A Literature Review on Transmission Mechanisms and Empirical Progress of Economic Nationalism's Influence on International Economic Policies

1. Research Background and Objectives

Since the 2008 global financial crisis and subsequent populist surge, nationalism has re-emerged as an important explanatory factor in international political economy. While early liberal paradigms treated nationalism as a disturbing variable, contemporary scholarship increasingly recognizes its systematic influence on trade, investment, sanctions, and foreign aid policies.[1] Yet this growing literature remains fragmented. We still lack integrative frameworks that explain how different forms of nationalism, driven by different actors and operating through different mechanisms, produce varied policy outcomes.

This fragmentation reflects several limitations in existing scholarship that make synthesis difficult. First, mainstream IPE tends to assume that material interests determine policy, yet it has not fully incorporated how nationalism reshapes the very perception of interests. When narratives portray cheap imports as security threats, material preferences become endogenous to identity construction.[2] Second, although political science has advanced the study of nationalism, most work focuses on domestic issues such as nation-building, democratization, and ethnic conflict.[3] Its implications for international economic policy remain underexplored. Third, contemporary deglobalization, from Brexit to United States-China decoupling, and related trends, cannot be fully explained by traditional interest-group politics or hegemonic transition theories alone.[4]

---

[1] David Levi-Faur, "Economic Nationalism: From Friedrich List to Robert Reich," *Review of International Studies* 23 (1997): 359-370; Sam Pryke, "Economic Nationalism: Theory, History and Prospects," *Global Policy* 3 (2012): 283-294.

[2] Rawi Abdelal, Yoshiko M. Herrera, Alastair Iain Johnston, and Rose McDermott, "Identity as a Variable," *Perspectives on Politics* 4, no. 4 (December 2006): 695-711.

[3] Harris Mylonas and Maya Tudor, "Nationalism: What We Know and What We Still Need to Know," *Annual Review of Political Science* 24 (2021): 109-132.

[4] Thomas Fetzer, "Nationalism and Economy." *Nationalities Papers 48*, no. 6 (2020): 963-973; Colantone, Italo, and Piero Stanig, "The Surge of Economic Nationalism in Western Europe." *Journal of Economic Perspectives 33*, no. 4 (2019): 128-151.

To navigate this fragmented landscape, this review develops an organizing framework that maps the literature along two dimensions: who mobilizes nationalism (elites versus mass publics) and how they justify it (instrumental-discursive versus affective-essentialist logics). Following Freeden, nationalism is treated as a thin-centered ideology, which lacks comprehensive policy prescriptions, and must be combined with other ideologies to form an actionable political program.[5]

Literature Selection and Scope

I identified the corpus through a Web of Science search using the following string: TS = ((nationalism OR "economic nationalism" OR populism OR "identity politics") AND (trade OR tariff* OR FDI* OR sanction* OR "economic coercion" OR "industrial policy")), limited to 2000-2025 and to the fields of International Relations, Political Science, and Economics, including articles and reviews only. From this corpus, I selected foundational theoretical contributions and representative empirical studies that speak directly to the mechanisms linking nationalism to external economic policy. In addition, I include some earlier works identified through backward citation.

This review concentrates on trade, FDI and industrial policy.

2. Analytical Framework

2.1 Conceptual Foundations

Contemporary research treats nationalism not as a fixed entity but as a cognitive and social process shaped by context.[6] Following Freeden, nationalism is understood as a thin-centered ideology with a minimal core claim: groups that see themselves as nations deserve self-rule. This thinness makes nationalism highly flexible. It can align with liberal ideas to produce civic nationalism or with xenophobic narratives to produce exclusionary forms; it

[5] Michael Freeden. "Is nationalism a distinct ideology?." *Political studies* 46, no. 4 (1998): 748-765.
[6] Rogers Brubaker. "Ethnicity, race, and nationalism." *Annual review of sociology* 35, no. 1 (2009): 21-42.

can justify both economic openness and protectionism.[7]

Existing scholarship approaches nationalism through three complementary lenses, each focusing on different analytical levels. Comparative historical analysis links nationalism to state-building processes but tends to overlook societal feedback mechanisms. Behavioral approaches treat nationalist sentiment as measurable attributes but often assume these are static rather than context-dependent. Practice-oriented studies capture everyday identity enactment but lack macro-institutional explanatory power.[8] Since economic policymaking is a cross-level process involving both elite decisions and mass pressures, no single lens adequately explains how nationalism shapes policy outcomes.

Economic nationalism is similarly diverse. In its minimal sense, it refers to economic ideas or policies subordinating economic activity to nation-building goals. Policy-oriented definitions equate it with non-liberal measures such as protectionism, subsidies, or investment restrictions. Motivation-oriented definitions focus on whether policy legitimacy derives from national identity claims rather than purely economic arguments. Despite these differences, scholars broadly agree that economic nationalism expresses desires to preserve national economic autonomy.[9]

Beyond these recent contributions, economic nationalism has a long-standing place in international political economy (IPE). Gilpin treats it as one of the three core IPE paradigms, alongside economic liberalism and Marxism.[10] In his formulation, economic nationalism is

---

[7] Zhao Dingxin, "Imperial Politics and the Dominant Ideology: The Origins, Development, and Future of Nationalist Movements" [帝國政治和主導性意識形態：民族運動的起源、發展和未來], *Twenty-First Century [二十一世紀]*, no. 88 (2021): 4-21; Bennett, Daniel L., Christopher Boudreaux, and Boris Nikolaev. "Populist Discourse and Entrepreneurship: The Role of Political Ideology and Institutions." *Journal of International Business Studies* 54, no. 1 (2023): 151-81.
[8] Harris Mylonas and Maya Tudor, "Nationalism: What We Know and What We Still Need to Know," *Annual Review of Political Science* 24 (2021): 109-132.
[9] David Levi-Faur, "Economic Nationalism: From Friedrich List to Robert Reich," *Review of International Studies* 23 (1997): 359-370; Eric Helleiner, "Economic Nationalism as a Challenge to Economic Liberalism?" I*nternational studies quarterly 46* (2002): 307-329; Sam Pryke, "Economic Nationalism: Theory, History and Prospects," *Global Policy* 3 (2012): 283-294; Eric Helleiner, "The Diversity of Economic Nationalism," *New political economy* 26 (2021): 267-275.
[10] Robert Gilpin, *The Political Economy of International Relations*, with the assistance of Jean M. Gilpin

an ideology that subordinates economic activity to the pursuit of state power and national cohesion, and takes the state as the basic unit of analysis (as a unitary actor pursuing national interest). Strange criticizes state-centric IR approaches for focusing on relational power between states and for reifying states as homogeneous units. She argues that much of the real power in the global political economy lies in structural power embedded in key structures of security, production, finance, and knowledge.[11] From this perspective, economic nationalism as state ideology or rhetoric may obscure rather than reveal underlying distributions of power and interests. This classic debate suggests the need to distinguish between economic nationalism as an ideology that actors genuinely hold, and as a rhetorical strategy to justify policies that may primarily serve other interests.

Later, Constructivist IPE adds a further layer by emphasizing the independent role of ideas in shaping economic policy. This perspective has two connections to this review's framework. First, it supports studying legitimation logic: even when elites' "true" motivations are unobservable, their diagnostic frameworks can be observed, and these frameworks possess independent causal efficacy. Second, it explains why similar economic shocks may produce different political consequences: the key lies in which diagnostic framework gains discursive dominance. However, the constructivist way also has difficulty explaining why certain diagnostic frameworks achieve dominance at particular moments. Purely ideational analysis may underestimate the role of material interests in shaping ideas. Shayo's social identity model offers one possible synthesis: material structures (such as inequality and national prestige) influence which identity individuals choose, and identity choice in turn determines which diagnostic framework resonates.[12]

Techno-nationalism is a domain-specific form that centers on advanced technologies. Whereas economic nationalism focuses on industry protection and trade balances, techno-

(Princeton: Princeton University Press, 1987), 25–26, 31–34.

[11] Susan Strange, *States and Markets, 2nd ed*. (London: Continuum, 1994), 24–27, 37, 197–199.

[12] Moses Shayo. "Social identity and economic policy." *Annual Review of Economics* 12, no. 1 (2020): 355-389.

nationalism targets high-technology sectors like semiconductors and AI. Its goal is to use technological superiority to secure economic security and geopolitical advantage. Although it often appears through industrial or trade interventions, the driving logic is strategic competition rather than commercial efficiency.[13]

2.2 Theoretical Framework: A Two-Dimensional Classification

To address the limits of existing approaches, this review proposes an organizing framework based on two cross-cutting dimensions: who mobilizes nationalism and how they justify it.

The first dimension distinguishes the primary driver of nationalist mobilization: elite-led versus mass-driven. Elite-driven nationalism originates from political leaders, policymakers, and economic interest groups. State elites mainly pursue security, power, and strategic autonomy.[14] Economic elites seek monopoly rents, subsidies, and protection.[15] These actors have top-down mobilization capacity and resources to reshape policy agendas. Mass-driven nationalism, by contrast, arises from societal reactions to economic shocks, cultural anxiety, or identity threat. Citizens seek economic protection, recognition, and emotional expression, acting through elections, consumer behavior, and collective action.[16]

The second dimension distinguishes the operational logic: instrumental-discursive versus affective-essentialist. Instrumental nationalism relies on strategic framing. Elites

---

[13] Shigeru Nakayama, "Techno-Nationalism versus Techno-Globalism," *East Asian Science, Technology and Society: An International Journal* 6, no. 1 (2012): 9-15; Tung, Rosalie L., Ivo Zander, and Tony Fang. "The Tech Cold War, the Multipolarization of the World Economy, and IB Research." *International Business Review* 32, no. 6 (2023): 102195.

[14] Kenneth N. Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979), 91-92; Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987), 37-38.

[15] Cuervo-Cazurra, Alvaro, Yves Doz, and Ajai Gaur. "Skepticism of Globalization and Global Strategy: Increasing Regulations and Countervailing Strategies." *Global Strategy Journal* 10, no. 1 (2020): 3-31; Luther-Davies, Philip, Kasia Julia Doniec, Joseph P. Lavallee, Lawrence P. King, and G. William Domhoff. "Corporate Political Power and US Foreign Policy, 1981-2002: The Role of the Policy-Planning Network." *Theory and Society* 51, no. 4 (2022): 629-52.

[16] Amy Skonieczny. "Emotions and Political Narratives: Populism, Trump and Trade." *Politics and Governance* 6, no. 4 (2018): 62-72; Moses Shayo. "Social Identity and Economic Policy." *Annual Review of Economics* 12, no. 1 (2020): 355-89; Grossman, Gene M, and Elhanan Helpman. "Identity Politics and Trade Policy." *The Review of Economic Studies* 88, no. 3 (2021): 1101-26; Imas, Alex, Kristóf Madarász, and Heather Sarsons. Jealousy of Trade: Exclusionary Preferences and Economic Nationalism. No. w34351. *National Bureau of Economic Research*, 2025.

justify policies through material benefits such as security or resilience, while mass actors channel economic grievances through institutional mechanisms. Affective nationalism works through emotion and identity. Elites invoke shared memory, dignity, or historical trauma; mass publics express loyalty through spontaneous mobilization or boycotts.

The two-dimensional framework in this review is an organizing device rather than a full causal theory. Its main purpose is to show what current scholarship emphasizes or neglects, to highlight potential complementarities and tensions across research traditions, and to point to underexplored empirical domains. As a causal theory, the framework faces two unresolved problems. First, for elite actors it is hard to observe whether nationalism is “instrumental” or “affective” in any direct way; in practice we infer this from the logic of legitimation in public justifications rather than from inner motives. This makes the horizontal dimension closer to a tool for discourse analysis than a clean causal variable. Second, the four quadrants interact constantly. Elite security rhetoric can activate mass emotions (Quadrant I to III), consumer nationalism can be strategically mobilized by governments (Quadrant III to IV), and economic grievances can be framed as identity threats (Quadrant II to III). These interactions are features of the real world rather than defects of the framework, but they do suggest that neatly classifying cases into single quadrants may mislead rather than illuminate.

