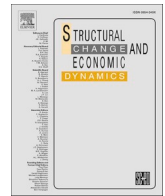





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Structural change and its discontents

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ABSTRACT

This paper explores the relationship between social discontent and labour market dynamics, particularly with respect to the creation and destruction of stable jobs. By bridging studies on discontent with the literature on structural dynamics, the paper conceives the former as a signal that some countries or regions are experiencing a trajectory of structural change characterized by economic deprivation and social inequality, rooted into limited access to secure and quality jobs. If not properly addressed by policymakers to achieve greater cohesion, this trajectory may lead to irreversible economic decline. Focusing on Italy, results show that jobs destruction amplifies support for anti-elite parties while the creation of secure jobs mitigates social discontent. Policy implications highlight the need for labour market, welfare and education measures fostering structural change trajectories that are sustainable, i.e., where the interests of both vulnerable and well-off socio-economic groups are reconciled in the definition of societal policy goals.

Classification Codes

L16; D72; F6; F66; L52

1. Introduction

Feelings of social discontent and disaffection towards parties across the traditional left-right ideological spectrum have attracted considerable attention from scholars in recent years, as we are witnessing unprecedented political support for anti-establishment movements, decreased political participation and the spark of social unrest in Western industrial societies (Margalit, 2019; Wojczewski, 2020; De Sá Guimarães and De Oliveira E Silva, 2022).

In Europe, emblematic examples include the Greek Anti-Austerity Protests (2010–2015), the 2011 Indignados Movement in Spain, where young people protested against political corruption, unemployment, and social disparities, the 2018 Yellow Vests Movements in France, Belgium, and the Netherlands, where working-class demonstrators demanded economic justice, and the 'Fridays for Future' Climate Strikes, launched in 2018 by Greta Thunberg, which saw widespread participation across Europe. In the U.S., key movements include the 2011 Occupy Movement in New York City, driven by frustration over economic inequality after

the financial crisis, and the 2020 Black Lives Matter protests that spread across cities like Minneapolis, Los Angeles, and Chicago, voicing opposition to systemic racism, police brutality, and concerns about social justice for marginalized communities. More recently, social tensions escalated in the January 2021 assault on Capitol Hill, an unprecedented insurrection led by supporters of then-President Donald Trump, fueled by distrust in political institutions and deep societal divisions over economic and political matters.

These waves of protests and social discontent, which have also encompassed non-Western countries, as in the case of Arab Springs (2010–2011), share a common root: deep-seated dissatisfaction with the *status quo*.

Scholars that have investigated the drivers behind social discontent and political disillusionment have found that anti-elite discourse tends to gain significant traction particularly in the peripheral areas of countries and, more broadly, in regions that were once centers of industrial activity but are now experiencing economic decline, shrinking industrial assets, brain drain and the ageing of their population (Bowyer, 2008; McCann, 2020; De Ruyter et al., 2021; Díaz-Lanchas et al., 2021). These areas, referred to as the communities "left behind" (Martin et al., 2018) or the "places that don't matter" (Rodríguez-Pose, 2018), were once crucial to a country's overall economy in terms of growth and social

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welfare. Today, they are home instead to widespread social discontent among a population that is now experiencing a lack of future opportunities, feelings of economic insecurity, perceived threats from mass immigration, and a sense of socio-economic and political marginalization (Rydgren and Ruth, 2013; Alba and Foner, 2017; Ford and Jennings, 2020).

Thus, the growing anti-elite sentiments can be conceived in the framework of a Western social order that no longer fulfills its promise of an economy that offers a good place for everyone (De Ruyter et al., 2021).

Indeed, over the past two decades, a combination of major economic disruptions and shocks of different nature have affected the Western capitalist economies, leading to unequal spatial impacts across countries and regions (Dijkstra et al., 2020). In particular, long-term megatrends such as the cost-driven globalization of the economy and trade patterns, increasing automation, the transition to a knowledge economy have driven the growth of urban and mega-city regions which has come at the expense of many peripheral towns and regions. There, people who once belonged to a thriving working class are now faced with precarious employment that often does not pay enough to sustain a reasonable standard of living, causing negative impacts on the entire communities involved (Sassen, 2001; Moretti, 2012).

These dynamics are being further exacerbated by a series of unexpected shocks initiated by the 2008 financial crisis, and followed by the Brexit, the COVID-19 pandemic, the Russian invasion of Ukraine (which has accelerated a profound energy crisis and a worrying rise of inflation), and lastly, the Israel-Palestinian conflict, which have produced multiple impacts on individuals, economies and societies that add up to the megatrends effects (Di Tommaso et al., 2022; Saad Filho, 2021a; OECD, 2019).

While these shocks have unpacked completely new and uncertain future scenarios for everyone, their immediate socio-economic costs are being borne by specific segments of the population, most often low skilled workers, precarious employees and less educated people (Arzheimer, 2009; Bornshier, 2010), experiencing increasingly weaker positions in the labour market (Spruyt et al., 2016).¹ It is not surprising that some class actors from once well-off regions, now experiencing economic backlash and stagnation, feel politically disenfranchised (Harteveld et al., 2022)

In this context, the deterioration of labour market conditions has been identified as a salient factor fueling social discontent within territories. Indeed, an individual's position in the labour market is not merely a personal circumstance; it significantly shapes socio-economic environments and influences broader community dynamics. Therefore, the impact of weaker positions extends beyond those directly affected, fueling fears and insecurities among workers who are either at risk of losing their labour market stability or perceive themselves to be at risk, thus potentially creating fertile ground for social discontent (Georgiadu et al., 2018).

Most studies have focused on the relationship between social discontent and forms of labour market exclusion, particularly unemployment (Georgiadu et al., 2018; Díaz-Lanchas et al., 2021; Lenzi and Perucca, 2021). In this paper, we aim to integrate these studies by exploring whether and to what extent the rise of anti-elite sentiments across different territories is linked to job dynamics, specifically in terms of creation and destruction of stable jobs. We will focus on Italy, which is an illustrative example within the framework outlined above, and we will consider different types of employment contracts, including both stable and atypical contractual forms.

Italy stands out among advanced European economies for its labour

market dualization (Thelen, 2014), a condition primarily shaped by globalization and various reforms aimed at market deregulation, such as the Treu Act in 1998, the Biagi Law in 2001, and the Job Act in 2015. This situation has been further aggravated by the effects of the 2008 financial crisis. The country has struggled to recover from the recession (Prasad et al., 2019), resulting in a significant increase in job losses, particularly among fixed-term contract holders, who have been the most vulnerable workers during this period, largely due to ineffective active labour market policies and inadequate income support systems. In parallel, discontent and anti-elite sentiments have steadily increased in Italy over the past decade. The growing mistrust towards established political parties, fueled by major economic disruptions and political scandals, has bolstered support for anti-elite parties, namely the Northern League since 1992 ("League" since 2018), the Five Star Movement in 2009, and, more recently, Brothers of Italy (Baldini et al., 2022), signalling growing dissatisfaction with established political parties.

In line with the existing literature, this paper employs municipal data, which reflect concerns about labour market exclusion that may also affect individuals not directly experiencing job cuts. In fact, individual-level data may not adequately capture the impact of the threats posed by the loss of stable jobs on those who remain employed but are concerned about changing labour market conditions (Georgiadu et al., 2018).

Furthermore, this paper focuses on employment dynamics with a second aim of reframing the debate on social discontent through the perspective of structural dynamics theory (Pasinetti, 1965, 1981, 1993; Pasinetti and Scazzieri, 1987; Pabst and Scazzieri, 2023; Cardinale and Scazzieri, 2024), which envisions disparities within the employment structure as a major source of concern for policymakers, as they can lead to irreversible systemic dysfunctions (Cardinale and Scazzieri, 2018; Cardinale, 2018; Lee and Shin, 2021).

Indeed, while the literature on social discontent has primarily focused on its drivers, spatial diffusion, and on the demographics of discontented population as well as their socio-economic conditions (Bowyer, 2008; Alba and Foner, 2017; Díaz-Lanchas et al., 2021), it has only indirectly addressed the potential negative consequences of such discontent for the structural trajectories of the territories and the communities therein.

In this paper, the perspective of structural dynamics theory allows us to envision the rise of anti-elite sentiments and social discontent as an indicator that, in some countries or regions, structural change dynamics are undergoing a trajectory marked by economic deprivation, uneven social condition and political exclusion of some class actors that, if not properly addressed to achieve greater cohesion, it may condemn entire regions to irreversible decline, stagnation or even to collapse² (Cardinale, 2015; Cardinale and Scazzieri, 2019, 2018; Di Tommaso et al., 2020, 2024).

Structural dynamics theory argues that complex transformations of production involve changes in the positions of individuals in the labour market and, as a consequence, in the organizational and institutional setups of societies (Pasinetti, 1981; Pasinetti and Scazzieri, 1987; Pabst and Scazzieri, 2023; Cardinale and Scazzieri, 2024). In the process of structural change, which represents the engine of every process of economic growth, development, and change, juxtaposed interests among old and new socio-economic groups, encouraging or resisting change, are destined to emerge as a consequence of production reorganization (Cardinale, 2017). However, while socio-economic disparities and conflicts over redistribution among these class actors are considered an

¹ Recent studies have shown that age and gender are less relevant in terms of anti-elite support prediction, while job income, educational background and more in general individuals' position in the labor market, whether secure or precarious, matter more (Spruyt et al. 2016)

² Clearly, the capacity of socio-economic systems to withstand discontent is highly relative, context-specific and depends on various factors, including population demographics (age, gender, education), wealth distribution, institutional frameworks, availability of services, and cultural aspects like attitudes toward solidarity and political participation (Prodi et al., 2023).

inherent feature of any process of structural change, they can be borne by a territory or a country only within certain limits, beyond which its ability to grow is dramatically compromised (Cardinale and Scazzieri, 2018; Cardinale, 2018; Lee and Shin, 2021). Particularly when disparities in the employment structure take the form of labour market exclusion (i.e., technological unemployment, employment layoffs, and job destruction) workers may face psychological, economic, and social challenges in finding or readapting to new jobs if not appropriately supported, while firms and entire sectors may experience a loss of skills, experience, ideas, and productive capacities that may never be recovered. In these regards, history is full of example in both developed and developing world and in different places and point in time (Stiglitz, 2017; Acemoglu and Robinson, 2012; Pasinetti, 2007).

There is a second reason why policymakers should pay attention to rising discontent. Studies have found that social discontent and anti-elite sentiments fuel electoral support for anti-elite or so-called populist³ parties, which do not fit into conventional right-left competition (Elff, 2007; Best, 2011; Mair, 2013; Ford and Jennings, 2020). It is important to clarify that in this paper, we do not intend to assign any value judgment—neither positive nor negative—to anti-elite or populist parties. Rather, our intention is to highlight that the rise of such parties across various advanced economies signals the emergence of new social conflicts within the political arena. These parties often contribute to the perpetuation of social divisions and tensions, which serve to consolidate their political influence and sustain their electoral legitimacy (Guriev, 2020; Sen, 2013). Consequently, the fostering of social discontent by anti-elite parties, rather than its alleviation, is particularly concerning in contemporary scenarios where structural changes are unfolding amid stagnant growth and deepening social divides.

