

HOW TO MAKE UKRAINIANS LESS VULNERABLE TO POPULISM?

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1. EXECUTIVE SUMMARY

Populist movements are gaining more and more traction all over the world. Ukraine is not an exception: our research shows that on average 84% of Ukrainians support populist policies, while 59% not only support populist policies but also view them as realistic. Our research shows that economically disadvantaged groups (people who lack opportunities in education, employment, etc.) are more likely to support such policies. To a lesser extent, support of populism is also correlated with a lack of critical thinking in everyday life. On the other hand, differences in populism support between different age groups or regions are not statistically significant.

Is reducing populism support possible? Our research shows that it is. Giving the individual a choice between two policies leads to a significant decrease in populism support: on average from 84% to 54%. Appealing to one's personal benefit is especially effective. On the other hand, in some issues, the support of populism remains unchanged, regardless of the arguments used. One such example is price controls. Our results show that those who support price controls do not change their minds when presented with the arguments against it. In other cases, it is much easier to change respondents' opinions: the results show that the majority of respondents have changed their minds about at least three out of eight populist policies. Furthermore, we do not observe major differences between those who were convinced by arguments and those who were not.

In order to reduce populism support among Ukrainians, we recommend:

- Paying special attention to economically disadvantaged groups.
- Offering alternatives to populist policies.
- Tailoring arguments to each target audience; emphasizing the harm of populism for each particular audience, rather than the country as a whole.
- Allocating more resources to fight against populism in those issues where it is harder to change people's opinions.
- Avoiding excessive use of emotional rhetoric – it does not work if used excessively.
- Investing in developing critical thinking.

2. WHAT DOES POPULISM MEAN AND WHY IS IT A PROBLEM?

What is populism? Mudde (2004)^{1,2} offers two definitions of populism. The first definition describes populism as a simplistic, emotional public discourse, in which simplistic solutions for complex problems are offered. The second definition suggests that populism entails specific opportunistic policies that are primarily aimed at gaining political support rather than providing the best solution to a particular problem. This interpretation of populism is somewhat similar to the approach of Rodrik (2018), who distinguishes economic populism from political and characterizes the former as a rejection of “constraints on the conduct of economic policy.”³

¹ Molloy, D. (2018). What is populism, and what does the term actually mean? *BBC News*. Available at: <https://www.bbc.com/news/world-43301423>. Last accessed 28.08.2019.

² Mudde, C. (2004). The populist zeitgeist. *Government and opposition*, 39(4), 541-563.

³ Rodrik D. (2018) Is populism necessarily bad economics? *AEA Papers and Proceedings*. Available at: https://scholar.harvard.edu/files/dani-rodrik/files/is_populism_necessarily_bad_economics.pdf. Last accessed 28.08.2019

In this paper, we focus on economic populism and use the second definition proposed by Mudde (2004). We estimate the level of populism support among the Ukrainians by looking at the results of a representative nationwide survey.

2.1. INTERNATIONAL EXPERIENCE

2.1.1. THE NEW WAVE OF POPULISM

Populism is mentioned more and more frequently in media.⁴ The number of search queries containing the word “populism” also increases steadily.⁵ More and more politicians and political movements can be considered to be populist, and support for such movements is also increasing.⁶ According to one estimate, between 1 billion and 2.5 billion people currently live in the countries with populists in power.⁷ However, populism is not new: most historians agree that populism in its modern form, originated in the late nineteenth century becoming the most popular in the United States and Russia.⁸ Since then, it has been developing in waves, rising and falling. The Deutsche Bank research shows that the level of populism now is the highest since the late 1930s when populist sentiments in many European countries led to the establishment of dictatorships and the outbreak of World War II.⁹

Populist policies and movements can be very different: left- or right-wing, have no leader or a clear organizational structure. They are widespread both in the developed and in the developing countries. The study conducted by The Guardian shows that one in four Europeans votes for populist parties. Though populism is widespread all throughout Europe, in Eastern Europe it has grown the most in recent years.¹⁰ In Poland, for example, populist parties have considerable support despite high economic growth¹¹. In Hungary, the Fidesz Party led by Prime Minister Viktor Orban who uses typical populist rhetoric of pitting the “elites” of the European Union against ordinary Hungarians also enjoys considerable support. Usually, such movements are populist according to both “academic” definition (in terms of pitting “elites” against “ordinary people”) and the definition used by us (in terms of promoting unrealistic economic policy). In Poland, for instance, Law and Justice Party won the election in a large part due to promises of increased support for the economically disadvantaged groups. Such policies, however, entail large expenses, which inflate the state budget, and thus are not always realistic.¹²

⁴ Roodujin, M. (2018). Why is populism suddenly all the rage. *The Guardian*. Available at: <https://www.theguardian.com/world/political-science/2018/nov/20/why-is-populism-suddenly-so-sexy-the-reasons-are-many>. Last accessed 28.08.2019.

⁵ Google Trends. (2019). Populism. Available at: https://trends.google.com/trends/explore?date=all&q=%2Fm%2F01d_sm. Last accessed 28.08.2019.

⁶ Velasco, A. (2018). Policymaking in the time of Populism. *School of Public Policy*. Available at: <http://www.lse.ac.uk/school-of-public-policy/assets/Documents/Professor-Andr%C3%A9s-Velasco-SPP-Launch-Speech-.pdf>. Last accessed 28.08.2019.

⁷ Lewis, P., Barr, C., Clarke, S., Voce, A., Levett, C., & Gutiérrez, P. (2019). Revealed: the rise and rise of populist rhetoric. *The Guardian*. Available at: <https://www.theguardian.com/world/ng-interactive/2019/mar/06/revealed-the-rise-and-rise-of-populist-rhetoric>. Last accessed 28.08.2019.

⁸ Mudde, C., & Kaltwasser, C. R. (2017). Populism: A very short introduction. *Oxford University Press*.

⁹ Durden, T. (2018). Geopolitical Risk Is Back To Cold War Highs. Available at: <https://www.zerohedge.com/news/2018-04-15/geopolitical-risk-back-cold-war-highs>. Last accessed 28.08.2019.

¹⁰ Henley, J. (2018). How populism emerged as an electoral force in Europe. *The Guardian*. Available at: <https://www.theguardian.com/world/ng-interactive/2018/nov/20/how-populism-emerged-as-electoral-force-in-europe>. Last accessed 28.08.2019.

¹¹ Owczarek, D. (2017). The roots of populism in Poland: Unsustainable growth and cultural backlash. *CIDOB Report, 1*. Available at: https://www.cidob.org/en/articulos/cidob_report/n1_1/the_roots_of_populism_in_poland_unsustainable_growth_and_cultural_backlash. Last accessed 28.08.2019.

¹² Tacconi, M. (2019). Illiberal Trend: Kaczynski's Poland and the Economic Populism. *Reset DOC*. Available at: <https://www.resetdoc.org/story/illiberal-trend-kaczynskis-poland-soft-economic-populism/>. Last accessed 28.08.2019.

2.1.2. WHY IS POPULISM DANGEROUS?

A high level of populism support can have negative consequences. First, when populists come to power, they begin implementing opportunistic policies, which can have a small positive effect in the short-run and a huge negative effect in the long-run. Such policies slow the economy down and leave those who voted for populists worse off than they had been before.

All over the world populist politicians led the change in the political rhetoric. Instead of a meaningful, well-reasoned discussion populists resort to manipulations, over-simplification and offering too simple solutions for complex problems. The fact that such populist tactics work may incentivize other, more mainstream politicians to resort to similar over-simplifications, thus changing the discourse in politics.

2.2. CAUSES OF POPULISM

As the number of populist politicians has been growing and the populist rhetoric has become more and more common, academic research has focused on the factors, contributing to the rise of populism. In general, such factors can be divided into economic and cultural. However, economic and cultural factors are often interconnected.

2.2.1. ECONOMIC FACTORS

Research has focused extensively on a link between populism and **economic insecurity**. For instance, Algan et al. (2017), analyzing the rise of populism in Europe, show that populism support is higher in the regions with higher unemployment.¹³ However, the trend in the unemployment rate is more significant than its absolute level: if the residents of a particular region see that unemployment is increasing, they see that the current policy is not effective and thus support the populist policy instead. Other studies also provide support for the importance of economic insecurity. For example, Guiso et al. (2017) show that the demand for populism depends on economic insecurity both directly and indirectly: economic insecurity may foster negative attitudes towards migrants and reduce confidence in state institutions, which in turn leads to an increase in populism.¹⁴

Globalization can also increase the support of populism. Although overall globalization has a positive impact both on developing and developed countries, gains from globalization are often distributed unevenly, thus increasing economic insecurity. Since low-skilled labor is cheaper in the developing countries, low-skilled jobs are often transferred from the developed to the developing countries, leaving many low-skilled workers in the developed countries unemployed and economically disadvantaged.¹⁵ Although most studies focus on the impact of globalization on low-skilled workers, highly skilled workers can suffer from globalization too. Aksoy et al. (2018) show that countries that import more high skill-intensive goods have a lower level of support for the

¹³ Algan, Y., Guriev, S., Papaioannou, E., & Passari, E. (2017). The European trust crisis and the rise of populism. *Brookings Papers on Economic Activity*, 2017(2), 309-400. Available at: <https://www.jstor.org/stable/pdf/90019460.pdf>. Last accessed 28.08.2019.

¹⁴ Guiso, L., Herrera, H., Morelli, M., & Sonno, T. (2017). Populism: demand and supply. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2924731. Last accessed 28.08.2019.

¹⁵ Guriev, S. (2018). Economic drivers of populism. In *AEA Papers and Proceedings* (Vol. 108, pp. 200-203). Available at: <https://www.aeaweb.org/articles?id=10.1257/pandp.20181123>. Last accessed 28.08.2019.

current non-populist government by skilled workers.¹⁶ Thus, when globalization has a negative impact on high-skilled workers, they can also support populists.

In addition to economic insecurity, globalization also contributes to **income inequality**. As mentioned above, globalization generally has a positive impact on economic growth and incomes. However, the incomes of the rich are growing faster than the incomes of the poor. Increasing inequality increases demand for populism: Pastor and Veronesi (2019) simulate demand for populism,¹⁷ showing that for residents of rich countries, where marginal utility¹⁸ from consumption is low and inequality is high if inequality is undesirable in itself, it may be rational to vote for populists. Voters understand that by slowing down globalization, populism will have a negative impact on economic growth, but hold back growing income inequality. Populism is attractive because reduced inequality is more tangible for citizens than the slowdown in economic growth.

2.2.2. CULTURAL FACTORS

Although economic factors contribute to the increased populism support, research shows that to some extent it can also be attributed to **cultural factors**, such as trust in the institutions as well as attitudes towards immigration.

