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Economic Conditions and the Rise of Anti-Democratic Extremism

Benjamin Crost*

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Abstract This paper provides evidence that adverse economic conditions contributed to the rise of anti-democratic extremism in the United States. A state-level analysis shows that increases in the unemployment rate during the Great Recession led to a large increase in the number of anti-democratic extremist groups. Further analysis shows that anti-democratic extremism is most strongly affected by the male unemployment rate and the white unemployment rate, consistent with the observation that most members of these extremist groups are white men. The effect of unemployment is concentrated in states with high pre-existing racial resentment, proxied by the number of racist web searches at baseline. If unemployment had remained at its pre-recession level, the increase in anti-democratic groups between 2007 and 2010 could have been reduced by more than 60%.

Key words: Great Recession, Economic Conditions, Unemployment, Anti-Democratic Extremism, Anti-Government Movement

JEL Classification: D72, D74, H56

* University of Illinois at Urbana-Champaign. E-mail: bencrost@illinois.edu

1. Introduction

Over the past decades, the United States have experienced a dramatic rise in anti-democratic extremism that culminated in the invasion of the U.S. Capitol on January 6th, 2021. This trend has been extremely damaging to political institutions and could have potentially catastrophic consequences for the functioning of U.S. democracy (Bermeo, 2016; Mickey et al., 2017; Waldner and Lust, 2018; Huq and Ginsburg, 2018). The factors that led to this trend are not fully understood and are the subject of debate among scholars, political commentators, and policymakers. A question of particular interest in this debate is whether the rapid increase in anti-democratic extremism after 2008 was a result of the adverse economic conditions triggered by the financial crisis.

Some commentators have argued that economic anxiety among blue collar workers negatively affected by the Great Recession led to increased support for anti-democratic groups and positions (Cooper, 2017; Best, 2018; Serwer, 2020). Others point to the role of racial tensions. The increasing population share of minority groups, and resulting decline in political power of the white majority, has led to anxiety among parts of the white population, which may have led some of them to support anti-democratic positions (Department of Homeland Security, 2009; Winter, 2010). The decline in white political power was made particularly salient by the election of President Obama in 2008, which may have brought latent racial resentment to the fore. The fact that the beginning of the Great Recession virtually coincided with the election of the first black president makes it difficult to disentangle the contributions of economic and racial factors without quantitative data and careful analysis.¹

This paper tests if adverse economic conditions contributed to the rise of anti-democratic extrem-

¹Economic conditions and racial tensions are not the only explanations for the rise in anti-democratic extremism. For instance, some commentators argue that liberal policies and cultural changes, such as the increase in gay rights and government intervention in health care led to frustrations among conservatives, which led some of them to support anti-democratic groups (Piazza, 2017).

ism in the United States, and explores whether racial resentment amplified this effect. To this end, I use comprehensive data from the Southern Poverty Law Center on the number and geographic distribution of anti-democratic extremist groups. The SPLC tracks groups that “advocate or adhere to extreme anti-government doctrines” and “engage in groundless conspiracy theorizing.” This includes nationwide militant groups like the Oath Keepers and Three Percenters, both of which were prominently involved in the insurrection on January 6, 2021, as well as local militia groups and extremist political parties.²

My analysis estimates the effect of state-specific unemployment shocks on anti-democratic extremism. In particular, I regress the number of anti-democratic extremist groups in a state in a given year on the state’s unemployment rate, as well as state and year fixed effects. Regressions of this kind have been used to estimate the effect of economic conditions on health, crime, fertility, divorce and other outcomes (Ruhm, 2000; Raphael and Winter-Ebmer, 2001; Miller et al., 2009; Cohen, 2014; Schneider, 2015). The analysis is focused on the period 2005-2013, a period of rapid growth for the anti-democratic extremist movement that includes the lead-up to the financial crisis, the Great Recession and the subsequent slow recovery.

The results of my analysis provide evidence that adverse economic conditions played an important role in fueling the rise of anti-democratic extremism. In my preferred specification, a 1 percentage point increase in the unemployment rate is associated with the formation of approximately 2 additional anti-democratic extremist groups per state per year. This estimate reflects the causal effect of economic conditions as long as unobserved factors that affect anti-democratic extremism are uncorrelated with state-level changes in unemployment. I explore several possible violations of this assumption. First, it is possible that the election of President Obama in November 2008 exacerbated latent racial tensions. If states with higher levels of latent anti-black sentiment experi-

²The SPLC refers to these groups as the “Anti-Government Extremist Movement.” In this paper, I follow the International Journalists’ Network in using the term “anti-democratic extremism.” The events of the past few years have clarified that groups in this movement are not generally opposed to government - many of them strongly supported the Trump administration - but are militantly opposed to democratically elected governments they disagree with.

enced larger increases in unemployment during the Great Recession, my estimates may be partially driven by the effect of racial resentment. To test for this possibility, I estimate a regression that includes interactions between year fixed effects and variables that indicate higher levels of latent racial resentment, such as the percentage of the vote received by Barack Obama in 2008 and the proportion of web searches for a commonly used anti-black racial slur.³