Hence, in this paper we approach the topic of rising social discontent through the lens of structural economic dynamics, drawing specifically on Pasinetti's theory. According to Pasinetti, it is essential to distinguish between the structural conditions that need to be satisfied in order to achieve a certain objective with a given selection of means, and the institutional arrangements that must exist (or be implemented) to satisfy those structural conditions (Pasinetti, 2007; Cardinale, 2024).

This distinction, formalized into his “separation theorem” (2007), suggests that structural change is inherently an open-ended process, where multiple alternative paths can unfold. The specific trajectory that will take place in reality (out of the many that are made possible by the economic structures) depends on the actions taken to steer the economy along a particular desired course. From this perspective, societies face the challenge of designing concrete institutions capable of enabling an industrial economy growing with structural change to achieve specific collective objectives (Scazzieri, 2012, 2018; Cardinale and Scazzieri, 2019). In Pasinetti's analysis, we observe a clear means-ends relationship: in a multi-sectoral economy, achieving systemic objectives such as full employment and full utilization of productive capacity for sustained growth requires maintaining specific sectoral proportions (Pasinetti, 1981, 1993). However, because of ongoing exogenous changes in both production structures (e.g., technological advancements and capital accumulation) and consumption patterns (e.g., shifts in consumers' preferences driven by income changes), Pasinetti argue that institutions should intervene to design and implement arrangements that ensure productive capacity is continually rebalanced and re-proportioned (Pasinetti, 2007; Cardinale, 2024). Pasinetti's specific formulation of structural dynamics represents a particular expression of a broader

³ Many scholars define populism as a set of ideas in which the good people is pitted against the political elite (Albertazzi and McDonnell, 2008; Mudde, 2004; Stanley, 2008). Particularly, Mudde (2004; 543) describes populism as “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 general will of the people”.

research question concerning how the sectoral and social composition of an economic system can evolve to achieve specific policy objectives. This general question may yield different answers depending on how the relationship between means and ends is identified within the policy domain. Thus, it is compatible with objectives and means that differ from those followed in Pasinetti's approach (Cardinale, 2024).

In this paper, we build on Pasinetti's framework by considering the structures of production and consumption as exogenously driven. However, we depart from his formulation by arguing that promoting a process of structural change that is socially sustainable, i.e., one in which social disparities among individuals and socio-economic groups are mitigated and do not escalate into widespread social discontent and support for anti-elite parties, should be a primary concern for policymakers. Achieving a socially sustainable trajectory of structural change requires the design and the implementation of institutional arrangements and policy interventions that support labour market inclusion and prioritize sectors capable of generating employment, particularly quality jobs—i.e., stable and secure positions. These measures might effectively reduce social disparities and, consequently, social discontent.

In other words, we argue that policymakers should actively govern structural dynamics in a sustainable manner, meaning they must intervene as production structures evolve to mitigate the various forms of unevenness inherent in the process. Precisely, the pursuit of the sustainability of structural dynamics requires a specific *modus operandi* from policymakers, one that recognizes the political nature of the disparities generated by structural change and takes action to reconcile the interests and needs of both well-off and vulnerable class actors in defining policy objectives. This approach would help prevent disparities of various kind from escalating (Thelen, 2014) and pushing the system toward irreversible decline or collapse.

In the specific case discussed in this paper, fostering structural change trajectories that are socially sustainable and conducive to shared societal goals requires policymakers to reconfigure labour market, welfare, social, and educational measures in the spirit of social cohesion and solidarity. This reconfiguration should accommodate the interests and needs of different categories of workers, particularly those who are vulnerable and exposed to emerging social risks, and reconciling them with the needs of already well-protected workers.

Thus, policymakers should promote measures based on social coalitions that encompass diverse interests and address varying risks with the aim to promote social inclusion of individuals through secure, quality jobs, while providing adequate support during job transitions, periods of unemployment and absences from work. Overall, it is crucial for policymakers to adapt policy frameworks and institutions as economic and social landscapes evolve, ensuring that production systems and social structures remain aligned and capable of supporting industrial economies' growth and transformation in line with broader collective and societal goals.

The original contribution of this paper is threefold.

First, we empirically investigate the relationship between labour market dynamics and the rise of social discontent, with a focus on Italian municipalities. We examine whether and to what extent anti-elite sentiment is influenced by dynamics of jobs destruction and creation, taking into account different types of employment contracts, including open-ended and temporary. Our analysis shows that the creation of good jobs and employment prospects, particularly through stable contracts and stabilization, mitigate social discontent across territories, while employment destruction and lack of employment opportunities fuel discontent which manifests itself in the form of electoral support for anti-elite parties.

Second, this paper makes an original theoretical contribution by linking the literature on discontent with studies on structural dynamics, drawing particularly from Pasinetti's formulation (2007). In this perspective, the paper conceives the rise of anti-elite sentiments and social discontent as a signal that some countries or regions are undergoing a trajectory characterized by economic deprivation and uneven

social condition that could end up in an irreversible decline, unless policymakers effectively address the production structure through appropriate measures to achieve greater cohesion in the labour market.

Third, in terms of policy implications, we suggest that policymakers should acknowledge the political nature of social disparities and govern structural change in a way that is “sustainable”. In this view, policies aimed at fostering employment creation, education, lifelong learning, job quality, and welfare schemes should be carefully designed, taking into account the interests of the most vulnerable segments of society. These policies should promote trajectories of structural change that are socially sustainable and conducive to the continuous growth and transformation of the economic system towards shared societal goals.

The remainder of this paper is as follows: [Section 2](#) reviews the relevant literature, exploring how megatrends and shocks have exacerbated social disparities, particularly within the labour market. It examines the extent to which discontent is linked to changes in the labour market and why such discontent may be worrisome for policymakers in the perspective of structural change. [Section 3](#) presents the data and methodology, while [Section 4](#) provides an empirical analysis. Finally, [Section 5](#) offers concluding remarks and policy implications.

2. Literature review

2.1. Megatrends, shocks, old and new inequalities

Over the past decades, major shifts in the relative proportions of sectors and structural adjustments of the economic systems have taken place worldwide. The engines of these transformation are to be found primarily in long-term processes called megatrends, i.e., long-term, complex, and profound transformations of the production structures on a global scale yielding fundamental impacts on socio-economic and spatial relations (Di Tommaso et al., 2022, 2024), such as the globalization, the advent of new technologies, socio-demographic changes (particularly the aging of the population) and environmental degradation (OECD, 2019; Baldwin, 2019).

The megatrends that have contributed the most to reshape production organizations are primarily embodied by the advent of new production technologies such as ICT, robotization and industrial automation, which gained significant traction in the 1980s and 1990s, alongside the forces of globalization (Guriev, 2020; Guriev and Papaioannou, 2020).

Specifically, globalization has increased cross-country interdependence of political, technological and trade dynamics, ultimately transforming the international division of labour (Bianchi and Labory, 2019; Pietrobelli and Rabbellotti, 2011). On the one hand, globalization has fostered agglomeration processes of knowledge-based activities and high added value services around mega-city regions attracting younger and skilled workers (Sassen, 2001; Moretti, 2012). On the other hand, globalization has been so far primarily driven by cost-efficiency criteria that have also sustained delocalization processes of industrial plants towards countries with low labour and production costs. The fast growth of labour-intensive manufacturing industries in the developing world has displaced jobs in the advanced economies and, as a consequence, many peripheral towns and old manufacturing regions in Europe and in the US have experienced a relative decline in their economic activity and employment levels, bringing pronounced emigration patterns and human capital impoverishment (Martinez-Fernandez et al., 2012).

The advent of new technologies in the production realm has further accelerated the effects of globalization. Indeed, new automation and logistics technologies have lowered production costs and transportation expenses, easing cross-border commerce. Moreover, advances in ICT and digital technologies have facilitated trade in both services and goods, enabling more efficient inventory management, cost-effective cross-border marketing, flexible working arrangements, and the ability for organizations to rapidly adapt to changing market conditions (Kalleberg, 2001). These developments have also contributed to the

increasing servitization of manufacturing (Prodi et al., 2022; Guriev and Papaioannou, 2020)

At the dawn of the 21st century, global megatrends had significantly reshaped production organization, firms’ strategies and the world of work. In particular, Western economies have transitioned towards a knowledge-based model, marked by the expansion of the service and technology sectors and a progressive erosion of traditional manufacturing.

These transformations have soon raised scholars and policymakers concerns due to widening inequalities and social disparities (Piketty, 2014; Della Porta et al., 2021). In US and Europe alike, the transition towards services, along with firms’ relocation of production facilities to lower-cost regions, has resulted in job layoffs and unemployment, particularly in those regions where manufacturing has been downsized. This has also led to heightened competition for employment opportunities in high-cost regions.

In addition, the widespread adoption of industrial automation, robotics, and ICT technologies, particularly in sectors such as manufacturing, retail, and administrative services, has significantly contributed to the replacement of human tasks and jobs, leading to the hollowing out of middle-wage occupations and mid-level positions (Brynjolfsson and McAfee, 2014). This trend has exacerbated job displacements and layoffs, especially among workers engaged in repetitive, routine tasks, such as such as clerical works and customer services, while contributing to an increase in earnings inequality across different employment cohorts (Saraceno, 2019; Stantcheva, 2022).

This trend has become particularly pronounced where technological advancements have outpaced the capacity of education systems to adjust to labour market demand (Eurostat, 2022), thus widening skills mismatches and disparities between social groups (Cirillo, 2018).

In this context, socio economic risks within labour markets have become ubiquitous for workers and social disparities have increasingly emerged in European economies. The inclusion of individuals in social life, which primarily passed through labour market participation, has been since there seriously compromised⁴ by the emergence of a series of new social risks associated with fragmented life-work transitions (Saraceno, 2019), unemployment, unstable incomes, increasing poverty levels, skill degradation and obsolescence (Bonoli, 2005; Taylor-Gooby, 2004; Schmid and Wagner, 2017).

These dynamics have been further exacerbated by a series of unexpected shocks, starting with the 2008 Great Recession, and recently followed by a chain of disruptive events, reflecting a phase of economic instability also driven by significant geopolitical tensions: the Brexit in 2020 and the COVID-19 pandemic that same year, followed by the Russian invasion of Ukraine in 2022, which precipitated a major energy supply shock in Europe (Aggarwal and Aggarwal, 2024), and most recently, the Israel-Palestinian conflict that broke out in October 2023.

Clearly, post-crisis experiences for workers vary significantly across countries, as industrial sectors demonstrate differing capacities to absorb and adapt to the altered environment (Canova et al., 2012; OECD, 2021; Di Tommaso et al., 2022; Prodi et al., 2023). Countries in stronger fiscal positions have experienced less damage (IMF, 2020), but in general such crises have reinforced inequality trends already in place and have therefore contributed to frustration with established governments and political parties (IMF, 2020), especially where measures to counteract the impact of the crises have been inadequate (Stantcheva, 2022), leaving entire segments of the population exposed to great vulnerability.

