communist regimes in the late 1980s, creates winners and losers. The winners do not appreciate the losers' misfortune, and the political system, both the institutions and the elite, protects the winners'

\* University of Chicago and HSE University.

<sup>†</sup> Go to <https://doi.org/10.1257/jel.20201514> to visit the article page and view author disclosure statement(s).

economic rents and does not address the losers' grievances. Then a populist emerges, blaming "the others" for peoples' misfortunes and promising simple solutions. The rigid political system breaks down, resulting in an authoritarian rule. A sufficiently flexible system accommodates change. Or, better yet, wise leaders make the changes ahead of the populist tide to avoid the risks of a systematic breakdown.

Eichengreen builds his argument on historical evidence sourced primarily from the Western countries that led economic development over the past two centuries. Today's politicians on both sides of the Atlantic are blamed for their inability or unwillingness to make economic progress inclusive and deter populism. The book spends many pages discussing the fate of the European Union and Brexit as another example of a populist revolt, but the European array of the populist sentiment is perhaps too varied to fit a single framework. It is the shock of the Trump election in 2016 that is at the heart of Eichengreen's model.

*The Populist Temptation* is important because if there is a chance to understand populism holistically, the historical approach might be the only instrument left. It might be possible to construct a microfounded political model that explains some populist traits, yet it is nearly impossible to approach the issue statistically in any systematic way. The problem is that the most fascinating populist episodes threaten, or at least seriously undermine, the existing government institutions, and the populist phenomenon is so exciting and important precisely because it threatens and sometimes involves a catastrophic alteration of the rules of the political game.

Eichengreen is far from being the first economist to take on the historical approach to populism and its consequences. For Andrei Shleifer and his coauthors, the rise of the regulatory state on the back of the

populist revolt in the nineteenth-century United States is essentially an example of a flexible political system responding to a technological shock (Glaeser and Shleifer 2003 and Shleifer 2012). The dramatic increase in the scale of industrial production and the political clout of the railroads rendered the courts powerless. In response, the voters elected progressive politicians who then implemented reforms, building the regulatory state from scratch. In *Why Nations Fail*, Acemoglu and Robinson (2012) systematically demonstrate how similar challenges result in different outcomes under flexible, inclusive political regimes and under rigid, exclusive ones.

## 2. *Defining Populism*

Eichengreen defines populism as any anti-elite, authoritarian, and nativist movement.<sup>1</sup> This is a welcome improvement on the existing literature on populism that has long survived without any coherent definition. For macroeconomists who introduced the term in the modern economic discussion, populism has always been about leftist policies—sometimes well-intended but invariably inefficient. Dornbusch and Edwards (1991), without providing a definition of populism, emphasized that "these [redistributive] policies, which have relied on deficit financing, generalized controls, and a disregard for basic economic equilibria, have almost unavoidably resulted in major macroeconomic crises that have ended up hurting the poorer segments of society." Eichengreen's approach extends the scope of the phenomena: his model does not require the policies of the populist to be leftist.

<sup>1</sup>Guriev and Papaioannou (forthcoming) survey both historical and contemporary literature on populism and discuss various definitions offered by economists, political scientists, and sociologists.

Eichengreen could not have written his book without defining populism outside of the regular populism-as-champion-of-progressive-redistribution models. In the two crucial episodes that serve as the foundation for *The Populist Temptation*, the Trump election in 2016 and Brexit, the populist leaders were conservative and anti-Left. However, the new definition that ignores the macroeconomic policy creates a new problem. What is wrong with populism? The general premise of the book is that populism is a negative phenomenon, something that should be avoided. One of the stated goals of the book is to propose policy aimed to deter populism. In the Dornbusch and Edwards paradigm, progressive redistribution has always been the ultimate goal, and economic damage always an outcome, so the harm of populism was clear. With the new definition, it is not that easy to discern.