Research shows that **trust in institutions** is often correlated with support for populist parties. For instance, Dustmann et al. (2017) show that in the EU countries where trust in government institutions is lower, the support for populist parties is higher.¹⁹ These results make sense: if a person does not trust the established institutions, they would be more likely to support fringe populist political parties. However, why is there a distrust of political institutions in the first place? The research shows that in the EU older people, people with lower levels of education, people who live in poorer regions, as well as those with more authoritarian or traditional values are more likely to support populists and less likely to trust institutions.^{20;21}

Another factor that has been found to be linked with the support of populism is **attitudes towards immigration**. Research shows that as the liberal values have become more and more widespread and immigration has become more common in the West, this provoked resistance and a sense of insecurity among those who have traditional values. People who felt the threat to their usual way of life began supporting populist parties and politicians who promised to return to traditional values. Inglehart and Norris (2016) show that such cultural factors as anti-immigrant sentiments, distrust in the government and international institutions and authoritarian values are most highly correlated with the support for populism.²²

¹⁶ Aksoy, C. G., Guriev, S., & Treisman, D. S. (2018). *Globalization, Government Popularity, and the Great Skill Divide* (No. w25062). National Bureau of Economic Research. Available at: <https://www.nber.org/papers/w25062.pdf>. Last accessed 28.08.2019.

¹⁷ Pastor, L., & Veronesi, P. (2018). *Inequality aversion, populism, and the backlash against globalization* (No. w24900). National Bureau of Economic Research. Available at: <https://www.nber.org/papers/w24900.pdf>. Last accessed 28.08.2019.

¹⁸ Wikipedia. (2019). Marginal utility. Available at: https://en.wikipedia.org/wiki/Marginal_utility . Last accessed 28.08.2019.

¹⁹ Dustmann, C., Eichengreen, B., Otten, S., Sapir, A., Tabellini, G., Zoega, G. (2017). Populism and trust in Europe. VOX. Available at: <https://voxeu.org/article/populism-and-trust-europe>. Last accessed 28.08.2019.

²⁰ Dustmann, C., Eichengreen, B., Otten, S., Sapir, A., Tabellini, G., Zoega, G. (2017). Populism and trust in Europe. VOX. Available at: <https://voxeu.org/article/populism-and-trust-europe>. Last accessed 28.08.2019.

²¹ Foster, C., & Frieden, J. (2017). Crisis of trust: Socio-economic determinants of Europeans' confidence in government. *European Union Politics*, 18(4), 511-535. Available at: http://scholar.harvard.edu/files/jfrieden/files/friedenfoster_feb2017.pdf. Last accessed 28.08.2019.

²² Inglehart, R. F., & Norris, P. (2016). Trump, Brexit, and the rise of populism: Economic have-nots and cultural backlash. *HKS Faculty Research Working Paper Series*. Available at: https://formiche.net/wp-content/blogs.dir/10051/files/2017/01/RWP16-026_Norris.pdf. Last accessed 28.08.2019.

However, many studies suggest that economic and cultural factors are interrelated: Algan et al. (2017) show that economic insecurity can lead to the diffusion of traditional values which in turn increase populism support, while traditional and conservative values may also prolong the recession as it may be more difficult for people with such values to adapt to new economic realities.²³ Guiso et al. (2017) also state that culture is not a *separate cause* influencing the populism support, but rather a *channel* through which economic insecurity influences the support for populism.²⁴ Economic insecurity enhances distrust in government institutions (people believe that the existing institutions are not able to improve their financial situation) and negative attitudes towards migrants (creating stereotypes that migrants are taking the jobs of the locals), which, in turn, contributes to the popularity of populism.

Anti-immigrant attitudes can also be shaped by other economic factors, such as whether immigrants have access to benefits. If they do, locals may consider it unfair as now they have to compete with immigrants for scarce public resources. Cavaille (2019) shows that in Austria anti-immigrant sentiments, which in turn increase the support of populism are driven by such economic considerations.²⁵

In addition to economic and cultural causes, support for populism can arise through cognitive biases, **lack of critical thinking**, or irrationality. This is supported by recent research by The Guardian that looks at what influences the support of populism in 19 countries.²⁶ The research shows that there is a strong correlation between the support for populism and belief in conspiracy theories, such as skepticism towards climate changes, or a belief that AIDS was invented by the CIA, etc. Beliefs in conspiracy theories that are not supported by any credible evidence may be a sign of a lack of critical thinking. This can be explained as those who believe in things that are not supported by any credible evidence, and therefore do not use critical thinking in their everyday life are also less likely to exhibit critical thinking when making political decisions, supporting those politicians who promise unrealistic things.

Overall, the research shows that in a European context, support for populism is focused on globalization, inequality and perception of inequality. Instead of looking for solutions to these problems, politicians and ordinary Europeans often look for a scapegoat among migrants or public institutions. However, Ukraine is different from Western European countries in a number of ways. Ukraine is poorer than European countries, has a different historical experience and has a relatively low level of immigration. Therefore, while some of the causes of European populism, such as economic insecurity or inequality are still relevant for Ukraine, others such as migration are less so. Thus, in our research, we have focused on those factors, which we believe to be of particular relevance to Ukraine.

3. HOW WE MEASURED SUPPORT OF POPULISM?

We measured the level of populism support based on the support for various populist economic policies. We used the question of how the given policy would affect the respondents' well-being as a proxy for populism support.

²³ Algan, Y., Guriev, S., Papaioannou, E., & Passari, E. (2017). The European trust crisis and the rise of populism. *Brookings Papers on Economic Activity*, 2017(2), 309-400. Available at: <https://www.jstor.org/stable/pdf/90019460.pdf>. Last accessed 28.08.2019.

²⁴ Guiso, L., Herrera H., Morelli M., Sonno T. (2017). The spread of populism in Western countries. *VOX*. Available at: <https://voxeu.org/article/spread-populism-western-countries>. Last accessed 28.08.2019.

²⁵ Troeger V., Egerton-Warburton D., O'Donnell, L. (2019). Which way now? Economic policy after a decade of upheaval. CAGE Policy Report. *The Social Market Foundation*. Available at: https://warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/publications/cage_report_2019_web.pdf#page=30. Last accessed 28.08.2019.

²⁶ Lewis, P., Boseley, S., Duncan, P. (2019). Revealed: populists far more likely to believe in conspiracy theories. *The Guardian*. Available at: <https://www.theguardian.com/world/2019/may/01/revealed-populists-more-likely-believe-conspiracy-theories-vaccines>. Last accessed 28.08.2019.

If a populist policy is implemented, it will negatively affect the well-being of Ukrainians. The advantage of using this approach is that we receive more homogeneous responses compared to the responses we would have received if asking directly whether a respondent supports a given policy. An individual may support any policy for a number of reasons, such as the impact of the policy on one's personal well-being, on the well-being of the country, ideological considerations, etc. We look at the support for populist policies rather than parties that use populist rhetoric to separate the support of populism itself from other considerations that may lead people to support a particular party. Moreover, in the Ukrainian context, almost all political parties resort to populism, so it is difficult to define populism as supporting one particular party.

In order to identify policies, the attitudes towards which we want to measure, we have decided to choose the most widespread and relevant policies. We used the following criteria to select such policies:

1. **Relevance for Ukrainians.** We decided to focus on the topics that Ukrainians view as the most important. To measure the importance, we used data from nationwide sociological surveys that are publicly available and conducted by reputable sociological organizations, namely the Kyiv International Institute of Sociology (KIIS) and the Sociological Group "Rating".
2. **Prevalence among politicians.** In order to select the policies that can truly be implemented and therefore are relevant for Ukraine, we decided to focus on those that are most popular among the politicians. To do so, we analyzed the election manifestos of the top ²⁷ presidential candidates in the 2019 elections. Having analyzed the manifestos, we calculated the number of times each topic was mentioned in their manifestos and selected the topics with the highest number of mentions.
3. **Relevance for the economy.** We decided to limit our analysis to the topics that are directly relevant to the economy. Thus, despite the fact that the polls show that many other topics, such as international relations, defense, etc. are also important to ordinary Ukrainians and are often mentioned in the candidates' manifestos, they are beyond the scope of our analysis.

Using the criteria outlined above, we selected the following eight populist policies:

- **Price controls on medicines and food.** Price controls may seem to be an easy way to guarantee low prices. However, economic theory and historical experience show that setting prices below the market price can lead to a shortage of goods, a decrease in their quality and stimulate corruption. Therefore, we consider this proposal to be harmful and opportunistic.
- **Raising the minimum pension to UAH 5000²⁸.** A sharp increase in the minimum pension will lead to an equally sharp increase in budget expenditures. Unless this increase in expenditures is offset by a reduction in other expenditures or an increase in budget revenues, this policy will increase the budget deficit and lead to inflation. This proposal is an example of a populist policy as defined by Rodrik because it neglects the constraints on the economic policy.
- **Reducing the retirement age.** As in the example with raising the minimum pension, reducing retirement age will increase the deficit of the Pension Fund and the State Budget, from which this deficit is covered, as it means an increase in expenditures with no change in revenues. Under certain conditions, this policy can have even worse consequences. An increase in expenditures can be accompanied by the reduction in the income of the Pension Fund as employees will retire early thus stopping their contributions earlier. As a counteraction to this, it is sometimes suggested to increase the contributions to the Pension Fund. However,

²⁷ At the time of data collection (February 2019), these candidates were as follows, according to the sociological survey data: Volodymyr Zelenskiy, Yulia Tymoshenko, Petro Poroshenko, Anatoliy Grytsenko, Yuriy Boyko, Oleg Lyashko, Andriy Sadovy, Yevgen Murayev, and Ruslan Koshulynsky.

²⁸ UAH 5000 is approximately equal to \$200. As of July 2019 minimum pension is UAH 1936 (approx. \$77)

this is likely to lead to an increase in the shadow employment, thus negating the effect of increased contributions.