⁴ In this view, scholars started to advocate the urgent establishment of new social rights for all kind of workers, such as: long-life education and training, appropriate working hours, adequate life-work balance and ‘transition pay’, i. e., income support during critical events over the life course, namely school-to-work transitions or job-to-job transitions (Saraceno 2019).

2.2. Labour market disruptions and the rise of discontent

Megatrends and shocks has been the major drivers behind the profound transformations of the production structures experienced by both advanced and emerging economies (Wiechmann and Pallagst, 2012). These changes have reshaped workers' positions in the labour market (Landesmann and Scazzieri, 1990, 1996; Scazzieri, 2018; Bianchi and Labory, 2019), altering the types of occupations individuals hold, the range of employment opportunities available, the social rights they are entitled to (Saraceno, 2019), while also leading to various forms of exclusion, including layoffs, job redundancies, and technological unemployment.

Among European economies, the globalization and the industrial automation have driven a process of deindustrialization leading to an increase in structural unemployment, particularly among less-skilled workers who relied on jobs in manufacturing. Many of these workers struggled to retrain for emerging sectors, especially in services: indeed, well-paying jobs were concentrated in areas like finance, technology, and professional services, and predominantly located in specific urban regions. This shift created a growing demand for professional retraining and upskilling programs, but many industrial workers faced challenges in adapting quickly to these new demands, contributing to long-term unemployment. In parallel, all the economies witnessed the increase of lower-skilled jobs that were typically found in retail, hospitality, and personal services.

The situation was clearly more critical in Southern European countries, characterized by residual welfare policies and ineffective active labour market programs that offered limited support for disadvantaged workers' groups, such as women and young people (Ferrera, 1996). In addition, labour market institutions were poorly equipped to help firms investing in new technologies or attracting highly skilled workers (Di Pietro, 2002), while rigid labour regulations—such as strict firing restrictions for permanent employees (Blossfeld et al., 2012)—had long stifled job creation and employment growth.

In this context, strict employment protection legislation and broader labour market structural rigidities have been pointed by European institutions as potential drivers of persistently high unemployment, weak employment growth, limited labour market mobility, and firms' inability to adapt to adverse business cycles in a globalized economy. As a consequence, many European countries have been encouraged to implement significant institutional reforms aimed at liberalizing employment regulations (Barbieri and Scherer, 2009). These reforms included greater flexibility in wage bargaining, the introduction of flexible working arrangements and fixed-term contracts, and a reduction in employment protections, with the aim to boost employment and economic growth (Blanchard, 2006)

This has brought labour market regulation across European economies to increasingly converge towards an ideal-typical neoliberal model (Marginson and Sisson, 2002; McBride and Williams, 2001).

However, the liberalization of labour market and socio-economic institutions pursued by European countries in the name of employment growth has not resulted in a uniform slide towards Anglo-Saxon-style models. Scholars have registered a variety of trajectories of liberalization taking place within European economies shaped by very different political coalitions and thus yielding different distributional outcomes (Thelen, 2014).

As showed by Thelen (2014), countries such as the Netherlands, Denmark, and Austria have achieved more egalitarian outcomes in terms of workers support and protection while undergoing deregulation. Precisely, by adapting their welfare and labour market institutions to incorporate various interests and needs expressed by different class actors, these countries have effectively tackled the new risks faced by the most vulnerable workers and limited forms of labour market exclusions. An exemplary illustration of this is the implementation of flexicurity policies, which balance contractual deregulation with effective active labour market measures.

In contrast, in countries like Germany and especially Italy, liberalization has largely been driven by organized interest group politics. This approach has maintained traditional protections for established workers while deregulating “at the margins” of labour market (Blossfeld et al., 2012) and creating new categories of vulnerable workers. Consequently, where institutions have continued to shield mainly a shrinking manufacturing sector through traditional support schemes, they have failed to offer adequate protection for emerging vulnerable groups (Gingrich and Ansell, 2012). This has led to greater polarization of the workforce, dividing it into the so-called “winners of globalization” or “insider workers” (i.e., workers holding open-ended contracts and more favorable employment benefits and wages), and the “losers of globalization” or the “outsider workers” (i.e., workers in non-standard forms of employment, such as fixed-term contracts, temporary agency work and involuntary part time). The latter are associated with relatively lower degree of job security and satisfaction, lower pay, less workers representation, limited career prospects and training opportunities (Lindbeck and Snower, 2001).

Thus, the defence of traditional employment arrangements has been in some countries the recipe for institutional erosion and labour market dualization leading to an increase in inequalities and compromising social cohesion and solidarity (Thelen, 2014).

In this context, the advent of the 2008 crisis has been dramatic for European labour markets. Job losses have primarily affected low-skilled individuals, young people, women and migrants which are most often found in low- and medium-skilled service sector occupations engaged in temporary contracts.⁵ Unemployment in the EU rose from an average of 7.1% in 2008 to 9.7% in 2010 and peaked to 10.5% in 2012 (Eurostat, 2014). However, very significant differences have emerged across the EU countries and regions. All German regions and part of the Polish, Austrian, Finnish and Belgian regions have withstood relatively better the crisis. At the other end of the spectrum, unemployment rose quite remarkably across various regions of Spain, Italy, Greece, Cyprus, Bulgaria, Ireland, Denmark, and the Baltic Republics (Crescenzi et al., 2016). Moreover, in the aftermath of the crisis, few countries have experienced increasing levels of NEET (people not in Education, Employment, or Training).⁶ Among these, the highest rates have been recorded in Italy and Romania, where 19% or more of all young people aged 15–29 were neither in employment nor in education or training (Eurostat, 2022).

The effects of the crisis have been amplified in many countries by fiscal austerity policies (Fetzer, 2019; Gabriel et al., 2023), therefore consolidating the position in the labour markets of globalization “winners” and of its “losers”. Such dichotomy has since then started to fuel a growing sentiment of discontent and frustration, especially among those experiencing forms of labour market exclusions and social vulnerabilities (Algan et al., 2017; Ford and Jennings, 2020), and particularly in countries where traditional institutions were not reconfigured to include their interest and needs – which are clearly profoundly different from those of their counterparts holding secure and stable jobs in traditional manufacturing sectors or in new emerging technology sector.

Thus, traditional institutions, such as labour market and education policy and welfare schemes, which were built around a specific production-society nexus of a pre-globalized economy, have become the

⁵ Particularly in some Southern European countries, also university graduates often found themselves employed on a temporary basis, especially when permanent job opportunities are scant and they have little alternatives. Furthermore, countries like France, Spain, the Netherlands, Greece, Portugal, and Italy exhibit low transition rates from temporary to permanent positions, and in some cases, the average durations of fixed-term contracts are notably brief, resulting in a chain of successive fixed-term contracts.

⁶ The term ‘NEET’ typically refers to individuals within a specific age group, particularly young people, who are neither employed nor participating in education or training program.

locus of new political conflict over inequalities, disparities, and redistribution, primarily rooted into the lack of secure and stable employment opportunities. Overall, governments implementing structural reforms, including labour market flexibility in the early 2000s and fiscal austerity policies following the 2008 crisis, have failed to shield workers from the impacts of globalization and economic shocks (Guriev, 2020; Colantone and Stanig, 2019). These measures have overlooked the social costs, particularly for the most vulnerable workers (Guiso et al., 2019)

2.3. Discontent: a threat to structural dynamics

The discontent expressed by various segments of workers has increased exponentially since the outbreak of the 2008 crisis. However, as the structural dynamics theory points out, while inequalities and conflicts among socio-economic groups are viewed as inherent features of the process of structural change, social tensions and conflicts can be sustained within the economic system only up to a certain limit (Di Tommaso et al., 2020, 2022). Beyond a certain point, the social fabric becomes impoverished and increasingly unequal in terms of income distribution, access to quality jobs, high skill levels, and entitlement to welfare provisions. This, in turn, compromises long-term production capabilities and hinders the ability of the economic system to seize production opportunities that structural changes would have enabled. Indeed, these opportunities cannot be realized if they are not compatible with existing social structures, or if those structures do not evolve in a more cohesive way, which is a prerequisite for generating wealth and economic prosperity through the reconfiguration of production (Lin, 2012, 2017; Cardinale and Scazzieri, 2024). In this regard, history, at various points in time and in different places, has shown how structural trajectories can lead to irreversible decline and collapse, regardless of institutional set-up, when inequalities worsen and impoverish the social fabric (Stiglitz, 2017; Acemoglu and Robinson, 2012; Moretti, 2012; Pasinetti, 2007).

Another reason, linked to what we have just highlighted, for which policymakers should be concerned with growing discontent lies in the fact that many studies have found that, eventually, dissatisfaction with the socio-economic *status quo* and anti-elite sentiments contribute to reshape the political landscape, creating opportunities for new parties to emerge.

For nearly half a century, leftist and right-wing governments in Western democracies, based on country-specific patterns of political competition, have navigated structural changes, guiding economies towards mature industrialization (Lipset and Rokkan, 1967). However, over the past decade, the political arena of several democratic countries has witnessed the emergence and advance of radical right, anti-establishment and social liberal parties at the expenses of the long-established social democratic, Christian democratic, and conservative parties (Franklin, 1992; Bornschier, 2010; Jansen et al., 2013). The rise of such parties that do not fit into the conventional right-left competition is a clear signal of new social conflicts entering the political arena, scholars suggest (Elff, 2007; Best, 2011; Mair, 2013; Ford and Jennings, 2020). Indeed, studies have found a strong relationship between social discontent and electoral support for anti-elite parties, also called populist parties⁷ (Lubbers et al., 2002; Norris, 2005; Rooduijn et al., 2016). In particular, these parties are leveraging growing discontent over rising inequalities, which does not find proper expression within the traditional set of cleavages embodied by the conventional party system (Mair, 2013).

⁷ Many scholars define populism as a set of ideas in which the good people is pitted against the political elite (Albertazzi and McDonnell, 2008; Mudde, 2004; Stanley, 2008). Particularly, Mudde (2004; 543) describes populism as “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 general will of the people”.

The recent wave of European populisms has tapped into such sentiments of frustration against the established political élites and alienation prevalent among those disproportionately experiencing economic insecurity and marginalization (Guriev, 2020; Algan et al., 2017). Indeed, over the past decade, several European countries have been grappled with the rise of anti-elite parties, such as Italy (the League, Five Star Movement, and Brothers of Italy parties), Spain (Vox), Poland (Law and Justice party), Hungary (Fidesz), Austria (Freedom party), and Germany (Alternative for Germany – AfD party), Belgium (Flemish Interest), Greece (Syriza party), and France (National Rally party) (Florida, 2021).

Recent analyses have shown that almost one-third of Europeans currently support anti-establishment politics and vote for populist, either far-right or far-left parties (Rooduijn et al., 2023). Specifically, in 2021 national elections scholars registered a record support for anti-establishment parties across European voters, which peaked to 32% compared with 20% in the early 2000s and 12% in the 1900s. In particular, it is the vote share for far-right parties that is increasing most rapidly.