A related concern is that liberal policies, such as the increased government intervention in health care after 2008, led to support for anti-democratic movement among conservatives. To address this, I also control for interactions between year fixed effects and variables that reflect conservative political views among the state's population, such percentage of the vote for George Bush in the 2000 and 2004 elections, and percentage of population that identifies as evangelical. Including these control variables has little effect on my estimates, suggesting that racial resentment and conservative political backlash are unlikely to be biasing factors in the estimation. The estimates are also robust to a broader set of unobserved trends and geographic shocks, captured by state-specific linear and quadratic trends, and census-division-by-year fixed effects. To my knowledge, this is the first quantitative evidence linking economic conditions to the rise of anti-democratic extremism in the United States.

To explore the specific nature of economic conditions, I separately estimate the effects of gender-specific and race-specific unemployment rates. The gender-disaggregation shows that anti-democratic extremism is strongly affected by the male unemployment rate but not the female unemployment rate, consistent with the observation that most members of extremist groups are men. The racial disaggregation shows that extremism is more strongly affected by the white unemployment rate than the black unemployment rate.

Furthermore, I provide suggestive evidence that the effect of adverse economic conditions was

³The proportion of searches for this racial slur, colloquially known as the "n-word," was identified by previous studies as an accurate measure of racial animus against black people Stephens-Davidowitz (2014); Chae et al. (2015); Chan et al. (2016); Anderson et al. (2020).

amplified by pre-existing racial tensions. Notably, unemployment affects anti-democratic extremism more strongly after the election of Barack Obama, and in states with higher baseline levels of white racial resentment, as proxied by the proportion of web searches for the “n-word.” My analysis shows that the effect of unemployment is concentrated in states with an above-median proportion of searches for the n-word. In states below the median on that variable, unemployment has a small and statistically insignificant effect on anti-democratic extremism. This suggests that adverse economic shocks alone may not be sufficient to increase anti-democratic extremism, but may only do so if they occur in an environment of pre-existing racial resentment.

The results of my analysis contribute to our understanding of anti-democratic extremism and democratic backsliding in industrialized countries. Recent research has pointed out that global democratic institutions have eroded in many countries, though the precise nature of this phenomenon and its underlying mechanism are disputed among scholars (Bermeo, 2016; Waldner and Lust, 2018). Consistent with a role of economic conditions, De Bromhead et al. (2013) find that countries more strongly affected by the Great Depression of the 1920s and 1930s experienced a bigger increase in political extremism, though this effect was concentrated in countries with short histories of democracy and less robust electoral systems. My results suggest that adverse economic conditions can still fuel anti-democratic extremism in the present day, even in countries with strong state capacity and ostensibly stable democratic institutions.

The results presented in this paper suggest that economic policy can play an important role in countering anti-democratic extremism in the United States. Counterfactual predictions based on my estimates suggest that if unemployment rates had remained stable at their pre-recession level of approximately 4.3%, the increase in anti-democratic extremist groups between 2007 and 2010 could have been reduced by more than 60%.

2. Background

The invasion of the U.S. Capitol on January 6th, 2021 was not a chance event, but the culmination of a decades-long process of anti-democratic radicalization. Many of the groups involved in the insurrection were part of the “Patriot” or “anti-government” movement that has existed at least since the early 1990s (Southern Poverty Law Center, 2020; Anti-Defamation League, 2020). These groups include local militias, nationwide militant groups like the Oath Keepers and Three Percenters, advocacy groups like the John Birch Society, and political parties like the American Patriot Party and the Constitution Party. In this paper, I follow the International Journalists’ Network in using the term “anti-democratic extremism” to describe this movement. The events of the past few years have clarified that groups in this movement are not generally opposed to government - many of them strongly supported the Trump administration - but are militantly opposed to democratically elected governments they disagree with.

According to the SPLC, the groups in this movement “advocate or adhere to extreme antigovernment doctrines” and “engage in groundless conspiracy theorizing” (Southern Poverty Law Center, 2020). The Anti-Defamation League states that groups in the movement “share a conviction that part or all of the U.S. government has been taken over by a conspiracy and is therefore not legitimate” (Anti-Defamation League, 2020). For example, Richard Mack, an early leader of the Oath Keepers stated in 2009 that “[t]he greatest threat we face today is not terrorists; it is our federal government”. The John Birch Society believes that “[t]he UN is at the hub of a global network working to submerge the independence of all nations in a world government controlled by the elites.” More recently, many of the groups in the movement have promulgated beliefs related to the “QAnon” conspiracy.

The anti-democratic extremist movement began in the late 1980s and saw an early period of growth in the early to mid-1990s, between the Waco and Ruby Ridge confrontations and the Oklahoma

City bombing, which was carried out by two of its members. A second period of rapid growth occurred during the Great Recession and the subsequent slow recovery. Figure 1 shows how the number of groups in the movement evolved between 2005 and 2013, the period of observation for this paper. During this period, the number of groups affiliated with the movement increased from 132 to 1096. Commentators at the time argued that this growth was “fanned by anger over the economy and a backlash against the policies of President Barack Obama” (Reuters, 2010).