In itself, there is nothing wrong with building a coalition broad enough to win the presidency or, in a parliamentary republic, a decisive majority in the parliament. To win a majority, the coalition must be broad enough to include the “political center.” It is so tempting to label populist leaders and their policies “extreme” that much of the popular analysis misses the point that a leader cannot be popular unless he is supported by a relatively broad coalition.<sup>2</sup>

The real threat of populism is that an archetypical populist leader wants more than

political power within the existing political system—he wants a mandate to dismantle the system itself. This might look like a subtle difference, but when a politician campaigns against “corrupt politicians in Washington,” saying “let me replace them,” this is a healthy response of the existing political system. When the politician says, “let me replace the political system,” it is Eichengreen’s dangerous populism. In fact, it might be that the definition understates, given the evidence presented, the danger of populism. Most of the populist episodes in the history of now-developed nations did not result in a catastrophic change in the government, yet the very possibility of a major breakdown, be it short-lived as the rise and fall of the Third Reich or decades-lasting as the rule of communists after the Russian Revolution, is a reason to worry about every new populist.

That is not to say that a populist’s policy cannot be extremist when the populist competes in a democratic election. In the Acemoglu, Egorov, and Sonin (2013) political theory of populism, pursuing an extreme policy is a signal to the median voter that the leader is not beholden to any special interests, real or imaginary. The median voter does not need to like an extreme policy formulated specifically to be far from what they prefer in order to vote for the politician that promises the policy. For example, a voter in Ohio, concerned with immigration policy, might consider racism repugnant yet support the politician promising a “Muslim ban,” taking this as a signal that this politician would not give in to pressure from big business. If a policy position is read as a credible signal that there is no pro-elite bias, politicians offer extreme platforms to win over the median voter. The result is an inefficient, extreme outcome obtained in democratic, competitive elections.

Neither the “macroeconomic populism” of Dornbusch and Edwards nor the populism of Eichengreen relies on a formal rational

<sup>2</sup>I will stick with “he” in referring to a populist leader throughout the review. However, while historically populists were predominantly male, this was not exclusive. It was Eva Peron, a wife, political organizer, and would-be vice president of Juan Peron, who injected the populist theme into the Argentinian regime. Cristina Kirchner, Argentina’s president in 2007–15 and vice president since 2019, is a model of a modern populist. Although rarely mentioned on the populist roster, Indira Gandhi, the prime minister of India in 1966–77 and 1980–84, was a quintessential populist, often anti-elite (despite both her father and her son having served as prime ministers of India in their times), authoritarian, and nativist.

choice model. In fact, such a model would not be easy to construct. A modern political economist would want to avoid relying on microfoundations with voters fooled by a politician. Yet in a model with rational voters, why would the majority vote, in equilibrium, for a policy that leaves them worse off? This is a recurrent temptation in populism discussions: it is hard to avoid assuming some bounded rationality on the part of the voters. Once the rationality assumption is dropped, the Pandora's box of unconstrained speculation is open. The book leaves the point moot: Eichengreen's voters could apparently be hoodwinked by a populist for some time, but they are rational in the long term.

Of course, creating an alternative reality is an important element of any populist campaign. Riding the economic discontent during the Great Depression, Adolf Hitler invented the Third Reich, with its fake thousand-year history. Donald Trump's "American carnage" inaugural speech painted a picture that contrasted with the factual data on crime. Yet the voters have taken seriously the "American carnage" view of the recent past, against the background of which America is being made "great again." For a political economist, this "invention of the past" is a modeling challenge. To be sure, it is possible to have new information to redefine the view of the past in a rational choice model—if one has wrong priors to begin with. If the priors were correct, why would untrue information or a false narrative affect rational agents' behavior?

This is not the only problem with Eichengreen's definition. In completing his analysis of the root causes and mechanics of populism, the author concludes that "populism is activated by the combination of economic insecurity, threats to national identity, and an unresponsive political system." While "nativism" is relatively easy to define, the "threat to national identity" is very much in

the eyes of the beholder.<sup>3</sup> In the early 1930s as Germany under a threat of a foreign invasion? Was Russia really at risk in the early twenty-first century? What we do know is that the "threat to national identity" becomes acute in certain episodes, but this is an observable outcome rather than something that could be easily related to the underlying parameters.

