

Economic Crisis and Growth in Vote Share for Extreme Left and Extreme Right Parties

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Abstract: Economic hardship fuels worries about a possible higher share of extremist parties in European legislature and executive. The article examines whether the recent economic recession resulted in growth in electoral support for the extreme right and the extreme left in parliamentary elections. The empirical analysis includes a set of 23 EU member states and observes the period from 1995 to 2012. A supplementary aim is to determine to what degree this phenomenon has a greater impact on countries that were forced to resort to IMF financial intervention. The analysis reveals that decline in GDP and growth in unemployment helped increase electoral support for extremist parties in the EU countries. Simultaneously, their share in the lower house representation grew. In these cases, the increase in support was primarily for extreme left parties. The inflation rate did not have any significant impact on growth in vote share for extremist parties. An increased vote share for extremist parties was more apparent in countries in receipt of an IMF loan.

Key words: economic growth, extreme left, extreme right, inflation, unemployment

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Introduction

In recent years, Europe has witnessed growth in electoral preferences for extremist political parties. This phenomenon is often linked with a feeling of dissatisfaction among the electorate, resulting, among others, from economic downturn, unemployment growth, immigration threats, severe cuts in government expenditures and tax increases. Can this growth in electoral preferences for extremist parties eventually exert an influence on the results of parliamentary elections? Should we fear these parties' growing influence in European politics?

The economic crisis that struck the world economy after 2009 has often been compared, due to its extent, to the Great Depression of the 1930s. De Bromhead et al. (2012) point out that growth in electoral support for extreme right political parties in the interwar

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period was conditioned by the length and depth of GDP contractions. In addition, growth of extremism was correlated with institutional factors, such as the respective country's affiliation with the losing side in World War I, the previous share of extreme right parties in the parliament and the length of existence of democratic principles. At present, the effects of the European debt crisis are still perceptible and economic recovery is rather slow-paced. Therefore, research into the correlation between economic outcomes and electoral support for extremist political parties is relevant.

So far, there have only been a small number of studies published on this issue. Jackman and Volpert (1996) researched the institutional conditions favouring the existence of extreme right political parties in the political spectrum. Their focus was mainly on the fragmentation and polarization of the political spectrum. At the same time, they revealed that extreme right parties flourish in periods of high unemployment. However, as Golder (2003) shows, unemployment and immigration rates positively influence preferences for populist, but not neo-fascist, extreme right parties. High unemployment increases the vote share for populist parties in countries with a high number of immigrants.

Swank and Betz (2002) focused on determinants of globalization. Their research reveals that support for extreme right parties is influenced by high immigration rates as well as capital mobility. The open economy effect is, however, conditioned by the respective economy's welfare state status, as a higher degree of social protection lessens the impact of this effect. The existence of an inverse relationship between economic growth and support for extremist political parties was confirmed by Brückner and Grüner (2010), who stress that a one percentage drop in GDP per capita increases the vote share for extreme right parties by approximately one percentage point. However, they claim that such a change is so insignificant that it is unlikely to have any impact on the political outcomes in the respective countries. The results for the extreme left are of little significance.

The studies referred to in this paper focused primarily on extreme right political parties. Their authors used real election results (Jackman and Volpert, 1996, Swank and Betz, 2002 and Golder, 2003), as well as the results of survey-based measures (Brückner and Grüner, 2010). Their research only includes countries in Western Europe and the OECD, and focuses exclusively on the period between the 1970s and 1990s.

Based on these studies, the empirical analysis in this paper aims to ascertain whether the recent economic downturn in the EU countries resulted in growth in the vote share for extremist political parties in parliamentary elections. A supplementary aim is to find out whether this correlation is more perceptible in European countries that received an IMF loan during the economic crisis. The dataset includes 23 EU member states (both Western European and post-communist economies) in the period 1995-2012. The time-series data cover the years of the new millennium, including the years of economic crisis in Europe. This downturn most severely affected the electorate in countries that were forced to apply for an IMF loan. Governments in these countries had to adopt very strict austerity measures designed to lower their public debt and initiate economic recovery. This may have created electoral potential for extreme left as well as extreme right parties. The empirical analysis uses the Tobit estimation model.

The first section of this paper explains the individual steps taken in data collection for the model's dependent variable. The second section then describes the estimated model. Section three introduces the results obtained in the empirical analysis, dividing the 23 EU countries into three groups: one consisting of all of them, one including countries "with" an IMF loan and the last containing countries "without" an IMF loan. The conclusion presents a summary of the research findings.

Description of the vote share dataset

The key factor in our empirical analysis is represented by the actual election results for extremist parties in parliamentary elections. This is important for three spheres of the parties' activity:

- a) candidacy in parliamentary elections (the efficiency of this decision is quantified by the obtained share of votes);
- b) representation in the lower house (the vote share determines the number of seats in the parliament);
- c) coalition government membership (the number of seats in the parliament determines the political parties' negotiating power within the coalition).