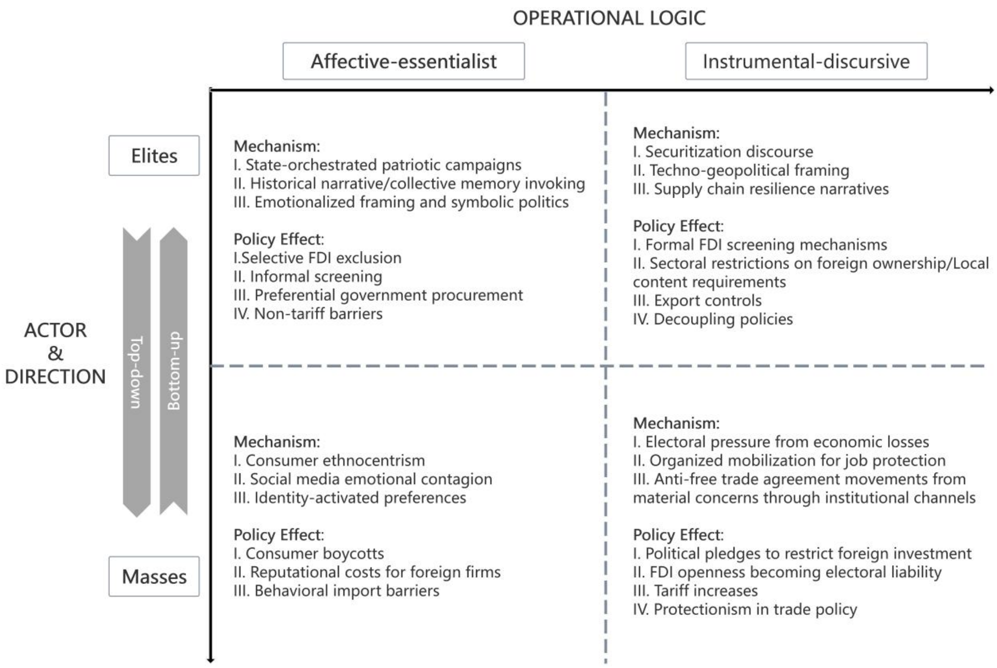

Figure 1 Framework of How Nationalist Influence on International Economic Policies

Given these considerations, this review uses the framework to trace transmission mechanisms and feedback loops across quadrants, rather than as a rigid classificatory scheme.

3. Literature Review: Mechanisms and Debates

The following sections use the four-quadrant framework to organize the literature. The goal is not to claim that each quadrant represents a separate causal world, but to show how different starting points (elite versus mass actors, instrumental versus affective logics) have led researchers to generate different kinds of evidence. Cross-cutting debates that transcend quadrant boundaries are addressed in Section 3.5.

3.1 Quadrant I: Elite-Driven Instrumental Nationalism

Research in this quadrant examines cases where state elites are the primary drivers of nationalist mobilization and where the justification for policy relies on instrumental appeals to security, resilience, or strategic advantage. This quadrant focuses on securitization, techno-geopolitical framing, and formal policy interventions like FDI screening and export controls.

3.1.1 Securitization and the Weaponization of Interdependence

A central insight of recent scholarship is that global economic networks have shifted from channels of efficiency to instruments of coercion. The concept of "weaponized interdependence" demonstrates that today's networks are highly asymmetric: financial clearing systems, digital infrastructure, and strategic supply chains cluster around dominant hubs, enabling states that control these hubs to monitor flows and cut rivals off from essential connections. This challenges the liberal expectation that openness encourages cooperation and instead demonstrates how network centrality enables coercive power.[17]

Yet weaponized interdependence works under specific conditions. It is most relevant in networks with clear chokepoints, such as SWIFT, US-controlled stages of semiconductor supply chains, or major digital platforms. In more diffuse or modular networks, it is much harder to turn interdependence into coercive leverage. The framework also assumes that hub states are both willing and able to use this leverage. In reality, legal rules, domestic politics, and the need to maintain alliances can limit it.

There is a tension between weaponized interdependence and earlier complex interdependence. Keohane and Nye see dense economic links as raising the costs of conflict and encouraging cooperation.[18] One way to reconcile them is to focus on asymmetry: when interdependence is fairly symmetric, it restrains conflict; when hub-and-spoke structures dominate, hub states can more easily convert dependence into coercion. For this review, the implication is that elite-led, instrumental economic nationalism in Quadrant I depends not only on domestic preferences but also on a country's position in global networks. Securitizing interdependence from the network periphery may be mostly symbolic, whereas similar rhetoric from network hubs can support credible threats of economic coercion.

Elite-led instrumental nationalism shapes policy through securitization processes, when policymakers present economic problems as national security threats requiring urgent

---

[17] Henry Farrell and Abraham L. Newman, "Weaponized Interdependence: How Global Economic Networks Shape State Coercion," *International Security* 44, no. 1 (2019): 42-79.

[18] Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence: World Politics in Transition*, 4th ed. (Pearson/Longman, 2012), 19–31.

intervention. The debate around the U.S. CHIPS and Science Act exemplifies this dynamic: vulnerabilities in semiconductor supply chains were framed in security terms, justifying large subsidies and export controls against particular foreign firms.[19] This shift from "techno-nationalism for development" to "techno-nationalism for geopolitics" reflects a broader trend where economic tools increasingly resemble defense instruments.[20]

This trend also reflects broader transformations in state roles within global capitalism. Contemporary scholarship suggests that what appears is not a simple "return of the state" but a reconfiguration of state functions. China combines nationalist-driven "market-steering" with "market-creating" state capitalism, while the United States has moved from liberalism toward "external market-correcting" through tariffs and "market-steering" industrial policy. Economic policy increasingly serves strategic rather than purely economic goals.[21]

Securitization has also encouraged more covert forms of intervention. As WTO, GATS, and EU rules restricted traditional protectionism, governments adopted measures achieving protectionist outcomes while formally complying with international commitments. The literature documents these "hidden protectionism" strategies: selective liberalization, regulatory barriers, administrative burdens for foreign firms, supply-chain redesign, visa restrictions, localization rules, data controls, and expanded security reviews.[22]

3.1.2 Economic Interests, Party Coalitions, and Rent-Seeking

---

[19] Yadong Luo and Ari Van Assche, "The Rise of Techno-Geopolitical Uncertainty: Implications of the United States CHIPS and Science Act," *Journal of International Business Studies* 54, no. 8 (2023): 1423-40; Rosalie L. Tung, Ivo Zander, and Tony Fang, "The Tech Cold War, the Multipolarization of the World Economy, and IB Research," *International Business Review* 32, no. 6 (2023): 102195.

[20] Sergio Mariotti. "A Warning from the Russian-Ukrainian War: Avoiding a Future That Rhymes with the Past." *Journal of Industrial and Business Economics* 49, no. 4 (2022): 761-782; Adnan Naseemullah. "The Political Economy of National Development: A Research Agenda after Neoliberal Reform?" World Development 168 (August 2023): 106269; David Kläffling, and Thomas Fricke. "Beyond Trade Wars and Economic Nationalism - Towards a Cooperative Global Governance." *Intereconomics* 60, no. 5 (2025): 261-65.

[21] Bastiaan Van Apeldoorn, and Naná De Graaff. "The State in Global Capitalism before and after the Covid-19 Crisis." *Contemporary Politics* 28, no. 3 (2022): 306-27.

[22] Rammal, Hussain G., Elizabeth L. Rose, Pervez N. Ghauri, et al. "Economic Nationalism and Internationalization of Services: Review and Research Agenda." *Journal of World Business* 57, no. 3 (2022): 101314; Lukasz Bednarski, Samuel Roscoe, Constantin Blome, and Martin C. Schleper. "Geopolitical Disruptions in Global Supply Chains: A State-of-the-Art Literature Review." *Production planning & control* 36, no. 4 (2025): 536-562.

State elites are not the only actors deploying nationalist discourse instrumentally. Business groups and party elites also use nationalist frames to secure rents, reshape distributional coalitions, and legitimate reforms. Research on European "economic patriotism" demonstrates how business elites reinvented nationalist appeals to control open markets following liberalization pressures.[23]

The investment theory of party competition provides a broader framework: international economic policy, especially trade and tariff positions, becomes a key dividing line between elite coalitions. Firms with mobile, capital-intensive, and international operations usually prefer open markets, while labor-intensive, domestically-oriented firms tend to support closure. Economic elite nationalism therefore varies with firm characteristics, and business groups do not share a single unified position.[24]

Historical evidence confirms this pattern is not new. Late 19th-century U.S. imperial expansion relied on "economic nationalist imperialism," with Republican Party elites promoting high tariffs and retaliatory trade policies that expanded state power while helping concentrated producer groups.[25]

The ideological flexibility of elite nationalist strategies also matters. Case studies of radical right parties and Hindu nationalist movements show how political elites repackage market-friendly reforms in nationalist terms on behalf of specific social coalitions. They construct "makers against takers" narratives that justify welfare protection for core constituencies alongside tax cuts and anti-union measures that benefit capital.[26] These cases show how elite nationalist discourse use adaptable ideological frames to advance the

---

[23] Ben Clift, and Cornelia Woll. "Economic Patriotism: Reinventing Control over Open Markets." *Journal of European Public Policy* 19, no. 3 (2012): 307-23.
[24] Thomas Ferguson, *Golden Rule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems* (Chicago: University of Chicago Press, 1995), chap. 1-2.
[25] Marc-William Palen. "The Imperialism of Economic Nationalism, 1890-1913." *Diplomatic History* 39, no. 1 (2015): 157-85.
[26] Priya Chacko. "Marketizing Hindutva : The State, Society, and Markets in Hindu Nationalism." *Modern Asian Studies* 53, no. 2 (2019): 377-410; Philip Rathgeb. "Makers against Takers: The Socio-Economic Ideology and Policy of the Austrian Freedom Party." *West European Politics* 44, no. 3 (2021): 635-60.

preferences of particular coalitions, whether through protection or liberalization, while presenting them as serving the nation.

3.1.3 Investment Screening and the "China Effect"

Across advanced economies, the recent wave of formal investment screening mechanisms reflects elite-driven instrumental nationalism. The "China Effect" in Europe illustrates how policymakers' perceptions of Chinese state-led investment shifted from opportunity to threat, leading to new screening institutions. This ideational change preceded policy change: once Chinese investment was reframed as a national security concern, institutional responses followed.[27] Investment screening thus became the institutionalization of nationalist security discourse.

Some scholars treat this development as a straightforward clash between economic nationalism and economic liberalism. On this view, security-driven restrictions on foreign capital mark a departure from the liberal commitment to openness: nationalist concerns about external dependence and control intrude into formerly market-governed domains, legitimating state intervention and tighter scrutiny of foreign ownership.

Other work complicates this dichotomy. Wilson's study of Australia shows that security screening can also be justified as a way to discipline the non-commercial, strategic behavior of foreign state-owned investors and thereby to preserve a liberal, market-oriented regime for most capital inflows.[28] In this perspective, selected restrictions are presented not as a rejection of economic liberalism but as a means to defend it against politicized forms of state capital. At the same time, other analysis of party platforms across G20 countries documents a broader rise in economic-sovereigntist preferences, including support for FDI restrictions,

---

[27] Milan Babić, and Adam D Dixon. "Is the China Effect Real? Ideational Change and the Political Contestation of Chinese State-Led Investment in Europe." *The Chinese Journal of International Politics* 15, no. 2 (2022): 111-39.

[28] Jeffrey D Wilson. "Resource Nationalism or Resource Liberalism? Explaining Australia's Approach to Chinese Investment in Its Minerals Sector." *Australian Journal of International Affairs* 65, no. 3 (2011): 283-304.

industrial policy, and skepticism toward multilateral constraints, and this often appears in party programs before it is translated into concrete institutional reforms.[29] This trend suggests that the move toward greater protection of "national economic control" is not solely a China-driven reaction, but part of a wider restructuring of economic nationalism in both advanced and emerging economies.