In the later years of the Obama administration, groups affiliated with the movement engaged in several high-profile confrontations with the federal government. For instance, the Oath Keepers participated in the 2014 armed standoff between ranchers and the Bureau of Land Management on the Bundy Ranch, as well as the occupation of the Malheur Wildlife Refuge in 2016.

The activities of the movement shifted after the 2016 election, with many groups strongly supporting the Trump administration. For instance Oath Keeper groups provided informal security against protesters at Trump rallies and served as bodyguards for Trump-affiliate Roger Stone. Groups affiliated with the movement also participated in a number of protest marches such as the “Unite The Right” rally in Charlottesville in 2017 and the “Militias March on Richmond” in early 2020 (Giglio, 2020).

After the November 2020 election many groups affiliated with the movement refused to accept Joe Biden as the legitimate President-elect of the United States and joined efforts to overturn the election results. Stewart Rhodes, the founder of the Oath Keepers stated that “half this country won’t recognise Biden as legitimate... everything that comes out of his mouth will be considered not of any force or effect, anything he signs into law we won’t recognise as legitimate. We’ll be very much like the founding fathers. We’ll end up nullifying and resisting.” The efforts to overturn the election culminated in the the invasion of the U.S. Capitol on January 6th, 2021, for which many of the movement’s members were indicted by the FBI. For instance, at least ten members of the Oath Keepers and Three Percenters have been charged with conspiracy over the insurrection

and many more have been charged with assault, trespassing, obstruction of law enforcement and other crimes.

3. Data and Empirical Strategy

The empirical analysis presented in this paper is based on a fixed effects regression of the number of anti-democratic extremist groups on the unemployment rate in the lower 48 contiguous states:

$$Y_{it} = \alpha_i + \gamma_t + \beta_1 X_{it} + \varepsilon_{it} \quad (1)$$

The outcome variable Y_{it} is the number of anti-democratic extremist “patriot” groups in state i in year t , as reported by the Southern Poverty Law Center (SPLC). The SPLC has a long history of tracking extremist groups going back to 1981 when the organization began to publish its quarterly “Intelligence Report.” The focus of that publication was originally on white supremacist and Neo-Nazi groups, but it later began to track other extremist groups such as anti-LGBT groups, black separatists and Neo-Confederates. To this day, the SPLC’s Intelligence Report remains the most comprehensive publicly available effort at monitoring the activities of extremist groups in the United States. Data from the publication has been used in a large number of studies in economics and other social sciences (e.g. Jefferson and Pryor, 1999; Mulholland, 2010, 2013; Ryan and Leeson, 2011; Goetz et al., 2012; Chermak et al., 2013).

Starting in the 1990s, the SPLC began collecting data on groups affiliated with what they originally dubbed the “Patriot” movement and now refer to as the “Extreme Anti-Government Movement.” Data on the number of groups in this movement was collated from the SPLC’s Intelligence Reports for the period 2005-2013 and forms the basis of this analysis. During this period, the SPLC

tracked over five-hundred anti-democratic extremist organizations – a full list of names of these organizations is available from the author on request. Following the SPLC’s methodology, local chapters of the same organization (e.g. Oath Keepers, Three Percenters) that operate in different counties are counted as two groups for the purpose of the empirical analysis.

A limitation of this data is that it does not include information on the number of members in a group. Since the groups in this movement are highly skeptical of outsiders, this information is difficult to obtain and to my knowledge no credible effort has been made to collect it at a large scale. This leaves the SPLC’s data on group numbers as the best option for efforts to learn about the spread of anti-democratic extremism. While it is possible that some of the observed increase in the number of groups is due to a fracturing of larger groups into several smaller ones, this is unlikely in practice. Most of the change in group numbers is driven by the extensive margin at the county level, i.e. organizations opening new chapters in counties where they were not previously active. For example, in 2005, the average state had anti-democratic extremist groups present in approximately 2.4 counties. By 2013, the average number of affected counties had grown to 13.1. It thus appears that the increase in groups over the period of observation reflects a real increase in the geographical spread of the movement and not merely a fractionalization into smaller groups.

The explanatory variable X_{it} is the state’s average unemployment rate in year t , as reported by the Bureau of Labor Statistics. Some specifications also include various sets of control variables, such as census-division-by-year fixed effects and interactions between baseline state characteristics and year fixed effects. Baseline demographic characteristics (total population, percentage White, Black, Asian) come from the 2000 U.S. Census. Other control variables include the percentage of the population that identifies as evangelical, measured by the American Religious Identification Survey in 2001, and the frequency of web searches for the “n-word” reported by Google Trends.

Figure 1 shows how the two variables evolved during the period of observation, 2005-2013. Notably, both the unemployment rate and the number of anti-democratic extremist groups increased

sharply after the financial crisis of 2008. As the unemployment rate begins to decrease after 2010, the number of anti-democratic extremist groups also levels off and later begins to decrease.