- **Capping the maximum salary to the equivalent of 5 times the minimum wage.** In order to implement this policy, the government has to either substantially increase the minimum wage or to set a progressive tax with a 100% high-income rate. Increasing the minimum wage can lead to higher unemployment rates among the most disadvantaged groups and is likely to increase the shadow economy. Setting a maximum wage will also lead to an increase in the shadow economy as well as labor supply shortages in the industries not able to pay wages informally. Thus, this policy will not only fail to achieve its goal but may have severe negative effects on economic growth.
- **Ordering employers to increase a salary up to \$ 1,000.** First of all, the state does not have a legal mechanism for the direct regulation of wages in the private sector; it can only influence the size of the minimum wage. As noted above, an increase in the minimum wage can lead to an increase in unemployment or the shadow sector: if the wages increase, some employers may decide to cut the number of employees or start paying wages informally. Therefore, such a policy is both unrealistic and harmful.
- **Directing the natural gas produced in Ukraine towards the needs of the population.** This policy is not realistic. The state-owned companies produce less natural gas than Ukrainians consume, while the state cannot force private companies to sell natural gas to citizens at low prices.²⁹ In addition, this policy would lead to a decrease in gas production, since investment in natural gas production would be less profitable. In the future, the import of natural gas and the budget deficit would increase as natural gas will have to be purchased on the global market and sold to citizens at a price below market. Furthermore, this policy is likely to increase corruption as the existence of two different natural gas prices for businesses and population can be abused by selling natural gas to businesses at household prices.
- **Reducing the natural gas price by half.** This policy is also populist. As in the case with price controls on food and medicines, setting a price below the market will lead to the shortages of natural gas (due to a decrease in natural gas production) and corruption. There is also a risk that gas for enterprises would be sold at household prices due to corrupt practices. This policy will also lead to a significant increase in budget expenditures (and hence increase in the budget deficit and inflation) and the replacement of a targeted subsidy system (when the state helps those in need) with a system that will benefit not only the poor but also the rich.
- **State-guaranteed employment for all citizens.** This policy is populist, as it ignores constraints of the state influence, The state cannot directly influence the number of employees in the private sector. The state can only guarantee employment by significantly increasing the public sector. However, this would lead to a significant increase in budget expenditures, budget deficit, and inflation.

4. SUPPORT FOR POPULIST POLICIES

In order to measure the level of support of selected populist policies, Centre for Economic Strategy together with the international research company Kantar TNS in Ukraine has conducted a representative survey of 2,000 respondents.³⁰

²⁹ Batoch, Y. (2018). What do politicians say about gas and which ones are wrong? Elimination of illiteracy on gas issues. *Vox Ukraine*. Available at: <https://voxukraine.org/uk/shho-politiki-kazhut-pro-gaz-ta-hto-z-nih-pomilyayetsya-gazovij-liknep/>. Last accessed 28.08.2019.

³⁰ The survey design is described in Appendix 1.

We asked the respondents how each populist policy would affect the well-being of their family, as well as whether they believe such a policy can be implemented. We defined the belief in the implementation of the policy as a belief that the presidential candidate the respondent supports would be able to implement the policy.

The results for each populist policy are summarized below (Figure 1). On average, **84% of the respondents believe that populist policies would have a positive effect on their well-being, while 59% believe they are both positive and realistic. 52% of Ukrainians consider all 8 proposals positive for their well-being; 96% support more than 5 proposals; less than 1% do not support any populist policies.**

Price controls on medicines and food have the highest support. 90% of Ukrainians believe that it will have a positive impact on the well-being of their families, and 75% consider it both positive and realistic. Survey data shows that Ukrainians consider inflation to be the most important issue for them personally.³¹ Thus, despite the fact that inflation is much lower than it was in 2014-2015, Ukrainians still consider it to be a major problem. Surveys also show that Ukrainians systematically overestimate inflation³², while the real inflation rate has been gradually declining since 2016. In our opinion, there are two possible explanations for this phenomenon. Firstly, when trying to predict the prices in the future, Ukrainians take into account not only the current inflation rate but also past inflation rates, in particular, periods of exceptionally high inflation. Since in the past the periods of high inflation rate were unexpected for ordinary Ukrainians, it may be rational for them to assign extra weight to such periods, especially if they are risk-averse. This would lead to higher expected inflation and thus the belief in its importance. Secondly, this perception may be subjective and not fully rational. Behavioral economics shows that people focus more on losses than gains. As the price increases have a negative effect on the well-being of Ukrainians, they view it as loss and notice price increases more than price decreases.

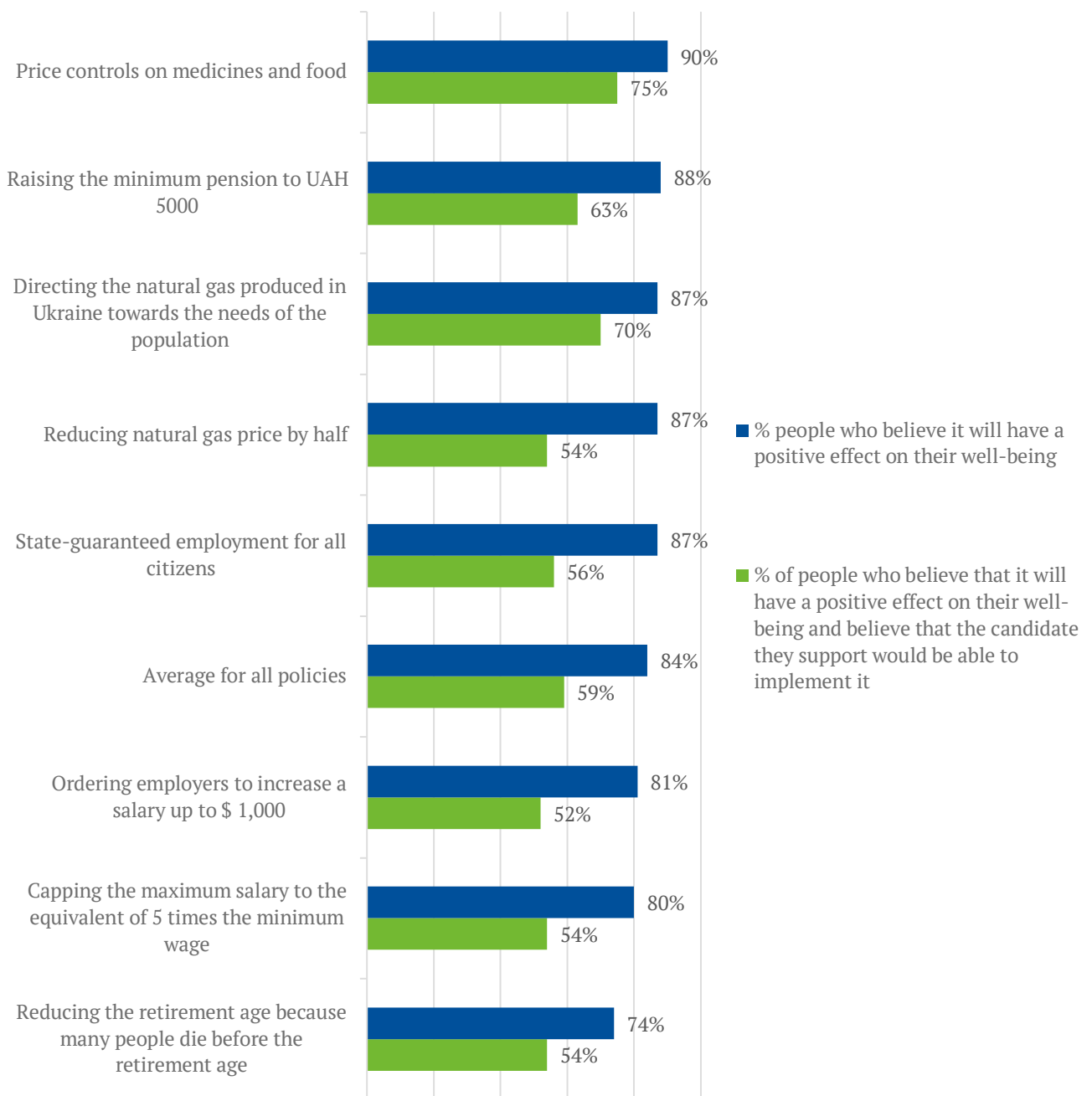
The populist policy with the lowest level of support is reducing the retirement age. However, the support for this policy is still very high: more than 70% of Ukrainians believe it will have a positive effect on their well-being. Support for this policy may be relatively low due to the fact that the retirement age in Ukraine is relatively low compared to other European countries. Another possible explanation is that only a relatively small proportion of the population (those who are about to retire) is affected by this policy. The well-being of those who are already retired will not be affected, while those who are younger may discount the future and not take into account their well-being when they are older.

It is noteworthy that the vast majority of Ukrainians consider populist policies to be realistic, i.e. believe that such policies can be implemented by the presidential candidate they support. For each populist proposal, more than 50% of Ukrainians consider it to be realistic. This means that when people think that such a policy would have a positive impact on their well-being, they do not say that in the abstract, but rather have genuine expectations regarding the implementation of such policies (Figure 1).

³¹ Rating. (2019). Socio-political views of Ukraine: IRI survey. Available at: http://ratinggroup.ua/research/ukraine/obschestvenno-politicheskie_vzglyady_naseleniya_ukrainy_opros_iri.html. Last accessed 28.08.2019.

³² NBU (2019). Inflation Expectations Report for July 2019. Available at: https://bank.gov.ua/control/uk/publish/article?art_id=23487024&cat_id=57896. Last accessed 28.08.2019.

Figure 1. Support and realism of populist proposals



5. WHO IS THE MOST VULNERABLE TO POPULISM?

We constructed a Populism Support Index on a scale of 0 to 8: it equals to a number of populist policies that the respondent believes would have a positive effect on their well-being. To analyze the results in more details we conducted regression analysis. The results are shown in Table 2 (Appendix 2).⁵³

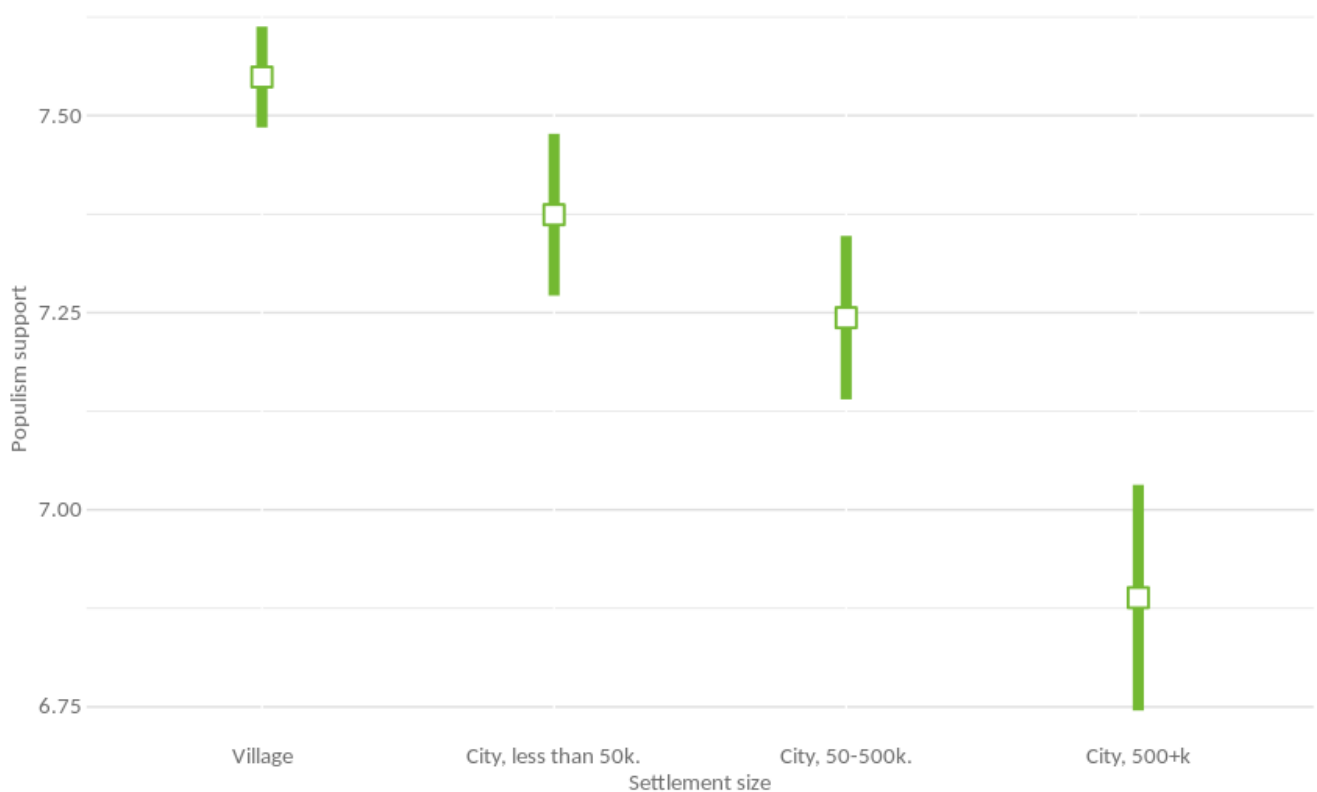
As mentioned above, the level of support of populist policies is high: the overwhelming majority of respondents support all 8 populist policies. On average, Ukrainians support 7.3 populist policies with a standard error of 1.173.

