

# Teaching Economics of Populism

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## Abstract

The objective in this paper is to list the salient ideas in the economics of populism to provide a lesson plan at the introductory and elective levels in economics. This is achieved through a literature review and book reviews in the economics of populism, the economics of hate, the political economy of both populism and hate, and popular books by noted academics, Jason Stanley and Yuval Noah Harari. A list of salient ideas is highlighted and complemented with video clips including 'The Mob Song' from Disney. Activities based on parsing song lyrics, contrasting viewpoints, and sample questions are outlined for the purpose of teaching the economics of populism.

**Keywords:** economics of populism; economics of hate; fascism; right-wing populism; identity politics.

**JEL Classification:** A22; Y3.

There is no conflict of interest

## 1. Introduction

In his textbook, Komlos (2023) deals with topics like racism and populism that are not conventionally covered in mainstream textbooks. Specifically, he argues that mainstream economics textbooks ignore the social and political impacts of economic policy such as backsliding democracy, the surge of populism, and the rise of authoritarian leaders (p. 299). Indeed, there is no index entry for populism in the Mankiw, Kneebone, McKenzie (2024) textbook, which I use for ECON 101. Thonnessen (2023) notes that even the CORE textbook, which stands as a major alternative to mainstream textbooks, contains indifference curve analysis that are unnecessary to understand the economy but ignores the economic causes of right-wing populism. However, it is important to show how economics addresses populism, given the rise of populist leaders like Trump in the US, Modi in India, and Orban in Hungary.

The objective in this paper is to delineate the salient themes in the economics of populism to support a teaching plan on the topic. To this end, the paper is structured as follows. Section 2 provides a literature review to list the main ideas in the economics of populism from the Komlos (2023) textbook and recently published articles. It also draws from the economics of hate, as populism leads a dominant in-group to target a minority out-group. Section 3 sustains the same approach through recently published books, both academic and popular. The popular books by noted academics, Jason Stanley and Yuval Noah Harari, provide content beyond economics. Section 4 provides a teaching plan at the

introductory and elective levels, based on the list of key ideas from the previous two sections and introduces video clips to pique student interest. Section 5 provides concluding remarks.

## 2. Literature Review

This review is based on chapter 15 of Komlos (2023), papers on Trumpism and insurrectionists by Komlos (2017; 2018; 2024a), a short paper by Rodrik (2018), a paper based on demand and supply by Benczes and Szabo (2023), an AER paper by Funke et al. (2023), a comprehensive literature review by Guriev and Papaioannou (2022), and an older QJE paper on the political economy of hate by Glaeser (2005). \

In Chapter 15, Komlos (2023) states that “equitable distribution of income is a pre-requisite of social and political stability” (p. 299). He argues that the rise of populism in the US can be explained through the backdrop of Reagonomics, globalization, financial crisis, and the IT revolution. Specifically, he notes that tax cuts under Reagan, deregulation of the financial sector and globalization under Clinton, and bail outs of the banks under Obama systemically contributed towards inequality and upward redistribution of wealth. This allowed Trump as a populist leader to tap into the rage of the lower middle-class people and deflect it towards immigrants and Muslims, even as he sustained tax cut policies for the corporations and the elite.

In his paper, Komlos (2024a) elaborates that like the KKK Klansmen and the Nazi Brownshirts, lower middle-class people drive US right-wing populism, as the rich are financially secure and the poor are focused on meeting their needs. The focus is primarily on loss of financial and social status and secondarily on racism, as the skills of the lower middle class depreciated with the IT revolution and jobs were outsourced with globalization. This continues the thesis in Komlos (2017; 2018), which explain the economic roots of Trumpism through the backdrop of stagnating wages, increasing debt, downward social mobility, and declining relative incomes. Overall, Komlos gives precedence to economic issues rather than cultural anxiety or racism in explaining the roots of right-wing populism in the US.

In a short paper, Rodrik (2018) argues that economists dislike populism, as it promotes policies that hurt the very people it aims to help. He states that right-wing (political) populism turns people against minorities and foreigners, whereas left-wing (economic) populism turns them against the financial elite. Additionally, political populism undermines democracy by trampling over minority rights and by co-opting countervailing institutions like independent judiciary and the free media. Finally, he argues that sometimes economic populism (ala New Deal) might be the only way to prevent political populism.

