



CETD/CES Policy Brief¹
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2014 European Parliament Elections: Breakthrough or Continuing Trend?

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Introduction

The 2014 European Parliament (EP) elections have made waves in the mass media on both sides of the Atlantic. Newspapers, news networks, commentators, blogs, and analysts have lamented the wave of Eurosceptic, anti-European, neo-Nazi, populist, and radical right political parties that have made significant gains since 2009. This was the first election since the Great Recession of 2008-2012, and the first since the Eurocrisis. It was the first election following a prolonged period of decreasing economic growth and increasing unemployment, matched by conservative and economic orthodox measures on the part of governing parties. This is also a period when numerous European Union (EU) member states in financial trouble received International Monetary Fund (IMF)/IMF-EU bailouts. The bailouts were conditional upon radical cuts in public spending, and occasionally massive layoffs and freezing wages in the public-sector. As a result, this was an opportunity for populist discourses and politicians to capitalize on public discontent. Consequently, in light of the 2014 EP elections, it is worth asking whether there is a relationship between the size of the unpopular bailouts undertaken by EU member states and the success of populist Eurosceptic political parties in the 2014 EP elections.

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Second-Order Elections and Economic Voting

Literature surrounding European Parliament elections focuses on two areas of concern: the issues discussed in election campaigns, and the avenues EP elections offer for voter discontent with governing parties. European Parliament elections are often regarded as less important, or second-order, elections in comparison to national parliamentary elections or presidential elections in semi-presidential systems³. This has several consequences: voters are less likely to participate, more likely to show their discontent vis-à-vis major political parties by invalidating their votes, or more likely to vote for new and smaller parties since they are less compelled to vote strategically; similarly, they are more likely to vote against the parties in power⁴.

At the same time, literature on ‘economic voting’ suggests that voters punish political parties in times of economic decline⁵. Economic voting literature points towards the unpopular austerity measures following the Euro-crisis as a cause for radical right success. This suggests that the surge observed in May 2014 is an expression of a protest vote against established, mainstream centre-left and centre-right political parties in charge with the implementation of austerity. The second-order character of EP elections further allows voters to refrain from strategic voting and instead opt for new, radical, and untested political parties.

Certain works on the radical right party family agree with the economic voting thesis. Jackman and Volpert argue that unemployment and economic decline are more likely to generate opportunities for radical right parties to increase their voter share⁶. Nonetheless, there is no consensus on this in academic literature. In the case of the previous EU election of 2009, Pammett and Leduc point out that even those severe economic crises do not allow for voters to punish incumbents when they can be attributed to external sources such as globalization or the EU⁷. In addition, economic voting looks only at the cyclical periods of economic growth and recession. Thus, so far, economic voting literature has theorized very little about political implications during periods of severe economic decline, economic crisis, massive unemployment, and hyperinflation. Comparing the 2014 election results with 2009’s results, it is worth asking whether there are any

³ Karlheinz, Reif and Hermann Schmitt. 1980. "Nine Second-order National Elections—a Conceptual Framework for the Analysis of European Election Results." *European Journal of Political Research* 8(1): 3-44.

⁴ Schmitt, Hermann. 2005. "The European Parliament Elections of June 2004: Still Second-Order?" *West European Politics* 28(3): 650-679.

⁵ LeDuc, Lawrence, and Jon H. Pammett. 2013. "The Electoral Impact of the 2008 Economic Crisis in Europe." In DeBardeleben, Joan, and Crina Vijju, eds. *The Economic Crisis in Europe: What it Means for the EU and Russia*, Palgrave Macmillan, Basingstoke: 87-111.