Taken together, these studies show that elite instrumental nationalism is flexible in its choice of policy tools. Security-driven interventions can take both restrictive and market-preserving forms: elites may tighten screening or strengthen regulatory governance while still presenting their goals as fundamentally liberal, depending on whether foreign capital is perceived as undermining strategic autonomy or enhancing national economic capabilities.

3.2 Quadrant II: Mass-Driven Instrumental Nationalism

When economic dislocation creates material losses, citizens demand protection from the state. In this quadrant, nationalism is a vehicle through which "globalization's losers" pursue tariffs, trade barriers, and limits on foreign capital. Mass-driven instrumental nationalism works mainly through elections. Economic loss is analytically primary here, but its political effect is also shaped by institutions and identity-based frames. The literature in this quadrant focuses on trade shocks, the failure of compensation under embedded liberalism, and the political economy of populist voting.

3.2.1 Trade Shocks and Political Backlash

A large body of research demonstrates that regions hit by import competition, particularly the "China shock," are significantly more likely to vote for nationalist parties. The evidence shows that economic loss predicts support for radical-right parties and Brexit, indicating that material dislocation creates demand for protection.[30]

---

[29] Monica De Bolle, and Jeromin Zettelmeyer. "Measuring the rise of economic nationalism." *Peterson Institute for International Economics Working Paper* 19-15 (2019).

[30] Italo Colantone, and Piero Stanig. "The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe." *American Journal of Political Science* 62, no. 4 (2018): 936-53; Italo

However, the relationship between economic shocks and political outcomes is not purely material. Trade shocks in Europe increase support for right-wing populists primarily by activating anti-immigrant attitudes rather than through economic anxiety alone. This supports an interaction view: economic pain provides the conditions, but cultural resentment shapes the political response.[31]

European evidence shows that institutions moderate these effects. Import competition predicts Brexit support and far-right voting, but these effects are stronger where welfare protections are weak. Compensatory policies can reduce backlash, yet research finds they do not fully prevent extreme-right voting triggered by economic shocks. Studies in German identify both direct effects on exposed workers and indirect effects on local communities experiencing decline.[32]

The interaction between individual risk and local economic conditions is also crucial. Nationalist and protectionist attitudes rise sharply only when workers with high occupational vulnerability face local shocks such as trade-related layoffs. Neither individual risk nor local decline alone is sufficient; their combination produces strong political reactions.[33]

These processes operate through electoral accountability. Economic shocks create demand for intervention, and political actors translate grievances into nationalist claims by blaming foreign actors.[34] Thus, shocks are necessary but not sufficient for nationalist policy outcomes. Political framing determines whether citizens support nationalist or alternative policies.

Colantone, and Piero Stanig. "The Surge of Economic Nationalism in Western Europe." *Journal of Economic Perspectives* 33, no. 4 (2019): 128-51.

[31] Jude Hays, Junghyun Lim, and Jae-Jae Spoon. "The Path from Trade to Right-Wing Populism in Europe." *Electoral Studies* 60 (2019): 102038.

[32] Helen V. Milner. "Voting for Populism in Europe: Globalization, Technological Change, and the Extreme Right." *Comparative Political Studies* 54, no. 13 (2021): 2286-320; Christian Dippel, Robert Gold, Stephan Heblich, and Rodrigo Pinto. "The Effect of Trade on Workers and Voters." *The Economic Journal* 132, no. 641 (2022): 199-217.

[33] James Bisbee, Layna Mosley, Thomas B. Pepinsky, and B. Peter Rosendorff. "Decompensating Domestically: The Political Economy of Anti-Globalism." *Journal of European Public Policy* 27, no. 7 (2020): 1090-102.

[34] Dani Rodrik. "Why does globalization fuel populism? Economics, culture, and the rise of right-wing populism." *Annual review of economics* 13, no. 1 (2021): 133-170.

Trade shocks also shape public attitudes toward foreign investment. Deindustrialization increases American skepticism toward FDI, especially Chinese investment.[35] In survey experiments, respondents who receive information framing China as a security and economic threat are less likely to support Chinese investment than those who do not receive such information.[36] This operates differently across groups: non-nationalists become more skeptical as economic conditions worsen, while cultural nationalists are consistently opposed regardless of economic circumstances.[37] Trade shocks therefore influence public openness to foreign investment.

3.2.2 The Failure of Embedded Liberalism

The crisis of embedded liberalism helps illuminate why economic grievances turn into mass-driven nationalism. After World War II, governments promised that trade openness would bring broad prosperity and that losers would be compensated through welfare states. Financial globalization later limited states' fiscal capacity, making this promise harder to fulfill. When compensation fails, citizens withdraw support for the global economic order, and nationalism becomes the language of this withdrawal.[38]

The concept of "disembedded unilateralism" describes this shift. Under embedded liberalism, openness was paired with domestic protection. Under disembedded unilateralism, states move toward closure, reject complex international rules, and distrust technocratic elites. The global financial crisis accelerated this shift. Comprehensive reviews of the political economy of populism show how austerity policies, blamed on "elites," fueled anti-

---

[35] Yilang Feng, Andrew Kerner, and Jane L. Sumner. "Quitting Globalization: Trade-Related Job Losses, Nationalism, and Resistance to FDI in the United States." *Political Science Research and Methods* 9, no. 2 (2021): 292-311;

[36] Ka Zeng, and Xiaojun Li. "Geopolitics, nationalism, and foreign direct investment: Perceptions of the China threat and American public attitudes toward Chinese FDI." *The Chinese Journal of International Politics* 12, no. 4 (2019): 495-518.

[37] Yilang Feng, Andrew Kerner, and Jane L. Sumner. "Quitting Globalization: Trade-Related Job Losses, Nationalism, and Resistance to FDI in the United States." *Political Science Research and Methods* 9, no. 2 (2021): 292–311.

[38] Dani Rodrik, "Populism and the Economics of Globalization," *NBER Working Paper 23559* (Cambridge, MA: National Bureau of Economic Research, 2017), https://doi.org/10.3386/w23559; Stefanie Walter. "The Backlash Against Globalization." *Annual Review of Political Science* 24, no. 1 (2021): 421-42.

globalization and anti-EU narratives. The crisis revealed that governments protected financial institutions while imposing costs on ordinary citizens, undermining the embedded liberalism bargain.[39]

The "post-democracy" framework argues that global capital, especially financial actors, now has more influence than democratic institutions. This allowed crisis costs to be shifted onto the public and provided a clear enemy for populists. As redistribution became politically and fiscally harder, voters shifted from demanding compensation to demanding protection.[40]

Inequality aversion adds another mechanism. Even if globalization raises total income, voters may oppose it if gains flow mainly to the wealthy.[41] This means embedded liberalism failed not only because redistribution was insufficient, but because globalization changed the distribution in ways that voters found unfair.

3.2.3 Spatial Dimensions: The Geography of Discontent

The spatial dimension further amplifies these dynamics. Economic decline is concentrated in specific places, producing a "geography of discontent." Comparative analysis shows that in Europe, regional decline is the strongest driver of populism, especially in areas with high immigration. In the United States, economic decline and inequality interact with racial identity, and areas with high white population shares are more likely to support Trump. Manufacturing decline and geographic inequality are key predictors of populist voting in the United States.[42]

Analysis of regional economic polarization shows how skill-biased technological change

---

39 Colin Crouch. "The March Towards Post-Democracy, Ten Years On." *The Political Quarterly* 87, no. 1 (2016): 71-75; Harold James. "Deglobalization: The Rise of Disembedded Unilateralism." *Annual Review of Financial Economics* 10, no. 1 (2018): 219-37.

40 Sergei Guriev, and Elias Papaioannou. "The Political Economy of Populism." *Journal of Economic Literature* 60, no. 3 (2022): 753-832.

41 Ľuboš Pástor, and Pietro Veronesi. "Inequality aversion, populism, and the backlash against globalization." *The Journal of Finance* 76, no. 6 (2021): 2857-2906.

42 Andrés Rodríguez-Pose, Javier Terrero-Dávila, and Neil Lee. "Left-behind versus Unequal Places: Interpersonal Inequality, Economic Decline and the Rise of Populism in the USA and Europe." *Journal of Economic Geography* 23, no. 5 (2023): 951-77; J. Lawrence Broz, Jeffry Frieden, and Stephen Weymouth. "Populism in Place: The Economic Geography of the Globalization Backlash." *International Organization* 75, no. 2 (2021): 464-94.

and globalization have created "separate worlds" within countries, with declining regions providing fertile ground for nationalist mobilization.[43]

3.3 Quadrant III: Mass-Driven Affective Nationalism

When nationalism is activated through emotion and identity at the mass level, economic behavior often departs from rational choice predictions. Consumers and investors punish foreign firms even at personal cost, motivated by in-group loyalty rather than material gain. This quadrant includes mechanisms such as consumer ethnocentrism, identity-based preferences, and social-media-driven emotional contagion.

3.3.1 Social Identity and Economic Policy Preferences

Social identity approaches provide a micro-level bridge between material interests and cultural attachments. Instead of treating "economic" and "cultural" explanations as competing, they model how material conditions shape identity choices, and how those identities, in turn, shape policy preferences.[44]

Shayo's framework is central here. In his three-component utility model, individual utility depends not only on material payoffs but also on two identity-related terms: the status of the group with which the individual identifies, and the distance from the group prototype. Identity choice is endogenous. Individuals can identify, for example, with their class or with the nation, and they choose the identity that maximizes expected utility given group status and distance. When national status is high relative to the status of a low-income class, poorer voters may prefer to identify with the nation rather than with their class. This weakens support for redistribution and can increase support for protectionist trade policies framed as defending national producers.

This structure has three key implications. First, material shocks do not map directly into

[43] Michael Storper. "Separate Worlds? Explaining the Current Wave of Regional Economic Polarization." *Journal of Economic Geography* 18, no. 2 (2018): 247-70.

[44] Moses Shayo. "A model of social identity with an application to political economy: Nation, class, and redistribution." American Political science review 103, no. 2 (2009): 147-174; Moses Shayo. "Social Identity and Economic Policy." *Annual Review of Economics* 12, no. 1 (2020): 355-89.

policy preferences. They work by changing relative group status and perceived distance, which then affect identity choice. Second, the model allows multiple equilibria: similar economic structures can produce either "high-redistribution, class identity" or "low-redistribution, national identity" regimes, depending on historical trajectories such as wars, colonial experience, or welfare state development. Third, factors like external threat, immigration, or rising inequality act mainly as inputs into identity choice, not as separate causal channels. This helps explain why similar economic hardships sometimes produce left-wing demands for compensation and sometimes generate right-wing nationalist demands.

