

# The Downside of Hubs: How Industrial Clusters Turn Economic Shocks Into Political Shocks

Sung Eun Kim<sup>†</sup>

Krzysztof Pelc<sup>‡</sup>

## Abstract

Why do some economic shocks have political consequences, upturning elections and ushering in radical candidates, while others are brushed off as structural change? We address this puzzle by looking to a factor that is most often presented as a source of regional strength: industrial clusters. Our central claim is that when economic shocks hit geographically concentrated industries, they produce the widely reported sense of *loss* that populist right-wing parties, especially, capitalize on. Using a set of original surveys, we show that individuals working in concentrated industries perceive their region as having lower subjective standing; they are more likely to blame economic downturns on politicians, and to perceive politicians as having a duty to prevent private sector layoffs. Looking to observational data, we show how industrial clusters magnify the political effects of economic shocks. This matters, since as we show, industrial clusters have accounted for more job losses than job gains over the last 20 years. Those areas most exposed to trade competition, in particular, have seen a shift in employment away from clustered industries to non-clustered, non-traded industries. We tie this shift to rising support for Republican presidential candidates in elections from 2000 to 2016. Our account presents a competing picture to the common narrative about industrial hubs as founts of innovation and productivity growth. As we show, such hubs quickly turn into founts of political resentment when they are threatened by structural forces.

---

<sup>†</sup>Department of Political Science, Korea University. [sung\\_kim@korea.edu](mailto:sung_kim@korea.edu)

<sup>‡</sup>Department of Political Science, McGill University. [kj.pelc@mcgill.ca](mailto:kj.pelc@mcgill.ca)