Figure 2 shows some of the cross-sectional variation that underlies the regression analysis. In particular, the map shows cross-state variation in changes in unemployment between three pairs of years: 2005 to 2007, 2007 to 2010, and 2010 to 2013. To generate the maps, I regress the state-level change in unemployment between the two years on the same fixed effects and control variables used in the most restrictive regression analysis: census-division-by-year fixed effects, total population, percentage White, percentage Black, percentage Asian, percent of vote for Bush in 2000, percent of vote for Bush in 2004, percent of vote for Obama in 2008, percent of the population identifying as evangelical in 2001, log of frequency of web searches for the N-word in 2004. I then calculate residuals, which reflect regression-adjusted relative changes in unemployment across states. This is the same variation in unemployment that identifies the regression estimates – the only difference being that the regression is based on the full set of annual observations, whereas the map is only based on three pairwise comparisons of four years.

The figure shows that there is substantial temporal and geographic variation in economic conditions across states during the period of observation. Importantly, there is no evidence for substantial geographic clustering in economic shocks. In each of the time-periods, every part of the country contains states that experienced large relative increases in adjusted unemployment and other states that experienced relative decreases. This suggests that the regression adjustment does a good job at removing spatially correlated economic shocks. There is also no evidence that the variation is driven by persistent state-level trends: almost all states experienced a relative increase in unemployment over at least one of the depicted time-periods and a relative decrease over another.

The variation used in the empirical analysis is further depicted in a scatter plot in Figure A.1 in the online appendix. This figure shows a strong association between year-to-year changes in the unemployment rate and changes in the number of anti-democratic extremist groups. The figure also

identifies two potential outlier observations with large increases in the number of anti-democratic extremist groups (Michigan and Texas in 2009). Table A.1, also in the online appendix, shows that the regression estimates are robust to dropping those observations.

4. Results

Estimates of the coefficient in Equation 1 are reported in Table 1. The estimates suggest a strong association between changes in the state-level unemployment rate and the number of active anti-democratic extremist groups. This result is robust to a wide range of control variables. The regression in column 2 includes Census-Division-by-Year fixed effects to control for geographically clustered unobserved shocks. Column 3 adds the interaction between baseline demographics (total population, percentage White, Black, Asian). This allows states with a different racial composition to be on different time-trends or subject to different time-varying shocks.

A remaining concern is that changes in the unemployment rate were correlated with an increase in white racial resentment that led to the formation of anti-democratic extremist groups. Of particular concern is the election of President Obama in November 2008, which may have exacerbated latent racial tensions. If states with higher levels of latent anti-black sentiment experienced larger increases in unemployment during the Great Recession, my estimates may be partially driven by the effect of racial resentment. To control for this, the regression in column 4 includes interactions between year fixed effects and several sociopolitical variables. To account for the effect of racial resentment triggered by the 2008 election, these include the percentage of the vote received by Barack Obama in that election and the proportion of web searches for the “n-Word” at baseline. The latter variable was identified by previous studies as an accurate measure of racial animus against black people Stephens-Davidowitz (2014); Chae et al. (2015); Chan et al. (2016); Anderson et al. (2020).

Another possible concern is that liberal policies and cultural changes, such as the increased government intervention in health care after 2008 led to frustrations among conservatives, which led some of them to support anti-democratic groups (cites). To test for this, column 4 also adds interactions between year fixed effects and the following variables that aim to capture conservative political views among the state's population: percentage of the vote for George Bush in the 2000 and 2004 elections, and percentage of population that identifies as evangelical. The results in column 4 show that the results are robust to controlling for the effects of increased racial animus and conservative political backlash, which suggests that they indeed reflect the effect of adverse economic conditions. Finally, columns 5 and 6 control for state-specific linear and quadratic time-trends to allow for unobserved heterogeneity in the trend of anti-democratic sentiment across states.

My preferred specification in column 5 suggests that a 1 percentage point increase in the state-level unemployment rate is associated with the formation of approximately 2 additional anti-democratic extremist groups per year. This effect explains a large proportion of the observed increase in anti-democratic groups during the Great Recession. Between 2007 and 2010, the number of anti-democratic extremist groups increased by 679, from 128 to 807. At the same time, the average state-level unemployment rate increased from 4.3 to 8.8. Predictions based on the regression estimates suggest that if the unemployment rate had remained at 4.3 in 2010, the number of anti-democratic groups would have been 379, an increase of only 251 over the level in 2007. Thus, the effect of unemployment accounts for more than 60% of the observed increase in anti-democratic extremist groups between 2007 and 2010.

4.1. Disaggregation by Gender and Race

Table 2 shows the effects of gender and race-specific unemployment rates. Column 1 separately estimates the effects of the male and female unemployment rate on the number of anti-democratic extremist groups. The results show that the male unemployment rate has a large and statistically

significant effect, similar in magnitude to the one reported in Table 1. There is no evidence that the female unemployment rate has any effect on the number of anti-democratic extremist groups – the estimated coefficient is small in magnitude and not statistically significant. An F-test rejects the hypothesis that the effects of male and female unemployment are the same. These results are consistent with the observation that the vast majority of members in anti-democratic extremist groups are men. It is therefore to be expected that a worsening in the economic conditions of men would have a larger effect on the formation of these groups.