Overall, the electoral support for anti-elite parties resulting from social discontent should be hailed not without serious concerns for at least three reasons. First, anti-elite parties often portray themselves as democratic alternatives that champion ordinary people against elites, vested interests, and an entrenched establishment (Rooduijn et al., 2023). However, numerous studies now indicate that when populists attain power or wield significant influence, the quality of liberal democracy tends to decline (Rooduijn et al., 2023; Pirro and Stanley, 2022). Critics argue that anti-elite parties tend to undermine democratic norms, restrict minority rights, and erode the power of institutions such as the judiciary and media, all of which are vital checks and balances in a liberal democracy (Mudde and Kaltwasser, 2012; Pirro and Stanley, 2022).

Second, modern anti-elite parties present themselves as an alternative that offers immediate protection to the marginalized segments of the population against shocks and the effects of globalization (Ares, 2016; Guiso et al., 2019). However, anti-elite parties might not be adequately equipped to fulfilling their electoral promises of restoring equity and fostering inclusive economic growth. Historical evidence has documented that anti-elite parties’ measures often appear to be myopic (Passari, 2020), as they tend to overlook the long-term social costs of such protection and corrective measures. Populist measures have usually resulted into decline or stagnation of real incomes, leading domestic economies to macroeconomic disasters and dramatic social consequences (Dornbusch and Edwards, 1991; Guiso et al., 2019). Funke et al. (2023) have analysed over 50 populist governments worldwide over the period 1900–2018. They found that countries governed by populists witness a substantial decline in real GDP per capita, on average. In the same vein, Born et al. (2019a) have showed that the policy initiatives implemented by the Trump administration have had a negligible effect on the macroeconomic performance of the US: neither there has been an exceptional output performance, nor labour market indicators have improved compared to the pre-Trump period.

The erosion of democratic norms may explain both the persistence and the negative economic outcomes of populism (Acemoglu et al., 2013; Acemoglu and Robinson, 2019; Guriev and Treisman, 2019), along with economic nationalism and unsustainable macroeconomic policies, resulting in spiralling public debt and inflation (Dornbusch and Edwards, 1991). Thus, while populist measures may be framed as an effort to safeguard domestic jobs and workers, critics argue that populist leadership is economically costly since they could in fact lead to economic inefficiencies and to long-run decline in consumption and output (Rodrik, 2018; Born et al., 2019b; Guriev, 2020), with negative consequences for the strata of society that they declared to protect.

Third, and linked to the two precedent points, studies have found that discontent and support for anti-elite parties affect each other mutually (Van der Brug, 2003; Rooduijn et al., 2016). Precisely, while discontent fuels anti-elite vote, the opposite is also true: citizens who support anti-elite parties are likely to be influenced by these parties’ message that the political élite is corrupted or incompetent and fails to

represent the interests of the ordinary people. Indeed, studies have demonstrated that citizens supporting parties that frequently express populist statements are more likely to incorporate their claims about the incompetencies of the political elite in their way of thinking, compared to those who do not vote for them (Bartels, 2002; Van der Brug, 2003). Thus, growing discontent with the established élites cannot only be the cause, but also be the consequence of voters' support for anti-elite parties.

In this way, anti-elite parties contribute to the reproduction of social juxtapositions and tensions that are instrumental to consolidate their political influence and retain their electoral legitimation (Guriev, 2020; Sen, 2013). However, in this perspective, the fundamental issue lies in the fact that populist leaders thrive on growing discontent and social divides, which, if further fuelled and perpetuated over the long term, pose serious challenge industrial societies.

The nurturing of social discontent, rather than its alleviation, by anti-elite parties is therefore particularly concerning in contemporary scenarios where trajectories of structural change are unfolding within the complex context of mature economies characterized by limited access to stable jobs, stagnant growth, and low wages (Felice, 2015; Saad Filho, 2021b).

2.4. The case of Italy

Italy is a paradigmatic case within the framework above illustrated. The country has experienced profound transformations of its labour market since the early Nineties and a steady rise in social inequalities and economic disparities (Felice, 2019). Simultaneously, Italy stands out among European countries due to the prevailing social discontent that has emerged since the aftermath of the 2008 crisis. This discontent has been channelled within institutions and political parties in the form of anti-elite sentiments and support for anti-elite parties.

The Italian labour market

In Italy, social disparities have widened in the past decade mainly as a consequence of profound structural changes and institutional reforms reshaping labour markets, whose effects have been compounded by recent shocks.

The Italian labour market has historically grappled with modest employment levels. In order to raise labour market participation rate and reduce unemployment levels, Italian governments have implemented various rounds of reforms (namely the Treu Act in 1997; the Biagi Law in 2003; The Jobs Act in 2015) in the name of labour market flexibilization. At different points in time, these reforms have introduced a variety of atypical contracts and relaxed regulation for fixed term employment – a strategy that has been referred to as *flexibilization at the margins* (Buchholz, 2008).

Atypical contractual typologies have been extensively used by Italian firms to buffer adverse business cycle and to rapidly adapt to a changing global landscape (Arrighetti et al., 2022). The widespread of such contracts in the labour market has generated greater heterogeneity across workers in terms of employment intensity, i.e., the number of weeks worked per years. This heterogeneity has been reflected into higher volatility of annual earnings, which has grown consistently over the past decades and increased earning divides among “insider” and “outsider” workers (Depalo and Lattanzio, 2023).⁸ Moreover, over time atypical contracts have also become more persistent. In 1991, 71 percent of those

⁸ Specifically, workers at the tenth percentile of the distribution (those who earn a wage lower than 90 percent of the sample) have seen their annual incomes erode by approximately 30 percent over the last three decades. Even workers at the median (those who are at the center of the distribution) have experienced a loss, slightly less than 10 percent. Conversely, among workers in the upper part of the distribution, at the 90th or 99th percentile, incomes have increased (Depalo and Lattanzio 2023).

with a part-time contract had the same contractual form in the previous year; in 2021, the probability rose to 76 percent. The probabilities of maintaining the part-time contract have increased from 42 percent (in 1991) to 50 percent (in 2021) and from 31 to 39 percent, respectively (Depalo and Lattanzio, 2023). Similar dynamics have been observed for fixed-term contracts.

Overall, these reforms have favored the proliferation of contracts that, while facilitating the entry of individuals into the workforce, they have not represented a stepping-stone towards more stable contractual forms, eventually resulting in an increase in earnings disparities among workers (Filomena and Picchio, 2022). This trend has progressively led to a severe polarization between core employees with open-ended, secure contracts and outsider workers holding temporary, less protected positions, who were the most exposed to job cuts when the 2008 crisis hit the Italian economy.

In this framework, the proportion of families in poverty has nearly doubled to 6.9% between 2007 and 2017, with the highest rates (10.3%) found in Southern Italy. Around 20.3% of the population was at risk of poverty in 2017. Inter-generational inequality has also worsened, with individuals aged 25 to 40 projected to be economically worse off than their parents, despite higher education levels. Gender disparities persist, with only 43.3% of young women earning income from work, compared to 62% of men (Pastorelli et al., 2022). These disparities are more pronounced in Southern Italy, where industrial activity is scant and most of the people are employed in agriculture and tourism, thus reflecting deep-seated geographical inequalities. Studies have shown that these social disparities are closely linked to phenomena such as unemployment, lack of employment stability, and low employment intensity, rather than to the levels of individual wages (Depalo and Lattanzio, 2023). This condition potentially implies long-lasting negative consequences for an economic system, especially in terms of increased social vulnerability face to adverse macroeconomic shocks (Cardinale, 2022; Scazzieri, 2022).

The rise of discontent in Italy

Patterns of social discontent in Italy have emerged from the protracted socioeconomic decline that began in the early 1990s and have been exacerbated by the rise of new socio-economic divides centered around unemployment, job casualization, deindustrialization of the economy, immigration issues, and growing ideological and cultural disparities (Di Matteo and Mariotti, 2021). Italy is particularly noteworthy within the European context, as all of the country's economic indicators, from per capita income to productivity and employment levels, reflect enduring stagnation compared to other countries. Social discontent has particularly emerged in Southern regions due to alarmingly high rates of unemployment among young people and long-standing lack of stable job opportunities, thus triggering feeling of disillusionment with the established political élites.

Social dissatisfaction linked to feelings of economic insecurity has been exacerbated by the implementation of austerity policies in the aftermath of the Great Recession. In particular, the latter have imposed conspicuous cuts into the administrative budgets of municipalities,⁹ resulting into a reduced access to local public services provisions, particularly hitting municipalities with fewer than 5000 residents (Cremaschi et al., 2023). It is precisely in this climate of economic and social hardships that anti-elite sentiments have flourished, leading to significant political upheaval (Della Porta et al., 2021). Precisely, Italy

⁹ Municipal governments manage around 10% of public expenditures and are responsible for a plethora of public services, such as local urban planning; roads and transport; local historical and environmental resources; the collection and disposal of waste; the collection and distribution of water and energy sources; services for economic development and commercial distribution; social, educational, vocational training, and other urban services; and administrative police (Carreri 2021).

has witnessed a transformation of its political landscape with the emergence and consolidation of anti-elite parties (Baldini et al., 2022). Two particularly noteworthy players in this shift were the Five Star Movement (M5S, originating in 2009) and the League (previously known as the Northern League).¹⁰ These actors have increasingly impacted Italy's political dynamics that has been historically characterized by a plurality of parties whose competition tended to spread along a left-right type of ideological spectrum (D'Alimonte, 2005). Both Five Star Movement and the League have participated in coalition governments. The M5S secured a significant victory in the 2018 parliamentary elections, leading to a coalition government with the League. This alliance marked a pivotal moment in Italian politics, although it dissolved in 2019. Italy has recently witnessed the emergence of another right-wing party, Brothers of Italy, founded in 2012 (Baldini et al., 2022). It started as a marginalized party, but its support has steadily grown over the past decade. In the 2022 general election, it became the most voted party (26% of the votes) and its leader, Giorgia Meloni, became the first female Prime Minister of Italy.¹¹

3. Data and methodology

In this section, we empirically explore the relationship between job market dynamics and the rise of discontent in Italy. Specifically, we follow the literature and proxy discontent using electoral choices, and precisely votes for anti-elite parties (Lubbers et al., 2002; Mayer and Perrineau, 1992; Norris, 2005; Rooduijn et al., 2016). For what concerns labour market dynamics, we look at activation, stabilization and conclusion of different employment contracts typologies within defined periods and at distinct territorial levels. In order to do this, we draw upon data sourced from the Italian National Social Security Institute (INPS, *Istituto Nazionale di Previdenza Sociale*), gaining access to a rich dataset at the NUTS 3 level. This extensive dataset encompasses both the quantitative and qualitative aspects of Italy's job market structure. The INPS's precariousness observatory¹² serves as our conduit, enabling us to gather data spanning four distinct years, aligning with four pivotal election periods in Italy. Clearly, since we do not use data at the individual level, we cannot conclude that it is the individuals experiencing jobs cuts that vote for anti-elite parties. However, we purposefully use data at the NUTS 3 level as threats of labour market exclusion should increase the tendency of individuals, even those not experiencing job cuts, to vote for anti-elite parties, and this should manifest in the data at local level (Georgiadu et al., 2018).