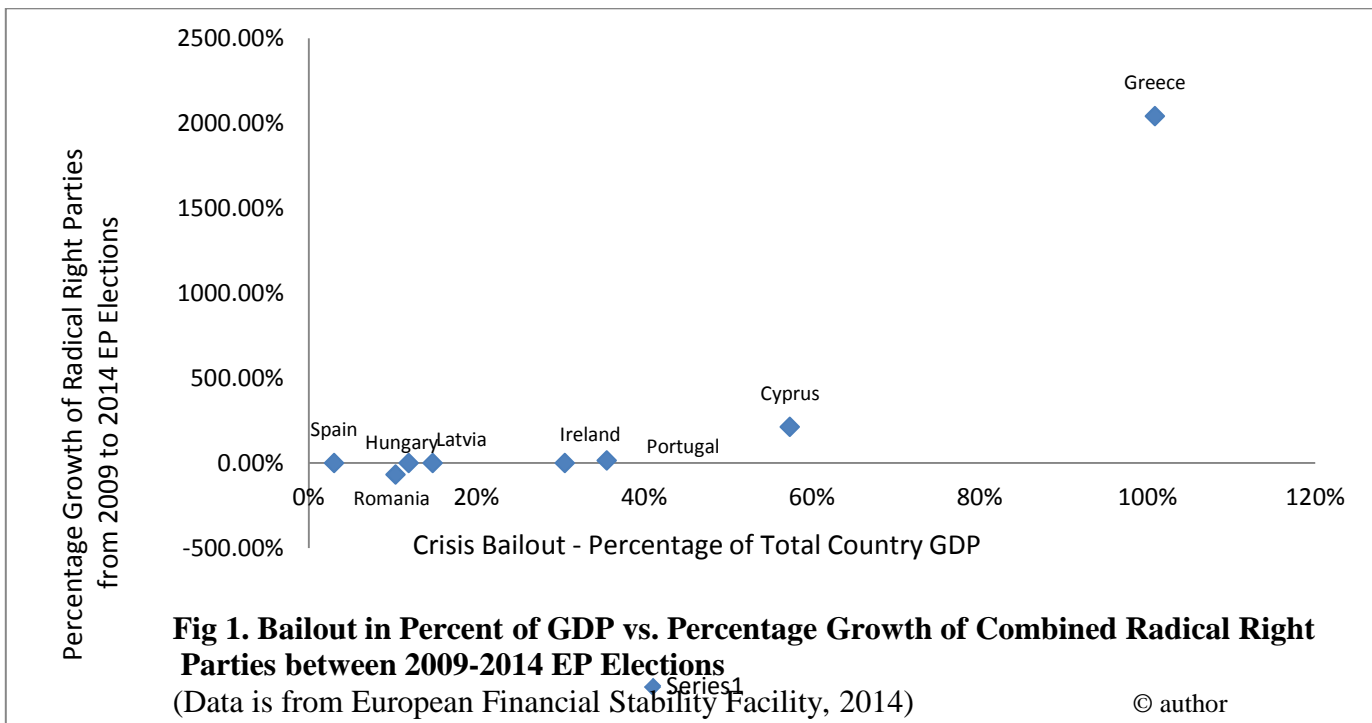
⁶ Jackman, Robert, and Karin Volpert. 1996. "Conditions Favoring Parties of the Extreme Right in Western Europe" *British Journal of Political Science* 26 (4): 501–521.

⁷ See footnote 5

indications of economic voting, given that the crisis had a severe economic impact in several EU member states.

Austerity Packages and Radical Right Success

One way to try to account for the effects of the crisis is by measuring the size of the bailout package received by EU member states as a percentage of their Gross Domestic Product (GDP). The reasoning behind this is that the bailouts were conditional on largely unpopular reforms and budget cuts. The implication would be that the larger the bailout package, the larger the package of austerity reforms imposed on member states. This would affect not just the rise in unemployment that ensued, but also cuts in social benefits and salaries of public employees, freezes in hiring, etc. Eight member-states received bailouts between 2009 and 2014: Cyprus, Greece, Hungary, Ireland, Latvia, Portugal, Romania, and Spain. The sizes of the bailouts ranged from more than 100% of GDP in the case of Greece to 3% of GDP in the case of Spain (European Financial Stability Facility 2014). Below is a representation of the bailout size versus the radical right Eurosceptic vote, testing Jackman and Volpert’s economic voting argument in the case of the radical right (Fig. 1).