Column 2 separately estimates the effects of the unemployment rates for white and black workers. The estimates show that the white unemployment rate has a substantially larger effect on the formation of anti-democratic extremist groups than the black unemployment rate. Here too, an F-test rejects the hypothesis that the effects are the same across races. This results is consistent with the fact that the members of anti-democratic extremist groups are predominantly, though not exclusively, white.

Column 3 disaggregates the effect by both race and gender simultaneously. Here, the coefficients are less precisely estimated, likely due to the substantial multicollinearity of the four group-specific unemployment rates. As a result, none of the coefficients are significant and an F-test cannot reject the hypothesis of equality of all four coefficients. However, the substantially higher point estimate for white men is once more consistent with the observation that white men make up the vast majority of members of anti-democratic extremist groups.

4.2. Heterogeneity by Baseline State Characteristics

Table 3 presents evidence that the effect of economic conditions may have been amplified by latent racial animus that flared up after the election of Barack Obama in 2008. Consistent with this hypothesis, column 1 shows that the effect of unemployment was significantly larger after 2009,

the year in which President Obama took office. During the period 2009-2013, a 1 percentage point increase in the unemployment rate was associated with approximately 2.2 additional anti-democratic extremist groups. There is no evidence that changes in the unemployment rate affected the formation of anti-democratic extremist groups before 2009.

Column 2 explores whether the effect of unemployment differs across states with different baseline characteristics. To do this, the regression includes interactions between the unemployment rate and the five sociopolitical variables already controlled for in Tables 1 and 2. The estimates show that the effect of unemployment is significantly larger in states with higher levels of white racial animus against black people at baseline, as measured by the proportion of web searches for the n-word in 2004. A 10% increase in the proportion of these racist web searches increases the effect of unemployment by approximately 0.68 groups per percentage point.

Column 3 further explores the role of racial animus by interacting unemployment with an indicator for states above the median of web searches for the N-word. This analysis suggests that the effect was significantly larger in states with above-median racial animus. In those states, a 1 percentage point increase in the unemployment rate led to the formation of approximately 2.8 additional anti-democratic extremist groups. Interestingly, the uninteracted coefficient of unemployment shows that economic shocks had a small and not statistically significant effect in states with below-median racial animus. This suggests that adverse economic shocks alone may not be sufficient to increase anti-democratic extremism, but may only do so if they occur in an environment of pre-existing racial resentment.

Taken together, the results of Table 3 suggest that the flare-up of racial animus after the election of Barack Obama amplified the effect of the Great Recession on anti-democratic extremism. Column 2 of Table 3 shows that the effect of unemployment was also higher in states with a larger vote share for George Bush in 2000, consistent with the hypothesis that the effect of economic conditions may have also been amplified by a conservative political backlash.

5. Conclusion

This paper presented evidence that adverse economic conditions played an important role in fueling the rise of anti-democratic extremism between 2005 and 2013. Using data on the number and geographic distribution of anti-democratic extremist groups collected by the Southern Poverty Law Center (SPLC), my analysis shows that a 1 percentage point increase in the state-level unemployment rate is associated with the formation of approximately 2 additional anti-democratic extremist groups in a state in a given year.

Disaggregation by gender and race shows that anti-democratic extremism is most strongly affected by the male unemployment rate and the white unemployment rate, consistent with the observation that most members of these extremist groups are white men. My analysis also provides suggestive evidence that the effect of adverse economic conditions was amplified by pre-existing racial tensions. Notably, unemployment affects anti-democratic extremism more strongly after the election of Barack Obama, and in states with higher baseline levels of white racial resentment, as proxied by the frequency of web searches for an anti-black racial slur. In states with a below-median frequency of racist web searches, unemployment has a small and statistically insignificant effect on anti-democratic extremism. This suggests that adverse economic shocks alone may not be sufficient to increase anti-democratic extremism, but may only do so if they occur in an environment of pre-existing racial resentment.

The results presented in this paper suggest that economic policy can play an important role in countering anti-democratic extremism in the United States. Counterfactual predictions based on my estimates suggest that if unemployment rates had remained stable at their pre-recession level of approximately 4.3%, the increase in anti-democratic groups between 2007 and 2010 could have been reduced by more than 60%.