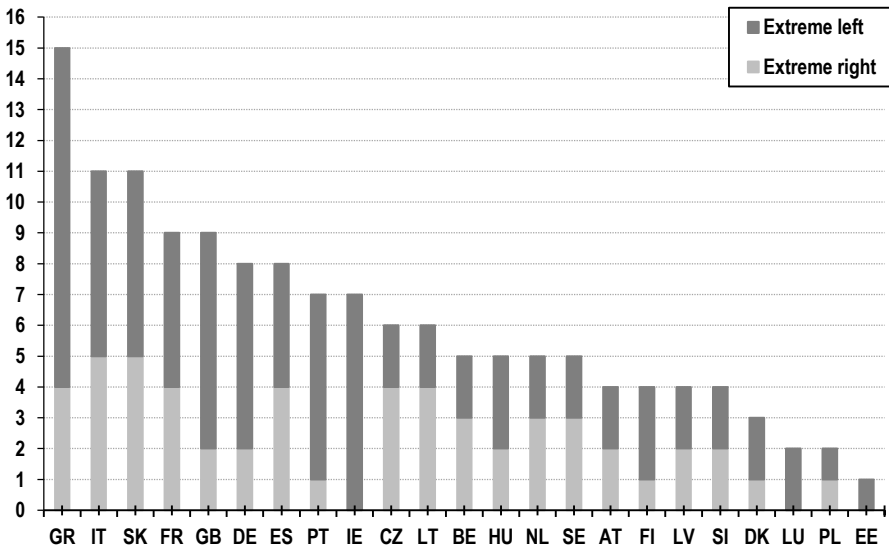
In accordance with previous research it is assumed that poor economic results may be instrumental in the emergence of extremist political parties and their consequent candidacy in parliamentary elections. At the same time, such conditions may help to increase support for already existing extreme left and/or extreme right parties. If such parties succeed in passing the electoral threshold and enter the lower house, their ballots have an impact on the mandate share and thus they become effectively co-responsible for legislative decisions. A sufficient number of seats may strengthen the party's coalition potential and eventually enable their membership in a coalition government (for more see Bale et al., 2010 and de Lange, 2012).

De Bromhead et al. (2012) and Jackman and Volpert (1996) point out that the electoral threshold is a very efficient tool for preventing extremist parties from entering the lower house and thus participating in the legislative process. In the EU countries, electoral thresholds vary typically between two and five percentage points of the vote (Nohlen and Stöver, 2010). Only five out of the 23 countries examined in this paper (Finland, Ireland, Luxemburg, Portugal and the United Kingdom) do not include an electoral threshold in their election system. Figure 1 shows that the overall number of extremist parties participating in parliamentary elections in these countries was no higher than in countries with an electoral threshold.

In the EU countries in the respective period, the number of extreme left parties presenting candidates for parliamentary election was higher than that of extreme right parties (see Figure 1). Specifically, there were 86 left-wing parties and 55 right-wing parties. However, these figures are conditioned by defining the extreme left and the extreme

right. Definition is especially problematic in the case of extreme right parties. Mudde (1996) found as many as 26 definitions of the extreme right used in literature, and 58 characteristics referring to this party family.² However, all extreme right parties are characterized by at least one of four components: nationalism, xenophobia, trust in law and order, and welfare chauvinism (Mudde, 2007). Extreme left parties are usually referred to as communist (referring to Marxist ideology) (Heywood, 2007). At present, this party family also tends to include parties whose ideological platform is not built on collective ownership, but which strongly emphasize, among others, equality.

Figure 1 Number of extreme right and extreme left parties included in the research



Source: Döring and Manow (2013), Comparative On-line Database of Electoral Results (2013), Wikipedia (2013)

The concept of party families was created by Klaus von Beyme (1985), whose aim was to categorize political parties not only on the basis of ideology, but also according to their specific focus and sphere of interest. His classification is used in the internet databases which provided data for the empirical analysis. The division of political parties into the respective party families was made in several steps. The data for the 1995-2012 period accounted for thousands of political parties participating in parliamentary elec-

² Harrison and Bruter (2011) claim that lack of homogeneity within the existing discourse disqualifies the use of currently accepted and relevant definitions of the extreme right. Further discussion of this issue can be found in Betz (1994), Betz and Immerfall (1998), Mudde (2007), Ignazi (2010), and others.

tions in the EU countries, therefore it was first necessary to narrow the list down. The following criteria were used to select parties for inclusion in the analysis:

- a) the political party entered the lower house;
- b) the political party participated in at least two parliamentary elections in the observed period;
- c) the political party won at least a one percentage point share of the votes (regardless of the number of times it participated in elections).

The objective of the first criterion was to ensure that the set of political parties includes all parties that participated in the legislative process in the observed period. The second criterion removed parties that failed to secure their place within the respective party system. The third criterion eliminated parties with only one-time election participation and a very low vote share. However, at the same time, this criterion increased the probability that the set included parties newly emerging in the latest elections, whose political potential is at present impossible to determine. These criteria helped to reduce the set of political parties to 802. The next step sorted these parties according to their party family affiliation.

Three databases were used. The first was the Parliament and Government Composition Database, which obtains data about party family affiliation among others from the Manifesto Data Collection (Döring and Manow, 2013; Volkens et al, 2012). In terms of methodology, the Parliament and Government Composition Database uses the von Beyme (1985) classification and supplements two more categories – special issues parties and electoral alliances. The second database used was the Comparative On-line Database of Electoral Results (CODER), developed at the Faculty of Social Science at Masaryk University, Brno, Czech Republic. This database focuses exclusively on countries of the former Eastern Bloc. Where the two above mentioned databases did not provide required data about political parties, the research included data from the Wikipedia open encyclopedia.³ Party family affiliation was impossible to ascertain for 10 percent of the total of 802 political parties.⁴ The extreme left family consisted of the above mentioned 86 parties, while the extreme right was represented by 55 parties. The share of the extreme right and the extreme left in the overall number of parties affiliated with a party family was 20 percent.