In a paper using a supply-demand framework, Benczes and Szabo (2023) state that the demand side of populism is explained by economic inequality and economic anxiety due to globalization, immigration, and financial crises (including banking crisis, currency crisis, or debt crisis). They highlight that while economists focus on economic hardship, political scientists focus on perceived unfairness. The supply side of populism is equated with expansionary fiscal and monetary policies and trade protectionism. This hurts people, who face lower growth, greater debt burden, and higher inflation. However, such left-wing populism is relevant to Latin America, whereas advanced economies face right-wing populism that emphasizes anti-immigration. Finally, the authors argue that voters re-elect populist leaders based on identity politics even at the expense of economic interests.

In their AER paper, Funke et al. (2023) state that populists create the dichotomy of the common people versus the corrupt elite but despite their claim to represent the people do not noticeably reduce economic inequality. They state that a populist leader is charismatic, oversimplifies issues, instigates polarization, exploits economic grievances, stokes nationalistic identity, and fuels conspiracy theories. They argue that left-wing populism in Latin America emphasizes distributional issues against the capitalist elite, whereas right-wing populism in Europe focuses on cultural and religious issues against ethnic and religious minorities. The former focuses on fiscal expansion, whereas the latter promotes business friendly policies, low taxes, and limited welfare programs. Additionally, right-wing populism undermines democracy by curtailing the judiciary and the free press and suppressing minority rights.

In their comprehensive literature review, Guriev and Papaioannou (2022) highlight the role of globalization, automation, financial crises, austerity, immigration, identity politics, and social media in explaining populism. The authors define populism generally through the separation of the pure people and the corrupt elite, authoritarian populism through the weakening of checks and balances, attacks on minorities, and xenophobic nationalism, and economic populism through fiscal expansion and redistribution at the expense of deficits, inflation, capital outflow, devaluations, and decline in real wages. Distinguishing between left-wing and right-wing populism, they state that while Chavez and Maduro of Venezuela and Morales of Bolivia focused on inequality and redistribution, Erdogan of Turkey and Modi of India rely of nationalism and attacks on religious and ethnic minorities.

The authors state that globalization (exposure to Chinese imports) and automation instigated deindustrialization of advanced economies, job polarization, stagnating wages, and inequality, which led to the rise of far-right populism. However, apart from economic factors, they emphasize non-monetary factors like identity politics and victimhood to explain why low-income voters may support right-wing politicians that support less redistribution. The authors state that populist leaders distort people's views by projecting immigrants as a threat to identity and culture, although contact with immigrants reduces xenophobia. In this regard, social media facilitates fake news, xenophobia, polarization, and echo chambers.

The authors argue that far-right populists stay in power by undermining democratic institutions like independent judiciary and the free press. Additionally, such populists normalize previously unacceptable behaviour. For instance, Trump's anti-Islam tweets have been positively correlated with hate crimes against Muslims. Overall, the authors define right-wing populism through anti-elitism, identity politics, nativism, and authoritarianism, and they suggest stronger social safety nets, tackling tax evasion by elites, curbing corporate market power, and citizen assemblies for democratic participation, as solutions.

In his paper on the political economy of hate, Glaeser (2005) argues that the supply of hate comes from politicians and the demand to listen from voters, and that hatred is based on repetition of false stories against an out-group and not the truth. He adds that economic interaction with the minority out-group helps combat hatred, policies that inhibit contact enhances hatred, and communication technology reduces the cost of spreading hate. Moreover, hatred arises between groups that closely resemble each other and that people who inflict massacres see themselves as victims, as they think others belittle them. He states that hate is based on generalizing a whole community based on the actions of a few. Glaeser notes that the rich are anti-redistribution, the poor are pro-redistribution, whereas the middle-income folks only reject redistribution when they hate the out-group. Finally, he states that when a large proportion of the population hates an out-group, it becomes difficult to combat hate without external pressure.

To recapitulate, the literature review yields the following key ideas in point form.