For this review's framework, Shayo's model offers a mechanism that connects Quadrant II and Quadrant III. Material shocks enter on the Quadrant II side, but their political effects are mediated by shifts in identity choice and status concerns that belong to Quadrant III. Related work shows that identity politics can generate protectionist preferences even among groups that would gain from openness, and that education shapes trade attitudes less through skills and more through perceptions of the social and cultural effects of globalization.[45]

3.3.2 Exclusionary Preferences and Willingness to Sacrifice

Exclusionary preferences constitute a micro-foundation for affective economic nationalism. Experimental evidence shows that individuals gain utility from their group being better off than outsiders, even if achieving this requires giving up absolute gains. Participants knowingly sacrifice efficiency to secure relative advantage over foreign groups. Support for trade wars is driven less by material benefit and more by whether policies "punish" or exclude foreign consumers. This desire for dominance provides a behavioral foundation for understanding why voters support policies that harm their own material welfare.[46]

Nativism operates as a "higher-order" belief that constrains lower-order economic

[45] Yotam Margalit. "Lost in globalization: International economic integration and the sources of popular discontent." *International Studies Quarterly* 56, no. 3 (2012): 484-500; Gene M Grossman, and Elhanan Helpman. "Identity Politics and Trade Policy." *The Review of Economic Studies* 88, no. 3 (2021): 1101-26.
[46] Alex Imas, Kristóf Madarász, and Heather Sarsons. Jealousy of Trade: Exclusionary Preferences and Economic Nationalism. No. w34351. *National Bureau of Economic Research*, 2025.

attitudes. Research demonstrates that strong nativists support protectionism even when they believe free trade is economically beneficial. Because their opposition stems from identity commitments rather than economic misunderstanding, economic arguments have limited persuasive power.[47]

3.3.3 Consumer Ethnocentrism and Informal Protectionism

Consumer ethnocentrism provides direct behavioral evidence of affective nationalism. Patriotism and moral reasoning, not product attributes, drive willingness to pay more for domestic goods. Consumption becomes a way to signal in-group loyalty.[48]

Such consumer preferences create de facto protectionism without formal policy. Analysis of bilateral economic relations demonstrates that periods of national tension intensify ethnocentric consumption, creating barriers against foreign companies that operate independently of government mandates. Research on state-mobilized nationalism shows how it becomes embedded in consumer purchasing behavior, forming persistent barriers to foreign products.[49]

Beyond consumer markets, nationalist sentiment also shapes firm behavior. In nationalist contexts, business managers display a stronger preference for domestic markets and greater hesitation to engage foreign partners, creating informal barriers to FDI and cross-border commerce that operate independently of government policy. Public opinion containing nationalist sentiment thus becomes a form of political risk: even in the absence of formal restrictions, foreign firms anticipate that hostile publics may pressure governments to tighten regulations or that consumer backlash may erode their market position.[50]

---

[47] Kathleen E Powers, Jason Reifler, and Thomas J Scotto. "Going Nativist: How Nativism and Economic Ideology Interact to Shape Beliefs about Global Trade." *Foreign Policy Analysis* 17, no. 3 (2021): orab015.

[48] Qing Shan Ding. "Chinese Products for Chinese People? Consumer Ethnocentrism in China." *International Journal of Retail & Distribution Management* 45, no. 5 (2017): 550-64.

[49] Raymond Fisman, Yasushi Hamao, and Yongxiang Wang. "Nationalism and Economic Exchange: Evidence from Shocks to Sino-Japanese Relations." *Review of Financial Studies* 27, no. 9 (2014): 2626-60; Lee, You-il, and Kyung Tae Lee. "Economic Nationalism and Globalization in South Korea: A Critical Insight." *Asian Perspective* 39, no. 1 (2015): 125-51.

[50] Jo Jakobsen, and Tor G. Jakobsen. "Economic Nationalism and FDI: The Impact of Public Opinion on

3.3.4 Social Media as Amplifier

Social media plays a key role by amplifying and coordinating what might otherwise remain dispersed individual sentiments. Digital platforms enable rapid, decentralized coordination of boycotts and magnify emotional reactions. Viral shaming increases reputational risks for firms perceived as violating national norms.[51]

The behavioral consequences of Quadrant III are different from the electoral mechanisms of Quadrant II. In Quadrant II, citizens demand government intervention through formal process. In Quadrant III, economic effects emerge from aggregated individual decisions in markets without requiring state intervention. The barriers are social and behavioral rather than legal and formal. Whereas Quadrant II starts from material dislocation and treats identity as a channel through which economic hardship becomes political demand, Quadrant III places identity and emotion at the center: nationalist behavior can emerge even without direct economic shocks, as individuals seek to express loyalty or punish perceived out-groups. This distinction has important implications: informal barriers created by consumer ethnocentrism and managerial bias may prove more durable than formal trade restrictions because they cannot be eliminated through trade negotiations or dispute resolution.

3.4 Quadrant IV: Elite-Driven Affective Nationalism

When elites invoke identity, historical memory, and collective emotion to justify economic policies, nationalism operates through what March and Olsen call the "logic of appropriateness" rather than purely instrumental calculation. This quadrant encompasses elite mobilization strategies, scapegoating, ontological security dynamics, and the developmental

---

Foreign Direct Investment in Emerging Markets, 1990-2005." *Society and Business Review* 6, no. 1 (2011): 61-76; Douglas Dow, and Ilya R. P. Cuypers. "The Influence of Societal Nationalist Sentiment on Trade Flows." *Journal of International Business Policy* 7, no. 1 (2024): 64-98.

[51] Jean-Christophe Boucher, and Cameron G. Thies. "'I Am a Tariff Man': The Power of Populist Foreign Policy Rhetoric under President Trump." *The Journal of Politics* 81, no. 2 (2019): 712-22; Sergei Guriev, and Elias Papaioannou. "The Political Economy of Populism." *Journal of Economic Literature* 60, no. 3 (2022): 753-832.

or marketizing uses of nationalist sentiment.

3.4.1 Scapegoating and Diversion

Elites can transform diffuse discontent into nationalist economic policy by narrating "who is to blame" for hardship. De Vries, Hobolt, and Walter describe this process as involving three interacting elements: (1) underlying grievances, economic and/or cultural; (2) political entrepreneurs who frame these grievances as threats linked to international economic cooperation; and (3) political opportunity structures (elections, referendums, party competition) that allow such frames to shape outcomes.[52] This perspective highlights that the rise of nationalist politics is not a simple reflection of shifting mass attitudes. Citizens hold multiple potential identities and objects of resentment, and elites choose which ones to activate. Evidence on "diversionary nationalism" shows how inequality and status anxiety can be channeled into heightened national pride rather than demands for redistribution, underscoring the elite-driven nature of these shifts. As work on social identity suggests, citizens can define their interests in class or national terms; elite frames influence which dimension becomes salient in moments of crisis.[53]

These mechanisms are visible in recent trade and financial crises. In the US-China trade conflict, American leaders framed China as the main culprit for job losses and trade imbalances, so that tariffs and industrial policy became expressions of national pride rather than tools of economic adjustment.[54]Experimental evidence from Poland shows a similar pattern: after currency appreciation generated economic pain, political actors successfully

---

[52] Catherine E. De Vries, Sara B. Hobolt, and Stefanie Walter. "Politicizing International Cooperation: The Mass Public, Political Entrepreneurs, and Political Opportunity Structures." *International Organization* 75, no. 2 (2021): 306-32.

[53] Moses Shayo. "A model of social identity with an application to political economy: Nation, class, and redistribution." *American Political science review* 103, no. 2 (2009): 147-174; Frederick Solt. "Diversionary nationalism: Economic inequality and the formation of national pride." *The Journal of Politics* 73, no. 3 (2011): 821-830.

[54] Amy Skonieczny. "Emotions and Political Narratives: Populism, Trump and Trade." *Politics and Governance* 6, no. 4 (2018): 62-72; Brandon M. Boylan, Jerry McBeath, and Bo Wang. "US-China relations: Nationalism, the trade war, and COVID-19." *Fudan Journal of the Humanities and Social Sciences* 14, no. 1 (2021): 23-40.

framed the shock as foreign victimization by Western banks and cosmopolitan elites, turning a technocratic financial issue into a nationalist cause.[55] In both cases, external economic policies like tariffs, capital controls, and renegotiation of international rules, were justified less by cost-benefit logic than by their symbolic value in punishing out-groups and defending the nation.

Once in power, political entrepreneurs also work to institutionalize nationalist sentiment. Research on Turkey's AKP shows how populist governments seek to control "meso-level actors" (civil society organizations, professional associations, and religious networks) and use them to entrench anti-pluralist, nationalist governance.[56] Nationalist narratives are thus embedded in organizational infrastructures that outlast individual campaigns, making affective economic nationalism more durable and harder to dislodge through electoral turnover alone.

3.4.2 Historical Memory and Ontological Security

Elites also tap into collective memories of humiliation and fears of status decline. Research on ontological security shows that states pursue not only physical security but also ontological security, a self-consistent, sustainable identity. Threats to national self-understanding produce anxiety demanding political response, even when that response is economically costly. Analysis demonstrates how desires for identity integrity and historical trauma narratives can drive states to adopt particular economic policies, especially in postcolonial contexts.[57]

3.4.3 Patriotic Consumer Mobilization

---

55 John Ahlquist, Mark Copelovitch, and Stefanie Walter. "The Political Consequences of External Economic Shocks: Evidence from Poland." *American Journal of Political Science* 64, no. 4 (2020): 904-20.

56 Bilge Yabanci. "Populism as the Problem Child of Democracy: The AKP's Enduring Appeal and the Use of Meso-Level Actors." *Southeast European and Black Sea Studies* 16, no. 4 (2016): 591-617.

57 Jelena Subotić. "Narrative, ontological security, and foreign policy change." *Foreign policy analysis* 12, no. 4 (2016): 610-627; Filip Ejdus. "Crisis, Anxiety and Ontological Insecurity." In *Crisis and Ontological Insecurity: Serbia's Anxiety over Kosovo's Secession*, pp. 7-37. Cham: Springer International Publishing, 2019; Ali Bilgic, and Jordan Pilcher. "Desires, fantasies and hierarchies: Postcolonial status anxiety through ontological security." *Alternatives* 48, no. 1 (2023): 3-19.

The concept of "Patriotic Consumer Mobilization" (PCM) describes how states harness affective nationalism for economic coercion. PCM involves official signaling that a foreign country has violated national honor, media amplification of grievances evoking memories of past humiliation, public calls for consumer boycotts, and official claims that these actions are spontaneous. PCM enables elites to impose real economic costs on foreign firms and governments while avoiding formal sanctions and legal challenges under trade rules.[58]

Importantly, some PCM episodes produce lasting changes in behavior. In South Korea, boycotts linked to historical or security tensions have reinforced long-term patterns of ethnocentric consumption. During the Greek debt crisis, campaigns for "buy national" products turned everyday consumption into a tool of economic resistance and political mobilization, often overlapping with exclusionary forms of nationalism.[59]

3.4.4 Developmental and Marketizing Nationalism

Elite-driven affective nationalism does not always push toward economic closure. Theoretical analysis shows that the core aims of nationalism (autonomy, unity, and recognition) can sometimes be advanced by more integration rather than less. Economic strength can enhance autonomy by reducing vulnerability, and international economic success can bolster collective self-esteem.[60]

In "developmental nationalism," elites mobilize pride and sacrifice to legitimate reform and opening. Attracting FDI, importing technology, and joining global value chains are framed as necessary steps in "catching up" and strengthening the nation. Examples include South Korea's industrialization under Park Chung-hee, China's early reform-era debates about "a place among nations," and India's "Make in India" campaign, which combine

[58] Audrye Wong, Leif-Eric Easley, and Hsin-wei Tang. "Mobilizing Patriotic Consumers: China's New Strategy of Economic Coercion." *Journal of Strategic Studies* 46, nos. 6-7 (2023): 1287-324.
[59] Eleftheria J. Lekakis, "Economic Nationalism and the Cultural Politics of Consumption under Austerity: The Rise of Ethnocentric Consumption in Greece," *Journal of Consumer Culture* 17, no. 2 (2017): 286-302.
[60] Stephen Shulman. "Nationalist Sources of International Economic Integration." *International Studies Quarterly* 44, no. 3 (2000): 365-90.

protective elements with integration into global production networks.

Classical analysis of economic nationalism in developing countries highlights that policies which look inefficient from a narrow economic perspective may generate "psychological income" in the form of pride, dignity, and autonomy.[61]

The developmental record of such strategies is mixed. The Southeast Asian automotive industry illustrates how "national champion" policies can both build capacity and entrench inefficiency. Alliances between governments and domestic car makers used nationalist language to justify import substitution and local-content rules, creating large rents for protected firms.[62] These measures helped establish basic production, but they did not generate globally competitive firms. When protection based on nationalist claims is not disciplined by market forces, the efficiency costs can outweigh developmental benefits, and policy drifts toward rent protection rather than genuine capability building.

Recent work on the "new economics of industrial policy" argues that strategic interventions can still be welfare-improving if they target clearly diagnosed market failures and are embedded in performance-based discipline.[63] From this perspective, contemporary industrial policies, including geopolitically motivated measures such as the CHIPS and Science Act or efforts to reduce dependence on foreign suppliers, can be interpreted as developmental nationalism: elites invoke national security, technological leadership, and resilience to legitimate outward-oriented, export-promoting strategies rather than purely inward-looking autarky. What distinguishes successful from unsuccessful developmental nationalism is less the presence of nationalist rhetoric than whether interventions are tied to upgrading and exposed to competitive pressure.