The last step of the data preparation selected the election results of these extreme left and extreme right parties, which corresponded with the parties' respective political activity. Firstly, their percentage election share and percentage share of parliamentary seats were determined; secondly, these parties' share in government coalitions was

³ This was the case when the political parties in question had received a small number of electoral votes or had been established for a very short time. Such political parties did not usually have website, or any coverage in English language literature.

⁴ This figure is biased due to Belgium, where it was impossible to obtain information about 19 political parties. In the other countries included in the research, faulty information retrieval varied between 0 and 7 parties per country.

calculated. The resulting data formed the dependent variable in the estimated empirical model (see Section 2).

Empirical Model

The following section describes the estimated model observing the period between 1995 and 2012. In the course of these 18 years, in the selected set of EU countries, 110 parliamentary elections took place (5 parliamentary elections per country on average). The bottom line limitation of the time series is conditioned by the process of political and economic transformation in the post-communist countries.⁵ The research includes a set of 23 EU countries, excluding Bulgaria, Croatia, Cyprus, Malta and Romania for reasons of data unavailability.⁶

The empirical analysis only includes years in which parliamentary elections were held in the respective EU countries. Following Jackman and Volpert (1996), Swank and Betz (2002) and de Bromhead et al. (2012) the model uses the maximum likelihood based Tobit estimator, which belongs to the group of limited dependent variable models and is generally recommended for panel data estimation in cases of data clustering around the boundary value. If the estimated model does not pose a collinearity problem, it includes fixed effects. The data used are converted to differences of logs to eliminate problems with the trend component. Mutual correlation among the explanatory variables is checked by means of correlation tables, and no multicollinearity is found.

The estimated model is:

$$y_{it} = \alpha_i + \beta econ_{it} + \sum_{k=1}^n \gamma_k control_{it} + \varepsilon_{it}$$

where y_{it} is the dependent variable of the model. Subscript i stands for a country and t for a parliamentary election year. The estimated fixed effects for respective countries are included in α_i . The explanatory variable $econ_{it}$ is always represented by one of the main macroeconomic indicators (i.e. real GDP, inflation or unemployment rate). A set of control explanatory variables is referred to as $control_{it}$. β and γ_k are estimated regression coefficients. Errors and omissions occurring in the analysis are accounted for in the variable ε_{it} .

⁵ The transformation from centrally-planned to market-oriented economies negatively influenced economic outcomes in the post-communist countries. The political system in these countries was also subject to radical changes. Political parties and movements that initially formed as protest opposition to the former regime underwent further splitting and ideological profiling following the first democratic elections.

⁶ Cyprus and Malta have significantly improved the availability of their statistical data following their EU admission. Post-communist transformation processes in Bulgaria and Romania were considerably slower compared to other Eastern European countries. For these reasons, international organizations provide consistent time series data for these two countries only as of the year 2000. The same applies to Croatia, which was struck by civil war in the 1990s.

The y_{it} dependent variable has several forms, depending on the degree of political activity of the respective parties or their party family affiliation. The explanatory variable *elec_ext_all_it* stands for the overall percentage share of the votes of all extremist parties participating in parliamentary elections in the respective country and year. Similarly, *part_ext_all_it* stands for percentage share of seats in the parliament won by all extremist parties. The explanatory variable *govt_ext_all_it* refers to the total percentage share of parliament seats won by extremist parties in relation to the total percentage share of parliament seats won by political parties participating in coalition governments. These three explanatory variables are also included in the model with further division into extreme left and extreme right. For parliamentary election years in which, in a respective country, extremist parties did not participate in any sphere of political activity, the explanatory variable is set at zero.

The *econ_{it}* explanatory variable is represented alternatively by three major macroeconomic indicators – real GDP growth (*gdp_r_it*), unemployment rate (*unemp_it*) and inflation (*infl_it*). We expect that high economic growth will be viewed positively by the electorate, who consequently do not use their vote in parliamentary elections as a tool of punishment, blaming the incumbent government for its economic policy and consequently sympathizing with either the extreme right or the extreme left. On the contrary, unemployment growth increases a feeling of insecurity, possible redundancy and inevitable decline in living standards among voters. In the already unemployed electorate, increasing unemployment deepens their frustration over the impossibility of finding a job. Traditionally, people with low qualifications represent the potentially most vulnerable segment of the electorate in both of the above mentioned cases and tend to form the electoral base for extremist parties as well as their election campaign target. Therefore, unemployment growth may influence vote share for extremist political parties. Similarly, inflation growth decreases the real value of household savings and the electorate, feeling ‘impoverished’, may express their dissatisfaction by casting their ballots for an extremist party.

In relation to the findings of de Bromhead et al. (2012), the analysis includes lagged values of the explanatory variable *econ_{it}*. Real GDP growth, unemployment rate and inflation are calculated as a geometric mean of years t-1 - t-3 and thus they express the long-term memory of the electorate. If the electorate finds it difficult to forget the hardship connected with a downturn, it is assumed that the regression coefficients of these variables should be of high statistical significance.