⁵³ See the table, methodology and a more detailed description of the results in Appendix 2.

Key findings from the regression analysis are :

1. Out of **socio-demographic variables, only gender, settlement size, income, and education have a statistically significant effect on the support of populism**. We see that on average women support 0.4-0.5 more populist proposals than men do. For comparison, respondents support an average of 7.3 populist proposals; 95% of respondents support between 5 and 8 populist proposals. The smaller the settlement, the greater the populism support – residents of towns with population up to 500,000 support on average 0.2 less populist policies than those who live in villages, while those who live in the cities with the population greater than 500,000 support 0.4-0.5 less policies than those who live in villages (Figure 2). People with lower incomes are also more likely to support populism. Those whose total monthly household income is more than UAH 20,000 (approx. \$800) support, on average, 0.4-0.5 populist policies less than those whose household income is lower than UAH 3,000 (approx. \$120) (Figure 3).

Figure 2. Populism support by settlement size³⁴



Note: the squares in the graph show the mean level of populism support by settlement size. The lines indicate the 95% confidence interval.

³⁴ This and other graphs present the descriptive statistics. These results, however, are very similar to the results of the regression analysis indicated in Appendix 2.

Figure 3. Populism support by income



Note: the squares in the graph show the mean level of populism support by income level.³⁵ The lines indicate the 95% confidence interval

These results show that those who are economically disadvantaged are more likely to support populism. For instance, people from smaller settlements lack opportunities for high-quality education, employment, income, and savings. Women also on average have lower incomes than men do. Furthermore, women may also have fewer opportunities than men due to discrimination and biases. As mentioned above, research shows that there is a link between economic insecurity and support for populism, so our results are expected. Our hypothesis is that these economically disadvantaged groups may be most inclined to support populism because the current policy is not working for them. Therefore, by taking a risk to support populism they have the least to lose if it does not work out and most to gain if it does.

Thus, our results show that reducing populism support would require paying more attention to these economically disadvantaged groups when developing economic policy. If these people see that current policy takes their needs into account, they would be more likely to support it and not populism. Economic growth must be inclusive – ensuring that everyone benefits from it.³⁶

2. **There are no significant differences in support of populism between people of different ages.**

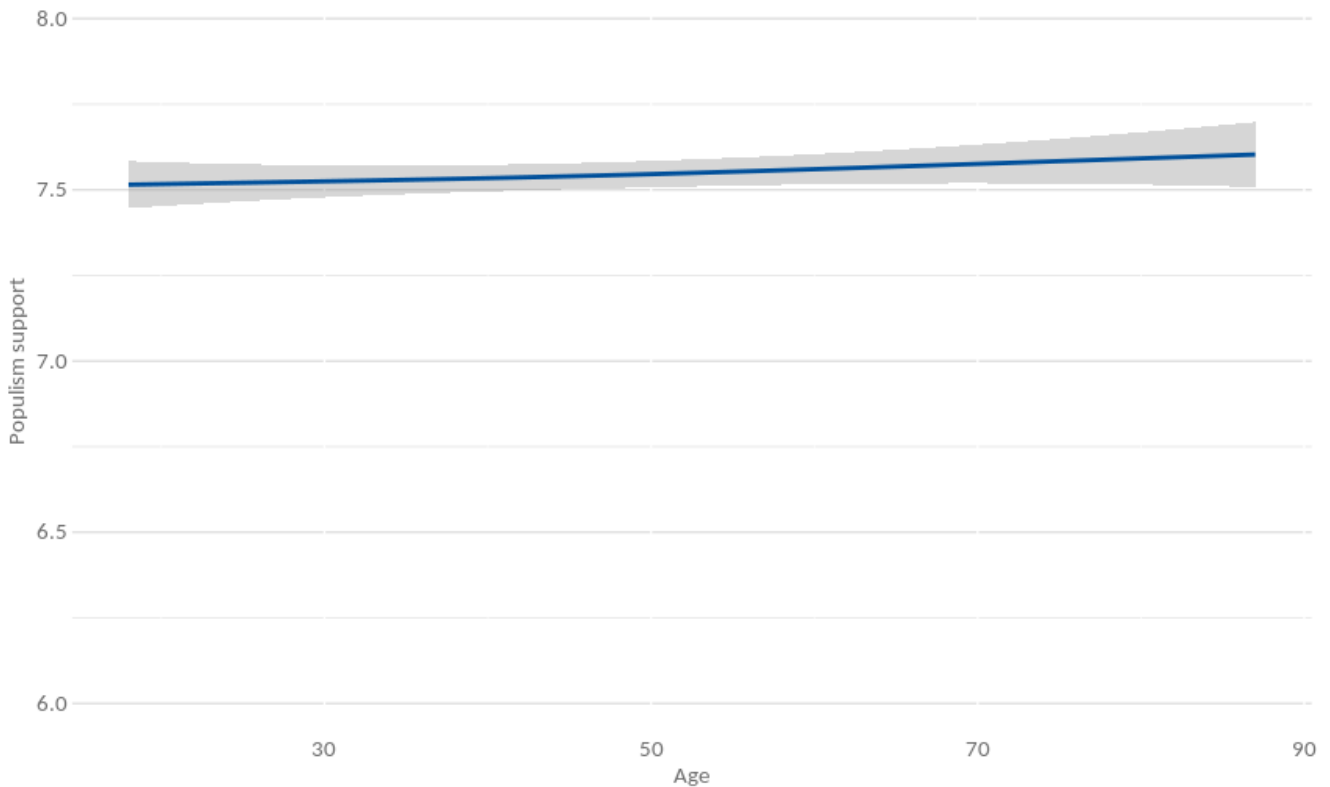
Although the stereotype that young people are more progressive, have a better understanding of economics and are less inclined to support populism is ubiquitous, our data shows that this is not true. Figure 4 indicates that there are no differences in populism support between different age categories. Support for populism is roughly the same for young and middle-aged people, and while the support starts rising after

³⁵ Very low income – up to UAH 3,000, low income – UAH 3,000-10,000, medium – UAH 10,000-20,000, high – more than UAH 20, 000.

³⁶ Yablonovsky, D., Zakharov, A. (2017). Analytical note “To liberate the captured state of Ukraine”. *The Centre for Economic Strategy*. Available at: <https://ces.org.ua/wp-content/uploads/2017/03/Zvilnyty-zakhoplenu-derzhavu-Ukraina.pdf>. Last accessed 28.08.2019.

55-60 years old, this increase is insignificant. The regression analysis supports this observation – we see that there is some positive correlation between age and support of populism, primarily driven by the slightly higher support of the older people. However, this effect is very small in magnitude. In addition, the logit regression shows that this effect is not statistically significant. Thus, no age group is immune to populism.

