The Rise of the Far Right in Debtor and Creditor European Countries: The Case of European Parliament Elections

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Abstract
While the 2014 European Parliament elections were marked by the rise of parties on the far right-wing, the different patterns of support that we observe across Europe and across time are not directly related to the economic crisis. Indeed, economic hardship seems neither sufficient nor necessary for the rise of such parties to occur. Using the cross-national results for the 2004, 2009 and 2014 EP elections in order to capture time and country variations, we posit that the economy affects the rise of far right-wing parties in more complex ways. Specifically, we compare the experience of high-debt countries (the ‘debtors’) and the others (the ‘creditors’) and explore the relationship between far right-wing party success on the one hand, and unemployment, inequality, immigration, globalisation and the welfare state on the other. Our discussion suggests there might be a trade-off between budgetary stability and far right-wing party support, but the choice between Charybdis and Scylla may be avoided if policy-makers carefully choose which policies should bear the brunt of the fiscal adjustment.

Keywords: European Parliament elections, far right-wing parties, debtor countries, immigration, unemployment, welfare state

Introduction
The 2014 European Parliament elections took place against the backdrop of a severe economic crisis, rising levels of euroscepticism and the increasing political salience of immigration. In countries including France, Britain, Denmark, Sweden, Finland, Austria and Greece, far right-wing parties were elected on a populist, anti-immigration and anti-EU platform that emphasised national sovereignty, the importance of safeguarding national values and the need to alleviate the pressures immigration is said to place on the economy. It could be argued that within the context of economic hardship this is hardly surprising. As the vast literature on the topic expects, economic pressures prompt disillusioned voters who see themselves as the ‘losers’ of the system to express their protest by opting for a far right-wing party. A cultural dimension is also linked to this: immigration is seen to place an immense stress on the state, especially at times of economic crisis when fiscal resources are scarce, thus limiting its ability to offer welfare provisions and deliver on the social contract.

A closer examination of the election results however reveals a more complicated picture. Economic hardship does not seem to have a straightforward effect on the rise of far right-wing parties, with different patterns of far right-wing party support across Europe in 2014. More specifically an examination of the past three EP election results (2004, 2009 and 2014) indicates varied levels of support: while in some countries, for example Austria, Denmark, Greece, France and the UK, there was a significant rise over time, in others, for example Belgium, Bulgaria, the Netherlands and Italy, far right-wing party support declined. The biggest winners were the French Front National (FN), the UK independence Party (UKIP) and the Danish People’s Party (DF), which all received more than 20 per cent of the votes, and the Greek Golden Dawn (GD), with almost 10 per cent. The total far-right vote was in some cases even higher. For example, taken together, the vote for the Popular Orthodox Rally
(LAOS) and Independent Greeks (ANEL) in Greece amounted to roughly 15 per cent, while in Austria the Austrian Freedom Party (FPÖ) and the Alliance for the Future of Austria (BZÖ) together acquired about 20 per cent. The True Finns (PS) also fared well, receiving almost 13 per cent, three percentage points higher than in 2009.

However, in other countries the far right actually experienced a decline in support. For instance, between the 2009 and 2014 elections, both the Dutch Freedom Party (PVV) and the Northern League (LN) in Italy lost four percentage points. Others experienced more important declines. This was for instance the case for the Flemish Bloc (VB) in Belgium, where far right-wing party support was more than halved between 2009 and 2014, falling to about 4 per cent. The fall was even more pronounced in Bulgaria, with a four-fold reduction in the vote share for the Bulgarian National Union Attack (ATAKA), to about 3 per cent in 2014.

In yet other countries, the far right remained marginal. This was the case in Portugal, Spain and Cyprus; meanwhile, no far right-wing party exists in Ireland. This is interesting because it suggests that while economic hardship may have had an effect on the rise of the far right in countries such as Greece, this did not occur in Portugal, Ireland, Cyprus or Spain. Conversely, there was a rise in far right-wing party support in countries which were not facing similar economic stress, including France, Finland, Austria, Denmark and Sweden (see Table 1). In addition, in countries that did experience the rise of the far right, the type of far-right variant that experienced greater support varied: for example, while in Greece the extreme right GD rose at the expense of the radical right LAOS, in the UK the reverse took place, with UKIP rising at the expense of the BNP.