The empirical analysis also includes control variables. One of them is the openness of the economy (*open_econ_it*) expressed as a total of export and import compared to nominal GDP. Higher economic openness is conditioned by free movement of people and capital. Free movement of people often results in fears of an inflow of cheap foreign labour, which poses a threat to people with low qualifications. Free capital movement may expose the economy to higher risks of external shocks, lead to significant foreign competition pressures on local producers, create a feeling of national identity loss, etc. All these arguments fuel nationalistic trends in the electorate and may serve as a platform for increased support for extremist political parties. Another control variable is represented by the percentage of immigrants in the population total (*imigr_pop_it*). As mentioned above, immigrants are often considered to be a threat in the labour market,

namely by blue-collar professions and people working in services requiring low qualifications. Immigrants may also be regarded as a burden on the social security system, when themselves unemployed. Critical attitudes towards immigration are a part of populist rhetoric of both the extreme left and the extreme right. The last two control variables are connected with education. Growth in the share of primary-educated people in the economically active population (*prim_edu_eap_it*) may increase the vote share for extremist parties. A higher share of tertiary-educated people in the economically active population (*tert_edu_eap_it*) works to the contrary. People with higher qualification are usually able to find a new job more easily and more quickly, therefore they are not so vulnerable to worries and frustration. In addition, they are considered to be better informed and more active voters. The data used in the explanatory variables are obtained from the Eurostat, IMF, OECD and EBRD statistical databases. The data used in the dependent variables are obtained from the (2013), Döring and Manow (2013), Volkens et al. (2012), Álvarez-Rivera (2013), Nohlen and Stöver (2010), web sites of national statistical offices, Interior Ministries and election committees.

Empirical Results

Results of the estimated model for the set of 23 EU member states

Table 1 shows the results of the estimated model for the *elec_ext_all_it* and *parl_ext_all_it* dependant variables. As expected, the regression coefficients of the explanatory variable *gdp_r_it* are in negative numbers and they are at 5 percent, respectively 10 percent levels of statistical significance, proving an inverse relationship between economic outcome and support for extremist parties. The results show that a one percentage point growth in real GDP resulted in a 0.37 percentage point decrease in vote share for extremist parties in the EU countries. At the same time, the share of these parties in parliament representation decreased by 0.42 percentage points. The change in the share of the votes for extremist parties was lower than one percentage point (see Brückner and Grüner, 2010). The average value of the total of percentage election share of extremist parties in the observed period was 11.78 percent, making it 3.18 percent per individual extreme left or right party. The 0.37 percentage point decrease corresponded to 3.14 percent of the extremist parties' average vote share. These changes in vote share for extremist parties are very small at first sight, nevertheless they should be considered significant.

The decrease in vote share resulting from growth in real GDP affected in particular the extreme left parties (see Table 4 in Appendix). Simultaneously, these parties' share in the lower house representation declined, which is apparent from the statistically significant regression coefficients of the *gdp_r_it* variable. In other words, good economic results prevent the extreme left from participating in the legislative processes. None of the regression coefficients of the estimated model showed high statistical significance for the set of extreme right parties (see Table 5 in Appendix).

From a long-term point of view, real GDP growth brought higher statistical significance to the regression coefficients both for levels of government activity and party families. A one percentage point increase in the average growth of real GDP in the last three years resulted in a 0.67 percentage point decrease in vote share for extremist parties (see

Table 1). Based on this, we would expect the Spanish real GDP decline of 4 percentage points in the 2008-2010 period to cause a 2.68 percentage point increase in electoral vote share for extremist parties. In reality, the support for extremist parties in Spain increased from 4 percent in the 2008 parliamentary elections to 7.1 percent in the 2011 parliamentary elections. Only one extreme left party succeeded in repeatedly obtaining seats in the lower house. Nevertheless, following the 2011 parliamentary elections, the party held the highest share of seats in the observed period. Growth in real GDP in the long run was significant namely for the electorate of the extreme left (see Table 4 in Appendix). The figure also revealed weak statistical significance for the explanatory variable regression coefficient for extreme right parties (see Table 5 in Appendix). As regards the extreme right, the decline in vote share reached 0.42 percent.

Table 1 Empirical results for the set of all observed EU countries and extreme left and right parties

Variables	elec_ext_all_it						parl_ext_all_it					
gdp_r_it	-0.37** (0.15)						-0.42* (0.22)					
gdp_r_it-1-3	-0.67*** (0.20)						-0.74** (0.30)					
unemp_it	1.71*** (0.41)						2.50*** (0.64)					
unemp_it-1-3	1.27*** (0.46)						1.61** (0.67)					
infl_it	0.44* (0.24)						0.52 (0.43)					
infl_it-1-3	0.07 (0.24)						0.08 (0.33)					
open_econ_it	-0.15 (0.11)	-0.24** (0.11)	-0.14 (0.10)	-0.22* (0.12)	-0.17 (0.12)	-0.16 (0.12)	-0.18 (0.15)	-0.27* (0.15)	-0.15 (0.13)	-0.27* (0.15)	-0.19 (0.17)	-0.18 (0.16)
imgr_pop_it	0.01 (0.03)	0.01 (0.03)	0.03 (0.03)	0.01 (0.03)	0.01 (0.03)	0.01 (0.03)	0.02 (0.04)	0.01 (0.04)	0.04 (0.04)	0.02 (0.03)	0.02 (0.04)	0.02 (0.04)
tert_edu_eap_it	0.04 (0.10)	0.05 (0.09)	0.05 (0.09)	0.06 (0.11)	0.05 (0.09)	0.05 (0.10)	0.01 (0.10)	0.03 (0.10)	0.01 (0.09)	0.03 (0.11)	0.01 (0.10)	0.01 (0.10)
Sigma	5.6	5.4	5.4	5.5	5.5	5.5	7.1	6.8	6.7	6.9	7.0	7.0
Log Likelihood	-321.9	-316.7	-318.7	-319.8	-320.2	-319.9	-296.7	-293.1	-292.7	-294.5	-295.5	-295.3
Observations	109	109	109	109	109	109	109	109	109	109	109	109
Censored	7	7	7	7	7	7	23	23	23	23	23	23

Note: The fixed effects are excluded from these tables due to size restrictions.