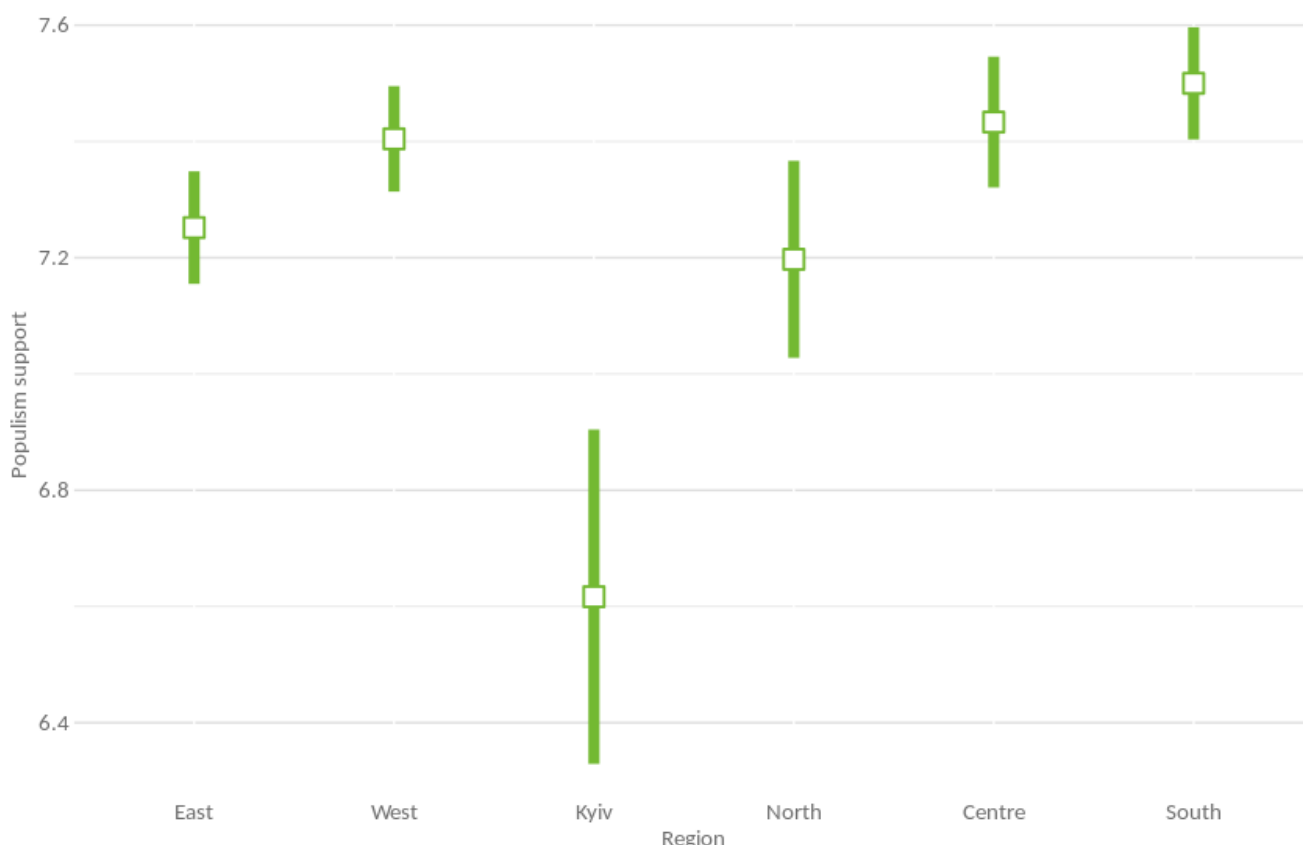
Figure 4. Populism support by age



3. **A regional gap in populism support is insignificant.** Although the residents of Eastern and Western Ukraine vote for different political parties, they do not differ much in support of populism in economic policy. The same is true for the residents of Central, Southern and Northern Ukraine (Figure 5). Support for populism among Kyivans is somewhat lower, but this may be explained by higher incomes and a higher level of education among the Kyiv residents. In addition, the regression analysis (which is a more accurate method of analysis as it allows separating the influence of different factors) shows that the level of support of populism in Kyiv and other regions is not significantly different. This may be due to the fact that the size of the settlement is controlled in the regression: therefore, the level of populism support in Kyiv is lower due to the fact that it is a big city, not due to certain regional differences of Kyiv itself.
4. **Critical thinking in everyday life is important in countering populism.** As noted above, research shows that critical thinking in everyday life is linked with populism support. Our results show that it is relevant to Ukraine as well. The regression analysis shows that people who believe in fortune-tellers tend to support on average 0.2 more populist policies. These results show that critical thinking reduces the support of populism in economic policy; therefore, it is important to develop critical thinking, for example, through the educational system. It is important to note that the link between populism support and belief in fortune-tellers and psychics is stronger than the link between populism support and trust in

vaccination.³⁷ This is an unexpected finding because international studies have repeatedly shown that people who did not trust vaccination have significantly higher support for populism.³⁸ This shows that populism support in Ukraine is more correlated with the critical thinking itself, rather than lack of trust in institutions or beliefs in conspiracy theories. It is also notable that only certain types of discrimination are statistically significantly associated with populism support – people who are biased against the LGBT community are more likely to support populism, while there is no link between populism support and racial or religious discrimination.

Figure 5. Populism support in different regions



Note: the squares in the graph show the mean level of populism support by region. The lines indicate the 95% confidence interval

5. **Liberalism**³⁹. One of the variables we used in the regression is attitudes towards economic liberalism.⁴⁰ Our results show that people who have more liberal economic views are less likely to support populism in economic policy. These results can be explained by the fact that left-wing populism is more widespread in Ukraine. Therefore, most of the populist ideas we used to measure populism were left-wing. It makes sense, therefore, that people with liberal persuasions will be more likely to support this kind of populism.

³⁷ In the OLS regression the belief in psychics and fortune-tellers is significant at 1% level, while trust in vaccination is only significant at 10% level. In the ordered logistic regression, belief in psychics and fortune-tellers remains significant at 1% level, while trust in vaccination is insignificant.

³⁸ Lewis, P., Boseley, S., Duncan, P. (2019). Revealed: populists far more likely to believe in conspiracy theories. *The Guardian*. Available at: <https://www.theguardian.com/world/2019/may/01/revealed-populists-more-likely-believe-conspiracy-theories-vaccines>. Last accessed 28.08.2019.

³⁹ By “liberalism” we mean classical liberalism or right-wing economic policies rather than social liberalism and left-wing economic policies

⁴⁰ See Appendix 1 for a description of how this variable is constructed.

6. HOW TO DEAL WITH THE SUSCEPTIBILITY TO POPULISM?

6.1. HOW TO CHANGE PEOPLE'S POINT OF VIEW?

Although the vast majority of Ukrainians support populist policies, our research also shows that such views may be changed. Our research shows that support or non-support of a certain policy depends on the wording of the question. We examined how different framing of the same populist policies affects the support for populist proposals. We used the following types of framing: altruistic versus selfish; arguments supported by a reputable source; the use of emotional and non-emotional rhetoric; paternalistic arguments; emphasizing the risk.

In order to test our hypothesis on framing, in addition to questions about the impact of a particular policy on an individual's well-being, in the second part of our survey, we repeated the questions on the support of populist and non-populist policies but changed the wording. We asked the respondents not just how the particular policy would affect their well-being but gave them an opportunity to choose between two policies, both aimed to solve the same issue. One of these policies was populist, while the other was not. In order to test which kind of framing works best, we randomly split the sample in half, offering a different argument in support of a non-populist policy to each half. To see which type of framing works best, we compared the average level of support of populist and non-populist policies between the two groups.

Our results show that **in the first part** of our survey, an average of 84% of respondents considered populist policies to be positive for their well-being, while **in the second part** only 54% preferred populist policies to non-populist policies. Therefore, if people are provided with more accurate information regarding the possible alternatives to populist policy, their support for populism may decrease, but the magnitude of such decrease is limited.

Egoism or altruism?

What works better – appealing to the well-being of a particular individual, or to the well-being of others? We tested it using pension reform as an example. At the beginning of the survey, only 24% of Ukrainians considered a gradual increase in the length of service required for retirement to be positive for their well-being. In the second part of the survey, we split our sample randomly into two halves and allowed each group to choose between two policy options. The first policy option was to increase the length of service required to retire, while the other option was to leave it unchanged. Table 1 shows how the question was asked.

Half of the sample was provided selfish arguments in favor of increasing the length of service required to retire. They had to choose between “It's better to work longer and to get a higher pension” and “It's better to retire earlier, even if the pension is low.” We see a significant rise in support for the increase in the length of service required for retirement: **53% supported a later retirement.**

For the second half of the sample, we used altruistic framing in favor of raising the length of service required to retire. They had to choose between “Raising the retirement age to pay more to older people” and “It's better to retire earlier, even if the pension is low.” In this case, **44% supported raising the retirement age.**

Table 1

1 st half of the sample			
It's better to work longer and to get a higher pension		It is better to retire early, even if the pension is low	
Strongly agree	Somewhat agree	Somewhat agree	Strongly agree
2 nd half of the sample			
Raising the retirement age to pay more for older people		It is better to retire early, even if the pension is low	
Strongly agree	Somewhat agree	Somewhat agree	Strongly agree

The results show that Ukrainians are more likely to support unpopular policies when they are informed that such policies will improve their personal well-being rather than the well-being of those economically disadvantaged. Therefore, in order to convince Ukrainians to support unpopular proposals, politicians should emphasize the personal benefit, every Ukrainian will receive from this proposal, not the benefit of the country as a whole.

Do rational arguments influence the support of populism?

To test whether rational arguments from reputable sources influence support of populism, we asked Ukrainians about their attitudes to a substantial increase in the minimum wage. At the start of the survey, 81% of Ukrainians stated that making employers increase a salary up to \$1,000 per month would have a positive impact on their well-being. In the second part of the survey, we split our sample randomly into two groups and allowed each group to choose between two policy options, one of which envisaged significantly increasing in the minimum wage and the other did not.

We asked the control group to choose between “It is necessary to substantially raise the minimum wage in order to take care of people who do not have ends meet means” and “There is no need to increase the minimum wage” – without presenting any arguments against raising the minimum wage. In this case, only **8% of respondents were against** raising the minimum wage.

The second group had to choose between “It is necessary to substantially raise the minimum wage in order to take care of people who do not have ends meet means” and “There is no need to increase the minimum wage because economists agree that it will increase prices and unemployment”. Therefore, in this case, the second option was supplemented by the argument from a reputable source arguing against a reduction in the minimum wage. In this case, **25% were against** the increase in the minimum wage.

Thus, arguments from a reputable source can substantially weaken support for populist policies. However, although opposition to populism has increased significantly, still only a quarter of respondents were against populism. Thus, although the effect is statistically significant, it remains relatively small in magnitude.

Can the negative past experience stop populism?

As noted above, price controls are the most popular populist policy. When asked about how the state price controls on medicines and food will affect their well-being, 90% say it will have a positive effect. Is it possible to reduce support for this proposal? If so, which counter-arguments work better: appealing to the Soviet-era experience with shortages of products (more emotional argument), or appealing to market competition that can lead to lower prices (less emotional argument)?

In order to test whether it is possible to reduce the level of support of populism, and what arguments are more effective, we again split the sample in half. The first group was given the choice between “It is necessary to establish price controls for medicines and food” and “There is no need in price controls; it will lead to a shortage of medicines and food as it was in the USSR.” However, in this case, 83% still support the price controls for medicines and products.

The second group had to choose between the following options: “It is necessary to establish price controls for medicines and food” and “There is no need to control prices; competition will make businesses lower the prices”. However, in this case, 82% continue supporting price controls.

Our results show that both emotional and less emotional framings have a similar effect on the support of price controls. Although in both cases the support has somewhat decreased from 90% when no counterarguments were given, both more emotional arguments appealing to the Soviet-era experience and less emotional arguments appealing to the effect of competition on prices had a minor impact on the respondents’ opinion.

Does emotional rhetoric work?

Populists often use emotional rhetoric to advocate for their policies. Usually, populists do not use facts or evidence when advocating for a particular policy but appeal to emotions. However, does it always work? Or is the emotional rhetoric overused, so that such appeals are counterproductive? To find out, we asked the respondents if they support lowering the natural gas prices. Natural gas prices are a hot topic in the current political discourse: it is ubiquitous in the political talk shows and campaign manifestos. Such prevalence could be one of the reasons for its popularity: 87% of the respondents said that halving the price of natural gas will have a positive impact on their well-being.

In the second part of the survey, we asked respondents to choose between two policy options: “Reducing natural gas prices by half” and “Higher natural gas prices for the rich and lower natural gas prices for the poor” (as is de facto now). Randomly dividing our sample into two halves, we gave the first group the choice between “Cheap natural gas for everybody at the expense of the state” and “Cheap gas for the poor, the rich have to pay the market price.” In this case, 37% continue supporting the decrease of the natural gas price for everybody.

The second group had to choose between “Stop tariff genocide. Provide cheap gas for everyone at the expense of the state” and “Cheap gas for the poor, the rich have to pay the market price”. Although we used emotional rhetoric in this case, the level of support for reducing gas prices for everyone is almost the same as for the first group (38%).