Greece and Cyprus, which received the largest bailouts relative to their GDP, also experienced a large surge in the Eurosceptic vote. However, countries that received bailout packages under 40% of GDP did not experience a significant surge of radical right parties. In Portugal, the difference was small (a 13% surge). In some cases, as in Ireland and Latvia, the

difference in growth of radical right support was 0%. In other cases, as in Romania, the radical right vote actually decreased by 69%. In Hungary, the difference was 0%; however, Hungary's far right party, Jobbik, kept its share of 16.6% of the total vote obtained in 2009. However, the graph does point out that, among bailout EU member-states, those receiving massive bailouts amounting to more than half of their GDP did experience a rise in the anti-establishment radical right vote.

Unemployment Growth and Populist Rise

Another way to capture the relationship between the effects of the crisis in bailout states and the rise of populist parties (left or right) is to look at the relationship between unemployment and the rise of these parties. Bailouts were often conditional upon massive restructuring and layoffs in the public sector, which led to increases in unemployment. The picture emerging is a more appropriate test for economic voting as unemployment levels have obvious and direct implications for the economic well-being of voters.

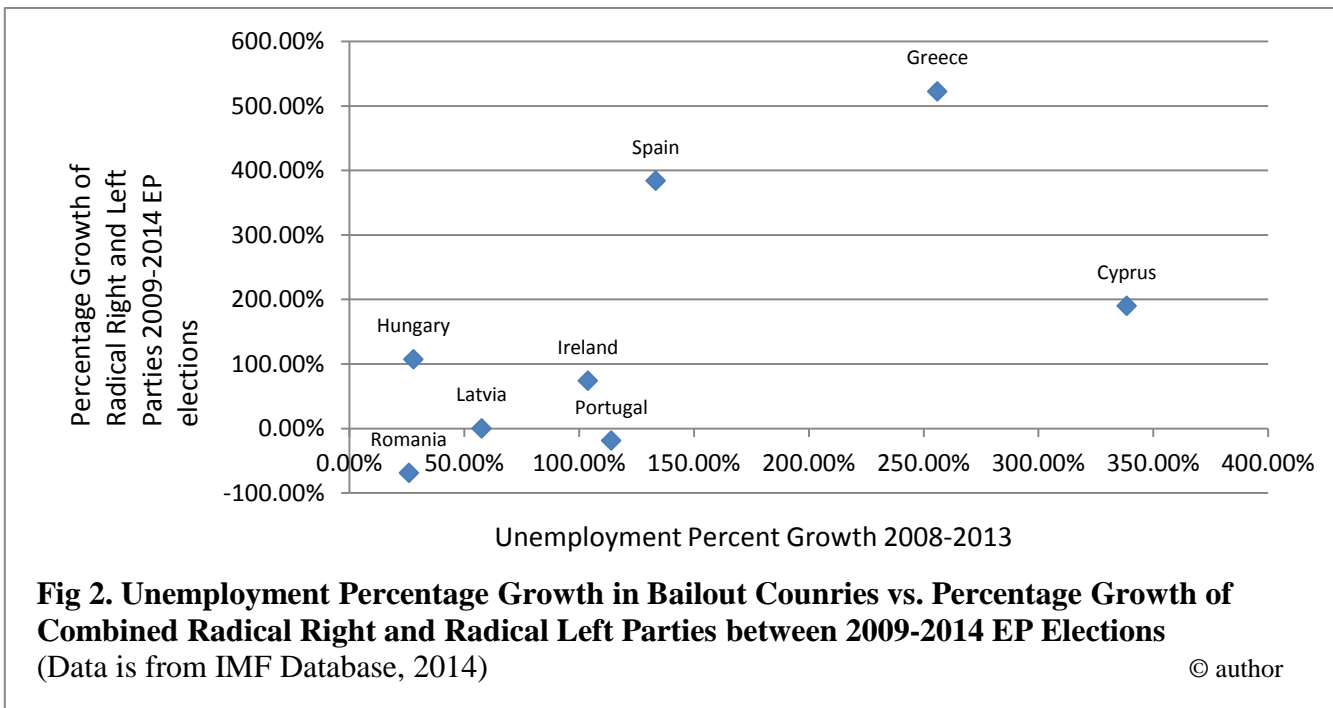


Figure 2 seems to indicate that, for countries where unemployment levels grew relatively less (under 100% during the crisis), anti-establishment parties of the left or right made considerably lesser gains. However, in the two cases where unemployment more than tripled, the radical populist wave was likewise more successful. These are incidentally also the countries receiving the largest bailouts. What this figure seems to indicate is that, while small bailouts involving lesser economic contraction and restructuring in the short term are less likely to lead to a spike in populist parties,

large bailouts, with severe conditions and massive restructuring with long-term consequences for unemployment and the economy, are likely to generate a serious surge in anti-mainstream political parties.

The short analysis above is, of course, subject to criticism. A significant weakness of this argument is that it is based on a small number of cases (i.e. only states receiving bailouts). It does not include countries such as France and the United Kingdom, where the radical right won the election for the first time despite not receiving a bailout. It also does not take Poland into account, which also did not need a bailout, and which was in fact the only EU state to experience economic growth throughout the crisis, but where the radical right vote surged by 300%. The radical right, and even the radical left, made similar inroads in other countries, as well, at the expense of mainstream centre-right and centre-left parties. Consequently, while large bailouts do coincide with the rise of neo-Nazi parties