- Populism is based on the division of the common people versus the corrupt elite.
- Inclusionary populism emphasizes redistribution; exclusionary populism focuses on identity politics.
- Economic populism is explained through tax cuts, deregulation, globalization, financial crisis, whereas political populism is explained through nativism, immigration, identity politics, and social media.
- Right-wing populists undermine democracy by inhibiting the judiciary and the free press and stir hatred by projecting minority stereotypes.
- Economic populism is less dangerous than political populism, for while the former results in deficits, inflation, capital outflow, devaluations, and decline in real wages, the latter yields violence against minorities, undermines civil liberties, and weakens checks and balances.
- Lower middle class in advanced economies, who lost relative status due to globalization and automation, form the base of right-wing populism.
- The solutions to populism are citizen assemblies, stronger social safety nets, and addressing tax evasion and corporate market power.
- Far-right populists are elected when identity issues trump economic concerns.
- Left-wing populism targets the financial and capitalist elite, whereas right-wing populism targets ethnic and religious minorities.
- Sometimes economic populism can prevent political populism.
- Hatred is based on repetition of false stories not truth.
- Economic interaction and contact with the minority out-group help combat hatred.
- Hatred arises between groups that closely resemble each other.
- People who inflict massacres see themselves as victims.
- Hate is based on generalizing a whole community based on the actions of a few.

### **3. Book Reviews**

Apart from journal articles, several academic books have been recently published that address the economics of populism and the economics of hate. The former includes Komlos (2024b) and Stankov (2021), whereas the latter includes Stone (2023) and an older book by Cameron (2009). Additionally, Iyer (2018) is reviewed to provide a case study of right-wing populism in India. There are also recently published popular books by noted academics that address the rise of right-wing populism, which is popularly described as fascism. These include Stanley (2018; 2024) and Harari (2018; 2024). A review of the salient ideas found in these books is as follows.

#### **3.1 Academic Books**

Komlos (2024b) notes that technological disruption, hyper-globalization, neoclassical economic policies, and the financial crisis set the stage for populism. He argues that populism is rooted in grievances based on inequality and defines it as an exclusionary anti-elitist political ideology. Populism undermines democracy by weakening countervailing institutions and targeting minorities, as populist leaders pit a dominant in-group against an out-group that is held responsible for grievances. He

highlights that Trump's populist support from the white working class remains despite tax cuts for the wealthy and poor handling of the pandemic. This is because he accentuates cultural issues like immigration, racism, white nationalism, and identity politics, and instigates fear and anger to project himself as a strongman.

However, Komlos retains his thesis that economic grievances precede identity politics. He argues that populism is primarily based on anger, anxiety, and grievances based on relative deprivation and downward social mobility with the backdrop of the IT revolution and hyper-globalization. He notes that the Reagan tax cuts allowed corporations and the elite to lobby for political influence, promote deregulation, and fund think tanks to promote laissez-faire ideology. This was concomitant with weakening of the unions and increase in household debt, as the middle class tried to keep up with the Joneses. Under Clinton, trade deficits exported jobs and low-skilled workers were displaced by cheap labour abroad. Such workers were unemployable in the expanding IT and finance sectors.

Komlos argues that the belief that the market system rewards hard work and talent allowed the winners from hyper-globalization and automation to look down upon the losers. It added to alienation, isolation, insecurity, meaninglessness, feelings of being ignored and ridiculed, anger, and the desire for revenge through a strongman leader. He adds that populism taps into the human need for belonging and status and that Trump provided that psychological need. He also notes that right-wing populists are submissive to authority but aggressive towards the out-group identified as the enemy. Finally, he identifies supply-side economics and neoliberal policies as responsible for creating inequality and setting the stage for right-wing populism and highlights promoting unions, tariffs, industrial policy, and job preservation as solutions. Overall, Komlos (2024b) is a continuation of the thesis established in Komlos (2018, 2023, 2024a).