Therefore, support for lower gas prices between the two groups **is not significantly different**. Thus, emotional rhetoric does not significantly influence the support of populist policies. However, the issue of natural gas prices has long been debated by politicians, often with the use of emotional rather than rational arguments. Hence, these results may be explained by the fact that the voters have been overexposed to this kind of rhetoric, and it has lost its appeal to them. Another possible explanation may be that as natural gas prices is an issue that is mentioned so frequently, most Ukrainians already had a fully established opinion on this issue before the survey and thus were not influenced by our arguments.

Are Ukrainians ready to acknowledge risks?

Changing the type of energy consumption subsidy from in-kind to in-cash is a reasonable policy, and it can increase energy efficiency. However, in-cash subsidy may generate an incentive to spend the transfer on the

current needs of the household rather than paying utility bills. This would lead to an increase in non-payments of utility bills.

59% of the respondents believe that receiving in-cash transfers would improve the well-being of their households. We again randomly divide the respondents into two halves and ask them to choose between two statements. The first group is given a choice between a statement that emphasizes the energy efficiency gains from in-cash transfers: “If the subsidies are paid in-cash, people will save gas, light, and water and spend the rest on their own needs”, and the statement that emphasizes the risk of in-cash payments: “If the subsidies are paid in-cash, people will spend that money on their current needs instead of paying the utility bills”. In this group, 57% believe that in-cash payments would encourage energy efficiency, while only 36% think that people would use this money for their current needs rather than paying the utility bills.

The second group is given a choice between “If the subsidies are paid in-cash, people will save gas, light, and water and spend the rest on their own needs” and “It is necessary to keep the benefits and subsidies as they are now”. In this case, 54% believe that in-cash payments would encourage energy efficiency, while 37% support retaining subsidies as they are.⁴¹

We believe that in this case, respondents do not want to associate themselves with dishonest behavior. However, it is unclear if the real behavior would be the same as the declared one. Soon it would be possible to find out, by checking the statistics on utility bills non-payments.

Paternalism or risk aversion?

The introduction of the fully funded pension system has long been discussed in Ukraine. However, it is hampered by the underdeveloped financial markets and lack of instruments needed for long-term savings, as well as by the fact that to switch to the fully funded system the tax burden on working Ukrainians will have to increase. Does low support of Ukrainians for the fully funded system reflect a rational understanding of these risks, or do they simply support the state’s dominant role in the economy? When asked how the implementation of the fully funded system will affect their well-being, 60% of Ukrainians said it will have a positive impact.

Once again, we tested two types of framing. Half of the respondents had to choose between “The transition to the pay-as-you-go pension system – everyone is responsible for saving for their own pension” and “The state should decide how much citizens have to pay into the Pension Fund and the size of pensions”. In this case, we emphasized the role of the state, thus using the paternalistic argument. In this case, 45% of Ukrainians were against the introduction of the fully funded system.

The second half of the respondents had to choose between “The transition to the pay-as-you-go pension system – everyone is responsible for saving for their own pension” and “Leave everything as it is; changes are a risk that things will get worse”. In this case, only 21% are against the implementation of the fully funded pension system.

Our results show that the framing that emphasizes the greater role of the state is more likely to persuade Ukrainians not to support the fully funded pension system. Thus, although the introduction of the fully funded pension system may be risky in the Ukrainian context, Ukrainians oppose the transition to the fully funded

⁴¹ It is worth noting that the field stage of the study was conducted in late February–early March 2019. In addition, in-cash subsidies were introduced in March (during March for the pensioners, from March 12 on – for all other subsidy receivers). Thus, keeping subsidies as they are now means keeping in-kind subsidies.

pension system not due to understanding of these risks, but because they support a large role of the state in the economy.

6.2. WHO CHANGES THEIR OPINION?

As we can see, support for populism is not robust. When we present certain arguments or frame the question in a certain way, far fewer people support populist policies. Who can be convinced? Is there a group of people who always changes their opinion or can anyone be convinced? In order to test it, we selected three populist proposals, regarding which the change of opinion is the largest. The results of the logistic regression analysis are presented in Appendix 3 (Table 3).

Unfortunately, we did not see a drastic change of opinion regarding other populist policies as we did for these three. Here, we look just into the most successful examples where most respondents refused to support populist policies after receiving more information.

6.2.1. SHOULD EMPLOYMENT BE STATE-GUARANTEED OR IS THERE A PERSONAL RESPONSIBILITY FOR FINDING A JOB?

87% of citizens believe that state-guaranteed employment will have a positive impact on the welfare of their households. This policy is unrealistic and, as shown by the experience of the Soviet Union, it can also lead to inefficient use of the labor force and a negative impact on economic growth.

However, when we offer respondents a choice between two alternatives – (1) state-guaranteed employment and (2) it is the responsibility of each individual to look for a job, while the role of the state is only to provide conditions for business development, only 23% continue supporting state-guaranteed employment.

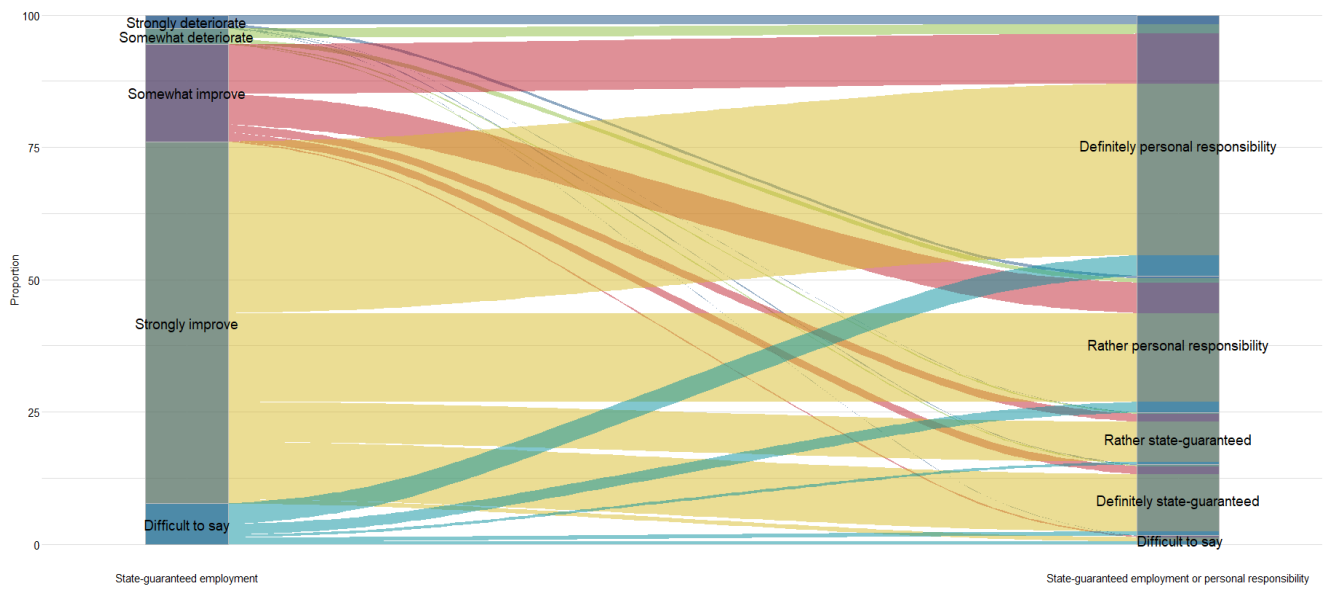
In our view, the presence of alternatives in the second question gives the respondent a context in which to consider this policy, which encourages a person to think and choose a more realistic and effective alternative.

Figure 6 shows that most people who believe that state-guaranteed employment will have a positive impact on their well-being start supporting a personal responsibility for finding a job when answering the question with two alternatives. Moreover, the overwhelming majority of those who change their opinion do so drastically – most people change their opinion about from believing that state-guaranteed employment will significantly improve their well-being to definitely supporting personal responsibility for finding a job.

We have singled out three groups from the sample for further analysis:

- 1) Those who were and still are the supporters of state-guaranteed employment. They constitute 21% of the sample (hereinafter – the staunch supporters)
- 2) Those who were and still are the opponents of state-guaranteed employment. They make up 5% of the sample (hereinafter – the staunch opponents)
- 3) Those who believed that guaranteed employment would have a positive impact on their well-being, but changed their mind and started supporting personal responsibility for job search. They account for 68% of the sample.

Figure 6. How does the attitude of the Ukrainians towards guaranteed employment change depending on the context?



Note: the scale on the left shows the answer to the question “State-guaranteed employment for all citizens – how would it affect the well-being of your household?”. The scale on the right indicates the answer to the question “Which of these statements do you agree with more: 1. “State-guaranteed employment to all citizens” or 2. “ It is the responsibility of each individual to look for a job”.

We focus our analysis on the latter group, as we are primarily interested in the factors that influence change in opinion. Who is most likely to change their opinion on this issue? In order to find out, we conducted a regression analysis⁴² that can simultaneously control the impact of several factors on whether a person remains a supporter or an opponent, or changes their opinion. Thus, if, for instance, wealthier people are usually also more educated, and the descriptive statistics show that both wealthy and educated people are less likely to support populism, the regression analysis allows separating the influence of these factors.

The respondents who believed that state-guaranteed employment would have a positive impact on their well-being and later supported personal responsibility for finding a job were less likely to be women, more likely to have middle or higher income, and were less likely to be biased against the LGBT community. It may be more difficult to find a job for people who do not possess these characteristics and thus they can be more vulnerable to unemployment. These people realize that the current employment policy may not work for them, so they may be more willing to risk and support populism.