The combination of this dataset with electoral outcomes localized at the municipal level, encompassing two national parliamentary elections (2013 and 2018) and two European parliamentary elections (2014 and 2019), forms the cornerstone of our approach. This synthesis facilitates

¹⁰ The Five Star Movement initially centered its political platform around direct online citizen participation. Criticizing the traditional political class, combating corruption, and addressing issues of inequality, environmental concerns, and transparency, the M5S quickly gained popularity. The League, originally a regionalist party in Northern Italy, underwent substantial changes under the leadership of Matteo Salvini. Shifting focus from northern secession after the 2008 financial crisis, the League began emphasizing immigration, economic insecurity, national sovereignty, and euroscepticism. This strategic shift played a crucial role in the League's electoral success, solidifying its position as a major right-wing party in Italy.

¹¹ Approximately four-in-ten voters in Italy align themselves with one of the three major right-wing anti-elite parties: Brothers of Italy, Forza Italia, and Northern League. This represents an increase from around a third in 2018 and around three-in-ten in 2013. Conversely, the centrist populist party Five Star has seen a notable decline in its vote share, almost halving since 2018 (Rooduijn et al. 2023).

¹² INPS data on job market structure at different geographical scales are retrievable at the following website: <https://servizi2.inps.it/servizi/osservatori-statistici/14>

the creation of a panel data configuration, fortified by a set of covariates to mitigate potential confounding factors.

To address the spectre of endogeneity, we employ a two-stage least squares framework. Our strategy involves instrumenting the data pertaining to the job market structure with a spatial metric quantifying the distance between each municipality and the nearest service centre, known as 'pole areas'. This choice accounts for the sway of proximity to vibrant urban centres and conducive working environments on job market dynamics, but that is not directly related to votes patterns. Additionally, we incorporate an alternative ordinary least squares specification, factoring in the centroid coordinates of each municipality, to further control for geographical proximities.

3.1. Modelling the outcome variable

To build the outcome variable, we draw from four distinct election periods ($t = 4$), encompassing both national and European elections. Election-specific data can be readily accessed through the official website of the Italian Minister of Interiors. These election statistics are gathered at the municipal level, ensuring a more substantial sample size that, in turn, facilitates the execution of accurate estimations when utilizing election data as the dependent variable.

For every municipality, the votes garnered by each political party undergo a two-step transformation. Initially, they are categorized, and subsequently, aggregated, grounded on the degree of anti-elite sentiment articulated by the participating parties during a given election (t) within each municipality (m). To clarify, party votes are initially pooled within each municipality, then they undergo division and consolidation contingent upon whether the respective party falls within the upper echelons of the anti-elite sentiment spectrum.

Establishing the scale that underpins the categorization of parties into anti-elite segments hinges upon insights gleaned from the Chapel Hill Expert Survey (CHES) dataset.¹³ This dataset furnishes comprehensive insights into multifaceted dimensions such as economic policies, immigration stance, ideological orientations, and more, corresponding to each party in consideration for each election period (Polk et al., 2017). Specifically, CHES features a variable labelled 'anti-elite salience', which employs a 10-point scale¹⁴ to classify parties based on the prominence of their anti-establishment and anti-elite discourse. A tabulated overview illustrates the assigned scores for each party across the various t periods, according to the CHES classification. Parties that failed to secure a minimum of 1 percentage point over total votes in each election were excluded from the roster (Table 1).

This classification proves very valuable because it remains unaffected by whether a party participates in a given election. Notably, certain minor parties present during Italy's 2013 parliamentary election underwent reconfiguration into different political entities in subsequent elections. This approach ensures that every party participating in an election can be classified at that juncture in history. This holds true regardless of whether the party ceases to exist or undergoes transformation in the years to follow, taking on new forms or joining different coalitions.

Employing election data at the municipal level forms the foundation for constructing the dependent variable, thereby facilitating the establishment of an extensive panel dataset. After allocating scores, we categorize anti-elite rhetoric into three levels: *lowly* anti-elite (ranging from 0 to 3), *moderately* anti-elite (ranging from 3 to 7), and *strongly* anti-

¹³ CHES data are available at the website: <https://www.chesdata.eu/ches-europe>

¹⁴ Where 0 = not important at all ... 10 = extremely important. Anti-elite salience was asked by CHES only in 2014 and in 2019. For these reasons we use the 2014 measurement to attribute scores to those parties who stood for elections in 2013 and 2014, while we use the 2019 measurement to classify parties who stood for elections in 2018 and 2019.

elite (values exceeding 7 up to 10). To our analysis, we exclusively utilize votes reflecting a strong anti-elite stance to conduct the regression analysis.

Additionally, we introduce an alternate specification for the dependent variable in Section 4.1, aiming to provide a sensitivity check of the primary findings. Fig. 1 below shows the share of anti-elite votes at the municipal level in Italy over the four elections considered.

3.2. Main covariates and controls

The main covariates of interest in this study revolve around measures of employment dynamics, derived from the INPS precariousness observatory. These measures encompass three distinct categories, each shedding light on particular aspects: the count of terminated contracts within a given year (referred to as ‘job cuts’ in our research design), the tally of newly activated contracts (termed ‘jobs activation’), and the number of contracts shifted from fixed to permanent status (‘jobs stabilization’).

Each of these three categories can be further explored through sub-categories that correspond to the specific contract types involved. Within the realm of *job cuts* and *jobs activation*, we can delve into heterogeneities across contract types such as permanent, fixed-term, apprenticeship, seasonal, temporary via agency, and intermittent contracts. In the context of *jobs stabilization*, the focus extends to four sub-categories encompassing contracts transitioned to permanent status: fixed-term, apprenticeship, seasonal, and intermittent contracts (Table 2).

Table 1
Party list and anti-elite scores during the 2013–2019 election periods.

Party abb.	Party name [Italian]	Party name [English]	2013	2014	2018	2019
PD	Partito Democratico	Democratic Party	4.4	4.4	1.8	1.8
M5S	Movimento 5 Stelle	Five Star Movement	10	10	8.8	8.8
LN	Lega (Nord) ¹⁵	(Northern) League	8.8	8.8	8.3	8.3
FI	Forza Italia	Forward Italy	4.0	4.0	4.1	4.1
FdI	Fratelli d'Italia	Brothers of Italy	6.2	6.2	8	8
LB	+Europa (Bonino)	Bonino List	–	–	3.7	3.7
LS	La Sinistra	European Left	–	–	–	3.7
PAP	Potere al Popolo	Power to the People	–	–	9.3	–
NCI	Noi con l'Italia–UdC	New Christian Democrats Union	–	–	2.2	–
Tsipras	L'altra Europa con Tsipras	Tsipras List for Europe	–	3.7	–	–
NCD	Nuovo Centrodestra–UdC	New Right-wing and Cristian Democrats Union	–	1.5	–	–
RC	Rivoluzione Civile – Ingroia	Civil Revolution	5.6	–	–	–
FFD	Fare per Fermare il Declino	Doing to Stop Decline	2.5	–	–	–
SEL	Sinistra, Ecologia, Libertà	Left, Ecology, Democracy	6.8	–	–	–
SC	Scelta Civica – Monti	Civic Choice	1	–	–	–
UdC	Unione di Centro	Cristian Democrats Union	1.5	–	–	–

Note: scores of parties that were not in the CHES list were modelled based upon the average of the coalition in which they were candidate during the given election.

¹⁵ Lega Nord (Northern League) removed ‘Nord’ from the party name as of 2018 elections.

The models are complemented by integrating a vector of control variables to account for potential confounding factors. These variables are selected based on key findings deriving from the main literature on discontent. For instance, an example lies in recent research highlighting a link between support for radical and anti-elitist parties and specific fault lines within the welfare system (Rathgeb and Busemeyer, 2022). This prompts the inclusion of public spending on welfare as one of the control variables.

Another pertinent facet often linked to the surge of anti-elitist sentiment pertains to political economy concerns (Stankov, 2018). Drawing from literature, we incorporate municipal incomes into our suite of control variables. Population density, a determinant commonly invoked to explain variations in support for anti-elite sentiments (Di Matteo and Mariotti, 2021), comes into play.

Additionally, the subject of foreigners has taken main stage in the discourse on regional dimensions of populism during the latter half of the 2000s (Alba and Foner, 2017), being recognized as a pivotal dimension in explaining the surge of electoral support for anti-establishment movements (Margalit, 2019; Wojczewski, 2020; De Sá Guimarães and De Oliveira E Silva, 2022). Another discriminant in the population composition regards the matter of aging (Harteveld et al., 2022), and for this reason we include in the model an aging index recently developed by the Italian Institute of Statistics (ISTAT) as an experimental variable at the municipal level. From the same data source, we add three other variables that can capture potential differences in the composition of the municipalities, i.e. the location quotient for manufacturing industry, the location quotient for services and the literacy rate of student.¹⁵ These variables are supposed to control for the potential ecological fallacies deriving from different socioeconomic compositions of territories (Bowyer, 2008; Rydgren and Ruth, 2013; Sharkey and Faber, 2014; de Blok and van der Meer, 2018; Georgiadou et al., 2018; van Wijk et al., 2019; Arzheimer et al., 2024), although the granularity of municipal level data should mitigate this concern.

Furthermore, acknowledging that variations in the quality of governance underlie European populism (Agerberg, 2017), institutional quality is integrated into our estimations using data from Nifo and Vecchione’s dataset (2014). Moreover, we also include a recently developed index of administrative quality at the municipal level (Cerqua et al., 2024), to complement the previous one provided at the provincial level. This index is assumed to capture potential differences in public services provision between different municipalities, as dissimilar levels of administrative quality may lead to different sensitivity to local electoral outcomes (Cremaschi et al., 2023).

To mitigate potential endogeneity concerns, a spatially grounded measure enters the picture. This measure involves calculating the travel-time distance (in minutes) between each municipality and the nearest service centre. The Italian Institute of Statistics provides the values through a spatial matrix, offering insights into distances among Italian municipalities.