In his book based on political economy, Stankov (2021) states that the necessary condition for populism is anti-elitism and the sufficient condition is anti-pluralism. He adds that populism is based on the conflict between the people and the elite, authoritarian populism is based on identity politics in Europe and the US in the context of inequality and immigration, redistributive populism exists in Latin America in the context of liberalization and financial crises, and whilst political scientists emphasize identity politics, economists focus on economic policies. Populist leaders undermine democracy by stacking institutions with loyalists and muzzling the free press. Moreover, people vote for populists with harmful economic policies if the harm inflicted on the out-group compensates for their identity loss. Thus, authoritarian populism arises when identity takes precedence over the economy.

Stankov states that low-skilled workers experience relative deprivation, and they will mobilize for the far-left where economic shocks dominate and for the far-right where identity shocks dominate. On immigration, he states that voters are more concerned about how it makes them feel (identity costs) rather than its actual economic impact. Stankov identifies inequality, migration, and austerity as the three principal factors behind populism. He adds that inequality feeds left-wing populism, migration feeds right-wing populism, and austerity affects both comparably. On left-wing populism, he states that inequality instigates fiscal expansion, which subsequently leads to inflation, current account deficits, currency crisis, and real wage cuts. Finally, in terms of solutions, he mentions assistance for losers of globalization, housing and education supported by a wealth tax, and universal basic income.

In his book based on behavioural economics, Stone (2023) argues that education based on civics and recognizing one's own blind spots helps reduce polarization. He adds that changing beliefs takes time but it's important to plant seeds and therefore it is important to have conversations and acquire news from pluralist sources. He argues that online platforms should direct users away from polarizing content

even if it reduces user engagement and lower revenues, as the cost of short-term loss in shareholder value will be outweighed by long-term company reputation. Finally, he mentions the contact hypothesis to argue that contact between people reduces polarization and hate.

In his book on the economics of hate, Cameron (2009) argues that when hate becomes part of the capital of the hater, it remains even when the populist authoritarian is removed or when the hater migrates. He states that the internet facilitates hate, as the cost of hate production is reduced when the element of personal sacrifice is diminished. He highlights *schadenfreude* where the hater experiences utility from the misfortune of the out-group. Applying economics jargon, he states that the principle of diminishing marginal utility does not apply to hate if the hater achieves utility from hate that is addictive. He adds that hate is like a club good without congestion effects, so that individual utility increases by sharing costs of hate and by sharing hate with club members that allows for externality benefits.

Cameron notes that revenge against an out-group is motivated by deeming it collectively responsible for historical wrongs against the in-group. He argues that emotional overload overwhelms reason, which allows people to violate moral constraints, and adds that authority voices, peer pressure, and propaganda amplify social neurosis and tip rational people towards inhumane acts. He notes that complying with authority provides confirmation of identity. Additionally, major wars have been related to ideology, nationalism, or religion and not economic issues. Cameron highlights that self-hate drives haters to project negative attributes onto others which they refuse to see within themselves. This projection deflects their shame and guilt to others. Moreover, they see the out-group as animals, which implies fewer rights and rationalizes their persecution.

He argues that provision of correct information does not resolve the hate against out-groups, as conspiracy theories based on myths are unfalsifiable. Moreover, hate can lie dormant for long periods before it flares up with mass expression. He states that haters can inflict abuse in a way that cannot be detected, shift blame to the victims and assert status superiority to humiliate their victims. However, abuse is moot if both parties are equally strong. Finally, he argues that routine conflict leads to desensitization so that people become numb to the suffering of others. Moreover, while parties to a conflict may forgive and forget, hate entrepreneurs of the future generation may choose to reignite historical grievances.

In her book centred on India, Iyer (2018) argues that religion-based violence has increased in India despite economic growth because of inequality. This is exploited by politicians who amplify historical grievances to instigate hate and maximize election votes. She notes the rise in right-wing populism, as Hindu hostility, militancy, and violence have increased against the Muslim community, which is viewed as a foreign enemy. Contrary to the lower-middle class in the US identified by Komlos, Iyer notes that Hindu fundamentalism is driven by both the middle-class and lower-middle class professionals that have experienced upward mobility. She adds that the middle-class covertly provides both funds and firearms for religious riots, and that elite groups with education and income support religious violence. Overall, she connects religious riots to both urban inequality and state elections. Finally, she highlights Hindus as the majority with a minority complex.