The results of the empirical analysis also show that the electorate voting for extremist parties was most sensitive to changes in the labour market. Unemployment growth in the year of parliamentary elections increased the share of the votes for extremist parties by 1.71 percentage points, which meant 14.5 percent of the average share of the votes won by extremist parties in the EU countries. Their share of parliamentary seats grew by 2.5 percentage points. Regression coefficients of the *unemp_t_it* explanatory variable reached high statistical significance in both cases (see Table 1). At the same time, unemployment growth benefited extreme left parties, while regression coefficients for the explanatory variable for extreme right parties did not reveal any statistical significance. A long-term point of view did not change the obtained results at any level of significance (see Table 4 and Table 5 in Appendix).

Table 1 shows that regression coefficients of the *infl_it* explanatory variable were in positive numbers, in accordance with expectations, but were of low statistical significance. According to these results, a one percentage point growth in inflation increased support for extremist parties by 0.44 percentage points. Changes in inflation rates generated a greater response among the electorate of the extreme left than among the electorate of the extreme right (see Table 4 and Table 5 in Appendix). Nevertheless, higher inflation did not result in a higher share of parliamentary representation in either of the two wings. A long-term perspective on inflation fluctuation did not have any verifiable impact on vote share for extremist parties in the EU countries. This may be attributed to the fact that over the course of the observed period, the inflation rate was rather low (except during the second half of 1990's in post-communist countries). Such a relatively low rate of inflation presumably did not pose a threat to the electorate's real income and savings.

Only two control variables reached high statistical significance: *open_econ_it* in models with economic variables for the long-term perspective and *tert_edu_eap_it* in the models with the dependent variable of extreme right parties. The regression coefficient for the openness of the economy (*open_econ_it*) was in negative numbers, contrary to expectations. Growth in the openness of the economy in the EU countries led to decline in the vote share for extremist parties within the range of 0.15 – 0.4 percentage point in relation to the selected model modification. The electorate generally responded positively to higher openness of the economy. This can be attributed to the fact that the electorate likely approved of the inflow of foreign investors, who created new vacancies, brought new technologies and managerial procedures and thus contributed to better economic outcomes. At the same time, more favourable conditions for travelling and finding a job abroad helped remove some fears and prejudices against the foreign and the unknown. The regression coefficients of the *tert_edu_eap_it* control variable were also in negative numbers, pointing to the fact that growth in the share of tertiary educated population in the economically active population by one percentage point increased the vote share for extreme right parties by 0.13 – 0.22 percentage points. This suggests that young people were among the dissatisfied voters of the extreme right. Tertiary education was available for them more than ever. However, it did not guarantee them well-paid jobs during the economic crisis. Unemployment rates among young people (including tertiary educated) increased significantly, especially in southern Europe. This finding should be the focus for further research.

The estimated model with the *govt_ext_all_it* dependent variable (and its modifications) did not reveal any statistically significant results. This can be attributed to the fact that the dataset included only a very small number of observations in which extremist parties participated in coalition governments. Extremist parties participated in the executive branch in only 9 out of the 23 countries. 10 extreme left parties and 11 extreme right parties were represented in their respective countries' coalition governments. The highest representation share was recorded in Italy following the 2006 parliamentary elections (Party of Italian Communists, Communists Refoundation Party and Italy of Values). Parties with repeated coalition government participation were the Latvian extreme right For Fatherland and Freedom (5 times), the Finnish extreme left Left Alliance (3 times) and the Austrian extreme right Freedom Party of Austria (2 times). Therefore the estimated model included only 19 observations with other than zero values.

Results of the estimated model for countries 'with' and 'without' an IMF loan

Due to their inability to finance their state administration, five of the EU member states (Hungary, Latvia, Ireland, Greece and Portugal) were forced to request loans from the IMF in the period 2008 – 2012. Other countries, such as Lithuania, Spain and Italy succeeded in stabilizing their public finance and avoided such an intervention. The IMF loans were conditioned by severe provisions aiming at decreasing indebtedness and creating favourable conditions for economic recovery and growth. The respective national governments were obliged to introduce serious cuts in government expenditures, increase taxes, privatize state property and reduce their bureaucracy. In addition, a number of legal measures were taken, promoting labour market flexibility, more efficient tax collection, etc. These measures and restrictions had a negative impact on the electorate, who suffered from income decline and lower living standards. Their dissatisfaction was often manifested by means of anti-government demonstrations and protest strikes. In the 2011 – 2012 period, Portugal experienced eight of these and Greece as many as thirty three (Banks and Wilson, 2013). Research by Ponticelli and Voth (2011) proves a clear correlation between extensive government budget cuts and growth in social unrest in the EU countries.⁷ This feeling of dissatisfaction created political instability which in turn led to distrust in the political parties in power. This situation was favourable for extremist parties, which could benefit from it. The leaders of extremist parties often (co)organized protest demonstrations and won voters' favour, though not as a result of their identification with the party ideology, but as an act of condemnation of existing government policy.