How may we understand these variations? Instead of accepting outright the overall premise that the economy somehow affects the rise of far right-wing parties, we use the EP election results to explore how labour market problems, such as unemployment or inequality; labour market policies, such as unemployment benefit generosity; and pressures arising from immigration and globalisation may affect far right-wing party success. To allow for an effect of the crisis, we look at the cross-European results in the past three EP elections (2014, 2009 and 2004), which gives us a snapshot of cross-country variations before, during and toward the end of the crisis.

We cluster countries into two separate groups—debtor versus creditor—and compare the performance of the far right in those two groups with various indicators of economic and social dimensions identified in the literature as being relevant. This allows us to analyse the relationship between economic hardship, unemployment and inequality, welfare state institutions and far right-wing party success in high-debt countries (the ‘debtors’) compared to others (the ‘creditors’). Our analysis reveals that healthy budgets in the creditor group may have come at the cost of dissatisfaction of significant parts of the electorate, whereas the debtor group chose the path of least resistance by keeping entitlements, but this had adverse implications for public finance. However, this does not mean that countries are forced to choose between extremism and budgetary issues. As is well known in the welfare state literature, what matters for individuals’ insecurity and living standards is not necessarily aggregate welfare state expenditures but instead entitlements, most notably unemployment benefits. Thus, provided that the right policies for expansion and for retrenchment are chosen, policymakers can address both the ‘debt problem’ and the ‘far right problem’.

The rest of our discussion unfolds as follows. In the next section, we review in turn the literature on economic and cultural dimensions of far right-wing party support. We then present our empirical analysis in the second section, where we compare the relationship between far right-wing party success, economic problems, pressures and immigration in debtor and creditor countries. We conclude with some reflections concerning the determinants of far right-wing party support during the crisis and some possible policy implications.

The economic and cultural dimensions of far right-wing party support

Before proceeding to the state of the art concerning far right-wing party support, it is
What drives far right-wing party support?
The literature on demand for the far right is divided along the lines of two broad explanations that may be interlinked: economic factors and cultural factors.2 The economy may increase support for the far right via the channels of high levels of unemployment, economic insecurity, economic deprivation, expectations of deprivation, the fear of downward social mobility, poverty and expectation of poverty.3 Therefore unemployment and the potential ways to mitigate its effects on material conditions through, for example, the welfare state4 may be understood as important predictors of far right-wing party support. The unemployed, low-educated and those in manual or blue-collar jobs are identified as the social groups more likely to support the far right.8 While this varies across Europe,6 we may discern an overall logic, which may be summarised as

important to first address the question of classification. The focus of various analyses of the 2014 ‘earthquake’ EP elections has been on the increase in support for far right-wing parties across Europe, with discussions centring on the rise of UKIP in the UK, the FN in France, the DF in Denmark and the GD in Greece. Any analysis, however, requires consensus on which parties may be identified as belonging to this party family. For example, UKIP could be seen as a fundamentally different type of party from GD given their different relationship to fascism, use of violence and understanding of procedural and substantive democracy. In this article we adopt the term ‘far right’ as an umbrella category that encompasses both the extreme (e.g. GD, Jobbik) and populist right (e.g UKIP, DF) variants, all of which share in common a rhetoric that focuses on nationalism and a tough stance on immigration.1