To recapitulate, apart from the list of ideas already highlighted in Section 2, the following provides a list of key ideas from the academic book reviews.

- Right-wing populism is based on identity politics in Europe and the US in the context of inequality and immigration, left-wing populism is based on redistribution in Latin America in the context of liberalization and financial crises.
- Voters elect populists with harmful economic policies if the harm inflicted on the out-group outweighs their identity loss.
- Left-wing populism arises where economic shocks dominate and right-wing populism arises where identity shocks dominate.
- Inequality feeds left-wing populism, whereas immigration feeds right-wing populism.
- Populism in the US is explained by tax cuts with Reagan, globalization and deregulation with Clinton, and bail outs with Obama, which set the stage for Trump.
- The solutions to populism include supporting unions, tariffs, industrial policy, job preservation, compensation to the losers of globalization, housing and education supported by a wealth tax, and universal basic income.
- Education based on civics helps reduce polarization.
- Online platforms facilitate polarizing content, which maximizes user engagement and revenues.
- *Schadenfreude* is when the hater experiences utility from the misfortune of the out-group.
- Revenge against an out-group is motivated by deeming it collectively responsible for historical grievances.
- Authority voices, peer pressure, and propaganda tip rational people towards inhumane acts.
- Self-hate drives haters to project negative attributes onto others which they refuse to see within themselves. They see out-group as animals, which rationalizes their persecution.
- Hate can lie dormant for long periods before it flares up with mass expression.
- Haters can inflict abuse in a way that cannot be detected, shift blame to the victims and assert status superiority to humiliate their victims.
- Routine conflict leads to desensitization so that people become numb to the suffering of others.
- Parties to a conflict may forgive and forget but hate entrepreneurs of the future generation may choose to reignite historical grievances.

### **3.2 Popular Books**

Apart from academic books, several recently published popular books by noted academics outside economics (i.e., philosophy) address the topic of right-wing populism or fascism, as it is popularly described. These include Stanley (2018; 2024) and Harari (2018; 2024). A review of their salient ideas is as follows.

Stanley (2018) helps understand backsliding democracy and rising authoritarianism in countries like Hungary under Orban, India under Modi, and the US under Trump. He argues that fascism divides people along racial or religious lines, dehumanizes vulnerable minorities, glorifies a mythic past, perpetuates a sense of victimhood, and thrives on fake news. Moreover, it creates a dominant in-group “us” versus a targeted out-group “them” dichotomy. He argues that freedom of speech does not yield the truth in the marketplace of ideas, as fascism stokes fear and anger and promotes propaganda by repeating a few basic slogans, instead of reason-based discourse.

Stanley notes that once in power, fascists attack countervailing democratic institutions. For instance, they target professors who support Palestinian rights and label protesting students as angry mobs. He explains that the poor support policies detrimental to their own interests, as fascism makes suffering tolerable if the suffering of those we look down upon is greater than ours. He argues that fascism feeds off victimization. For instance, Serbian nationalists invoked the defeat at the hands of the Ottomans and the centuries of humiliation to justify the oppression of marginalized local Muslim populations.

Stanley notes that fascism instigates rape allegations against the out-group. For instance, Hindu nationalists instigate the “love jihad” narrative to project Muslim men as a threat to “Hindu masculinity”. Additionally, fascism minimizes the problematic acts of the in-group as mistakes but exaggerates those of the out-group as criminal. Finally, he shows that fascists create conditions that manufacture stereotypes of the out-group, which subsequently allows them to legitimize their inhumane treatment. For instance, Myanmar subjected the Rohingya Muslims to constant harassment, which created negative stereotypes and subsequently allowed for the rationalization of ethnic cleansing.

Stanley (2024) argues that fascism emphasizes national greatness, vilifies the left, and shifts the focus from poverty and inequality towards scapegoating a minority. He argues that fascism undermines the education system by indoctrinating students and erasing diversity of perspectives. He notes that right-wing activists hypocritically condemn universities for restricting free speech (with which they agree) and for allowing too much free speech (with which they disagree). Moreover, while education based on critical race theory, gender studies, and labour theory leads towards civic compassion, fascist politics suppresses their teaching.