3.3. Model

Our analytical framework employs two econometric approaches to enhance the rigor of our analyses. The first, Two-Stage Least Squares (2SLS), tackles endogeneity issues linked to measurement errors in both covariates and the dependent variable. The second, leveraging Heteroskedasticity and Autocorrelation Consistent (HAC) method, addresses

¹⁵ Aging index, location quotients in manufacturing industry and services, and literacy rate come from the experimental statistics section of the Italian Institute of Statistics (ISTAT) at the municipal level, namely *A Misura di Comune*. At the following link it can be found in Italian language the source of data and the methodological explanation on how they have been computed: <https://www.istat.it/statistica-sperimentale/aggiornamento-degli-indicatori-del-sistema-informativo-a-misura-di-comune/>

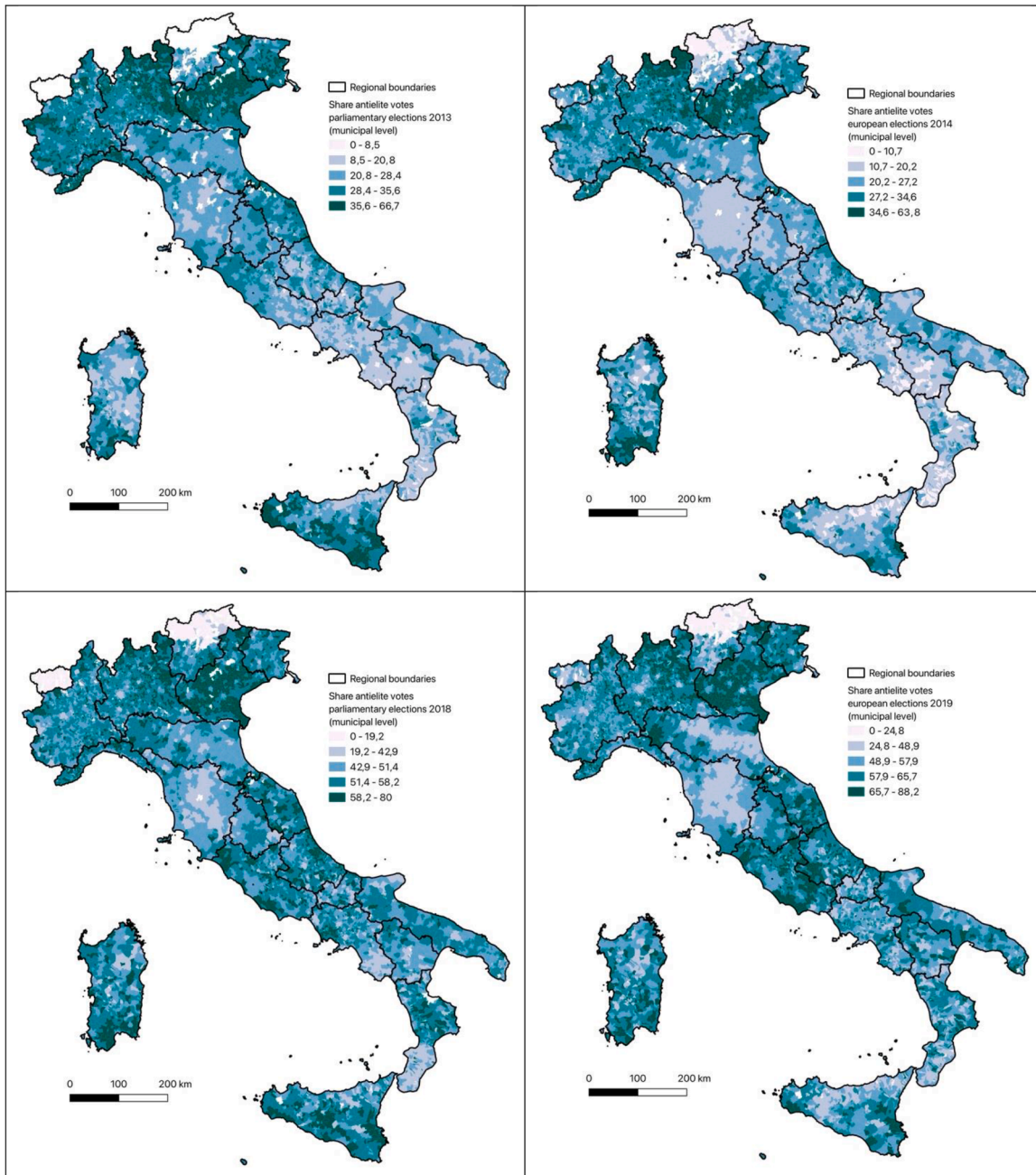


Fig. 1. Share of anti-elite votes among Italian municipalities. Election period 2013–2019. Source: authors’ elaboration on Italian Ministry of Interior election data. Intervals are distributed following Jenks classification.

spatial errors arising from the georeferenced structure of our dataset. This dual-model approach ensures a comprehensive correction for both measurement and spatial challenges in our analysis. Specifically, in the 2SLS approach we define the equations as (Zellner, 1962):

$$Z_{mt} = \tau_0 + \tau_1 \bar{X}_{mt} + \tau_2 W_{mt} + u_{mt} \tag{i}$$

$$W_{mt} = \gamma_0 + \gamma_1 \bar{X}_{mt} + \gamma_2 Z_{mt} + \epsilon_{mt} \tag{ii}$$

$$Y_{mt} = \beta_0 + \beta_1 \bar{X}_{mt} + \beta_2 \widehat{W}_{mt} + \epsilon_{mt} \tag{iii}$$

where the (i) and (ii) are the first stage and the (iii) is the second stage. More in detail, Y_{mt} is the dependent variable observed over each unit m (municipality) at the time t (election period); \bar{X}_{mt} is the vector of (exogenous) covariates observed for the municipality m at the time t ; Z_{it}

is the endogenous variable for the municipality m at the time t affected by some unobservable factors u_{mt} ; W_{mt} is the instrument which is assumed to be correlated with the Z_{it} but not directly with the error term in the second stage (iii), while \widehat{W}_{mt} is the estimated value of W_{mt} obtained from the first stage; $\tau_{0..n}$, $\gamma_{0..n}$, $\beta_{0..n}$ are the coefficients in (i)(ii)(iii) equations while u_{mt} , ϵ_{mt} , ϵ_{mt} are the error terms analogously.

As far as the HAC model is concerned (Newey and West, 1987), it formally comes as:

$$Y_{mt} = \rho \sum_{j=1}^N W_{mj} Y_{jt} + \bar{X}_{mt} \beta + \alpha_m + u_{mt} \tag{iv}$$

where Y_{mt} is the dependent variable observed over the unit m (municipality) at the time t (election period) in our data frame; \bar{X}_{mt} is a vector of time-varying exogenous variables observed for the unit m at the time t

Table 2
Descriptive statistics at municipal level.

Variable	Mean	Std. dev.	Min	Max	Observations
Dependent Variable strong anti-elite votes	6.28	1.43	0.69	13.50	30,932
Main Covariates					
Job Cuts					
<i>permanent</i>	10.00	1.25	7.70	12.74	31,612
<i>fixed term</i>	10.38	1.30	7.87	13.22	31,612
<i>apprenticeship</i>	7.65	1.30	4.27	10.08	31,612
<i>seasonal</i>	8.03	1.32	4.51	10.92	23,709
<i>temporary via agency</i>	8.78	1.32	4.60	11.71	23,709
<i>intermittent</i>	7.94	1.26	2.83	10.93	23,709
total	11.27	1.15	8.72	13.72	31,612
Jobs Activation					
<i>permanent</i>	9.65	1.29	7.26	12.43	31,612
<i>fixed term</i>	10.54	1.28	8.01	13.34	31,612
<i>apprenticeship</i>	8.10	1.30	4.33	10.58	31,612
<i>seasonal</i>	8.06	1.32	4.40	10.96	23,709
<i>temporary via agency</i>	8.80	1.32	4.48	11.73	23,709
<i>intermittent</i>	7.96	1.29	1.94	10.97	23,709
total	11.28	1.14	8.85	13.72	31,612
Jobs Stabilisation					
<i>fixed term to permanent</i>	11.27	1.15	8.72	13.72	31,612
<i>seasonal to permanent</i>	3.60	1.16	1.09	6.97	23,003
<i>intermittent to permanent</i>	4.24	1.36	1.09	7.72	22,625
<i>apprenticeship to permanent</i>	6.74	1.40	2.77	9.48	31,612
total	8.86	1.28	5.63	11.60	31,612
Control Variables					
public spending in welfare (log)	12.26	1.88	0	20.33	30,211
Incomes (log)	17.23	1.40	12.11	24.62	31,123
population density	299.7	635.1	0.74	12,267.7	30,072
foreign residents (log)	4.89	1.65	0	12.75	31,441
institutional quality index	0.62	0.23	0	1	31,184
location quotient manufacturing	1.15	0.83	0	4.34	30,397
location quotient services	0.94	0.45	0	4.45	31,342
aging index	218.9	166.1	28	5,600	31,599
literacy rate	198.5	9.31	168.3	217.8	31,612
MAQI (municipal administration quality index)	102.5	3.80	81.73	117	30,296
Instrument					
distance (travel time)	2.95	0.87	0	7.22	32,124

Source: authors' elaborations.

and β is the related coefficient; W_{mj} is the spatial weight elapsing between each unit m and the neighbouring unit j ; Y_{jt} is the lagged outcome variable over the neighbouring observation j at the time t for each N neighbouring observation; ρ is the spatial autoregressive coefficient; $\rho \sum_{j=1}^N W_{mj} Y_{jt}$ is thus the spatial dependence captured over the spatial weights matrix W and not only by the \bar{X} vector of control variables; α_m is the individual fixed effect for each unit m ; u_{mt} is the error term as usual.

As a result, in order to mitigate for possible misspecification, we use in the models a spatial measure expressed in terms of travel time distance between each municipality and the nearest service centre, both as an instrument (in the 2SLS) and as spatial weight (in the HAC).

4. Results

Presented below are the outcomes of our analysis, starting with baseline results as detailed in Table 3. This section examines the association between diverse contractual forms characterizing the labour market and the share of votes garnered by strongly anti-elite parties. Both proposed methodologies are employed to examine these

relationships. It is worth noting that, presently, we exclusively focus on the intensity of strongly anti-elite party votes in the dependent variable, deferring consideration of other discontent vote intensities to subsequent robustness checks.

In models (1)(2), the analysis reveals a discernible positive effect between job cuts and an intensification in the share of votes for anti-elite parties throughout the observed period. This effect remains statistically significant in both specifications, with an approximate magnitude of 10 percentage points (pp, hereafter). Concerning the activation of new jobs (3)(4), a consistent inverse relationship emerges, with the effect maintaining stability across the two estimations and exhibiting a magnitude of approximately 13 pp. Finally, regarding the stabilization of employment contracts (5)(6), outcomes suggest a negative relationship with a higher magnitude of around 26 pp concerning votes for strongly anti-elite parties. However, statistical significance is limited in (6) ($p < 0.10$), while the estimation does not hold in (5) when including the spatial correction. However, regarding this last, we will see how this coefficient is driven by heterogeneity in the type of contract considered, as visible in the following tables.

For each of the three main covariates, we now observe the effect associated with each contractual form, aiming to determine heterogeneities or differences in the coefficients' magnitudes. As showed in Table 4, the coefficients consistently exhibit a positive sign towards the dependent variable, aligning with the related baseline results. Job cuts correspond to an increased support for anti-elite parties, albeit the intensity and significance vary based on the employment contract typology. Specifically, when the termination involves permanent (7), fixed term (8), or apprenticeship contracts (9), the effect is consistently significant ($p < 0.05$) with an effect ranging from 9 pp to 12 pp against the dependent variable. Conversely, for job cuts related to seasonal contracts (9) interim agencies (11), or intermittent (12) no significance is observed.

In contrast, when considering new activations (Table 5), it appears that all types of new contracts show a negative and statistically significant association with the dependent variable. Therefore, it can be supposed that new job activations may lead to a decrease in votes for strongly anti-elite parties.

This study found a negative and highly significant effect ($p < 0.01$ or $p < 0.05$) of almost all types of contracts against the dependent variable, including permanent (13), fixed term (14), seasonal (16), temporary (17) and intermittent (18) contracts, while the significance was relatively lower for new apprenticeship (15). The largest magnitude was observed for temporary contracts (-36 pp).