### Table 1: Combined far right-wing party performance in EP elections

<table>
<thead>
<tr>
<th>Country</th>
<th>Far right-wing Parties</th>
<th>2004</th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Austrian Freedom Party (FPÖ), Alliance for the Future of Austria (BZÖ)</td>
<td>6.31</td>
<td>17.29</td>
<td>20.19</td>
</tr>
<tr>
<td>Belgium</td>
<td>Flemish Bloc (VB)</td>
<td>14.3</td>
<td>9.85</td>
<td>4.14</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>National Union Attack (ATAKA)</td>
<td>0</td>
<td>11.96</td>
<td>2.96</td>
</tr>
<tr>
<td>Cyprus</td>
<td>National Popular Front (ELAM)</td>
<td>0</td>
<td>0.22</td>
<td>2.96</td>
</tr>
<tr>
<td>Denmark</td>
<td>Danish People’s Party (DF)</td>
<td>6.8</td>
<td>15.4</td>
<td>26.6</td>
</tr>
<tr>
<td>Finland</td>
<td>True Finns (PS)</td>
<td>0.54</td>
<td>9.79</td>
<td>12.9</td>
</tr>
<tr>
<td>France</td>
<td>Front National (FN)</td>
<td>9.8</td>
<td>6.3</td>
<td>24.86</td>
</tr>
<tr>
<td>Germany</td>
<td>The Republicans (REP), National Democratic Party of Germany (NPD)</td>
<td>1.88</td>
<td>1.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Greece</td>
<td>Popular Orthodox Rally (LAOS), Golden Dawn (GD), Independent Greeks (ANEL)</td>
<td>4.1</td>
<td>7.65</td>
<td>15.54</td>
</tr>
<tr>
<td>Hungary</td>
<td>Movement for a Better Hungary (Jobbik)</td>
<td>0</td>
<td>14.77</td>
<td>14.67</td>
</tr>
<tr>
<td>Ireland</td>
<td>N/A</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Italy</td>
<td>Northern League (LN)</td>
<td>17.16</td>
<td>10.2</td>
<td>6.16</td>
</tr>
<tr>
<td>Netherlands</td>
<td>List Pim Fortuyn (LPF), Dutch Freedom Party (PVV)</td>
<td>2.55</td>
<td>16.97</td>
<td>13.32</td>
</tr>
<tr>
<td>Portugal</td>
<td>National Renovator Party (PNR)</td>
<td>0.25</td>
<td>0.37</td>
<td>0</td>
</tr>
<tr>
<td>Spain</td>
<td>National Democracy (DN)</td>
<td>0.05</td>
<td>0.14</td>
<td>0</td>
</tr>
<tr>
<td>Sweden</td>
<td>Swedish Democrats (SD)</td>
<td>0</td>
<td>3.27</td>
<td>9.7</td>
</tr>
<tr>
<td>UK</td>
<td>British National Party (BNP), United Kingdom Independence Party (UKIP)</td>
<td>21.1</td>
<td>22.13</td>
<td>27.88</td>
</tr>
</tbody>
</table>

follows: a ‘trigger’, understood as economic crisis or the societal effect of globalisation or de-industrialisation, places an economic stress on society, thereby creating ‘winners and ‘losers’, the latter being those most affected and most likely to express their discontent and protest by opting for far right-wing parties. As such, those who are disillusioned with the system as a whole are also likely to vote for far right-wing parties.

Cultural factors tend to be understood in terms of the ‘immigration question’ and issues of multiculturalism. Immigration could pose a cultural threat to identity, for example because of the incompatibility of some cultures, the inability of certain groups to assimilate or a broader collective identity crisis resulting from globalisation and/or the increasing influx of immigrants. The economic and cultural dimensions are interlinked, which explains the importance and persistence of the immigration question. Beyond culturally driven value conflicts, we may understand the immigration issue as a conflict over material resources. During economic crises, or times of hardship more broadly, resources are scarce, which increases the salience of ethnic competition. Those who consider themselves as belonging to the nation will claim exclusivity of access to the state and its collective goods. The redistribution of wealth—that is, access to the collective goods of the state—is a fundamental part of the social contract. As the crisis exposes the scarcity of such goods, outsiders reveal the precariousness of the pact. Far right-wing parties capitalise on this to attract more votes. As such, we would expect those competing with immigrants for jobs and benefits to be those more likely to opt for far right-wing parties. The BNP’s ‘British Jobs for British Workers’ slogan, for example, or the GD’s organisation of soup kitchens and medical care for Greeks only are good empirical illustrations of the overlap between the economic and cultural questions.