Stanley describes Hindu nationalism as a violent supremacist movement based on religion, which marginalizes Muslims. He adds that students protesting anti-Muslims laws in India were subjected to severe police treatment and universities were labelled as anti-nationals for defending equal rights for Indian Muslims. This is like the US, where right wing propaganda tarnished anti-war protests in universities by professors and students. Overall, he shows that fascism undermines education, links universities with Marxism or anti-nationalism, and bans teaching that engenders civic compassion.

Harari (2018) argues that people are susceptible to groupthink and that providing facts backfires, as people don't like to feel stupid. Alluding to *Mein Kampf*, he notes that propaganda is based on the repetition of a few key points. He adds that power is based on spreading fictions, which provide people with an identity and higher purpose. For instance, Hindu nationalists argue that airplanes, nuclear weapons, and missiles were invented by ancient Hindu sages, and elements of the Jewish orthodoxy believe that that Jews are intrinsically superior and even invoke genocide as a religious duty.

Harari notes that fascists manufacture crises to prolong their rule. For instance, the Japanese army staged a false flag operation to justify its invasion of China. Additionally, he argues that education must emphasize critical thinking, as people can hold contradictory beliefs. For instance, a Hindu may mistreat his elderly parents but believe himself pious for supporting the destruction of the Babri Mosque, or a Buddhist monk in Myanmar may preach compassion for a mosquito but justify anti-Muslim bigotry. Thus, Harari highlights the need for critical thinking on inconsistent beliefs that allow one to inflict oppression whilst feeling good about oneself.

Harari (2024) argues that the solution to misinformation is not free speech, as information overload can crowd out the truth. He adds that repeatedly telling a fake memory results in people believing it. He states that truth does not resolve political disagreements, and instead fictional stories hold people together. Harari rejects the Marxist view that wars are fought for economic interests instead of religion

or nationalism. He explains that Nazis came to power when people believed in their harmful narrative given the backdrop of the economic crisis.

Harari argues that elections do not guarantee democracy, as it is not the same as majority dictatorship. Populist leaders maintain elections but undermine countervailing institutions, as they pack the judiciary with loyalists, control universities, and shut down independent media. They smear opposing leaders, journalists, and academics as anti-nationals, jail them, or fire them from their jobs. He adds that populist leaders blame all problems on foreign enemies and internal traitors.

Harari blames algorithms for the ethnic cleansing of the Rohingyas, as they actively make decisions on spreading hateful content to maximize user engagement. He also notes that surveillance technologies are used with draconian laws and military presence in the Occupied Palestinian Territories, Xinjiang, and Kashmir. Overall, he argues that free speech does not result in the truth, repetition of propaganda can perpetuate myths, populists in power undermine democracy by attacking countervailing institutions, and algorithms can inflict oppression. His key solution is robust checks and balances, transparency, and accountability in a democracy.

To recapitulate, the following provides a list of key ideas from the popular books by Jason Stanley and Yuval Noah Harari. For brevity, ideas already highlighted before are not listed.

- Freedom of speech does not yield the truth, as fascism promotes propaganda by repeating a few basic slogans.
- Fascism creates conditions that manufacture stereotypes of the out-group, which subsequently rationalizes their inhumane treatment.
- Fascism shifts the focus from poverty and inequality towards scapegoating a minority.
- Right-wing activists hypocritically condemn universities for restricting free speech (with which they agree) and for allowing too much free speech (with which they disagree).
- Power is based on spreading fictions on past glory, which provide people with identity and higher purpose.
- Critical thinking is important, as individuals can hold inconsistent beliefs that allow one to inflict oppression whilst feeling good about oneself.
- Populist leaders blame all problems on foreign enemies and internal traitors.
- Solution for populism is robust checks and balances, transparency, and accountability.

#### **4. Teaching Plan**

The literature and book reviews in Sections 2 and 3 yield a list of 39 key points from the economics of populism and the economics of hate and from academic and popular works in economics, political economy, and philosophy. Instructors can draw from this diverse list of salient ideas and emphasize some ideas accordingly at the introductory and elective levels of economics education. A sample teaching plan at the introductory and elective levels and quite briefly at the advanced level is as follows.