Another issue I take with *The Populist Temptation* is that after providing a clear, elegant definition of populism, the author wishes to exclude those whom he (and history) views sympathetically. To exclude Franklin Delano Roosevelt (FDR) from the list of populists, Eichengreen has to mention his pedigree (well-born), upbringing (rich), and political background (had a smooth government career). Elsewhere in the book, a populist is defined by his politics: if someone ran an anti-elite, authoritarian, and nativist campaign, he was a populist.

Of course, FDR's peer group includes Hitler, Italy's Benito Mussolini, Austria's Engelbert Dollfuss, and other dangerous populists of the same era—it would be unfair to put Roosevelt in the same group. Still, Eichengreen's major conclusion that "the impact of populists on political institutions is corrosive" applies well to Roosevelt, who tried to reform the Supreme Court to dilute the influence of conservative judges and broke the 150-year precedent to run for a third presidential term. In the first instance, the institution was kept intact by the senators who rejected the proposed packing of the court, and then by the voters who supported these senators in 1938. Together with the creation of powerful executive agencies under Woodrow Wilson and his suppression

<sup>3</sup>Persson and Tabellini (2019) offer a dynamic electoral-competition model with social identities ("cosmopolitans" versus "nationalists") and two-dimensional policy (redistribution, immigration) platforms that are endogenous.

of dissent during World War I, Roosevelt's actions are the most authoritarian episodes in American modern history.

Using the Eichengreen approach, FDR should be classified as a populist leader, with an anti-elite streak present, nativism mostly absent, and authoritarianism kept in check by the political system. Roosevelt checks more boxes on Eichengreen's populist scoreboard than William Jennings Bryan, the quintessential American populist who was neither nativist nor authoritarian. (The anti-elitism of "The Great Commoner" was not restricted to politics—he sometimes championed causes that would be at odds with the scientific knowledge of the time.) As Eichengreen is ambivalent about classifying Bryan as a populist, he should have classified Roosevelt as a populist according to his own definition. Rodrik (2018) offers an ingenious solution, classifying FDR as a good *economic* populist who busted conventional wisdom on major policy issues, as opposed to bad *political* populists.

### 3. *Populism as an Offer of Simple Solutions*

For Karl Marx, a class, a homogeneous social group defined by its role in production, was the driver of history and a unit of analysis. For a populist, the homogeneous group of people is a unit in his political fight. A populist needs his followers to be homogeneous. Thus, populism is the antithesis of targeting individual social groups. Instead, it offers a universal umbrella of "us" versus "the others." Modern political campaigns in democracies use both data and models in very sophisticated ways, targeting small groups and even individual voters. A populist campaign, in its pure form, is the opposite of this. A populist does not fine-tune his message to address the wishes of each individual citizen or social group. Rather, he invites them to unite behind the commonly shared

grievances, the fear of a few well-identified culprits, and simple, all-encompassing solutions.

The homogeneity is necessary for a reason. What a typical populist offers is a form of government simpler and more primitive than an electoral democracy, with a complicated structure of checks and balances. The separations of powers, cumbersome electoral systems, and elaborate procedures of constitutional change protect the interests of different constituencies, guarantee economic and political rights of minorities, and account for possible future changes in citizens' preferences. For example, the US Senate structure has historically been a product of many compromises between states that accounted for different sizes and political attitudes of their populace. If a populist is successful in homogenizing his supporters, he can disregard the systems of checks and balances. This is what makes "authoritarian" a necessary ingredient of Eichengreen's definition.

In the limit, the most primitive political structure is one in which all the political power is vested in a single leader, the Führer. Yet, even less extreme, nontotalitarian versions of authoritarian regimes have much less complex, easier-to-grasp decision-making structures, with the authority typically vested in a single leader or a single party. A populist leader easily claims that he is more knowledgeable than experts and does not need political opposition or critical press. Anything that he disagrees with is, by definition, against the interest of the country he leads. This simplicity is part of the populist appeal. The idea of political competition and thus a permanent, institutionally structured political opposition might be 250 years old, yet for about half of the world's population it is still a radical, untested innovation. As the 2016 events teach us, even advanced democracies are not immune to the offer of simplistic solutions.