---

[61] Harry G. Johnson. "A Theoretical Model of Economic Nationalism in New and Developing States." *Political Science Quarterly* 80, no. 2 (1965): 169-185.
[62] Peter Wad. "The Automobile Industry of Southeast Asia: Malaysia and Thailand." *Journal of the Asia Pacific Economy* 14, no. 2 (2009): 172-93.
[63] Réka Juhász, Nathan Lane, and Dani Rodrik. "The new economics of industrial policy." *Annual Review of Economics* 16, no. 1 (2024): 213-242.

Nationalist rhetoric can also be used to legitimize market-oriented reforms. Research on Hindu nationalism shows how Hindutva ideology underpins calls for "virtuous market citizenship": business success is reframed as service to the Hindu nation, and integration into global markets is justified as a route to civilizational renewal. [64]

Two broad forms of elite-driven economic nationalism can be distinguished with distinct implications for external economic policy. "Developmental nationalism" emphasizes building domestic capabilities through industrial policy and strategic integration into global markets; it can coexist with alliances and rules-based cooperation. "Mercantilist nationalism" treats economic relations as zero-sum competition over relative gains, prioritizing trade conflicts and beggar-thy-neighbor strategies.[65] This distinction helps explain why some nationalist governments pursue liberalization while others pursue closure. In both cases, affective nationalism supplies the emotional energy, but framing of the link between national identity and economic engagement drives policy direction.

3.5 Cross-Cutting Themes: Consensus, Debate, and Open Questions

This section identifies themes that cut across the four quadrants.

3.5.1 Material-Cultural Interaction

A central debate concerns how material and cultural factors interact in driving nationalist politics. Three broad positions can be distinguished.

Material Primacy

One camp, including Colantone, Stanig, Autor, Dorn, and Hanson, treats economic shocks as the starting point of the causal chain.[66] Using quasi-experimental designs based on trade or automation shocks, these studies argue that cultural attitudes are shaped by economic

---

64 Priya Chacko. "Marketizing Hindutva : The State, Society, and Markets in Hindu Nationalism." *Modern Asian Studies* 53, no. 2 (2019): 377-410.

65 Shawn Donnelly. "Political Party Competition and Varieties of US Economic Nationalism: Trade Wars, Industrial Policy and EU-US Relations." *Journal of European Public Policy* 31, no. 1 (2024): 79-103.

66 Italo Colantone, and Piero Stanig. "The trade origins of economic nationalism: Import competition and voting behavior in Western Europe." *American Journal of Political Science* 62, no. 4 (2018): 936-953; Italo Colantone, and Piero Stanig. "The surge of economic nationalism in Western Europe." *Journal of economic perspectives* 33, no. 4 (2019): 128-151.

distress and often act as mediators rather than independent causes. From this view, "controlling for" attitudes can be misleading, because it blocks part of the pathway from shocks to outcomes. Colantone and Stanig's analysis of the China shock in Western Europe shows that import competition increases support for nationalist and protectionist parties in exposed regions and shifts voters away from parties offering compensation toward parties offering protection. Economic hardship also appears to activate authoritarian and exclusionary attitudes, suggesting that material shocks work in part by reshaping cultural dispositions.

Cultural Primacy

The second camp, associated with political psychology and scholars such as Mutz, Inglehart and Norris, reverses the direction of causality.[67] Using large-scale surveys, this work argues that pre-existing dispositions, like authoritarianism, openness to diversity, or cosmopolitanism, shape which economic changes are perceived as threatening. Even after controlling for objective hardship, cultural attitudes strongly predict support for nationalist or populist parties. Not all economic "losers" become nationalists; those who do are usually people who interpret loss as status threat or identity loss. Economic shocks matter, but mainly as triggers that interact with, and reveal, deeper cultural divides.[68]

Mutual Constitution

The third strand, including work by Shayo, Gidron and Hall, sees material and cultural factors as mutually constitutive.[69] Shayo's model treats income, inequality, and group composition as inputs into identity choice, but identity then feeds back into preferences over trade, redistribution, and other policies. Gidron and Hall similarly stress "social status" and

---

[67] Ronald Inglehart, and Pippa Norris. "Trump and the populist authoritarian parties: The silent revolution in reverse." *Perspectives on Politics* 15, no. 2 (2017): 443-454.

[68] Diana C. Mutz, "Status threat, not economic hardship, explains the 2016 presidential vote." *Proceedings of the National Academy of Sciences* 115, no. 19 (2018): E4330-E4339; Jude Hays, Junghyun Lim, and Jae-Jae Spoon. "The Path from Trade to Right-Wing Populism in Europe." *Electoral Studies* 60 (August 2019): 102038.

[69] Noam Gidron, and Peter A. Hall. "The politics of social status: Economic and cultural roots of the populist right." *The British journal of sociology* 68 (2017): S57-S84;

perceived marginalization as links between economic insecurity and cultural resentment. In this perspective, asking whether material or cultural factors have "priority" is less useful. Economic structures shape the distribution of status and the salience of identities; identities shape how people interpret economic information and which policies they see as legitimate.

These theoretical differences are reinforced by method. Designs built around external shocks identify material effects but usually have limited measures of evolving attitudes. Survey-based designs capture attitudes more directly but rely on weaker identification of economic causes. Reconciling these strands would require longitudinal data that track shocks, identity and attitude change, and political behavior in the same units over time, which remains rare.

Colantone and Stanig's work can be integrated into the four-quadrant framework. Their analysis starts from a material shock (the China shock), traces its effects on support for protectionist and nationalist platforms (Quadrant II), and documents identity-related patterns consistent with affective responses (Quadrant III). Political entrepreneurs then frame globalization as a threat and offer an economic nationalist bundle (Quadrant IV). Once in office, parties elected on this basis can translate these sentiments into policies such as tariffs or investment screening (Quadrant I). The value of the framework lies less in assigning their study to a single quadrant than in clarifying how mechanisms across quadrants connect in a multi-step causal chain.

3.5.2 Elite-Mass Transmission and Feedback

The second theme concerns how elite strategies and mass sentiment interact to produce nationalist economic policies.

Neither pure top-down manipulation nor pure bottom-up demand adequately explains nationalist economic politics. The literature documents recursive processes: elite frames resonate only when they tap into genuine public concerns, and once mobilized, mass pressure constrains subsequent elite decisions. Political entrepreneurs are crucial in translating diffuse dissatisfaction into political consequences, but they cannot manufacture grievances from nothing.[70] Evidence for this recursive dynamic comes from multiple research traditions reviewed above. Work on securitization and scapegoating shows how elites shape nationalist discourse; research on trade shocks and consumer ethnocentrism demonstrates that mass attitudes have independent origins and can exert pressure on policy even without elite orchestration. When elite instrumental strategies coincide with mass affective mobilization, firms face pressure from both state and society. That may help explain why contemporary protectionism blends security concerns, distributional grievances, and identity politics into especially durable coalitions.

However, the relative weight of elite agency versus structural conditions remains contested. Some scholars emphasize political entrepreneurs' framing choices: the same economic conditions can produce nationalist or redistributive politics depending on how elites define the enemy. Others highlight how economic contexts create opportunities that virtually any entrepreneur could exploit: when a China shock hits, nationalist entrepreneurs will emerge to capitalize on it regardless of their individual characteristics.

One emerging question concerns how digital platforms alter elite-mass transmission. Do social media democratize nationalist discourse by enabling bottom-up coordination of boycotts and protests, or do they enable new forms of elite manipulation through targeted messaging and algorithmic amplification?

3.5.3 Temporal Dynamics: Backlash versus Structural Transformation

The third debate concerns whether the current wave of economic nationalism is a cyclical backlash or a sign of deeper structural change.

---

[70] Dani Rodrik, "Populism and the Economics of Globalization," *NBER Working Paper 23559* (Cambridge, MA: National Bureau of Economic Research, 2017), https://doi.org/10.3386/w23559; Catherine E. De Vries, Sara B. Hobolt, and Stefanie Walter. "Politicizing International Cooperation: The Mass Public, Political Entrepreneurs, and Political Opportunity Structures." *International Organization* 75, no. 2 (2021): 306-32.

One camp emphasizes the former, and sees contemporary nationalism as a protective reaction to overextended market liberalization. Nationalist and protectionist politics are part of a familiar pattern: liberalization generates dislocation; societies demand protection; a new compromise between markets and social protection eventually emerges. Historical analogies such as responses to the Great Depression or to the stagflation of the 1970s and macro-historical comparison are central to this view.[71]

The other camp argues that current trends reflect structural transformations, and it is less likely to return to past equilibria. This view emphasizes several factors that distinguish the current situation from historical cycles. First, technological competition has introduced zero-sum logic: unlike traditional trade, sectors like artificial intelligence and semiconductors exhibit clear first-mover advantages and lock-in effects, weakening cooperative incentives. Second, US-China structural rivalry and competition provides sustained incentives for nationalist policies, possibly even regardless of domestic political conditions. Third, changes in democratic politics, such as the rise of populist parties, party system instability, and media fragmentation, reduce the capacity of institutions to contain nationalist pressures.

Viewed through the four-quadrant framework, the key question is which type of nationalism is going to persist. Elite-driven, instrumental nationalism may be more sensitive to leadership change, geopolitical shocks, and institutional constraints, and can expand or contract as governments recalculate the costs and benefits of economic tools. Mass-level affective nationalism, which is visible in consumer boycotts, ethnocentric purchasing, or durable narratives of historical grievance, may be stickier once embedded in everyday behavior and identity. Such informal barriers are harder to reverse through formal agreements or elite bargains.

Existing empirical work provides only partial answers. We have good evidence on short-

---

[71] Dani Rodrik, "Populism and the Economics of Globalization," *NBER Working Paper 23559* (Cambridge, MA: National Bureau of Economic Research, 2017), https://doi.org/10.3386/w23559;

to medium-term electoral backlashes and on the rapid spread of formal instruments such as investment screening. We know much less about the long-run persistence of informal economic nationalism and about how quickly affective nationalism recedes when material or geopolitical conditions change. This gap suggests that future research should pay more attention to the temporal dynamics of these mechanisms.

3.5.4 Welfare Heterogeneity and Policy Evaluation

The fourth theme concerns the welfare effect of nationalist economic policies.

Not all economic nationalism is created equal. The new economics of industrial policy provides theoretical support for the view that targeted interventions can raise welfare by addressing market failures such as R&D spillovers, coordination problems, and infant-industry challenges. The difficulty lies in distinguishing productive strategic policy from rent-seeking disguised in nationalist language.[72]

Scholars disagree on whether institutions can reliably make this distinction. Optimists point to cases where institutions have channeled nationalist sentiment productively, like the EU's investment screening regime, or national content requirements designed to satisfy domestic constituencies without major efficiency losses. Pessimists emphasize the risk of capture: nationalist rhetoric provides cover for protection that benefits concentrated interests at the expense of diffuse consumers.

This debate has direct policy implications. If institutions can separate welfare-enhancing nationalism from welfare-reducing nationalism, then the policy challenge is one of design. If capture is endemic, then any accommodation of nationalist demands risks opening the door to rent-seeking. The literature has not yet provided clear criteria for distinguishing these scenarios, leaving a significant gap between theoretical possibilities and practical guidance.

4. Research Gaps and Future Directions

---

[72] Réka Juhász, Nathan Lane, and Dani Rodrik. "The new economics of industrial policy." *Annual Review of Economics* 16, no. 1 (2024): 213-242.

This review points to four areas where academic attention has been limited or where existing approaches face unresolved challenges.