like Golden Dawn in Greece and ELAM (National Popular Front) in Cyprus, this is only part of the story. In Greece, the relatively-unknown Golden Dawn managed to increase its voter share from 0.5% to almost 9% at the expense of a left-right governing coalition that even included the more moderate populist-right party, LAOS (Popular Orthodox Rally). It is possible that, because of the austerity measures, but also due to a lack of opposition to austerity from any of Greece's previous parties, Golden Dawn was able to appeal to voters based on an anti-establishment, anti-austerity message.

Recommendations – A Viable Opposition

The rise of populist, Eurosceptic parties in the European Parliament elections of 2014 as opposed to 2009 coincided with one of the most severe post-war European crises. The crisis also meant bailout packages for a number of EU member states conditional upon severe economic measures. While in countries where bailouts did not comprise a significant portion of GDP populist parties did not make further inroads, the populist vote surged significantly in Cyprus and Greece - the two cases where the bailouts were considerably larger. In these countries, no serious debate regarding austerity existed between the main centre-left and centre-right political parties. Therefore, no true opposition existed to the centre-left to right-wing economic reforms.

A policy of economic orthodoxy and austerity measures is evidently risky for democracy in times of economic decline; this confirms past studies on the link between economic decline and the

rise of radical right parties⁸. The risk consists in further economic decline and the anti-establishment and extreme-right, racist political parties within the broader populist party camp, capitalizing most on voter discontent at the expense of mainstream parties. The legitimacy of current political systems can therefore be sustained only by politicizing issues surrounding economic recovery. In order to sustain their popular legitimacy, governing parties and policy makers must consider a vast number of options in dealing with economic decline, including not just austerity measures, but active fiscal responses by the public sector. Until now, there has been a sole focus on balancing budgets, but it is worth considering whether in times of economic decline and continuing stagnation, deficit spending and fiscal stimulus in the short run may actually act as a propellant for the economy in the long term. Inoculating the economy during times of crises has an even more important effect on democracy and the political system, as it insulates established political parties from massive voter discontent that could radicalize over time. Ultimately, reversing austerity (and implicitly, the dismal economic results it has generated thus far) may not only prevent a degradation of democracy, but also avert the possibility of hijacking the European project – an explicit goal of the populist radical right wing of the larger anti-mainstream/anti-establishment political party family.

⁸ See footnote 6