##### **4.1 Introductory Level**

Instructors must cover a set list of topics at the introductory, principles, or ECON 101 level. Though, they often have some room to consider topics like inequality, automation, climate change, and

populism. These topics can be briefly introduced in a 50-minute class by suppressing technical details in other topics. However, to do so, instructors will have to take the lead by introducing a few key points from the list above and to avoid information overload. The topic of populism can be seamlessly introduced in the discussion on unemployment.

As an activity to pique student interest, they can parse the lyrics of a 3:25 minute Disney video clip from Beauty and the Beast, specifically, the Mob Song where Gaston rouses people to kill the Beast. This clip allows an opportunity to discuss how populist leaders (Gaston) stoke fear and anger against an out-group (the Beast), claim to be the sole representative of the people, and undermine diversity of opinions (quelling Belle). It helps show that people are swayed by fictional stories rather than facts, emotional overload overwhelms reason, and that groupthink takes over (fifty Frenchmen can't be wrong).

Figure 1: The Mob Song – Beauty and the Beast (1991)



Video Clip: <https://www.youtube.com/watch?v=0ypxAKDMfFA>

Select and emphasized parts of the text of The Mob Song are as follows.

Gaston: The Beast will make off with your children! ...  
Gaston: So it's time to take some action, boys  
**It's time to follow me! ...**  
Belle: No! I won't let you do this!  
Gaston: **If you're not with us, you're against us. ...**  
Mob: **We're counting on Gaston to lead the way! ...**  
We don't like  
**What we don't understand**  
In fact **it scares us ...**  
Save your children and your wives ...  
We'll kill the Beast! ...  
Here we come, we're fifty strong  
And **fifty Frenchmen can't be wrong**

Apart from the activity of parsing the lyrics of The Mob Song, instructors can emphasize the key ideas delineated in the lists above based on the following sample questions and suggested outline of answers.

- What is the difference between economic populism and political populism?  
The former is based on redistribution in Latin America, the latter on identity politics in Europe.
- Can you identify the in-group and the out-group in Europe? In India?  
White nationalists versus immigrants; Hindu nationalists versus Muslims.
- How do populist leaders undermine democracy?  
By stacking judiciary with loyalists and controlling the free press and universities.
- How do demand and supply explain populism?  
Supply of populism is from political entrepreneurs; demand is from voters who imbibe hate messages.
- Who do populists blame for problems?  
Foreigners and minorities.

Should instructors decide to assign readings, they can assign chapter 15 of Komlos (2023) titled “Economists’ Mistakes Lead to Right-Wing Populism and an Insurrection”. For extra reading, the four-page short paper by Rodrik (2018) titled “Is Populism Necessarily Bad Economics?” is appropriate. At this level, the focus is on brevity and maintaining student interest. Detailed discussions are best left for elective and advanced levels.

## 4.2 Elective Level

At the elective level, instructors can afford to go into more detail as they would get a more serious student cohort. In this case, instructors can cover the list of 39 ideas delineated above more comprehensively, assign popular books listed above for students to present, and facilitate class discussions. As an activity, one such discussion can be based on the contrast between chapter 1 of Komlos (2024b) and chapter 2 of Iyer (2018), where the former explains populism primarily through economic reasons and driven by the lower-middle class in the US, whereas the latter explains it through identity issues of an upwardly mobile class in India. The focus on India allows to highlight exclusionary nationalism outside the Trumpism phenomenon and as such provides an important case study for an elective topics class in economics.

The academic texts by Komlos (2024b) and Iyer (2018) can be complemented by a 30-minute video by YouTube educator and content creator, Dhruv Rathee, whose views have surpassed 21 million. This video can be shown for 6-minutes from the 10:40 – 15:30 mark to showcase the 4 stages of indoctrination under authoritarian populism. Rathee showcases the rise of right-wing populism in India under Modi and provides a backdrop contrast with the rise of Hitler in Nazi Germany. He lists the four stages where populist leaders stoke national pride and past glory, amplify historical grievances, perpetuate a narrative of victimhood where the dominant in-group (Hindus) is made to hate a minority out-group (Muslims), and promote support for a charismatic cult leader who would paternalistically save the dominant in-group. This is achieved through social media messages, specifically WhatsApp in India.