Necessary homogeneity is the reason why “the others” plays such an outsized role in populist politics. If “us” is homogeneous, then, once we describe “the others,” “us” is fully defined. So, there are no populists without “the others.”<sup>4</sup> Marine Le Pen, the leader of the French nativist, anti-immigration movement, certainly is not interested in her father’s legacy of holocaust denial and trivialization, but she still needs “external menaces” to define her constituency. “The others” might be Jews, Muslims, Mexicans, immigrants, foreigners, or Americans—it is only crucial for the populist that “the others” are held responsible for misfortunes. Fighting “the others” is a simple solution that a populist offers. Vesting him with sole authority is the way to implement the solution.

Still, it might be possible that the “anti-elite” in the definition of populism is redundant or, at least, requires a qualification. A leader can be populist without being anti-elite. It is the authoritarian strike that makes many populists anti-elite. If a leader’s ascent to power starts in a democracy and develops into an authoritarian regime, this leader, once in office, is necessarily anti-elite as he needs to “un-elite” the current, democratically elected elite. It is the anti-institutional disguised, for mass consumption, as the anti-elite. Should the definition of populism then be simply “an authoritarian-bound movement within a democratic system”?

Importantly, “authoritarian” does not imply “populist.” A populist seeks popular support in elections, even if he plans or promises to get rid of elections after his victory, while a non-populist dictator relies on the military and repressions. Hitler’s acquisition of power relied, to a critical extent, on violence—he would have arguably not gotten a parliamentary majority unless the communist

and social democrat members were purged from parliament. After taking power, Russia’s Bolsheviks under Vladimir Lenin failed to gather more than 25 percent of the vote (to Socialist-Revolutionaries’ 40 percent) in the Constituent Assembly, and then had the assembly dissolved, political opponents executed, and elections abandoned for the remainder of the communist dictatorship.

#### 4. *The Test for a Political System*

Eichengreen’s third, and last, cause of a populist tide is an “unresponsive political system.” The US political system serves as a primary example, though he discusses the diverse European systems in some detail as well. Yet, if the American political system is not sufficiently “responsive,” then which one is? Is it true, as the book argues, that the parliamentary republics with proportional representation are better suited to withstand modern populism? There is not much theoretical research on this issue—again, what we are really interested in is a breakdown of institutions, not a minor deviation from a steady state, and breakdowns are challenging to model and analyze empirically in a systematic way.

Historically, the US political system seems to be the best suited to withstand the populist threat. Perhaps not because the “winner takes all” presidential system forces politicians to move to the center, as Eichengreen argues, but because the system allows making changes faster and more profoundly than in other countries without dismantling the systems of checks and balances, and citizens consistently express support for a competitive, divided political field. In the long run, a system that allows for a faster and more flexible reaction is more stable.<sup>5</sup> The profound

<sup>4</sup>Mudde (2004) uses this division of the society into two homogeneous and antagonistic groups, “the pure people” and “the corrupt elite,” to define populism.

<sup>5</sup>Persson and Tabellini (2000) and Acemoglu and Robinson (2006) provide basic models to study political economics. Persson and Tabellini (2003) provide a

changes in technology in the second half of the nineteenth century made the rigid political system of the Russian Empire first outdated and then totally inadequate. The same technological changes in the United States resulted in the “progressive movement” and rapid, contemporaneous political change. The adjustment has allowed the main government institutions to survive.

In a sense, fast political change within the democratic system is what has been happening in the United States since 2016. In the primary season of 2016, Trump defeated the best candidates of the Republican establishment with his nativist, anti-trade, believe-me-I-know-the-solution policy platform. In three years, his presidency resulted in a major political realignment: by the end of 2019, the third year of the Trump takeover of the Republican Party, almost 40 percent of Republican Party officeholders (as of 2016) either lost their primaries or general elections or retired in anticipation of a loss. The rest have significantly adjusted their political platforms, sometimes going from a radical opposition to Trump and his policies to nearly universal support.