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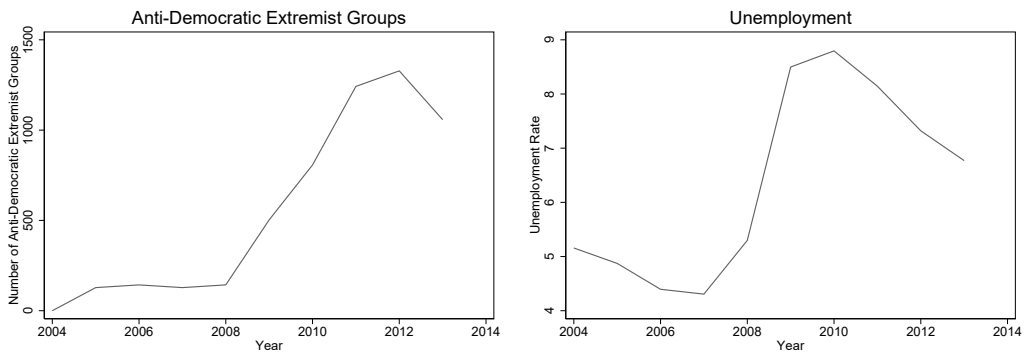
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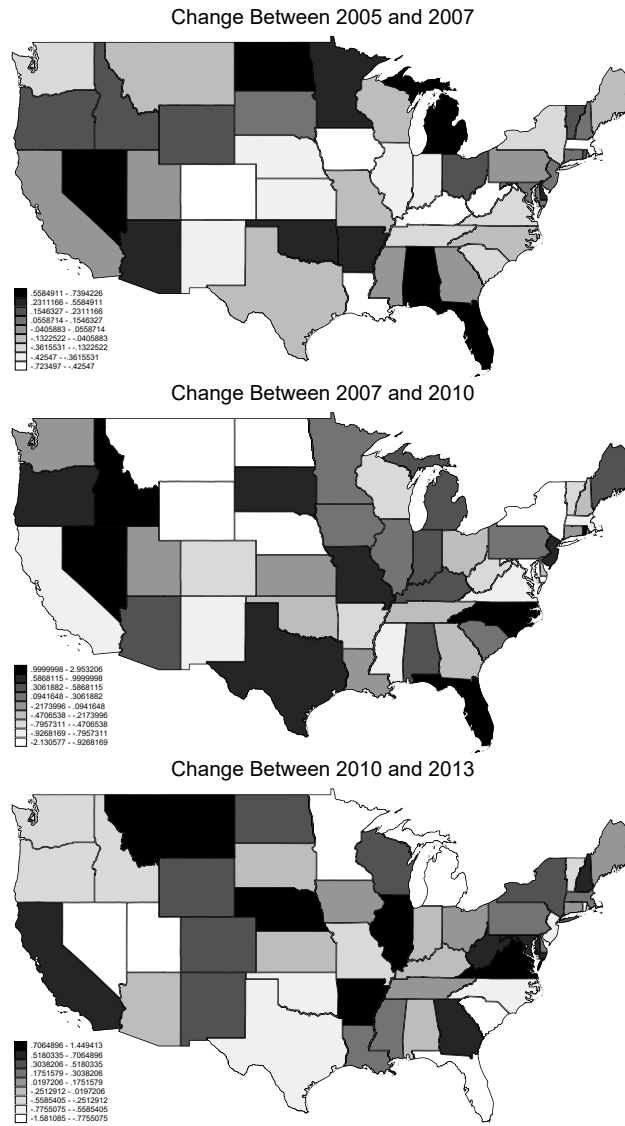
6. Tables and Figure

Figure 1. Trends of Unemployment and Anti-Democratic Extremist Groups, 2005-2013



Data on anti-democratic extremist groups comes from the Southern Poverty Law Center's Intelligence Reports for the years 2005 to 2013. Data on unemployment comes from the Bureau of Labor Statistics.

Figure 2. Adjusted Changes in Unemployment Across States, 2005-2013



Data on anti-democratic extremist groups comes from the Southern Poverty Law Center's Intelligence Reports for the years 2005 to 2013. Data on unemployment comes from the Bureau of Labor Statistics. The map displays adjusted changes in unemployment between three pairs of years: 2005 to 2007, 2007 to 2010 and 2010 to 2013. This variable is defined as the residual from a regression of changes in the unemployment rate on the set of fixed effects and control variables used in the regression analysis: census-division-by-year fixed effects, total population, percentage White, percentage Black, percentage Asian, percent of vote for Bush in 2000, percent of vote for Bush in 2004, percent of vote for Obama in 2008, percent of the population identifying as evangelical in 2001, log of frequency of web searches for the N-word in 2004. The states are grouped into quantiles of adjusted unemployment change, with darker colors representing larger relative increases in unemployment

Table 1. Unemployment and Anti-Democratic Extremist Groups

	Number of Anti-Democratic Extremist Groups					
	(1)	(2)	(3)	(4)	(5)	(6)
Unemployment Rate	2.39*** (0.87)	2.13** (0.85)	1.40*** (0.48)	1.95*** (0.59)	1.99*** (0.71)	2.23*** (0.82)
Census-Division-by-Year FE	No	Yes	Yes	Yes	Yes	Yes
Baseline Demographics × Year FE	No	No	Yes	Yes	Yes	Yes
Socio-Political Characteristics × Year FE	No	No	No	Yes	Yes	Yes
State-specific Linear Time-Trends	No	No	No	No	Yes	Yes
State-specific Quadratic Time-Trends	No	No	No	No	No	Yes
Mean of Dependent Variable	12.7	12.7	12.7	12.7	12.7	12.7
No. of States	48	48	48	48	48	48
No. of Observations	432	432	432	432	432	432