How may we use this theoretical framework to shed light on the performance of far right-wing parties during the 2014 EP elections? At first glance, the results raise more questions than they answer: if the economy is the key driver of far right-wing party support, then why was there no significant rise in the countries that have experienced the worst of the economic crisis, including Portugal, Ireland, Cyprus and Spain? In Ireland there is no far right-wing party, while both the National Renovator Party (PNR) in Portugal as well as the far right-wing Spain 2000 and National Democracy (DN) in Spain attracted very low levels of support. In Cyprus the National Popular Front (ELAM) received 2.96 per cent of the vote. Only in Greece did a far-right party increase its support significantly, with GD rising from a party on the fringes of the system to receiving 9.38 per cent of the vote in May 2014. If unemployment drives support, then why did Greece (highest level of unemployment in the EU) indeed experience the rise of such a party but Spain (second highest) not, while countries with lower levels, such as the UK and France, also did? Does the economy not matter, or does it matter in more complex ways? And does the economic crisis play out in similar ways in debtor and creditor countries?

We address the question of different patterns of support within the context of economic crisis by nuancing the overall effect of the economy in two ways. First, we disentangle debtor from creditor countries in order to capture variations in terms of the impact of debt; second, we test various related factors identified in the literature, including unemployment, immigration, globalisation and the welfare state, in each group in order to identify the different ways each has been affected and the extent to which this has in turn played a role in far right-wing party support. While EP elections are second order elections, we may still identify important trends through an examination of the results, whereas the first order nature of national elections may serve to limit protest voting. EP elections also have the advantage of ‘controlling’ for the electoral system, whereas national election results may differ as a result of different electoral systems.

**Exploring far right-wing party success in debtor and creditor countries**

We now consider how far right-wing party support in the last three EP elections relates to other key factors identified in the litera-
ture discussed in the previous section: the economic ‘problem load’ (unemployment, debt), immigration (actual flows and perceptions), pressures (inequality, globalisation) and the welfare state (expenditures on social protection and unemployment benefits generosity). Each factor is measured for the year prior to the election (or the closest year for the 2014 election where not all data is available for 2013). This choice is partly motivated by the fact that the economy may take time to affect voters’ preferences and partly by the realisation that voters are in many cases only aware of economic performance with a one-year lag (i.e. when the latest economic data is released).

Because high-debt countries may have experienced the crisis and the pressures it creates in a qualitatively different way, we choose to cluster countries into two groups that had significantly different debt positions before the crisis and/or were differently affected by the debt crisis. The first is characterised by numbers for debt and deficit as percentage of GDP that are 1.5 times the EU28 average. As a shorthand, we refer to this group as the ‘debtor group’. It includes Belgium, Cyprus, France, Greece, Ireland, Italy, Portugal, Spain and the UK. The other countries in the EU28 are referred to as the ‘creditor group’. For each group, we calculate the average for both far right-wing party support and the key factors that our analysis covers.\textsuperscript{11}

How did the economic problem load evolve in each group in the three EP elections? While the debtor group has seen its debt increase from roughly 68 per cent in 2004 to 70 per cent in 2009 and 117 per cent in 2014, the increase in the creditor groups was much less marked, increasing by 13 percentage points from 39 to 52 per cent. The deficit stayed between 1 and 3 per cent in the three years before each election for the creditor group, compared to deficits located between 3 and 6 per cent for the debtor group. Other economic metrics reveal a similar picture. Unemployment doubled between 2003 and 2013 in the debtor group, from 7.5 per cent to about 15 per cent, whereas it remained around 9 per cent in the creditor group (and even fell to 6 per cent in 2008). Similarly, long-term unemployment remained stable in creditor countries at around 4 per cent, but almost tripled in the debtor group from 3 to 8 per cent. The situation is much worse for youth unemployment: while it barely increased in the creditor group, hovering around 20 per cent, it doubled from 18 to 36 per cent in debtor countries.