For the reasons mentioned above, the analysis works with two sets of EU countries: those that were forced to apply for an IMF loan and those that were not. The model used is identical to the one described in Section 2. It examines whether the electorate in countries applying for an IMF loan was more sensitive to decline in economic outcome and expressed their dissatisfaction through a higher electoral vote share for extremist parties.

⁷ Their empirical research included 26 EU member states and observed a period from 1919 to 2009.

As regards the set of countries with an IMF loan, the estimated model brings the following results. Growth in real GDP by one percentage point resulted in a 1.5 percentage point decrease in vote share for extremist parties and a 1.7 percentage point decrease in their parliamentary representation (see Table 2). The regression coefficients for the *gdp_r_it* explanatory variable were in both cases at the value of one percentage point of statistical significance. In reality, the total of election share of all extremist parties in the 2009 parliamentary elections was 18.7 percent and this figure grew to 49 percent in the 2012 parliamentary elections, making a 30.3 percentage point growth over the observed period. This means that although changes in the vote share for the extremist parties may seem small, a significant decline in real GDP enables these parties to pass the electoral threshold. Poor economic activity was more beneficial to the election results for the extreme left than for the extreme right (see Table 6 and Table 7 in Appendix). The results of the estimated model for the explanatory variables *gdp_r_it* and *gdp_r_it-1-3* showed no significant difference.

Table 2 Empirical results for the set of countries with an IMF loan and extreme left and right parties

Variables	elec_ext_all_it						parl_ext_all_it					
<i>gdp_r_it</i>	-1.50*** (0.43)						-1.79*** (0.64)					
<i>gdp_r_it-1-3</i>	-1.05*** (0.29)						-1.24*** (0.44)					
<i>unemp_it</i>	3.77*** (1.00)						4.65*** (0.79)					
<i>unemp_it-1-3</i>	4.13*** (1.13)						4.97*** (1.30)					
<i>infl_it</i>	0.39 (0.41)						0.24 (0.65)					
<i>infl_it-1-3</i>	0.07 (0.05)						0.07 (0.62)					
<i>open_econ_it</i>	-0.02 (0.17)	-0.16 (0.16)	-0.01 (0.16)	-0.35* (0.18)	-0.06 (0.21)	-0.05 (0.21)	0.20 (0.24)	-0.13 (0.25)	0.25 (0.21)	-0.34 (0.22)	0.01 (0.32)	-0.02 (0.33)
<i>imgr_pop_it</i>	-0.02 (0.04)	-0.05 (0.04)	0.02 (0.05)	-0.06 (0.04)	-0.05 (0.06)	-0.03 (0.06)	0.05 (0.07)	-0.04 (0.09)	0.09 (0.06)	-0.07 (0.06)	-0.02 (0.07)	-0.03 (0.07)
<i>tert_edu_eap_it</i>	-0.24 (0.39)	-0.12 (0.39)	-0.38 (0.38)	0.13 (0.40)	-0.42 (0.53)	-0.37 (0.50)	1.18 (0.82)	0.50 (1.03)	1.24** (0.49)	0.28 (0.69)	0.65 (1.66)	0.39 (1.81)
Sigma	-	-	-	-	-	-	7.8	7.9	7.6	7.5	10.3	9.9
Log Likelihood	-79.0	-78.7	-78.2	-78.6	-85.5	-84.8	-82.0	-82.3	-81.4	-81.2	-88.3	-87.6
Observations	25	25	25	25	25	25	25	25	25	25	25	25
Censored	0	0	0	0	0	0	2	2	2	2	2	2

Note: In the model with the *par_ext_all_it* dependent variable, the explanatory variable *tert_edu_eap_it* was replaced by *pri_edu_eap_it*.

Significant results were also obtained from the estimated model with the *unemp_it* explanatory variable. In countries with an IMF loan, growth in unemployment by one percentage point brought about a 3.77 percentage point increase in vote share for extremist parties. At the same time, their share in the lower house representation increased by 4.65 percentage points (see Table 2). The average share of votes for extremist parties in this set of countries in the observed period was 13.26 percent (i. e. 3.05 percent per party). The estimated shift in electoral support therefore corresponded to 28.43 percent of the extremist parties' average election share. Similarly, the figure for their lower house representation was at 40.75 percent. For this reason, the obtained results for shifts in vote share and parliament representation can be considered to be statistically significant. Unemployment growth proved to be a matter of higher importance for the electorate of the extreme left, who, however, were only interested in the current state of the unemployment rate (see Table 3 in Appendix). The model for extreme right parties only showed weak statistical significance for the regression coefficient for the *unemp_r_it-1-3* explanatory variable (see Table 4 in Appendix).

The regression coefficients for the *infl_it* explanatory variable in all model modifications remained without any statistical significance (see Table 2). The only exception was the *infl_it-1-3* variable for extreme left parties (see Table 8 in Appendix). Despite this statistical significance, the shift in vote share was close to zero and therefore cannot be considered decisive.

Models with economic explanatory variables for the longer term once again showed an inverse relationship between the economy's openness and electoral support for extremist parties. The model for the *elec_ext_l_it* variable showed statistical significance for the regression coefficient of the immigrant population share (*imgr_pop_it*).