This political realignment affected a number of policy dimensions. Candidate Trump moved decisively away from the long-held position of the Republican Party on immigration. His rhetoric was consistently inflammatory, and some of the anti-immigration policy actions outright cruel, yet this was an approach to build a coalition with anti-immigration Democratic and independent voters. The Republican platform adjustment played a critical role during the primary season, and then might have played a critical role on election night in 2016, when independents

decisively broke for Trump at the last moment.

President Trump’s trade policy, however erratic and inconsistent it was, represents another major departure from the pre-Trump Republican orthodoxy. Before 2016, there was a core constituency in the Democratic Party that favored trade restrictions, including withdrawal from the Trans-Pacific Partnership Agreement. It was mostly Republican leaders of the past four decades who were persuading their voters to support free trade. Even if beneficial for the US economy, free trade was only marginally relevant, if not outright harmful, for the voters in swing states. In a sense, the candidate Trump crashed the elaborate construction in which support for free trade and tax cuts for the rich were interlinked with conservative cultural values. Is that populism or just the median voter’s gravitational pull?

Trump’s other major departure from the Republican orthodoxy, and a significant policy shift toward the political center, is in monetary policy. For generations, Republican candidates would argue in favor of higher interest rates in good times. Trump, with unprecedented openness, pushed the Federal Reserve for lower interest rates. (On fiscal discipline, the departure was less pronounced, as most Republican presidents have been historically less concerned with fiscal discipline than Republican presidential candidates.)

The centrist drift of Trumpian macroeconomic policy has become even more visible when the US economy slipped into the coronavirus-caused recession. In fighting the Great Recession of 2008–09, the Obama administration was constrained by the Republicans and moderate Democrats in Congress in terms of the size of the fiscal stimulus. Afterward, Republicans and right-leaning commentators pushed to curb the Federal Reserve’s accommodating policy long before the crisis was over. Trump’s push for low interest rates in times of relatively

---

fundamental analysis of consequences of constitutions. (See also Acemoglu (2005), who points out the inherent problem of endogeneity in studying consequences of constitutions.) Acemoglu, Egorov, and Sonin (2012) provide a general formal framework for the study of constitutional change.

fast growth might have looked unorthodox from any economist's standpoint, yet in a recession, this push was closer to what Paul Krugman, not Robert Barro, would recommend.

Eichengreen's definition, which puts emphasis on authoritarian tendencies instead of extremist economic policies, is an excellent framework to disentangle policy changes and political developments of the Trump presidency. Once they are disentangled, the decision to classify Trump as a populist rests on how one takes his visible authoritarian strike—literally, as Steven Levitsky and Daniel Ziblatt suggest in their book *How Democracies Die*, or “seriously,” as Trump conservative supporters do.

### 5. *The European Variety*

Despite Eichengreen's critical ambivalence on the American versus European ability to withstand a challenge, history is squarely on the side of the United States. European political systems were designed to avoid the mistakes of the 1920s–30s, but they are largely untested. For example, the system that was put in place in France after World War II was tested and failed in 1958—not exactly a populist challenge, but still. The current French system of presidential elections is not specifically suited to stop populists. A populist can be elected and bring in a parliamentary majority with him. The fact that it has not happened in the total of 11 presidential elections since the creation of the current system does not mean that it is the system that prevents this from happening.

In the Netherlands, the system gave populists a stable toehold on power and a respectable megaphone. In Austria, a nativist party plays an important role in the government. In Denmark, the endogenous response of both mainstream parties to the rise of a nativist party was to become more anti-immigrant. One could argue that Israel's and Turkey's

parliamentary systems have been very much suitable for their twenty-first century populists.