The unit of observation is the state-year; the sample is restricted to the lower 48 states. The dependent variable is the number of groups in the / movement, as reported by the Southern Poverty Law Center. Baseline demographic variables are: total population, percentage White, percentage Black, and percentage Asian, all measured by the 2000 Census. Sociopolitical variables are: percent of vote for Bush in 2000, percent of vote for Bush in 2004, percent of vote for Obama in 2008, percent of the population identifying as evangelical in 2001, log of frequency of web searches for the N-word in 2004. Standard errors, clustered at the state level, are in parenthesis. ***, ** and * denote statistical significance at the 1, 5 and 10 percent levels, respectively.

Table 2. Gender and Race-Specific Unemployment and Anti-Democratic Extremist Groups

Dependent Variable: Number of Anti-Democratic Extremist Groups			
	(1)	(2)	(3)
Male Unemployment Rate	2.00** (0.84)		
Female Unemployment Rate	-0.10 (0.91)		
White Unemployment Rate		1.66** (0.76)	
Black Unemployment Rate		0.31* (0.18)	
White Male Unemployment Rate			1.52 (1.34)
Black Male Unemployment Rate			0.38 (0.25)
Black Female Unemployment Rate			-0.069 (0.18)
White Female Unemployment Rate			-0.77 (1.39)
Census-Division-by-Year FE	Yes	Yes	Yes
Baseline Demographics \times Year FE	Yes	Yes	Yes
Socio-Political Characteristics \times Year FE	Yes	Yes	Yes
State-specific Linear Time-Trends	Yes	Yes	Yes
Mean of Dependent Variable	12.7	12.7	12.7
F-test for equal effects (p-value)	0.002	0.017	0.23
No. of States	48	44	38
No. of Observations	432	361	310

The unit of observation is the state-year; the sample is restricted to the lower 48 states. The dependent variable is the number of groups in the / movement, as reported by the Southern Poverty Law Center. Baseline demographic variables are: total population, percentage White, percentage Black, and percentage Asian, all measured by the 2000 Census. Sociopolitical variables are: percent of vote for Bush in 2000, percent of vote for Bush in 2004, percent of vote for Obama in 2008, percent of the population identifying as evangelical in 2001, log of frequency of web searches for the N-word in 2004. Standard errors, clustered at the state level, are in parenthesis. ***, ** and * denote statistical significance at the 1, 5 and 10 percent levels, respectively.

Table 3. Unemployment and Anti-Democratic Extremist Groups: Heterogeneity by State Characteristics

Dependent Variable: Number of Anti-Democratic Extremist Groups			
	(1)	(2)	(3)
Unemployment Rate	-1.63 (1.21)	-17.1 (23.5)	0.40 (1.14)
Unemployment Rate \times Year \geq 2009	3.87** (1.61)		
Unemployment Rate \times Log. Searches for N-Word in 2004		7.20** (3.33)	
Unemployment Rate \times Percent Evangelical		-0.012 (0.0083)	
Unemployment Rate \times Percent Vote for Bush in 2000		0.62* (0.33)	
Unemployment Rate \times Percent Vote for Bush in 2004		-0.45 (0.47)	
Unemployment Rate \times Percent Vote for Obama in 2008		-0.19 (22.0)	
Unemployment Rate \times Above-Median Searches for N-Word in 2004			2.37* (1.33)
Census-Division-by-Year FE	Yes	Yes	Yes
Baseline Demographics \times Year FE	Yes	Yes	Yes
Socio-Political Characteristics \times Year FE	Yes	Yes	Yes
State-specific Linear Time-Trends	Yes	Yes	Yes
Mean of Dependent Variable	12.7	12.7	12.7
No. of States	48	48	48
No. of Observations	432	432	432

The unit of observation is the state-year; the sample is restricted to the lower 48 states. The dependent variable is the number of groups in the / movement, as reported by the Southern Poverty Law Center. Baseline demographic variables are: total population, percentage White, percentage Black, and percentage Asian, all measured by the 2000 Census. Sociopolitical variables are: percent of vote for Bush in 2000, percent of vote for Bush in 2004, percent of vote for Obama in 2008, percent of the population identifying as evangelical in 2001, log of frequency of web searches for the N-word in 2004. Column 3 also controls for the interaction between year FE and the indicator for above-median searches for the N-word. Standard errors, clustered at the state level, are in parenthesis. ***, ** and * denote statistical significance at the 1, 5 and 10 percent levels, respectively.

