

# Understanding the Origins of Populist Political Parties and the Role of External Shocks\*

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## Abstract

New Zealand First (NZ First) is a nationalist and populist political party founded in 1993 making it one of the oldest populist parties in the OECD. It takes an ambiguous centrist position on economic issues but is socially conservative and advocates for restrictive immigration policies. The party distinguishes itself from the mainstream political establishment through its use of populist rhetoric. In this paper, we use electoral survey data to examine the impact that two large external shocks had on the development of the party; i) structural reforms and the opening of free trade which were initiated in 1984 and led to large negative impacts on particular industries (and hence on particular locations); and ii) the Immigration Reform Act of 1987 which led to the development of a skilled migration system and large increases in skilled migration. We examine i) the short-run impact of these shocks on voting for NZ First; ii) how these shocks led individuals to change their beliefs and political preferences; iii) the long-run persistence of these shocks; and iv) their importance relative to other factors that encourage people to vote for NZ First. Understanding how these shocks led to the development of NZ First is particularly relevant for thinking about how populism has been extending its reach in the 2010s.

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