The conventional wisdom would suggest that highly indebted countries should display greater far right-wing party support because of their worst labour market performance. However, the patterns we observe seem at odds with these expectations. The left panel in Figure 1 shows that creditor countries had slightly higher average total far right-wing support in 2014 despite having a lower average debt in 2013, and much higher far-right success in 2009 despite also having lower average debt in 2008. But within each group, we see that the increase in debt between 2008 and 2013 was consistent with the increase in far right-wing party support between the 2009 and 2014 EP elections. The right panel plots far right-wing party success against the unemployment rate in the year prior to the election. This reveals a similar variation for 2014 and 2009: creditor countries had higher average far right-wing party support despite having lower unemployment. Whereas debtor countries did see an increase in unemployment consistent with higher far right-wing party support between 2004 and 2014, creditor countries saw far right-wing party support shoot up despite very little change in unemployment. Thus, the economy alone does not seem to account for the evolution and variation in far right-wing party support.

A usual suspect in the literature, and hence a possible solution to this puzzle, is immigration. Recent literature has for instance found that immigration from eastern European countries made western European citizens more eurosceptic.\textsuperscript{12} Figure 2 therefore plots two measures of immigration against far right-wing party support to investigate whether immigration leads to higher levels of support. The left panel suggests this may only have been true in 2004, where immigration and far right-wing party support were higher in the debtor group than in the creditor group. By contrast, debtor countries had higher average immigration (expressed in 1000s) before all three
elections; as immigration increased between 2003 and 2008, far right-wing party support fell between 2004 and 2009, whereas when immigration fell as a result of the crisis between 2008 and 2013, far right-wing party support increased. In the creditor group, immigration was stable, while far right-wing party support increased between each election.

It might well be that it is not immigration but the perception of immigrants that matters. Using the European Social Survey, the right-hand panel of Figure 2 therefore maps the average percentage of respondents that believed immigration is bad for their country’s culture in both creditor and debtor groups. While immigration does appear to be less well seen in the debtor group (consistent with immigration flows), only the variation in 2004 is consistent with the notion that negative perceptions of immigrants leads to higher far right-wing party support. In sum, immigration may have been the culprit in pre-crisis times, but if anything the crisis has actually undermined—rather than strengthened—the relationship.

A second possible solution to the puzzle is that far right-wing party support is a result of pressures associated with heightened inequality and globalisation in trade. Previous literature has for instance found a link between euroscepticism and inequality, and Swank and Betz (2003) have shown that globalisation may under certain conditions lead to greater right-wing populism. Figure 3 provides mixed support for these claims. Inequality has been increasing alongside far right-wing party support in creditor countries in all three EP elections, whereas this is only true for the latest two elections in debtor countries (left-hand panel). Similarly, total trade and far right-wing party support have increased in the creditor group between each election, but this is only true for the last two elections in the debtor group. In sum, these explanations work better for
the creditor group than for the debtor group (right-hand panel).

Finally, we consider the role of the welfare state, which has been under sustained assault as a result of austerity programmes, especially in debtor countries (Figure 4). Here we analyse both overall ‘effort’ (that is, expenditures on social protection—left panel) and actual generosity of unemployment benefits, the so-called unemployment benefit replacement rate\(^\text{15}\)—that is, how much one receives in unemployment benefits when unemployed relative to their income when in employment (right-hand panel). It is important to include both indicators in our discussion because previous literature on the welfare state has argued that entitlements may be more important to citizens than welfare state expenditures.\(^\text{16}\) Creditor countries have not experienced changes in spending on social protection while far right-wing party support increased. Spending on social protection in the debtor group did increase substantially between 2003 and 2013, but that did not prevent the rise of far right-wing party support, though one can speculate as to whether this increased welfare state effort minimised its rise. This latter speculation seems consistent with the picture we get when looking at unemployment benefits: the rise in far right-wing party support in the creditor group seems consistent with the retrenchment in the generosity of these benefits that occurred between 2003 and 2012 (the latest data point available). By contrast, in the debtor group unemployment benefit generosity initially expanded between 2004 and 2009, and far right-wing party support fell; it thereafter reduced them slightly, and far right-wing party support increased. In sum, the creditor group managed to keep their debts under control but at the cost of rising far right-wing party support, whereas debtors initially managed to contain the rise.