4.1 Beyond Western-Centrism: Economic Nationalism in the Global South

Most research reviewed above draws on cases from advanced industrial economies. While some work examines resource nationalism in Latin America or developmental nationalism in East Asia, the literature lacks systematic comparative frameworks that integrate Global North and Global South cases. This gap matters because Global South states face distinct constraints: limited fiscal capacity, reliance on foreign capital, and histories of colonial exploitation. These may give nationalist mobilization different functions, including genuinely anti-hegemonic aims rather than simple protectionism. The rise of South-South economic relations, particularly China's Belt and Road Initiative, creates new dynamics that existing frameworks derived from Western cases may not capture.

4.2 Measurement and Causal Identification

New forms of economic nationalism, like techno-nationalist policies, green industrial policy, supply chain security measures, pose measurement problems because they mix legitimate policy goals with exclusionary elements. Traditional indicators like tariffs fail to capture measures embedded in standards, subsidies, procurement rules, and investment screening criteria. Without valid measures, research cannot distinguish nationalist interventions from other factors, determine whether nationalism is increasing or merely becoming more visible, or evaluate policy responses. Promising directions include computational text analysis of policy documents, machine-learning classification of regulatory restrictiveness, and quasi-experimental designs that isolate nationalist policy effects from confounding shocks.[73]

4.3 Ontological Security and Economic Statecraft

[73] Monica De Bolle, and Jeromin Zettelmeyer. "Measuring the rise of economic nationalism." *Peterson Institute for International Economics Working Paper* 19-15 (2019).

A growing frontier asks how ontological security, especially historical trauma narratives, shapes concrete external economic decisions. As discussed in Section 3.4.2, elite-driven affective nationalism operates through historical memory and fears of status decline. While scholars have documented how historical memory shapes national identity and diplomatic behavior, systematic research tracing how these narratives influence specific economic statecraft decisions (FDI screening criteria, sanction design, trade negotiation red lines) remains limited.

For China, a large body of literature shows how the "Century of Humiliation" narrative shapes national identity and diplomacy, but these studies rarely examine whether and how this narrative affects trade policy, FDI regulation, or broader external economic relations. For the United States, scholarship on "decline discourse" treats it mostly as background mood or debates whether decline is real. Yet we lack studies examining whether politicians actually use "American decline" arguments in congressional hearings, policy documents, or media to justify particular economic policies, even though such rhetoric is common in populist politics.

4.4 Micro-to-Macro Transmission Mechanisms

The literature documents that economic shocks produce nationalist attitudes (Section 3.2) and that governments adopt nationalist policies (Section 3.1), but the precise mechanisms through which societal sentiment becomes state action remain underspecified.[74] Some key transmission channels, like how nationalist business associations convert public sentiment into lobbying demands, how bureaucratic agencies respond to shifts in public opinion, whether investment screening bodies become more restrictive when nationalist sentiment rises, have received limited systematic attention. This gap is particularly consequential because, without understanding transmission mechanisms, we cannot predict when nationalist sentiment will produce policy change or identify intervention points for channeling

[74] Bilge Yabanci. "Populism as the Problem Child of Democracy: The AKP's Enduring Appeal and the Use of Meso-Level Actors." *Southeast European and Black Sea Studies* 16, no. 4 (2016): 591-617.

nationalist pressures productively.

5. Research Questions and Research Design

5.1 Financial nationalism as a "reputation shield"

Existing research documents how leaders in many developing countries attacked the IMF and "the West" during crises. However, few studies systematically test whether this blame-shifting strategy actually works. Moreover, we know less about financial nationalism after 2010, when the context has changed. The IMF now coexists with large-scale lending from China, and many developing countries hold substantial Chinese debt.

This study asks two questions:

1. Does financial nationalist rhetoric help leaders maintain public support during crises?

2. Does the effect differ by creditor type? Specifically, is blaming the IMF more effective than blaming China?

Hypotheses

H1 (Reputation Shield): Exposure to financial nationalist rhetoric—framing a crisis as caused by foreign creditors—increases public support for the leader, relative to neutral or domestically-focused messaging.

H2a (Sovereignty Activation): The positive effect of financial nationalist rhetoric on leader support is stronger when an actual foreign creditor intervention exists (e.g., an IMF program is in place, debt restructuring is underway).

H2b (Creditor Heterogeneity): Financial nationalist rhetoric targeting the IMF produces larger support gains than rhetoric targeting China. The IMF is a more established, ideologically "clean" target; China's role is more ambiguous.

H3 (Backfire Effect): Financial nationalist rhetoric may increase public blame on the domestic government for "selling out" sovereignty, especially when the government itself negotiated the foreign loans.

Research Design

The survey experiment is the core component, providing direct causal evidence on whether discourse changes attitudes. The cross-national time-series analysis examines whether patterns hold in observational data across multiple countries and years. The case studies add narrative depth and process tracing.

Design Part A: Survey Experiment (reference Handlin et al.'s work)[75]

Sample and Setting: This design will conduct an online survey experiment in Colombia and Indonesia, since they meet three conditions: (1) Citizens understand IMF and external debt issues; (2) crisis memories are distant enough that a hypothetical vignette does not simply trigger lived trauma; (3) partisan politics is not fully dominated by a single polarizing leader. Colombia is the primary site. Its major financial crisis occurred in the late 1990s, so most respondents know it as history rather than personal experience. The IMF is visible but not a constant partisan flashpoint. China is an important but not dominant creditor. Politics is pluralistic, and using "the President" in vignettes is less likely to trigger strong leader-specific reactions. Colombia also has established online survey infrastructure. Indonesia serves as a replication site. The 1997-98 Asian financial crisis is now over 25 years past. Indonesia has a well-known history with the IMF and a complex contemporary relationship with China, offering a distinct regional and cultural context to test generalizability. Respondents will be recruited via a local survey firm with quotas on age, gender, education, and region; survey respectively in Spanish and Bahasa Indonesia. All instruments will be professionally translated, back-translated, and checked by local collaborators.

Experimental Design: All respondents read a vignette about a hypothetical economic crisis in their country: "[Country] is facing a serious economic problem. The national currency has lost 25% of its value in three months. Inflation and the cost of living are rising.

[75] Sam Handlin, Ayse Kaya, and Hakan Gunaydin. "Sovereignty intrusion: Populism and attitudes toward the international monetary fund." *International Studies Quarterly* 67, no. 4 (2023): sqad079.

The government is negotiating emergency loans and debt repayment with foreign creditors. The President has just made a public statement about the situation."

We use a 3×2 factorial design plus a pure control.

Factor 1 is Creditor Identity (3 levels), including (1) IMF: negotiations with the IMF, which demands spending cuts as a condition for assistance; (2) China: negotiations with Chinese state banks that hold large infrastructure loans; (3) Generic West: negotiations with Western financial institutions and private creditors.

Factor 2 is Rhetorical Frame (2 levels), including (1) nationalist frame: the President blames foreign creditors using sovereignty and dignity language ("foreign institutions are trying to dictate our policies… we will not surrender our national dignity… this threatens our sovereignty…"); and (2) technocratic frame: the President uses neutral, managerial language ("difficult economic circumstances… working with international partners… responsible fiscal policy while protecting essential services").

This yields six treatment cells. A seventh group (pure control) receives only the base vignette without a presidential statement.

Outcome Measures: 1. Leader approval (primary): 0-10 rating of how well the President is handling the situation. 2.Blame attribution: allocation of 100 points across current government, foreign creditors, previous governments, and global conditions. 3. Sovereignty threat: 0-10 rating of how much the situation threatens national sovereignty. 4. Government blame for sovereignty loss: 0-10 rating of how responsible the government is for allowing foreign influence. 5. Message credibility: 0-10 rating of how believable the statement is.

Pre-treatment covariates include nationalist attitudes, left-right self-placement, trust in domestic institutions and international organizations, economic anxiety, and demographics.

Analysis Strategy

We estimate treatment effects using OLS with robust standard errors:

$$Y = \beta_0 + \beta_1(\text{Nationalist}) + \beta_2(\text{IMF}) + \beta_3(\text{China}) + \beta_4(\text{Nationalist}\times\text{IMF}) + \beta_5(\text{Nationalist}\times\text{China}) + \varepsilon$$

β_1 captures the average effect of nationalist framing. The interaction terms test whether effects differ when the creditor is the IMF or China. We pre-register heterogeneity by nationalist predispositions (above/below median nationalism scale).

For the backfire hypothesis, we examine whether nationalist framing raises both leader approval (outcome 1) and government blame for sovereignty loss (outcome 4). A positive effect on both would suggest a “reputation shield” that coexists with heightened accountability concerns.

Design Part B: Cross-National Time-Series Analysis

Data

Leader approval: Executive Approval Project, regional barometers, and national polls for about 15-20 emerging economies, 2000-2024.

Financial Nationalism Index (FNI): a text-based measure of financial nationalist rhetoric.

Economic controls: GDP growth, inflation, unemployment, exchange rate changes, sovereign spreads, and commodity prices.

Institutional moderators: regime type, creditor composition, and past IMF program exposure.

Endogeneity and Strategy

Rhetoric is endogenous: leaders may turn to nationalist framing because approval is falling, or both rhetoric and approval may respond to underlying shocks. We use three partial strategies: 1. Local projections with controls: estimate short-horizon responses of approval to changes in FNI, controlling for lagged approval, economic variables, and country and time fixed effects. 2.External events: examine how FNI and approval move around events that plausibly shift incentives for nationalist rhetoric (e.g., IMF Article IV reports, credit rating downgrades, major commodity shocks). 3.Narrow-window episodes: study approval trends immediately before and after prominent anti-creditor speeches using narrow time windows.

We interpret these results as correlational patterns that are more or less consistent with the experimental effects, not as definitive causal estimates.

Measuring Financial Nationalism: The FNI

Building on Yue et al.'s work and nationalism research, we focus on four dimensions: 1.Anti-foreign creditor blame (IMF, World Bank, vulture funds, foreign governments). 2.Sovereignty and humiliation framing (national dignity, economic colonialism, debt slavery). 3.National struggle narratives (battle, resistance, fight for survival). 4.Comparative creditor framing (e.g., hostile to IMF vs. friendly to China).[76]

We will collect: leader speeches, official statements, and press conferences; parliamentary debates where available; news coverage via GDELT (following Mithani 2023).

Initial construction focuses on 3-5 countries with rich English-language coverage (e.g., Argentina, Turkey, Pakistan, Zambia, Kenya). Broader multilingual expansion is left for future work.

We use a hybrid dictionary-supervised learning strategy:

1.Build a seed dictionary of terms and phrases from the literature and crisis-period texts.

2.Expand it using word embeddings (word2vec) trained on the corpus.

3.Have human coders validate terms and label sample passages.

4.Construct a monthly FNI for each country as the share of economic/financial texts containing validated terms, weighted by TF-IDF.

We assess: (1) convergent validity: FNI spikes around IMF program announcements, defaults, and creditor disputes; (2) discriminant validity: FNI is distinct from general patriotic

[76] Lori Qingyuan Yue, Jiexin Zheng, and Kaixian Mao. "Firms' rhetorical nationalism: Theory, measurement, and evidence from a computational analysis of Chinese public firms." *Management and Organization Review* 20, no. 2 (2024): 161-203.

rhetoric (e.g., sports or holidays); (3) face validity: independent experts judge high-FNI texts as clearly financial nationalist.

Limitations and Scope Conditions

1.Country-specific findings: Experimental results apply directly to Colombia and Indonesia; other contexts may differ in crisis memory, creditor salience, and political culture.

2.Short-term effects: The experiment measures immediate attitude shifts. Longer-term effects likely depend on repeated messaging and changing conditions.

3.Observational identification: Design B cannot fully address endogeneity. We treat it as descriptive and triangulatory.

4.Language constraints: The initial FNI focuses on English and selected translations. Fully multilingual coverage requires resources beyond this project.

5.2 Ontological Security and Economic Statecraft in China

Core Question: Does the salience of historical trauma narratives (China's "Century of Humiliation") predict the probability and severity of economic coercion?

Sub-questions:

1. Do increases in trauma narrative salience temporally precede sanction onset?

2. Does priming trauma narratives increase individual support for economic coercion, even when material costs are held constant?