The whole “Au revoir, EU” chapter in *The Populist Temptation* seems to be tangentially related to the main theme or, at the very least, to the main model of the book. It is an excellent exposé on the problems that the European Union faces—the different integration needs alongside different dimensions—but it is not clear whether the same problems would be much different without the populist phenomenon. When Greece elects a left-wing prime minister who rallies against austerity, this is not an example of something “anti-institutional”: this is voters expressing their quite rational dissatisfaction with the policy pursued at the EU level.

That is not to deny that the sparks of European populism are related to economic shocks and the resulting anxiety from them. Guiso et al. (2019) found that the populist-boosting effect of globalization was present in western Europe, where job opportunities increased as a result of economic expansion of western European firms, but not in eastern Europe. Their other finding was that eurozone countries have experienced a higher surge of populism following the 2008–09 crisis; in the European periphery monetary policy became grossly inadequate. Colantone and Stanig (2018) found an increase in support for nationalist and radical right parties in Western Europe as a result of the China import shock. Yet, given the multitude of electoral systems and historical traditions, these sparks of populism do not fit a single model.

In the book, Europe offers such a variety of political stories that the reader might be left wondering—is every power-hungry politician a populist? Hungary's Viktor Orban has indeed successfully exploited the European Union's inequality, wave of immigration, and lack of dynamism to solidify his hold on power, hinting at a conspiracy of the world Jewry, but this is the same Viktor



Orban who rose to prominence as a young George Soros–supported Europe-oriented anti-communist crusader 30 years ago. So, this is not the case of Orban having always been a populist, but that of an opportunistic politician who can ride any wave, including a populist one.

Britain, of course, stands alone. Brexit is a pure example of an anti-elite, nativist campaign, yet it is hard to detect any authoritarian overtones. With the benefit of hindsight, Eichengreen’s observation that in Britain it is “hard for a political renegade to make a hostile takeover” sounds ironic. What looked like a plausible statement in 2018 is less so in 2020: a quintessential political renegade did take over the British Conservative Party, and then got a historic, at least in the half-century perspective, majority in national elections.

## 6. *The Political Economist Puzzle*

So, in the final analysis, why do people ask for simplistic, authoritarian solutions? If there was a list of well-defined grievances, then why would a proper adjustment of Hillary Clinton’s policy positions not win elections for her? Eichengreen tells the story of German Chancellor Otto von Bismarck and other wise leaders adjusting policy and reforming institutions to ward off populist demagogues. Asking what a mainstream politician would do to counter Trump’s populism, Eichengreen answers with a laundry list of sensible policies that would fit nicely into Hillary Clinton’s policy manifest. That is exactly what the pivotal American voter preferred to ignore in 2016.

For an economist, the observation that an authoritarian solution becomes attractive in times of rising uncertainty should be puzzling. An authoritarian solution is the opposite of the “flight to safety,” a natural reaction of a risk-averse individual to increased risks. A rise in uncertainty should increase the demand for checks and balances, rather than

gambling with vesting political authority in one person and betting everything on a simple, all-purpose populist policy. Allowing for a “prospect-theory-like” utility function that reflects risk aversion with respect to gains and risk preference with respect to losses would solve the puzzle. An increase in risks would cause, via loss aversion, citizens to gamble on an authoritarian leader who does not offer much policy detail. Yet, a political economist cannot allow preferences to change within the model—should we analyze “normal times” elections assuming voters’ rationality and “difficult times” switching to prospect theory utility functions?

Gilat Levy, Ronny Razin, and Alwyn Young have recently produced a theoretical model in which two parties vie for power, one of which, “the elite,” has a complex worldview, and the other one, “the populist,” a simple one (Levy, Razin, and Young 2022). When the elite is in power, the other side, because of the growing specification error, becomes more and more unhappy with the situation, which leads to overestimation of the positive impact of a few extreme policy actions. In equilibrium, there is a permanent political cycle in which the populists replace the elite and vice versa. When out of power, each side grows indignant of the in-power side’s incompetence. The intensity of this feeling leads to an eventual opposition win. Though the model undoubtedly sheds light on the mechanism of genuine lack of appreciation of the elite’s efforts, for a political economist who deals with rational, expected-utility-maximizing, risk-averse citizens, the puzzle remains.<sup>6</sup>