Figure 2: Flows and perception of immigration and far right-wing party support
Note: immigration flows (in 1000s) were taken from Eurostat. Because of data availability issues, the 2004 (instead of 2003), 2008 and 2012 (instead of 2013) waves of the European Social Survey were used for the right panel.
of far right-wing parties between 2004 and 2009; thereafter the crisis hit and they had to reduce spending in a context where expansion would have been a welcome compensation for the hardships that the crisis imposed on their population, and far right-wing party support shot up.

**Conclusion**

What are the effects of the economy on far right-wing party support? Is the rise of such parties the product of economic or cultural factors? And how do various pressures resulting from inequality and globalisation affect far right-wing party support? The varied performance of far right-wing parties in EP elections raises a number of interesting questions. While the economy is expected to be a good predictor, the cross-time and cross-country variations we observe cast doubt on the extent to which the impact of the economy is straightforward. While studies have also found that immigration and certain pressures deriving from inequality, globalisation and trade may also drive support, the results here too are mixed. When looking at the overall picture, indicators such as unemployment, inequality, immigration and perceptions of immigration do not seem to have a clear-cut effect on the rise of far right-wing parties.

Our starting point has been that the various factors that affect far right-wing party support in highly indebted as opposed to creditor countries may not be the same. We have therefore mapped the effect of the above indicators in each group for the past three EP elections, which cover the pre-crisis stage, the intermediate stage of the crisis and the latest phase of the crisis. Our analysis illustrates the complex relationship between debt, economic performance, immigration and the welfare state. On average, debtor

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**Figure 3: Inequality, globalisation and far right-wing party support**

Note: The gini coefficient of equivalised disposable income is calculated using the SILC database and is available from Eurostat. Total trade refers to sum of export and import of goods and services and was taken from Eurostat.
countries did not exhibit higher levels of far right-wing party support than creditor countries, despite having much worse debt and unemployment. There are therefore no simple explanations concerning the economic problem load and we find similarly mixed results for immigration. Pressures do appear to have some traction: while inequality was greater in debtor countries, globalisation has affected creditor countries more, and this may explain the high levels of far right-wing party support.

The pressures associated with their more globalised economy may further be compounded by distinct budgetary choices: creditor countries spend less on social protection as a percentage of GDP and have less generous unemployment benefits. They have also retrenched these latter benefits much more than debtor countries since 2004. Thus, healthy budgets in the creditor group may have come at the cost of dissatisfaction of significant parts of the electorate. In the debtor group welfare state spending may have mitigated dissatisfaction but this had adverse implications for public finance.

However, this does not mean there is no way out of this dilemma. Instead, our analysis suggests that the key to understanding far right-wing support lies with policy choices. Economic and/or cultural pressures are not necessarily drivers in themselves: their effects depend crucially on whether certain policies are in place to mitigate their effects. In choosing these policies, policymakers are not necessarily stuck between dissatisfied voters and budgetary issues, because what matters is not welfare state efforts per se but the generosity and entitlements of unemployment benefits. Thus we can address both the debt problem and the

Figure 4: Social protection, unemployment benefit generosity and far right-wing party support

Note: Expenditure on social protection as % of GDP was taken from Eurostat, while unemployment benefits refer to net unemployment insurance and unemployment assistance benefits for an average worker. The years used for each country are as follows: 2003, 2008 and 2012. The data was taken from the OECD tax benefit model.
far-right problem, provided the right policies for expansion and retrenchment are chosen.

Notes
11 Of course, these two terms do not necessarily mean that those countries in the lower debt group are necessarily creditors to those in the higher debt group (though this is correct for some countries; for instance, France and Germany in the ‘creditor group’ are creditors to Greece and Cyprus in the ‘debtor group’). Needless to say, each group’s average also hides important cross-national variation; we believe it is nevertheless instructive to map the evolution of the far right through this prism.