3. Are symbolic sanctions more sensitive to narrative activation than substantive economic measures?

Causal Mechanism

Trigger event (status challenge) → Elite narrative activation (linking event to historical humiliation) → Ontological security threat → Economic coercion (pursuing both material and symbolic goals)

This design aims to fill these gaps by: (1) extending ontological security theory to economic statecraft, drawing on Subotić's "narrative template activation" mechanism;[77] (2) constructing a Historical Trauma Narrative Salience Index using Chinese official media, following Ralston's text-analysis strategy, and matching it to China TIES dataset;[78] (3) using a survey experiment inspired by Riemer's design to test at the individual level, thus providing micro-foundations for macro-level associations.[79]

The China TIES dataset records 135 instances where China acted as a sanction sender between 1949 and 2020, many of which are missing from global sanctions datasets. It codes trigger issues, sanction types, and expected costs to targets, offering a solid data foundation.

Design Part A: Text Analysis and Policy Outcome Matching

Data: People's Daily, Xinhua, and Foreign Ministry spokesperson statements from 1949 to 2020; China TIES sanctions dataset (135 cases)

Key Variable: Historical Trauma Narrative Salience Index, constructed via

1. Dictionary construction. Build an initial dictionary of trauma-related terms and phrases, grouped into victim, revival, and dignity narratives.

2. Baseline counts. Compute raw counts and normalized frequencies (e.g., mentions per million words) of dictionary terms in relevant texts, aggregated to the country–time level.

3. Refined dictionary and co-occurrence. Refine the dictionary by focusing on cases where trauma terms co-occur with country names and sanction-related language (e.g., "retaliation," "counter-measures") within a narrow window, to separate generic historical discussion from politicized uses tied to specific targets.

4. Supervised classification. Draw a stratified sample of text segments and hand-code whether they activate a historical trauma frame (yes/no). Use these labels to train a

---

77 Jelena Subotić. "Narrative, ontological security, and foreign policy change." *Foreign policy analysis* 12, no. 4 (2016): 610-627.
78 Robert Ralston. "Make us great again: The causes of declinism in major powers." *Security Studies* 31, no. 4 (2022): 667-702; Jiakun Jack Zhang, and Spencer Shanks. "Measuring Chinese economic sanctions 1949-2020: Introducing the China TIES dataset." *Conflict Management and Peace Science* 42, no. 3 (2025): 328-352.
79 Ofek Riemer. "Foreign policy and citizens' ontological security: An experimental approach." *The British Journal of Politics and International Relations* 26, no. 2 (2024): 211-235.

supervised model (e.g., SVM or transformer-based) that predicts trauma activation. Aggregate model predictions to construct a Historical Trauma Narrative Salience Index for each country–time unit. I compute several variants (simple frequency, co-occurrence–refined, classifier-based) to test robustness.

Identification Strategy

The main identification challenge is reverse causality: trauma narratives may be invoked to justify sanctions after the fact. I use three complementary strategies.

1. Temporal lags. Use lagged narrative salience (e.g., period t–1) to predict sanction onset in period t. If narratives help drive policy, increases in salience should precede the start of economic coercion.

2. Exogenous shocks. Use events that plausibly raise historical trauma salience but are not direct responses to economic disputes, such as visits by Japanese leaders to the Yasukuni Shrine, major remembrance days, or textbook and museum controversies—as instruments or quasi-shocks. These history- and identity-related events allow tests of whether exogenous increases in trauma salience predict later economic measures.

3. Reactive vs. proactive activation. Using narrative fields and timelines in China TIES, classify cases as reactive (trauma narratives rise after sanctions) or proactive (narratives rise before sanctions). Proactive cases are more consistent with the claim that narrative activation contributes to sanction decisions.

Control Variables

To reduce confounding, models include: bilateral trade dependence and trade balance; the target's broader foreign policy stance toward China (e.g., UN voting alignment); issue dummies from China TIES (e.g., Tibet, Taiwan, human rights); China's domestic economic conditions (GDP growth, inflation, unemployment); leader-period indicators (e.g., Mao, Deng, Jiang, Hu, Xi); and year and target-country fixed effects.

Design Part B: Survey Experiment (reference Riemer, 2024)

Sample: Online sample of urban Chinese adults (N ≥ 600), quota-sampled.

Design: All respondents read a vignette about a foreign government's unfriendly action. Random assignment to three framing conditions:

1. Historical trauma frame: Links action to "Century of Humiliation," frames response as defending national dignity

2. Economic cost-benefit frame: Emphasizes trade-offs and employment effects

3. Security threat frame (benchmark): Frames action as national security threat

Outcomes:

1. Ontological security index (approval, continuity, groupness, pride, nostalgia—adapted from Riemer 2024)

2. Policy support for economic restrictions (including willingness to bear costs)

3. Physical security perception (pre/post, to separate from ontological security)

Hypotheses

H1: Policy support for economic restrictions will be higher in the historical trauma frame than in the economic cost-benefit frame.

H2: The ontological security index will be higher in the historical trauma frame than in the economic cost-benefit frame.

H3: The ontological security index will mediate the effect of framing on policy support (tested via mediation analysis).

H4: Older respondents and those with stronger nationalist identification will show stronger responses to the historical trauma frame.

Limitations

Causal identification: Part A documents associations and timing patterns consistent with the mechanism but cannot eliminate confounding from unobserved political preferences. The stance is modest: systematic patterns, not proven causality.

External validity: Part B establishes micro-foundations but studies public attitudes, not elite decisions. The theoretical bridge is that elites may become constrained by narratives they deploy.

Generalizability: China offers rich data and a well-defined narrative template, but findings may not generalize to other states or narratives.

Reference

Abdelal, Rawi. *National Purpose in the World Economy: Post-Soviet States in Comparative Perspective*. Ithaca: Cornell University Press, 2001.

Abdelal, Rawi, Yoshiko M. Herrera, Alastair Iain Johnston, and Rose McDermott. "Identity as a Variable." *Perspectives on Politics* 4, no. 4 (December 2006): 695–711.

Ahlquist, John, Mark Copelovitch, and Stefanie Walter. "The Political Consequences of External Economic Shocks: Evidence from Poland." *American Journal of Political Science* 64, no. 4 (2020): 904–20.

Babić, Milan, and Adam D. Dixon. "Is the China Effect Real? Ideational Change and the Political Contestation of Chinese State-Led Investment in Europe." *The Chinese Journal of International Politics* 15, no. 2 (2022): 111–39.

Bednarski, Lukasz, Samuel Roscoe, Constantin Blome, and Martin C. Schleper. "Geopolitical Disruptions in Global Supply Chains: A State-of-the-Art Literature Review." *Production Planning & Control* 36, no. 4 (2025): 536–62.

Bennett, Daniel L., Christopher Boudreaux, and Boris Nikolaev. "Populist Discourse and Entrepreneurship: The Role of Political Ideology and Institutions." *Journal of International Business Studies* 54, no. 1 (2023): 151–81.

Bilgic, Ali, and Jordan Pilcher. "Desires, Fantasies and Hierarchies: Postcolonial Status Anxiety through Ontological Security." *Alternatives* 48, no. 1 (2023): 3–19.

Bisbee, James, Layna Mosley, Thomas B. Pepinsky, and B. Peter Rosendorff. "Decompensating Domestically: The Political Economy of Anti-Globalism." *Journal of European Public Policy* 27, no. 7 (2020): 1090–102.

Boucher, Jean-Christophe, and Cameron G. Thies. "'I Am a Tariff Man': The Power of Populist Foreign Policy Rhetoric under President Trump." *The Journal of Politics* 81, no. 2 (2019): 712–22.

Boylan, Brandon M., Jerry McBeath, and Bo Wang. "US-China Relations: Nationalism, the Trade War, and COVID-19." *Fudan Journal of the Humanities and Social Sciences* 14, no. 1 (2021): 23–40.

Broz, J. Lawrence, Jeffry Frieden, and Stephen Weymouth. "Populism in Place: The Economic Geography of the Globalization Backlash." *International Organization* 75, no. 2 (2021): 464–94.

Brubaker, Rogers. "Ethnicity, Race, and Nationalism." *Annual Review of Sociology* 35, no. 1 (2009): 21–42.

Brubaker, Rogers. "Populism and Nationalism." *Nations and Nationalism* 26, no. 1 (2020): 44–66.

Chacko, Priya. "Marketizing Hindutva: The State, Society, and Markets in Hindu Nationalism." *Modern Asian Studies* 53, no. 2 (2019): 377–410.

Clift, Ben, and Cornelia Woll. "Economic Patriotism: Reinventing Control over Open Markets." *Journal of European Public Policy* 19, no. 3 (2012): 307–23.

Colantone, Italo, and Piero Stanig. "The Surge of Economic Nationalism in Western Europe." *Journal of Economic Perspectives* 33, no. 4 (2019): 128–51.

Colantone, Italo, and Piero Stanig. “The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe.” *American Journal of Political Science* 62, no. 4 (2018): 936–53.

Crouch, Colin. “The March Towards Post-Democracy, Ten Years On.” *The Political Quarterly* 87, no. 1 (2016): 71–75.

Cuervo-Cazurra, Alvaro, Yves Doz, and Ajai Gaur. “Skepticism of Globalization and Global Strategy: Increasing Regulations and Countervailing Strategies.” *Global Strategy Journal* 10, no. 1 (2020): 3–31.

De Bolle, Monica, and Jeromin Zettelmeyer. “Measuring the Rise of Economic Nationalism.” *Peterson Institute for International Economics Working Paper* 19-15 (2019).

De Vries, Catherine E., Sara B. Hobolt, and Stefanie Walter. “Politicizing International Cooperation: The Mass Public, Political Entrepreneurs, and Political Opportunity Structures.” *International Organization* 75, no. 2 (2021): 306–32.

Ding, Qing Shan. “Chinese Products for Chinese People? Consumer Ethnocentrism in China.” *International Journal of Retail & Distribution Management* 45, no. 5 (2017): 550–64.

Dippel, Christian, Robert Gold, Stephan Heblich, and Rodrigo Pinto. “The Effect of Trade on Workers and Voters.” *The Economic Journal* 132, no. 641 (2022): 199–217.

Donnelly, Shawn. “Political Party Competition and Varieties of US Economic Nationalism: Trade Wars, Industrial Policy and EU-US Relations.” *Journal of European Public Policy* 31, no. 1 (2024): 79–103.

Dow, Douglas, and Ilya R. P. Cuypers. “The Influence of Societal Nationalist Sentiment on Trade Flows.” *Journal of International Business Policy* 7, no. 1 (2024): 64–98.

Ejdus, Filip. “Crisis, Anxiety and Ontological Insecurity.” In *Crisis and Ontological Insecurity: Serbia’s Anxiety over Kosovo’s Secession*, 7–37. Cham: Springer International Publishing, 2019.

Farrell, Henry, and Abraham L. Newman. “Weaponized Interdependence: How Global Economic Networks Shape State Coercion.” *International Security* 44, no. 1 (2019): 42–79.

Feng, Yilang, Andrew Kerner, and Jane L. Sumner. “Quitting Globalization: Trade-Related Job Losses, Nationalism, and Resistance to FDI in the United States.” *Political Science Research and Methods* 9, no. 2 (2021): 292–311.

Ferguson, Thomas. *Golden Rule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems*. Chicago: University of Chicago Press, 1995.

Fetzer, Thomas. “Nationalism and Economy.” *Nationalities Papers* 48, no. 6 (2020): 963–73.

Fisman, Raymond, Yasushi Hamao, and Yongxiang Wang. “Nationalism and Economic Exchange: Evidence from Shocks to Sino-Japanese Relations.” *Review of Financial Studies* 27, no. 9 (2014): 2626–60.

Freeden, Michael. “Is Nationalism a Distinct Ideology?” *Political Studies* 46, no. 4 (1998): 748–65.

Gidron, Noam, and Peter A. Hall. “The Politics of Social Status: Economic and Cultural Roots of the Populist Right.” *The British Journal of Sociology* 68 (2017): S57–S84.