Table 3 Empirical results for the set of countries without an IMF loan and extreme left and right parties

Variables	elec_ext_all_it					parl_ext_all_it						
gdp_r_it	-0.49**					-0.55						
	(0.23)					(0.35)						
gdp_r_it-1-3	-0.43					-0.58						
	(0.29)					(0.42)						
unemp_it	0.73					0.42						
	(0.97)					(1.30)						
unemp_it-1-3	-0.04					-0.14						
	(0.86)					(1.31)						
infl_it	-0.27					-0.50						
	(0.22)					(0.38)						
infl_it-1-3	-0.06					-0.08						
	(0.04)					(0.08)						
open_econ_it	-0.05	-0.16	-0.09	-0.11	-0.12	-0.13	-0.13	-0.26	-0.19	-0.21	-0.21	-0.23
	(0.15)	(0.15)	(0.16)	(0.15)	(0.15)	(0.15)	(0.21)	(0.21)	(0.21)	(0.20)	(0.21)	(0.20)

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<i>imgr_pop_it</i>	0.018 (0.03)	0.02 (0.03)	0.02 (0.03)	0.01 (0.03)	0.01 (0.03)	0.01 (0.03)	0.02 (0.04)	0.02 (0.04)	0.02 (0.04)	0.02 (0.04)	0.02 (0.04)	0.02 (0.04)
<i>tert_edu_eap_it</i>	0.10 (0.07)	0.12 (0.07)	0.12 (0.07)	0.12 (0.07)	0.10 (0.08)	0.10 (0.07)	0.09 (0.09)	0.11 (0.09)	0.10 (0.09)	0.10 (0.09)	0.07 (0.09)	0.08 (0.09)
Sigma	9.1	9.1	9.1	9.2	9.2	9.1	11.6	11.6	11.7	11.7	11.6	11.6
Log Likelihood	-286.3	-286.8	-287.2	-287.5	-286.8	-286.6	-262.3	-262.5	-263.2	-263.2	-262.1	-262.3
Observations	84	84	84	84	84	84	84	84	84	84	84	84
Censored	7	7	7	7	7	7	21	21	21	21	21	21

In countries that were not forced to apply for an IMF loan, the regression coefficients for the explanatory coefficient were without any statistical significance bar two exceptions (see Table 3). The model for the *elec_ext_all* dependent variable showed statistical significance for the regression coefficient for the *gdp_r_it* variable. Changes in the extremist parties' election share in this set were only 0.59 percentage points. At the same time, the model proved that a decrease in real GDP increased the vote share for extreme left parties, regardless of the IMF intervention (see Table 8 in Appendix).

The control variables showed weak statistical significance for the openness of the economy (*open_econ_it*) regression coefficient. Models with the *elec_ext_r_it* and *parl_ext_r_it* explanatory variables repeatedly proved that a higher share of tertiary educated people in the economically active population (*tert_edu_eap_it*) led to an increase in vote share for the extreme right parties.

Conclusion

The results of the estimated model demonstrate that growth in real GDP (by one percent) in the EU countries studied contributed (during the period examined) to growth in electoral support for extremist parties by less than one percentage point. However, this low rate should not be considered insignificant. In flourishing economies, the electorate rewards the governing political parties for their economic policy, and support for extremist parties declines. The statistical data show that the election share for extremist parties is very low in such periods. Presumably, in times of economic growth, these parties win votes from members of the electorate who traditionally identify with their ideology, and would vote for them regardless of the economic situation. On the other hand, a decrease in real GDP growth fuels support for extremist parties. If such a trend lasts some time, it will eventually enable the extremist parties to pass the electoral threshold and obtain seats in the lower house (though not necessarily government seats). The data for the set of countries that were forced to apply for an IMF loan show that support for extremist parties grew by as much as 1.5 percentage points during the crisis in these countries. Unemployment turns out to be an even more decisive element than GDP growth. The extremist parties' vote share increases by as much as 4 percentage points in countries suffering from long-lasting unemployment growth. Poor economic outcomes and unemployment growth both increase the vote share for extreme left parties in particular. Electoral support for extreme right parties is not conditioned by the development of basic macroeconomic indicators. Interestingly enough, the vote share for the extreme right grows with an increasing share of tertiary educated people in a

country's economically active population. Relatively low inflation rates do not pose a threat to the electorate in the EU countries, and as expected this indicator has no impact on vote share for either the extreme right or the extreme left.

The analysis presented in this paper shows that economic decline and unemployment growth can contribute to an increase in the vote share for extremist parties. In countries where extremist parties succeeded in passing the electoral threshold during the period examined, these usually joined the opposition. There were only nine parties participated in coalition governments. Despite the fact that on average, extreme left parties are more successful in parliamentary elections than extreme right parties, the two families have an equally sporadic share in the executive. The electorate is influenced in its electoral decisions by the current state of the economy as well as its development in the longer term. In countries implementing strict austerity measures and suffering from economic decline (such as the EU countries with an IMF loan, during the period studied here), the electorate is more inclined to lend support to extremist political parties.