Finally, with regards to the stabilisation of existing contracts (Table 6), the results indicate a clear reduction in votes for strongly anti-elite parties in two out of the four types of contracts concerned, and such heterogeneity might explain the non-fully significant coefficients in the related baseline estimates of Table 3. In particular, the highest level of significance ($p < 0.01$) is observed in the case of seasonal contracts stabilisation (20), which exhibit a negative change of approximately 11 pp on the dependent variable. When contracts transition from fixed term to permanent (19), there appears to be a higher magnitude of around 24 pp, although the significance level is lower ($p < 0.10$).

Conversely, stabilising intermittent (21) or apprenticeship (22) contracts does not exhibit statistical significance against the dependent variable, despite maintaining a negative coefficient.

4.1. Sensitivity checks

To ensure the robustness of our findings, an alternative dependent variable was employed, replacing the one exploited in the initial estimates. Such variable, sourced from CHES, focuses on the party's position towards European integration. Widely adopted in research for assessing a party's *discontent* with EU integration and general politics (Dijkstra et al., 2020; Di Matteo and Mariotti, 2021; Albanese et al., 2022), this measure captures a party's position on a dissatisfaction scale and it is

Table 3
Baseline results. Effect of job cuts, activation and stabilisation on strong anti-elite votes.

	strongly anti-elite		strongly anti-elite		strongly anti-elite	
	(1) HAC	(2) 2SLS	(3) HAC	(4) 2SLS	(5) HAC	(6) 2SLS
job cuts	0.100** (0.047)	0.100** (0.049)				
jobs activation			-0.132** (0.066)	-0.132** (0.061)		
jobs stabilisation					-0.261 (0.163)	-0.261* (0.140)
controls	Y	Y	Y	Y	Y	Y
time correction	Y	Y	Y	Y	Y	Y
spatial correction	Y	N	Y	N	Y	N
R ²		0.912		0.904		0.859
Wald χ^2 ($p > \chi^2$)		137,706 (0.000)		123,275 (0.000)		94,188 (0.000)
centered R ²	0.912		0.904		0.859	
Kleibergen-Paap rk Wald F	49.82		24.98		5.75	
election periods (t)	4	4	4	4	4	4
municipalities (n)	6,985	6,985	6,985	6,985	6,985	6,985
observations (n*t)	27,131	27,131	27,131	27,131	27,131	27,131
spatial HAC correction, radius	10km		10km		10km	

Note: robust standard errors clustered at the municipal level are in parentheses. Significance level.

*** $p < 0.01$.

** $p < 0.05$.

* $p < 0.10$. HAC models are spatially corrected by using a radius of 10km based on the centroids of each municipality. 2SLS regressions are run on two-stage least square models. Job cuts, activation and stabilisation are instrumented with the distance to the nearest service centre (pole area) to account for endogeneity.

Table 4
Effect of job cuts on strong anti-elite votes by type of contract.

	(7)	(8)	(9)	(10)	(11)	(12)
permanent	0.109** (0.054)					
fixed term		0.092** (0.045)				
apprenticeship			0.124** (0.061)			
seasonal				0.015 (0.026)		
temporary via agency					0.032 (0.052)	
intermittent						0.022 (0.037)
controls	Y	Y	Y	Y	Y	Y
R ²	0.90	0.91	0.90	0.91	0.91	0.91
Wald χ^2 ($p > \chi^2$)	134,391 (0.000)	137,136 (0.000)	135,581 (0.000)	120,937 (0.000)	124,021 (0.000)	123,331 (0.000)
election periods (t)	4	4	4	4	4	4
municipalities (n)	6,985	6,985	6,985	6,966	6,966	6,966
observations (n*t)	27,131	27,131	27,131	20,424	20,424	20,424

Note: robust standard errors clustered at the municipal level are in parentheses. Significance level.

*** $p < 0.01$.

** $p < 0.05$.

* $p < 0.10$. Regressions are run on two-stage least square models. Job cuts is instrumented with the distance to the nearest service centre (pole area) to account for endogeneity.

scored on a 1–7 scale, where 1 indicates strong opposition to the EU, 7 indicates strong support for the EU, and 4 denotes a centrist position. It allows the inclusion of varying degrees of discontent, encompassing not only strongly anti-EU parties but also those moderately opposed or simply opposed to the EU. The examination based on different levels of discontent serves to validate and test the reliability of our primary findings.

In Table 7, we examine the correlation between job cuts and our revised dependent variable. The positive coefficients between job cuts and anti-elite votes obtained in the Table 3 here are not confirmed, while

surprising negative coefficients emerge in case of strongly opposed (23) (24) or opposed (25)(26) votes, although barely significant. However, the positive sign of coefficients observed in Table 3 are here confirmed in models (27)(28), but the estimation does not hold in terms of statistical significance. In light of this results, it appears that job cuts are not a reliable predictor of discontent.

When exploring the activation of new jobs, the results otherwise maintain a notable consistence with the baseline estimations. Remarkably, we observe statistical significance in all proposed models, capturing varying degrees of discontent. Both with 2SLS and HAC

Table 5
Effect of jobs activation on strong anti-elite votes by type of contract.

	(13)	(14)	(15)	(16)	(17)	(18)
permanent	-0.145** (0.070)					
fixed term		-0.129** (0.060)				
apprenticeship			-0.233* (0.125)			
seasonal				-0.066*** (0.020)		
temporary via agency					-0.364** (0.171)	
intermittent						-0.147*** (0.049)
controls	Y	Y	Y	Y	Y	Y
R ²	0.89	0.90	0.86	0.90	0.81	0.88
Wald χ^2 ($p > \chi^2$)	119,808 (0.000)	123,152 (0.000)	95,349 (0.000)	113,123 (0.000)	49,546 (0.000)	91,055 (0.000)
election periods (t)	4	4	4	4	4	4
municipalities (n)	6,985	6,985	6,985	6,966	6,966	6,966
observations (n*t)	27,131	27,131	27,131	20,424	20,424	20,424

Note: robust standard errors clustered at the municipal level are in parentheses. Significance level.

*** $p < 0.01$.

** $p < 0.05$.

* $p < 0.10$. Regressions are run on two-stage least square models. Jobs activation is instrumented with the distance to the nearest service centre (pole area) to account for endogeneity.

Table 6
Effect of jobs stabilisation on strong anti-elite votes by type of contract.

	(19)	(20)	(21)	(22)
fixed term to permanent	-0.249* (0.133)			
seasonal to permanent		-0.113*** (0.032)		
intermittent to permanent			-0.854 (0.549)	
apprenticeship to permanent				-0.380 (0.239)
controls	Y	Y	Y	Y
R ²	0.86	0.90	0.56	0.80
Wald χ^2 ($p > \chi^2$)	95,964 (0.000)	100,994 (0.000)	19,974 (0.000)	69,217 (0.000)
election periods (t)	4	4	4	4
municipalities (n)	6,985	6,958	6,876	6,985
observations (n*t)	27,131	19,796	19,599	27,131

Note: robust standard errors clustered at the municipal level are in parentheses. Significance level.

*** $p < 0.01$

** $p < 0.05$.

* $p < 0.10$. Regressions are run on two-stage least square models. Jobs stabilisation is instrumented with the distance to the nearest service centre (pole area) to account for endogeneity.

method, the activation of new jobs displays a robust and negative correlation towards the dependent variable, where the highest statistical significance ($p < 0.01$) is found in case of votes for parties opposed (31) (32) or strongly opposed (29)(30) to the EU. The significance slightly diminishes ($p < 0.10$) when incorporating votes for parties moderately opposed to the EU (33)(34), but the result exhibits strong coherence and therefore jobs activation can be considered a powerful predictor of discontent (Table 8).

Lastly, in case of jobs stabilisation (Table 9), the relationship with the novel dependent variable is, to some extent, in alignment with the observations in Table 3. Moreover, by using the *discontent* outcome instead of *anti-elite*, models gain some increased statistical significance not previously detected in the baseline estimations. Specifically, there exists a negative and highly significant ($p < 0.01$) association with votes for

parties strongly opposed (35) and opposed (37) to the EU when employing the 2SLS method. Notably, these relationships do not cease to hold when applying spatial correction via HAC model, as significance (at $p < 0.05$) emerges in case of opposed (38) or strongly opposed (36) votes to EU integration. Significance, instead, fades out when votes for parties moderately opposed to the EU are included, with both the estimation techniques (39)(40), meaning that jobs stabilisation can be considered a powerful predictor in case of stronger forms of political discontent.

5. Conclusions and policy implications

This paper has explored the relationship between social discontent, measured by votes for anti-elite parties, and labour market dynamics. We have focused on Italy, which has experienced a steady rise in social inequalities and economic disparities over the past few decades, primarily due to the deterioration of labour market conditions. Concurrently, the country has seen increasing social discontent since the aftermath of the 2008 crisis, manifesting in support for anti-elite parties within institutions and political movements.

In this context, we have departed from previous studies which primarily investigated forms labour market exclusion using unemployment data as a mean to explain growing dissatisfaction with the socio-economic *status quo*. We have instead complemented these studies by exploring whether and to what extent the rise of anti-elite sentiments across different territories is linked to their job dynamics, specifically in terms of jobs destruction and creation. We have also considered various types of employment contracts, including both stable and atypical ones, to capture the potential heterogeneous effects of contract types on social discontent. Additionally, we have controlled for other variables that may affect social discontent, as highlighted in the literature, such as education and income level of the population, immigration flows, ageing dynamics, quality of the institutions and public spending in welfare provisions.

Our results indicate a positive relationship between the increase in social discontent and the reduction of stable jobs. Precisely, jobs cuts exacerbate anti-elite sentiments, especially when permanent and apprenticeship contracts, which are open-ended contractual forms characterized by greater stability and protection, are terminated. Conversely, jobs creation mitigates anti-elite sentiments, albeit to differing extents depending on the type of employment contract.

Table 7
Effect of job cuts on discontent.

	strongly opposed		opposed to strongly opposed		moderately to strongly opposed	
	(23) 2SLS	(24) HAC	(25) 2SLS	(26) HAC	(27) 2SLS	(28) HAC
jobs cuts	-0.090* (0.047)	-0.090* (0.054)	-0.097** (0.047)	-0.097* (0.051)	0.056 (0.043)	0.056 (0.036)
controls	Y	Y	Y	Y	Y	Y
time correction	Y	Y	Y	Y	Y	Y
spatial correction	N	Y	N	Y	N	Y
R ²	0.87		0.87		0.93	
Wald χ^2 ($p > \chi^2$)	128,202 (0.000)		130,365 (0.000)		163,225 (0.000)	
centered R ²			0.87		0.93	
Kleibergen-Paap rk Wald F			49.77		49.77	
election periods (t)	4	4	4	4	4	4
municipalities (n)	6,984	6,984	6,984	6,984	6,984	6,984
observations (n*t)	27,130	27,130	27,130	27,130	27,130	27,130
spatial HAC correction, radius	10km		10km		10km	

Note: robust standard errors clustered at the municipal level are in parentheses. Significance level.