*The Populist Temptation* belongs on the bookshelf of anyone who is interested in political economy. It provides a coherent model

<sup>6</sup>With rational voters, the absence of “trust” toward the elite is a result of inequality in Agranov, Eilat, and Sonin (2020) and diverging political preferences in Chakraborty and Ghosh (2016).

of populist politics and neatly summarizes historical evidence. Using a mountaineering metaphor, Eichengreen's book establishes a well-supplied base camp from which future political economists can conquer the summit—the ultimate explanation of populist success and endurance—in a single daring effort. But this effort is still to be made.

## REFERENCES

- Acemoglu, Daron. 2005. "Constitutions, Politics, and Economics: A Review Essay on Persson and Tabellini's *The Economic Effects of Constitutions*." *Journal of Economic Literature* 43 (4): 1025–48.
- Acemoglu, Daron, and James A. Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. New York: Cambridge University Press.
- Acemoglu, Daron, and James A. Robinson. 2012. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown Business.
- Acemoglu, Daron, Georgy Egorov, and Konstantin Sonin. 2012. "Dynamics and Stability of Constitutions, Coalitions, and Clubs." *American Economic Review* 102 (4): 1446–76.
- Acemoglu, Daron, Georgy Egorov, and Konstantin Sonin. 2013. "A Political Theory of Populism." *Quarterly Journal of Economics* 128 (2): 771–805.
- Agranov, Marina, Ran Eilat, and Konstantin Sonin. 2020. "A Political Model of Trust." Becker Friedman Institute Working Paper 2020-50.
- Guriey, Sergei, and Elias Papaioannou. Forthcoming. "The Political Economy of Populism." *Journal of Economic Literature*.
- Chakraborty, Archishman, and Parikshit Ghosh. 2016. "Character Endorsements and Electoral Competition." *American Economic Journal: Microeconomics* 8 (2): 277–310.
- Colantone, Italo, and Piero Stanig. 2018. "The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe." *American Journal of Political Science* 62 (4): 936–53.
- Dornbusch, Rudiger, and Sebastian Edwards, eds. 1991. *The Macroeconomics of Populism in Latin America*. Chicago: University of Chicago Press.
- Eichengreen, Barry. 2018. *The Populist Temptation: Economic Grievance and Political Reaction in the Modern Era*. New York: Oxford University Press.
- Glaeser, Edward L., and Andrei Shleifer. 2003. "The Rise of the Regulatory State." *Journal of Economic Literature* 41 (2): 401–25.
- Guiso, Luigi, Helios Herrera, Massimo Morelli, and Tommaso Sonno. 2019. "Global Crises and Populism: The Role of Eurozone Institutions." *Economic Policy* 34 (97): 95–139.
- Levitsky, Steven, and Daniel Ziblatt. 2018. *How Democracies Die*. New York: Broadway Books.
- Levy, Gilat, Ronny Razin, and Alwyn Young. 2022. "Misspecified Politics and the Recurrence of Populism." *American Economic Review* 112 (3): 928–62.
- Mudde, Cas. 2004. "The Populist Zeitgeist." *Government and Opposition* 39 (4): 541–63.
- Persson, Torsten, and Guido Tabellini. 2000. *Political Economics: Explaining Economic Policy*. Cambridge, MA: MIT Press.
- Persson, Torsten, and Guido Tabellini. 2003. *The Economic Effects of Constitutions*. Cambridge, MA: MIT press.
- Persson, Torsten, and Guido Tabellini. 2019. "The Rise of Identity Politics." Unpublished.
- Rodrik, Dani. 2018. "Is Populism Necessarily Bad Economics?" *AEA Papers and Proceedings* 108: 196–99.
- Shleifer, Andrei. 2012. *The Failure of Judges and the Rise of Regulators*. Cambridge, MA: MIT Press.