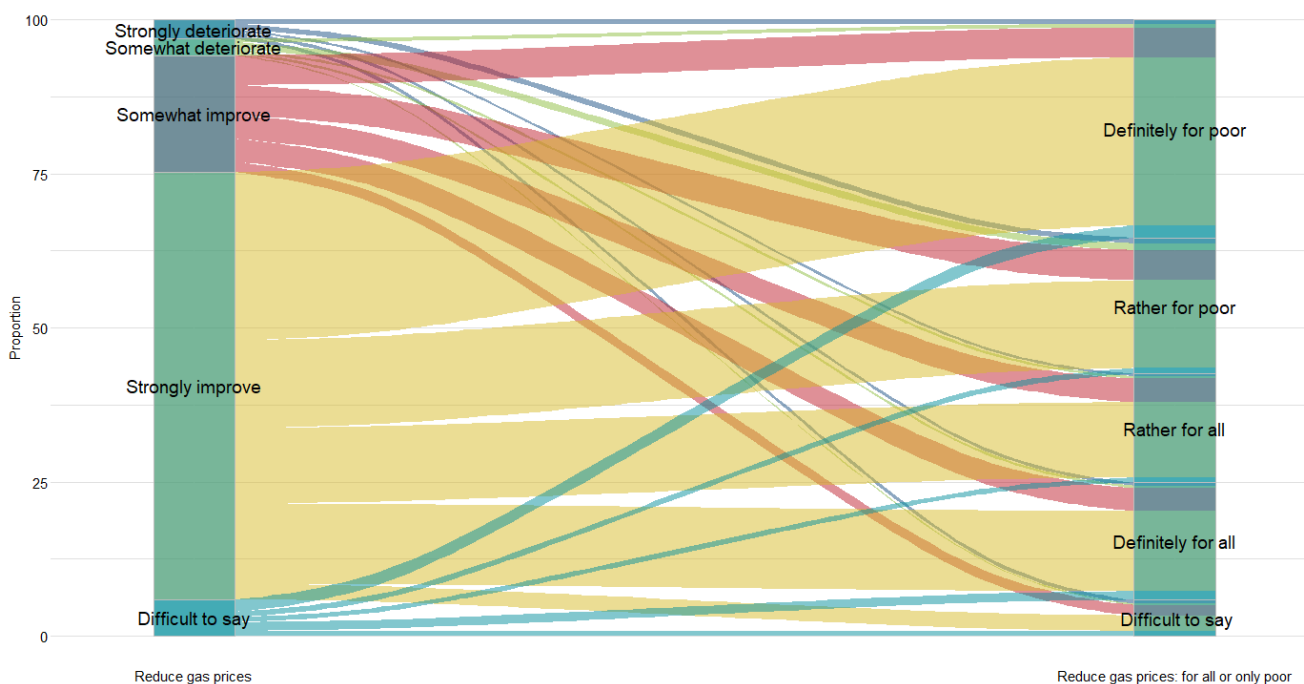
6.2.2. LOWER NATURAL GAS PRICES –FOR EVERYONE OR ONLY FOR THE POOR?

The reduction of natural gas prices is a popular campaign promise that resonates with the voters. 87% of Ukrainians say that it would improve their well-being. However, this proposal is populist: lowering natural gas prices below the market price would significantly increase the budget deficit. Moreover, it contradicts Ukraine’s obligations to the IMF. This reduction could have a temporary positive impact on the household budget, but the long-run negative effects would outweigh any benefits. In addition, people on low income already receive subsidies and do not pay a market price for gas.

⁴² See the regression analysis methodology in Appendix 1.

Firstly, we asked the respondents how the reduction of a gas price would affect their well-being. Then, we asked them the question “Is it better to have cheap gas only for the poor, and the rich should pay the market price, or should the gas price be low for everyone?” As we can see, when people are provided with more truthful information, only 36% support the reduction of price on gas for everyone.

Figure 7. How do the attitudes of the Ukrainians to reducing natural gas prices change depending on the context?



Note: the scale on the left shows the answer to the question “Reducing natural gas prices in half – how would it affect the well-being of your household?”. The scale of the right shows the answer to the question “Which of these statements do you agree with more: 1. “Cheap gas for everyone at the expense of the state” or 2. “Cheap gas only for the poor”.

Figure 7 shows that most people change their opinion to the opposite. At first, they believe that halving gas prices will significantly improve their families’ well-being, and then agree that cheap gas should only be available for the poor.

Again, we split the sample into three group – those who were staunch supporters of lowering gas prices (they supported price reductions, when answering both the first and second questions: 33%), staunch opponents (they were against the price reduction, when answering both the first and the second question: they account for only 3% of the sample), and those who thought that reduced gas prices would have a positive impact on their well-being, but did not agree that gas should be cheap for everyone (47%). We then analyzed the socio-demographic characteristics of people who tend to change their opinion.

The regression analysis shows that **a person who tends to change their opinion about natural gas prices is more likely to be a man and older.**

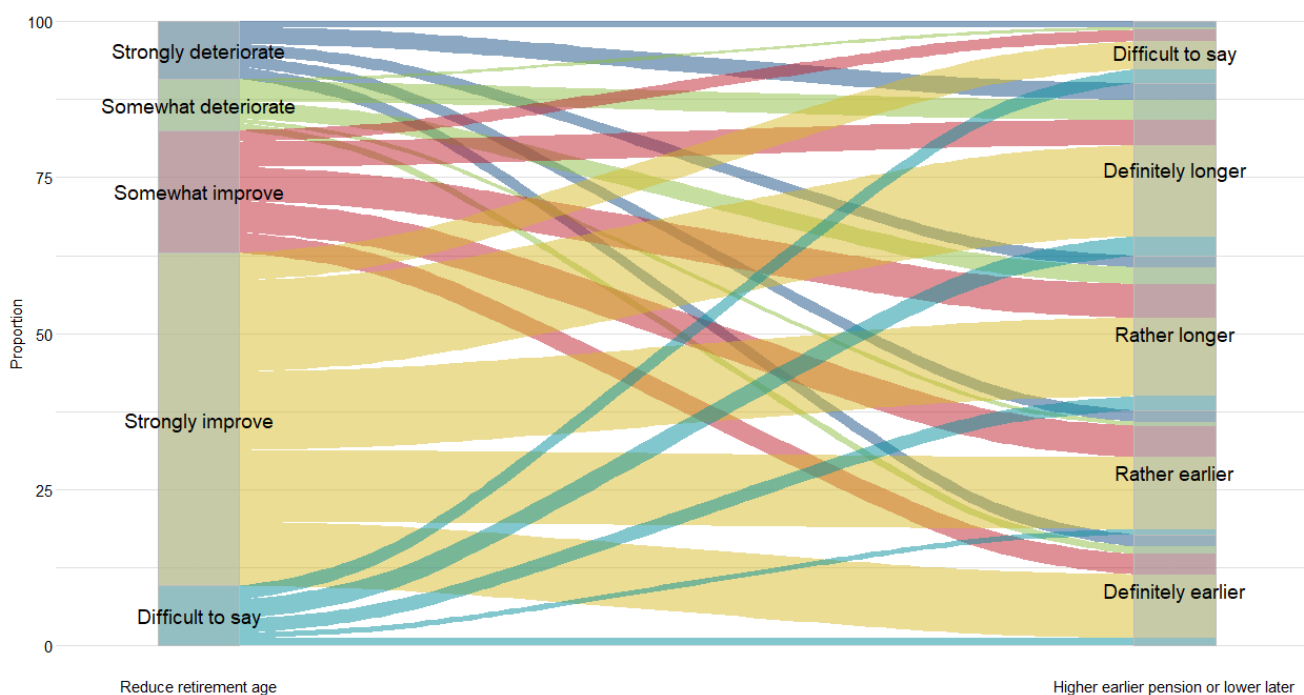
6.2.3. REDUCTION IN RETIREMENT AGE OR HIGHER PENSION?

Pension reform was also often mentioned by politicians in their campaign manifestos. Some of them argued that the increase in the length of service required for retirement is unreasonable and harmful, and called for lower

retirement age. However, this rhetoric is populist. When pushing for the reduced retirement age, these politicians forget to mention the sources to cover the Pension Fund deficit. Reducing the retirement age would mean that more people are eligible to receive a pension, while the revenues to the Pension Fund will decrease, due to the decrease in the working-age population. Increasing the length of service required for retirement would lead to a decrease in the share of pensioners and an increase in the Pension Fund's budget. Thus, pensioners will be able to receive a higher pension.

Will Ukrainians support a reduction in the retirement age if they are provided with a broader context? At first, we asked how the reduction in retirement age would affect the well-being of their household, mentioning a popular myth that “many people die before they reach the retirement age.”⁴⁵ 74% of Ukrainians supported lowering the retirement age. However, when we provided some additional information and asked whether they preferred to work longer and receive a higher pension, or retire earlier and receive a lower pension, only 38% supported early retirement. (Figure 8).

Figure 8. How do the attitudes of the Ukrainians to the reduction of the retirement age change depending on the context?



Note: the scale on the left shows the answer to the question “Reducing the retirement age because many fail to live up to the retirement – how will it affect the welfare of your household?”. The scale on the right shows the answer to the question: “Which of these statements do you agree with the most – 1: It is better to work longer and to receive a higher pension / 2: It is better to retire earlier, even if the pension is low”.

We again divided the sample into those who have changed their minds (37%), those who were staunch opponents of the reduction in the retirement age (10%), and staunch supporters of such reduction (30%). We conducted a regression analysis to find out who was most likely to change their opinion.

Regression analysis

⁴⁵ Nikolayeva, O., Vakhitova, G. (2018). From 60 and over: Do Ukrainians live up to the retirement? *Vox Ukraine*. Available at: <https://voxukraine.org/uk/vid-60-i-vishhe-chi-dozhivayut-ukrayintsi-do-pensiyi/>. Last accessed 28.08.2019.

In this case, people who changed their opinion on the retirement age after being exposed to the arguments in favor of higher retirement age are more likely to be younger people. Younger people could be more easily convinced to change their opinion regarding the retirement age because they are further away from retirement. Economic theory and empirical research show that people tend to value present more than the future and discount the events that are far away in the future. Therefore, for younger people, early retirement may be less important, so they are more flexible in their attitude towards raising the retirement age.

The fact that in each of the three cases a profile of the person who can be convinced is different suggests that there is no specific group of people who are resistant to rational arguments – anyone can be convinced. At the same time, the results also indicate that people who are more vulnerable to a particular problem are more likely to support populism and not change their opinion.

7. CONCLUSION

Our results show that the level of populism support in Ukraine is high: on average 84% support populism. At the same time, the results indicate that it is possible to reduce populism support if using the right arguments. To reduce the support of, we suggest the following:

- **Paying special attention to economically disadvantaged groups.** Our research shows that economically disadvantaged groups are more likely to support populist policies. This may be due to the fact that the economically disadvantaged groups may lack trust in the non-populist policy, as they see that it does not have a positive impact on their well-being. For instance, people from smaller settlements lack opportunities in education, employment, as well as having lower incomes and savings. Women, on average, also earn less than men, and due to gender biases, they may have fewer opportunities than men. As the current policies do not work for these groups, they have less to lose than others, so they are more likely to risk and support populist policies. Therefore, the government has to pay special attention to these groups, creating equal opportunities and promoting social mobility for them. Economic growth must be inclusive –making sure, everyone benefits from it. In particular, the state should improve the quality of education in rural areas, encourage employers to create more jobs in the villages and the poorest regions, and consider creating special programs aimed at improving opportunities for these groups. This policy will help not only these citizens but also the country as a whole: greater economic security for these groups will decrease populism support, which is harmful to the country as a whole.
- **Communicating alternatives to populism significantly reduces its support.** Our results show that giving respondents a choice between two policies rather than asking a question regarding the impact of a particular policy on well-being can significantly reduce support for populism from an average of 84% to 54%. Thus, when communicating the damage the populism can cause, more realistic alternatives to populist policy should be emphasized.
- **Tailoring the message to each target audience and emphasizing the damage from populism to each individual rather than for the country as a whole.** Our results suggest that it is better to emphasize the pros and cons of policy for each individual rather than for the country as a whole. Thus, in a communication strategy for promoting non-populist policies, various stakeholders have to be identified and a personalized message has to be developed for each audience.
- **Allocating more resources to fight populism in certain issues.** While it may be easy to convince people to stop supporting some of the populist policies such as state-guaranteed employment (in our survey, the vast majority of people changed their minds on this issue), it is much more difficult to do so in other issues.