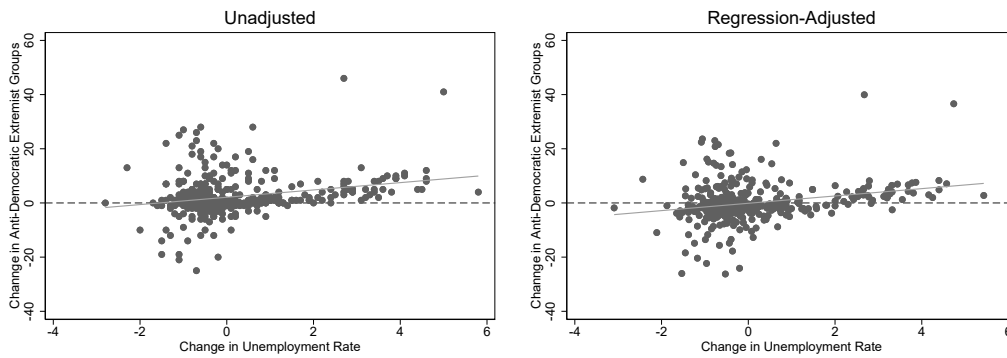
A. Appendix: Scatter Plot and Robustness to Outliers

Figure A.1 shows scatter plots of year-to-year changes in the number of anti-democratic extremist groups and year-to-year changes in unemployment. The left panel shows a scatter plot of the raw data, the right panel displays the data after a regression adjustment. For this adjustment, changes in unemployment and the number of groups are regressed on the set of fixed effects and control variables used in the regression analysis: census-division-by-year fixed effects, total population, percentage White, percentage Black, percentage Asian, percent of vote for Bush in 2000, percent of vote for Bush in 2004, percent of vote for Obama in 2008, percent of the population identifying as evangelical in 2001, log of frequency of web searches for the N-word in 2004. The scatter plot depicts the relationship between the residuals from those regressions.

The graphs show a strong positive relationship between changes in unemployment and changes in the number of anti-democratic extremist groups, both before and after the regression adjustment. This relationship is particularly pronounced at the high end of changes in unemployment. The figure also identifies two potential outlier observations that experienced large increases in the number of anti-democratic extremist groups: Michigan and Texas, both in 2009.

Table A.1 tests robustness to dropping these observations. With the exception of column 1, the estimates are slightly smaller than those in Table 1. All estimates remain statistically significant at conventional levels. In particular, the preferred specification in column 5 (full controls and state-specific linear trend) remains statistically significant at the 1% level and is very similar in magnitude to the corresponding specification in Table 1 (1.87 versus 1.99). The results of this robustness test suggest that the estimates presented in Table 1 are not unduly influenced by the presence of these two observations.

Figure A.1. Scatter Plot of Changes in Unemployment and Anti-Democratic Extremist Groups



Data on anti-democratic extremist groups comes from the Southern Poverty Law Center's Intelligence Reports for the years 2005 to 2013. Data on unemployment comes from the Bureau of Labor Statistics. The left panel displays a scatter plot of year-to-year changes in the number of anti-democratic extremist groups and year-to-year changes in unemployment. The right panel displays the same information after a regression adjustment. For this adjustment, changes in unemployment and the number of groups are first regressed on the set of fixed effects and control variables used in the regression analysis: census-division-by-year fixed effects, total population, percentage White, percentage Black, percentage Asian, percent of vote for Bush in 2000, percent of vote for Bush in 2004, percent of vote for Obama in 2008, percent of the population identifying as evangelical in 2001, log of frequency of web searches for the N-word in 2004. The scatter plot depicts the relationship between the residuals from those regressions.

Table A.1. Robustness to Outliers

	Number of Anti-Democratic Extremist Groups					
	(1)	(2)	(3)	(4)	(5)	(6)
Unemployment Rate	2.49*** (0.89)	2.08** (0.84)	1.27** (0.54)	1.75** (0.73)	1.87*** (0.66)	2.05* (1.18)
Census-Division-by-Year FE	No	Yes	Yes	Yes	Yes	Yes
Baseline Demographics \times Year FE	No	No	Yes	Yes	Yes	Yes
Socio-Political Characteristics \times Year FE	No	No	No	Yes	Yes	Yes
State-specific Linear Time-Trends	No	No	No	No	Yes	Yes
State-specific Quadratic Time-Trends	No	No	No	No	No	Yes
Mean of Dependent Variable	12.7	12.7	12.7	12.7	12.7	12.7
No. of States	48	48	48	48	48	48
No. of Observations	382	382	382	382	382	382

This table presents the same regression results as Table 1, but after dropping two outlier observations with large increases in the number of anti-democratic extremist groups: Michigan and Texas, both in 2009. The unit of observation is the state-year; the sample is restricted to the lower 48 states. The dependent variable is the number of groups in the / movement, as reported by the Southern Poverty Law Center. Baseline demographic variables are: total population, percentage White, percentage Black, and percentage Asian, all measured by the 2000 Census. Sociopolitical variables are: percent of vote for Bush in 2000, percent of vote for Bush in 2004, percent of vote for Obama in 2008, percent of the population identifying as evangelical in 2001, log of frequency of web searches for the N-word in 2004. Standard errors, clustered at the state level, are in parenthesis. ***, ** and * denote statistical significance at the 1, 5 and 10 percent levels, respectively.