Figure 2: How Millions of Indians were BRAINWASHED



Video Clip: <https://www.youtube.com/watch?v=9Gmp2BAB3VA>

This video clip helps facilitate discussions on how majoritarian Hindu nationalists, both in India and abroad, dehumanize Muslims as “madrassachaps”, “jihadis”, or “porkis”, and invoke historical grievances to justify fascist politics against minority Muslims through social and economic boycotts in housing<sup>1</sup> and marketplace transactions<sup>2</sup> and through religious riots and violence. As noted earlier, reducing humans to animals implies they have fewer rights.

Instructors can lead class activity based on discussions around the Komlos (2024b) and Iyer (2018) texts, the Dhruv Rathee video, and use the following sample questions and suggested outline of answers.

- Is populism driven by economic factors or identity issues?  
Komlos (2024b) focuses on economic issues of the lower middle class as the primary driver of populism in the US. Iyer (2018) focuses on the upwardly mobile class as driving right-wing populism in India. This shows that context matters and multiple perspectives are important.
- How have neoliberal policies contributed to populism?  
Komlos (2024b) identifies tax cuts, deregulation, and bail outs as contributors to inequality and subsequent populism.
- What are the 4 stages of populist indoctrination?  
Based on Dhruv Rathee’s video, these include pride, historical grievances, perceived threat from a minority group, and a cult around a charismatic leader.
- What factors help explain populism?

<sup>1</sup> See for instance “No Homes for Muslims? Hate, Hindutva & Housing Discrimination in Uttar Pradesh”, The Quint, September 2, 2025, <https://www.youtube.com/watch?v=SBcxC52eDSM>.

<sup>2</sup> See for instance: Raj, K. (2023) “Indian Muslims in Haryana face calls for economic boycott after violence”, Al Jazeera, August 12, <https://www.aljazeera.com/news/2023/8/12/muslims-in-haryana-face-calls-for-economic-boycott-after-violence-in-nuh>.

Globalization, automation, financial crises, austerity, immigration, identity politics, and social media.

- How are populism and hate curbed?

Contact with others; democratic accountability, checks and balances; critical thinking on inconsistent beliefs that allow one to inflict oppression whilst feeling good about oneself; citizen assemblies; unions; stronger social safety nets; housing and education supported by a wealth tax; universal basic income.

In terms of readings, the academic chapters by Komlos (2024b) and Iyer (2018) can be supplemented by the popular works of Pankaj Mishra. For instance, Mishra (2017) argues that many upper-caste Hindus idolize Israel, as for them Israel deals with Muslims in the only language they understand, i.e., force. Such Hindu nationalists view Muslims as the fifth column that would outbreed Hindus, even though Muslims are worse off than low-caste Hindus in education, health, and employment and are frequently exposed to bigoted policemen and disproportionate death in Hindu-Muslim riots.

At an advanced level, apart from the case study on India, the literature reviewed above can be assigned as part of the reading list. Specifically, the papers based on demand and supply analysis of populism and hate respectively by Benczes and Szabo (2023) and Glaeser (2005) and the comprehensive literature review by Guriev and Papaioannou (2022) stand out. Additionally, they can be directed to the 55-minute lecture by Komlos titled “The Economic History of the Rise of Trumpism”.

**Figure 3: The Economic History of the Rise of Trumpism**



Video Clip: <https://www.youtube.com/watch?v=8QYAXplyZTc>

## 5. Concluding Remarks

The objective in this paper was to list the salient ideas in the economics of populism to provide a lesson plan at the introductory and elective levels in economics. This was achieved through a literature review and book reviews in the economics of populism, the economics of hate, and the political economy of

both populism and hate. The salient ideas were listed for ease of access for instructors to help build their teaching plans. Activities based on parsing song lyrics and contrasting viewpoints were highlighted along with sample questions and suggested outline of answers. The overall idea is to provide a resource for instructors who can draw wholly or partially for their own pedagogical purposes in teaching the economics of populism.

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