For example, the overwhelming majority of Ukrainians continued supporting price controls, regardless of the framing and arguments used. Thus, in order to reduce populism support in all issues, additional research is needed in order to identify in which areas change of opinion is more difficult to achieve and allocate more resources to countering populism in these areas.

- **Emotional rhetoric does not work if it is used too often.** Politicians often resort to emotional rhetoric instead of rational arguments. However, our research shows that it does not always work: for instance, in case of a reduction in natural gas prices, the use of the emotional phrase “tariff genocide” did not increase support for natural gas price reductions compared to the neutral phrase. Phrases like “tariff genocide” have been actively used in the presidential campaign. After some time, however, they have become repetitive and stopped working. Therefore, in some cases, the use of rational facts and arguments may be more effective.
- **Developing critical thinking.** Our research shows that people who apply critical thinking in everyday life are also less likely to support populism in economic policy. These results make sense: critical thinking helps understand that the long-term effects of populist policies will be negative. In order to reduce support of populism, the state should encourage the development of critical thinking from early childhood. This can be achieved by changing the school curriculum and emphasizing critical thinking in education as well as using the experience of other countries and conducting information campaigns.

APPENDIX 1. SURVEY DESIGN

The survey was conducted in February-March 2019. The sample is representative of the adult population (18+ years) of Ukraine by age, region, gender, and settlement size.

In the Donetsk and Luhansk oblasts, the survey was conducted only in the territory controlled by the Ukrainian government.

A total of 2,000 respondents living in all the regions of Ukraine (except Crimea) and Kyiv were surveyed. The survey was conducted using a CATI (Computer-Assisted Telephone Interviewing) method.

It is worth noting that CATI as a survey methodology has its advantages and disadvantages. On one hand, the use of this methodology reduces the level of socially desirable responses, but, on the other hand, some of the questions may be difficult to understand. We tried to minimize the negative effects by conducting additional training for interviewers and simplifying questions and alternatives by listening to the audio records of the interviews.

APPENDIX 2. POPULISM SUPPORT ANALYSIS

Table 2. Results from OLS regression on support of populism

Dependent variable: populism support index						
	Model 1		Model 2		Model 3	
Gender: female	0.425***	(0.062)	0.418***	(0.066)	0.462***	(0.068)
Age	-0.027**	(0.012)	-0.035***	(0.012)	-0.037***	(0.013)
Age squared	0.0003***	(0.0001)	0.0004***	(0.0001)	0.0004***	(0.0001)
Household size	0.044**	(0.021)	0.036	(0.023)	0.034	(0.023)
Low income⁴⁴	0.132	(0.091)	0.157	(0.101)	0.159	(0.103)
Medium income	-0.045	(0.106)	0.008	(0.115)	0.020	(0.117)
High income	-0,544***	(0.133)	-0.423***	(0.144)	-0.381***	(0.147)
Professional education⁴⁵	0.002	(0.090)	0.034	(0.098)	0.031	(0.099)
Higher education	-0.313***	(0.091)	-0.272***	(0.100)	-0.271***	(0.102)
Unemployed	0.014	(0.091)	0.052	(0.097)	0.027	(0.099)
Small town⁴⁶	-0.183**	(0.081)	-0.175**	(0.086)	-0.196**	(0.088)
Medium-size city	-0.230***	(0.084)	-0.229**	(0.091)	-0.248***	(0.093)
Big city	-0.462***	(0.087)	-0.437***	(0.094)	-0.449***	(0.096)
Have no long-term plans			0.142**	(0.065)	0.138**	(0.066)
Trust			0.176***	(0.065)	0.188***	(0.066)
Liberalism index			-0.223***	(0.041)	-0.211***	(0.042)
Discrimination against LGBT community					0.130*	(0.070)
Racial discrimination					-0.025	(0.120)
Religious discrimination					-0.102	(0.107)
Negative attitude to vaccination					0.124*	(0.070)
Belief in fortune-tellers and psychics					0.196***	(0.067)
Constant	7.738***	(0.288)	8.013***	(0.312)	7.842***	(0.320)
Observations	1350		1207		1173	
Adjusted R2	0.140		0.170		0.182	

Note: the table shows the results from OLS regression; the number of asterisks reflects different levels of statistical significance *p<0,1; **p<0,05; ***p<0,01.

A detailed explanation of the variables is given in Appendix 4

As a robustness check, we have also performed a logistic regression. The results from logit regression are in general similar to the OLS results, so we do not present them here.

⁴⁴ By income we mean the total household income. The base category is a very low income. The categories were defined as follows: very low income – up to UAH 3,000, low income – UAH 3,000-10,000, medium income – UAH 10,000- 20,000, high – more than UAH 20,000.

⁴⁵ The base category is secondary education or below.

⁴⁶ The base category is village. Small town or urban settlement – 50K residents, medium-sized city – 50K- 500K residents, big city –500K+ residents.

APPENDIX 3. ANALYSIS OF CHANGES IN OPINION

Table 3. Results from logit regression on changes of opinion

	Dependent variable:					
	(1) Change in opinion: retirement age	in	(2) Change in opinion: gas prices		(3) Change in opinion: state-guaranteed employment	
Gender: female	0.006	(0.121)	-0.335***	(0.114)	-0.352***	(0.129)
Age	0.008**	(0.004)	0.023***	(0.004)	0.005	(0.004)
Low income⁴⁷	-0.256	(0.181)	0.020	(0.167)	0.223	(0.172)
Medium income	-0.181	(0.205)	0.009	(0.190)	0.406**	(0.205)
High income	-0.263	(0.256)	-0.195	(0.242)	0.884***	(0.304)
Professional education⁴⁸	-0.164	(0.172)	0.023	(0.164)	0.423**	(0.173)
Higher education	-0.010	(0.179)	0.091	(0.166)	0.307*	(0.177)
Unemployed	0.066	(0.179)	-0.194	(0.169)	0.001	(0.188)
Small town⁴⁹	0.043	(0.156)	0.039	(0.149)	-0.340**	(0.158)
Medium-size city	0.234	(0.160)	-0.067	(0.150)	-0.185	(0.167)
Big city	0.259	(0.172)	-0.222	(0.160)	0.230	(0.191)
Discrimination against LGBT community	-0.044	(0.119)	-0.082	(0.112)	-0.453***	(0.127)
Medium risk taking	0.223	(0.136)	0.143	(0.126)	0.262*	(0.141)
High risk taking	0.158	(0.199)	-0.041	(0.187)	-0.213	0.201
Belief in fortune tellers and psychics	-0.157	(0.118)	0.123	(0.110)	-0.004	(-0.123)
Constant	-0.209	(0.328)	-0.483	(0.312)	0.793**	(0.334)
Observations	1235		1506		1558	
Log likelihood	-847.433		-978.423		-832.923	
Akaike Inf. Crit.	1726.865		1988.846		1697.847	

Note: the table shows the results from OLS regression; the number of asterisks reflects different levels of statistical significance *p<0,1; **p<0,05; ***p<0,01.

A detailed explanation of the variables is given in Appendix 4

The methodology of the regression analysis is discussed in Section 6.2. A logistic regression analysis was conducted, where the dependent variable was whether the respondent changed their point of view and ceased supporting populist policy if there was a choice between the two policies.

⁴⁷ By income we mean the total household income. The base category is a very low income. The categories were defined as follows: very low income – up to UAH 3,000, low income – UAH 3,000-10,000, medium income – UAH 10,000- 20,000, high – more than UAH 20,000.

⁴⁸ The base category is secondary education or below.

⁴⁹ The base category is village.

Table 4. List of variables used in the regressions

Variable	Definition
Dependent variables	
Populism support index	The number of populist policies that the respondent believes will have a positive impact on his or her well-being; see Section 3
Change in opinion: retirement age	1 - if the respondent supported reducing the retirement age and changed his/her opinion when given a choice, 0 - if he/she supported and did not change his/her opinion
Change in opinion: gas prices	1 - if the respondent supported the reducing natural gas prices and changed his/her opinion when given a choice, 0 - if he/she supported it and did not change his/her opinion
Change in opinion: state-guaranteed employment	1 - if the respondent supported the state-guaranteed employment and changed his/her mind when given a choice, 0 - if he supported it and did not change his/her opinion
Socio-demographic variables	
Gender	female = 1, male = 0
Age	Age in years
Age squared	Age in years squared
Household size	Number of people living in the household, from 1 to 12, (12 means 12 or more)
Very low income	Total household income up to UAH 3,000
Low income	Total household income UAH 3,000 - 10,000
Medium income	Total household income UAH 10,000 - 20,000
High income	Total household income UAH 20,000+
Secondary education	Complete or incomplete general secondary education
Professional education	Secondary special education
Higher education	Incomplete or complete higher education
Unemployed	1 - if the respondent is currently unemployed, 0 - if not
Village	village
Small town	urban settlements to towns with a population of up to 50,000 residents
Medium-size city	cities with the population of 50,000 to 500,000 residents
Big city	cities with a population of more than 500,000 residents
Attitudes, values, preferences	
Have no long-term plans	Agree with the statement "I usually don't make any long-term plans", scale 1 to 4, re-coded 1 = yes, 0 = no
Trust	Agree with the statement "Most people can be trusted", scale 1 to 4, re-coded 1 = yes, 0 = no
Liberalism index	Number of questions in which the respondent chose the liberal option regarding (1) competition, (2) privatization, (3) taxes
Discrimination against LGBT people	When asked "Which of these groups would you not like to be neighbors with?", choose homosexuals
Racial discrimination	When asked "Which of these groups would you not like to be neighbors with?", they choose black people
Religious discrimination	When asked "Which of these groups would you not like to be neighbors with?", they choose people with the religion different from theirs
Negative attitude to vaccination	Agree with the statement "There is more harm than good from vaccination", scale 1 to 4, re-coded 1 = yes, 0 = no
Belief in fortune-tellers and psychics	Agree with the statement "There are people with supernatural powers, such as psychics and fortune-tellers", scale 1 to 4, re-coded as 1 = yes, 0 = no
Low risk-taking	When asked about their attitudes to financial risks, they chose "I don't want to take any financial risk"
Medium risk-taking	When asked about their attitudes to financial risks, they answered "I am ready to take moderate (more than moderate) risks to receive a moderate (above average) income"