

Economic Declines and Ideational Politics: Evidence from the China Shock

This paper analyzes the role of ideas as a catalyst for policy and institutional change. We distinguish between two kinds of ideational politics – the battle among different worldviews on the efficacy of policy (worldview politics) versus the politics of victimhood, pride and identity (identity politics). We quantify the presence of these ideas in political advertising in U.S. elections for the years 2002-2018. We then ask how negative economic shocks, identified via Chinese import competition, affect the use of ideational politics. We find that the China shock is associated with an increase in messaging about ideas (rather than interests), especially identity politics. We also find some evidence of a complementarity between identity politics and worldview politics.