*** $p < 0.01$.

** $p < 0.05$.

* $p < 0.10$. 2SLS regressions are run on two-stage least square models. Job cuts is instrumented with the distance to the nearest service centre (pole area) to account for endogeneity. HAC models are spatially corrected by using a radius of 10km on the basis of the centroids of each municipality.

Table 8
Effect of jobs activation on discontent.

	strongly opposed		opposed to strongly opposed		moderately to strongly opposed	
	(29) 2SLS	(30) HAC	(31) 2SLS	(32) HAC	(33) 2SLS	(34) HAC
jobs activation	-0.394*** (0.081)	-0.394*** (0.110)	-0.356*** (0.077)	-0.356*** (0.101)	-0.107* (0.059)	-0.107* (0.059)
controls	Y	Y	Y	Y	Y	Y
time correction	Y	Y	Y	Y	Y	Y
spatial correction	N	Y	N	Y	N	Y
R ²	0.76		0.78		0.91	
Wald χ^2 ($p > \chi^2$)	65,381 (0.000)		71,759 (0.000)		131,793 (0.000)	
centered R ²			0.76		0.911	
Kleibergen-Paap rk Wald F			24.95		24.95	
election periods (t)	4	4	4	4	4	4
municipalities (n)	6,984	6,984	6,984	6,984	6,984	6,984
observations (n*t)	27,130	27,130	27,130	27,130	27,130	27,130
spatial HAC correction, radius	10km		10km		10km	

Note: robust standard errors clustered at the municipal level are in parentheses. Significance level.

*** $p < 0.01$

** $p < 0.05$.

* $p < 0.10$. 2SLS regressions are run on two-stage least square models. Jobs activation is instrumented with the distance to the nearest service centre (pole area) to account for endogeneity. HAC models are spatially corrected by using a radius of 10km on the basis of the centroids of each municipality.

Permanent and apprenticeship contracts most effectively alleviate discontent. They are followed by fixed-term contracts, with interim, intermittent, and seasonal work being the least effective in reducing discontent. Similarly, the stabilization of atypical contracts into permanent ones is associated with a reduction in anti-elite sentiments.

These findings contribute to the literature on social discontent by suggesting that the creation of good jobs, through secure and stable contractual forms, helps alleviate the most social discontent and promote social cohesion.

In addition, our results produce insights from the perspective of structural dynamics theory. We know that studies on structural dynamics highlight the link between production structures and social arrangements, as individuals' inclusion in social life largely pass through their position in the labour market, which determines income, access to welfare provisions, certain entitlements, and the risks they face. While

inequalities and conflicts among socio-economic groups and workers' categories over redistribution are an inherent feature to any process of structural change, the social fabric might deteriorate and become unequal in terms of socio-economic conditions and exposure of individuals to a variety of risks (e.g., job casualization, poverty, discrimination, socio-cultural exclusion, economic insecurity and unjust power relations) to a point that long-term production capabilities are irreversibly undermined, thus preventing the economy from capitalizing on opportunities that a growth with structural changes could provide (Cardinale and Scazzieri, 2024).

Our results go precisely in this direction: they underscore the challenges faced by advanced capitalist economies in generating an adequate number of good jobs, especially those offered through stable and secure contracts, that mitigate the most the rise of social disparities (Acemoglu, 2001; Rodrik and Stantcheva, 2021). As manufacturing

Table 9
Effect of jobs stabilisation on discontent.

	strongly opposed		opposed to strongly opposed		moderately to strongly opposed	
	(35) 2SLS	(36) HAC	(37) 2SLS	(38) HAC	(39) 2SLS	(40) HAC
jobs stabilisation	-0.778*** (0.251)	-0.778** (0.370)	-0.702*** (0.232)	-0.702** (0.335)	-0.213 (0.130)	-0.213 (0.146)
controls	Y	Y	Y	Y	Y	Y
time correction	Y	Y	Y	Y	Y	Y
spatial correction	N	Y	N	Y	N	Y
R ²	0.36		0.45		0.87	
Wald χ^2 ($p > \chi^2$)	27,048 (0.000)		31,284 (0.000)		103,667 (0.000)	
centered R ²		0.36		0.45		0.87
Kleibergen-Paap rk Wald F		5.73		5.73		5.73
election periods (t)	4	4	4	4	4	4
municipalities (n)	6,984	6,984	6,984	6,984	6,984	6,984
observations (n*t)	27,130	27,130	27,130	27,130	27,130	27,130
spatial HAC correction, radius		10km		10km		10km

Note: robust standard errors clustered at the municipal level are in parentheses. Significance level.

*** $p < 0.01$.

** $p < 0.05$

* $p < 0.10$. 2SLS regressions are run on two-stage least square models. Jobs stabilisation is instrumented with the distance to the nearest service centre (pole area) to account for endogeneity. HAC models are spatially corrected by using a radius of 10km based on the centroids of each municipality.

sector has transformed and even shrunk across advanced economies, the Western model offering a good place for everyone (De Ruyter et al., 2021) has entered into crisis, and thus the institutions built around a specific production-society nexus have become the locus of new political conflict over inequalities, disparities and redistribution, primarily driven by the lack of job opportunities and secure employment prospects.

In this perspective, the increasing sentiments of discontent raising in contemporary industrial societies and channeled into votes for anti-elite parties signal that structural change dynamics are currently undergoing a trajectory marked by social deprivation that should be considered potentially pernicious for an economic system in itself, since the perpetuation of disparities may lead entire territories or countries to irreversible socio-economic decline, stagnation or even to collapse, if not properly addressed to achieve greater cohesion.

Thus, building on Pasinetti’s separation theorem, we have generalized his approach and argued that policymakers face a spectrum of decision-making challenges related to the design, adaptation, and continual refinement of appropriate measures (Pasinetti, 2007) to mitigate the various forms of unevenness inherent in the process of structural change (Pasinetti, 1981, 1993, 2007; Cardinale, 2024). Indeed, under broad and continual shifts in the structures of production and consumption, certain trajectories of structural change may lead to undesirable outcomes, such as increased social disparities resulting from the loss of productive capacity and stable jobs (Di Tommaso et al., 2022, 2024; Pasinetti, 2007). Similarly, other forms of structural transformations may be desirable and thus warrant encouragement through policies that support such a trajectory of change.

Thus, we have argued that policymaking should actively govern structural dynamics in a “sustainable” manner. This means that, as production structures evolve, policymakers should intervene to mitigate the various forms of unevenness inherent in the process of structural change, thereby preventing these disparities from escalating to a level that could irreparably undermine the future prosperity of a community (Di Tommaso et al., 2020, 2022). In this perspective, the pursuit of the sustainability of structural change requires addressing forms of imbalances in the social, economic, and environmental realms (Di Tommaso et al., 2020). From an economic standpoint, it involves ensuring the availability and reproducibility of inputs used in production to generate surplus and sustain system growth. From an environmental perspective, it emphasizes managing the exploitation of natural resources to avoid

hindering ecosystem regeneration. This requires careful oversight to balance resource use and preservation. The social dimension of structural change sustainability, which is the focus of this paper, is primarily concerned with achieving equitable distributional outcomes among individuals and socio-economic groups within a country or region, as well as across generations and between genders. Therefore, the sustainability of structural dynamics—be it economic, environmental, or social—requires a specific *modus operandi* from policymakers, one that recognizes the political nature of the disparities generated by structural changes and takes action to reconcile the interests and needs of both well-off and vulnerable class actors in defining desirable policy goals. This approach would help prevent various kinds of disparities from escalating (Thelen, 2014) and pushing the system toward irreversible decline or collapse.

Overall, the search for sustainability involves identifying corrective measures to address the imbalances inherent in structural changes, whose specific characteristics are exogenously shaped by megatrends and shocks. At the same time, sustainability implies that the trajectory of structural change be partly shaped and driven by policy interventions that acknowledge and reconcile the diverse interests of social constituencies, with particular attention to the most vulnerable actors in society. This, in turn, presumes that policymaking actively fosters political alliances and social coalitions to define societal goals to which anchoring policy objectives that are shared by socio-economic constituencies and desirable for the society at a whole (Thelen, 2014; Ferrannini et al., 2021).

In terms of policy implications stemming from the specific case addressed in the paper, fostering structural change trajectories that are socially sustainable requires policymakers to design and implement institutional arrangements and policy interventions that support labour market inclusion and prioritize sectors capable of generating employment, particularly quality jobs—i.e., stable and secure positions. Achieving the social sustainability of structural change requires, therefore, the reconfiguration of labour market, welfare, and educational institutions in a spirit of social cohesion and solidarity. This reconfiguration should accommodate the interests and needs of different categories of workers—particularly those who are vulnerable and exposed to emerging social risks—while also reconciling these with the interests of already well-protected groups. Indeed, as traditional industrial landscape has been fundamentally altered by megatrends and the recent sequence of shocks, for many of the emerging vulnerable socio-

economic constituencies the traditional labour market policies and welfare service are either no longer desirable, no longer obtainable or no longer cover the very different risks these groups face in the labour market (Thelen, 2014). Thus, policymakers should promote measures based on social coalitions that encompass diverse interests and address varying risks with the aim to promote social inclusion of individuals through quality jobs, while providing adequate support during job transitions, periods of unemployment and absences from work due to illness, maternity, or other personal circumstances. In this perspective, employment, education and welfare policies need to depart from the conventional view that treats them as isolated measures from other socially relevant interventions. Rather, they should be considered part of part of broader industrial policies that should confront with contemporary societal challenges and achieve societal goals (Di Tommaso et al., 2020, 2024; Ferrannini et al., 2021; Aggarwal and Aggarwal, 2024), that reflect the systems of values and beliefs underpinning societies.

Overall, it is crucial for policymakers to adapt policy frameworks and institutions as economic and social landscapes evolve, ensuring that production systems and social structures remain aligned and capable of supporting industrial economies' growth and transformation in line with broader societal goals. In this context, policymakers at national and regional level should collaborate with intermediary organizations such as trade unions, industrial associations, civil society bodies and regional stakeholders in order to anticipate changes in the competitive environment and promote structural changes tailored to the industrial specialization of territories to foster social cohesion (Bianchi et al., 2021). This approach becomes even more crucial in a context of increasing exposure of our economies to unexpected shocks that may lead to a sudden fall in demand and production stoppage, resulting in severe consequences for entire communities.

Finally, our results suggest avenues for further research. Future studies may investigate other regional and national experiences to discuss and compare cross-country differences and similarities. Furthermore, future research might explore the relationship between social discontent and the job quality exploring other facets of employment dynamics that are relevant for the social sustainability of structural shifts.

CRedit authorship contribution statement

Marco Rodolfo Di Tommaso: Validation, Supervision, Formal analysis, Conceptualization. **Elena Prodi:** Writing – original draft, Validation, Formal analysis, Conceptualization. **Dante Di Matteo:** Writing – original draft, Methodology, Formal analysis, Data curation. **Elisa Barbieri:** Validation, Supervision, Formal analysis, Conceptualization.

Data availability

Data will be made available on request.

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