Gilpin, Robert. *The Political Economy of International Relations*. With the assistance of Jean M. Gilpin. Princeton: Princeton University Press, 1987.

Grossman, Gene M., and Elhanan Helpman. “Identity Politics and Trade Policy.” *The Review of Economic Studies* 88, no. 3 (2021): 1101–26.

Guriev, Sergei, and Elias Papaioannou. “The Political Economy of Populism.” *Journal of Economic Literature* 60, no. 3 (2022): 753–832.

Handlin, Sam, Ayse Kaya, and Hakan Gunaydin. "Sovereignty Intrusion: Populism and Attitudes toward the International Monetary Fund." *International Studies Quarterly* 67, no. 4 (2023): sqad079.

Hays, Jude, Junghyun Lim, and Jae-Jae Spoon. "The Path from Trade to Right-Wing Populism in Europe." *Electoral Studies* 60 (2019): 102038.

Helleiner, Eric. "Economic Nationalism as a Challenge to Economic Liberalism?" *International Studies Quarterly* 46 (2002): 307–29.

Helleiner, Eric. "The Diversity of Economic Nationalism." *New Political Economy* 26 (2021): 267–75.

Imas, Alex, Kristóf Madarász, and Heather Sarsons. *Jealousy of Trade: Exclusionary Preferences and Economic Nationalism*. No. w34351. National Bureau of Economic Research, 2025.

Inglehart, Ronald, and Pippa Norris. "Trump and the populist authoritarian parties: The silent revolution in reverse." *Perspectives on Politics* 15, no. 2 (2017): 443-454.

Jakobsen, Jo, and Tor G. Jakobsen. "Economic Nationalism and FDI: The Impact of Public Opinion on Foreign Direct Investment in Emerging Markets, 1990–2005." *Society and Business Review* 6, no. 1 (2011): 61–76.

James, Harold. "Deglobalization: The Rise of Disembedded Unilateralism." *Annual Review of Financial Economics* 10, no. 1 (2018): 219–37.

Johnson, Harry G. "A Theoretical Model of Economic Nationalism in New and Developing States." *Political Science Quarterly* 80, no. 2 (1965): 169–85.

Juhász, Réka, Nathan Lane, and Dani Rodrik. "The New Economics of Industrial Policy." *Annual Review of Economics* 16, no. 1 (2024): 213–42.

Keohane, Robert O., and Joseph S. Nye, Jr. *Power and Interdependence: World Politics in Transition*. 4th ed. Pearson/Longman, 2012.

Kläffling, David, and Thomas Fricke. "Beyond Trade Wars and Economic Nationalism—Towards a Cooperative Global Governance." *Intereconomics* 60, no. 5 (2025): 261–65.

Kobrin, Stephen J. "Bricks and Mortar in a Borderless World: Globalization, the Backlash, and the Multinational Enterprise." *Global Strategy Journal* 7, no. 2 (2017): 159–71.

Lee, You-il, and Kyung Tae Lee. "Economic Nationalism and Globalization in South Korea: A Critical Insight." *Asian Perspective* 39, no. 1 (2015): 125–51.

Lekakis, Eleftheria J. "Economic Nationalism and the Cultural Politics of Consumption under Austerity: The Rise of Ethnocentric Consumption in Greece." *Journal of Consumer Culture* 17, no. 2 (2017): 286–302.

Levi-Faur, David. "Economic Nationalism: From Friedrich List to Robert Reich." *Review of International Studies* 23 (1997): 359–70.

Luo, Yadong. "Illusions of Techno-Nationalism." *Journal of International Business Studies* 53, no. 3 (2022): 550–67.

Luo, Yadong, and Ari Van Assche. "The Rise of Techno-Geopolitical Uncertainty: Implications of the United States CHIPS and Science Act." *Journal of International Business Studies* 54, no. 8 (2023): 1423–40.

Luther-Davies, Philip, Kasia Julia Doniec, Joseph P. Lavallee, Lawrence P. King, and G. William Domhoff. "Corporate Political Power and US Foreign Policy, 1981–2002: The Role of the Policy-Planning Network." *Theory and Society* 51, no. 4 (2022): 629–52.

Malhotra, Neil, Yotam Margalit, and Cecilia Hyunjung Mo. "Economic Explanations for Opposition to Immigration: Distinguishing between Prevalence and Conditional Impact." *American Journal of Political Science* 57, no. 2 (2013): 391–410.

Margalit, Yotam. “Economic Insecurity and the Causes of Populism, Reconsidered.” *Journal of Economic Perspectives* 33, no. 4 (2019): 152–70.

Margalit, Yotam. “Lost in Globalization: International Economic Integration and the Sources of Popular Discontent.” *International Studies Quarterly* 56, no. 3 (2012): 484–500.

Mariotti, Sergio. “A Warning from the Russian-Ukrainian War: Avoiding a Future That Rhymes with the Past.” *Journal of Industrial and Business Economics* 49, no. 4 (2022): 761–82.

Mayda, Anna Maria, and Dani Rodrik. “Why Are Some People (and Countries) More Protectionist than Others?” *European Economic Review* 49, no. 6 (2005): 1393–430.

Milner, Helen V. “Voting for Populism in Europe: Globalization, Technological Change, and the Extreme Right.” *Comparative Political Studies* 54, no. 13 (2021): 2286–320.

Mutz, Diana C. “Status Threat, Not Economic Hardship, Explains the 2016 Presidential Vote.” *Proceedings of the National Academy of Sciences* 115, no. 19 (2018): E4330–E4339.

Mylonas, Harris, and Maya Tudor. “Nationalism: What We Know and What We Still Need to Know.” *Annual Review of Political Science* 24 (2021): 109–32.

Nakayama, Shigeru. “Techno-Nationalism versus Techno-Globalism.” *East Asian Science, Technology and Society: An International Journal* 6, no. 1 (2012): 9–15.

Naseemullah, Adnan. “The Political Economy of National Development: A Research Agenda after Neoliberal Reform?” *World Development* 168 (August 2023): 106269.

Palen, Marc-William. “The Imperialism of Economic Nationalism, 1890–1913.” *Diplomatic History* 39, no. 1 (2015): 157–85.

Pástor, Ľuboš, and Pietro Veronesi. “Inequality Aversion, Populism, and the Backlash against Globalization.” *The Journal of Finance* 76, no. 6 (2021): 2857–906.

Powers, Kathleen E., Jason Reifler, and Thomas J. Scotto. “Going Nativist: How Nativism and Economic Ideology Interact to Shape Beliefs about Global Trade.” *Foreign Policy Analysis* 17, no. 3 (2021): orab015.

Pryke, Sam. “Economic Nationalism: Theory, History and Prospects.” *Global Policy* 3 (2012): 283–94.

Ralston, Robert. “Make Us Great Again: The Causes of Declinism in Major Powers.” *Security Studies* 31, no. 4 (2022): 667–702.

Rammal, Hussain G., Elizabeth L. Rose, Pervez N. Ghauri, et al. “Economic Nationalism and Internationalization of Services: Review and Research Agenda.” *Journal of World Business* 57, no. 3 (2022): 101314.

Rathgeb, Philip. “Makers against Takers: The Socio-Economic Ideology and Policy of the Austrian Freedom Party.” *West European Politics* 44, no. 3 (2021): 635–60.

Riemer, Ofek. “Foreign Policy and Citizens’ Ontological Security: An Experimental Approach.” *The British Journal of Politics and International Relations* 26, no. 2 (2024): 211–35.

Rodríguez-Pose, Andrés, Javier Terrero-Dávila, and Neil Lee. “Left-behind versus Unequal Places: Interpersonal Inequality, Economic Decline and the Rise of Populism in the USA and Europe.” *Journal of Economic Geography* 23, no. 5 (2023): 951–77.

Rodrik, Dani. “Populism and the Economics of Globalization.” *NBER Working Paper 23559*. Cambridge, MA: National Bureau of Economic Research, 2017. https://doi.org/10.3386/w23559.

Rodrik, Dani. “Why Does Globalization Fuel Populism? Economics, Culture, and the Rise of Right-Wing Populism.” *Annual Review of Economics* 13, no. 1 (2021): 133–70.

Shayo, Moses. “A Model of Social Identity with an Application to Political Economy: Nation, Class, and Redistribution.” *American Political Science Review* 103, no. 2 (2009): 147–74.

Shayo, Moses. “Social Identity and Economic Policy.” *Annual Review of Economics* 12, no. 1 (2020): 355–89.

Shulman, Stephen. “Nationalist Sources of International Economic Integration.” *International Studies Quarterly* 44, no. 3 (2000): 365–90.

Skonieczny, Amy. “Emotions and Political Narratives: Populism, Trump and Trade.” *Politics and Governance* 6, no. 4 (2018): 62–72.

Solt, Frederick. “Diversionary Nationalism: Economic Inequality and the Formation of National Pride.” *The Journal of Politics* 73, no. 3 (2011): 821–30.

Storper, Michael. “Separate Worlds? Explaining the Current Wave of Regional Economic Polarization.” *Journal of Economic Geography* 18, no. 2 (2018): 247–70.

Strange, Susan. *States and Markets. 2nd ed*. London: Continuum, 1994.

Subotić, Jelena. “Narrative, Ontological Security, and Foreign Policy Change.” *Foreign Policy Analysis* 12, no. 4 (2016): 610–27.

Tung, Rosalie L., Ivo Zander, and Tony Fang. “The Tech Cold War, the Multipolarization of the World Economy, and IB Research.” *International Business Review* 32, no. 6 (2023): 102195.

Van Apeldoorn, Bastiaan, and Naná De Graaff. “The State in Global Capitalism before and after the Covid-19 Crisis.” *Contemporary Politics* 28, no. 3 (2022): 306–27.

Wad, Peter. “The Automobile Industry of Southeast Asia: Malaysia and Thailand.” *Journal of the Asia Pacific Economy* 14, no. 2 (2009): 172–93.

Walt, Stephen M. *The Origins of Alliances*. Ithaca, NY: Cornell University Press, 1987.

Walter, Stefanie. "The Backlash Against Globalization." *Annual Review of Political Science* 24, no. 1 (2021): 421–42.

Waltz, Kenneth N. *Theory of International Politics*. Reading, MA: Addison-Wesley, 1979.

Wilson, Jeffrey D. "Resource Nationalism or Resource Liberalism? Explaining Australia's Approach to Chinese Investment in Its Minerals Sector." *Australian Journal of International Affairs* 65, no. 3 (2011): 283–304.

Wong, Audrye, Leif-Eric Easley, and Hsin-wei Tang. "Mobilizing Patriotic Consumers: China's New Strategy of Economic Coercion." *Journal of Strategic Studies* 46, nos. 6–7 (2023): 1287–324.

Yabanci, Bilge. "Populism as the Problem Child of Democracy: The AKP's Enduring Appeal and the Use of Meso-Level Actors." *Southeast European and Black Sea Studies* 16, no. 4 (2016): 591–617.

Yue, Lori Qingyuan, Jiexin Zheng, and Kaixian Mao. "Firms' Rhetorical Nationalism: Theory, Measurement, and Evidence from a Computational Analysis of Chinese Public Firms." *Management and Organization Review* 20, no. 2 (2024): 161–203.

Zeng, Ka, and Xiaojun Li. "Geopolitics, Nationalism, and Foreign Direct Investment: Perceptions of the China Threat and American Public Attitudes toward Chinese FDI." *The Chinese Journal of International Politics* 12, no. 4 (2019): 495–518.

Zhang, Jiakun Jack, and Spencer Shanks. "Measuring Chinese Economic Sanctions 1949–2020: Introducing the China TIES Dataset." *Conflict Management and Peace Science* 42, no. 3 (2025): 328–52.

Zhao, Dingxin. "Imperial Politics and the Dominant Ideology: The Origins, Development, and Future of Nationalist Movements" [帝國政治和主導性意識形態：民族運動的起源、發展和未來]. *Twenty-First Century [二十一世紀]*, no. 88 (2021): 4–21.