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Appendix

Table 4 Empirical results for the set of all observed EU countries and extreme left parties

Variables	elec_ext_l_it						parl_ext_l_it					
gdp_r_it	-0.33** (0.17)						-1.43*** (0.37)					
gdp_r_it-1-3	-0.61*** (0.14)						-0.78*** (0.29)					
unemp_it	0.83** (0.35)						1.78** (0.70)					
unemp_it-1-3	1.13*** (0.36)						1.16 (0.83)					
infl_it	0.40*** (0.15)						-0.27 (0.21)					
infl_it-1-3	0.08 (0.13)						-0.01 (0.03)					
open_econ_it	-0.09 (0.07)	-0.16** (0.07)	-0.10 (0.08)	-0.15* (0.08)	-0.12 (0.08)	-0.10 (0.08)	-0.13 (0.16)	-0.40*** (0.15)	-0.25 (0.16)	-0.37** (0.16)	-0.32* (0.17)	-0.33** (0.17)
imgr_pop_it	0.01 (0.02)	0.01 (0.02)	0.02 (0.02)	0.01 (0.02)	0.01 (0.01)	0.01 (0.02)	0.03 (0.03)	0.02 (0.02)	0.03 (0.03)	0.02 (0.02)	0.02 (0.03)	0.01 (0.03)
tert_edu_eap_it	-0.01 (0.11)	-0.01 (0.12)	-0.01 (0.12)	-0.00 (0.13)	-0.00 (0.12)	-0.01 (0.12)	-0.20 (0.20)	-0.11 (0.16)	-0.13 (0.17)	-0.12 (0.17)	-0.15 (0.19)	-0.13 (0.18)
Sigma	4.1	3.8	4.1	4.0	4.0	3.9	9.6	10.0	10.2	10.3	10.4	10.4
Log Likelihood	-267.0	-259.7	-267.5	-264.0	-264.4	-260.9	-272.6	-277.4	-278.8	-279.8	-280.2	-280.8
Observations	109	109	109	109	109	109	109	109	109	109	109	109
Censored	17	17	17	17	17	17	43	43	43	43	43	43

Table 5 Empirical results for the set of all observed EU countries and extreme right parties

Variables	elec_ext_r_it						parl_ext_r_it					
gdp_r_it	-0.19 (0.16)						-0.07 (0.38)					
gdp_r_it-1-3	-0.42* (0.24)						-0.72 (0.53)					
unemp_it	0.95 (0.80)						1.14 (1.49)					
unemp_it-1-3	0.430 (0.62)						0.783 (1.30)					
infl_it	0.04 (0.20)						0.21 (0.44)					
infl_it-1-3	0.01 (0.03)						0.04 (0.07)					
open_econ_it	0.06 (0.13)	-0.00 (0.14)	0.08 (0.14)	0.02 (0.14)	0.04 (0.13)	0.04 (0.13)	0.21 (0.27)	0.13 (0.27)	0.25 (0.28)	0.17 (0.29)	0.20 (0.26)	0.22 (0.27)
imgr_pop_it	-0.00 (0.03)	-0.01 (0.03)	0.01 (0.03)	-0.01 (0.03)	-0.01 (0.02)	-0.01 (0.02)	-0.02 (0.05)	-0.02 (0.05)	-0.00 (0.05)	-0.02 (0.05)	-0.02 (0.05)	-0.02 (0.05)
tert_edu_eap_it	0.13*** (0.05)	0.14*** (0.05)	0.13*** (0.04)	0.14*** (0.05)	0.14*** (0.05)	0.14*** (0.05)	0.21* (0.11)	0.22* (0.11)	0.21* (0.11)	0.21* (0.11)	0.22* (0.11)	0.22* (0.11)
Sigma	7.9	7.8	7.9	7.9	7.9	7.9	14.2	14.0	14.2	14.2	14.2	14.2
Log Likelihood	-295.1	-293.6	-294.3	-295.1	-295.3	-295.3	-192.9	-191.5	-192.6	-192.7	-192.7	-192.6
Countries	23	23	23	23	23	23	23	23	23	23	23	23
Years	18	18	18	18	18	18	18	18	18	18	18	18
Observations	109	109	109	109	109	109	109	109	109	109	109	109
Censored	32	32	32	32	32	32	70	70	70	70	70	70

Table 6 Empirical results for the set of countries with an IMF loan and extreme left parties

Variables	elec_ext_l_it					parl_ext_l_it						
gdp_r_it	-1.13*** (0.31)					-1.42*** (0.41)						
gdp_r_it-1-3	-0.51** (0.35)					-0.67* (0.40)						
unemp_it	3.14*** (0.87)					4.70*** (1.59)						
unemp_it-1-3	1.84 (1.25)					2.47* (1.30)						
infl_it	-0.09 (0.54)					-0.13 (0.56)						
infl_it-1-3	0.01** (0.21)					0.01 (0.19)						
open_econ_it	-0.19 (0.13)	-0.33* (0.18)	-0.16 (0.11)	-0.40* (0.21)	-0.30 (0.20)	-0.30 (0.21)	-0.08 (0.17)	-0.35 (0.23)	0.03 (0.14)	-0.44* (0.25)	-0.29 (0.28)	-0.31 (0.28)
imgr_pop_it	-0.06 (0.05)	-0.10* (0.06)	-0.02 (0.05)	-0.11* (0.06)	-0.12** (0.06)	-0.12** (0.06)	-0.01 (0.07)	-0.09 (0.06)	0.06 (0.08)	-0.10 (0.06)	-0.10 (0.08)	-0.10 (0.07)
tert_edu_eap_it	0.04 (0.48)	0.16 (0.58)	0.01 (0.46)	0.28 (0.60)	0.24 (0.67)	0.20 (0.66)	1.06 (0.80)	0.44 (0.80)	1.90** (0.80)	0.51 (0.81)	0.70 (1.06)	0.57 (1.02)
Sigma	6.02	6.8	5.5	6.9	7.4	7.4	6.4	7.5	4.7	7.5	8.6	8.6
Log Likelihood	-70.6	-73.3	-68.7	-73.5	-74.9	-74.8	-58.1	-61.2	-53.0	-61.5	-63.1	-63.2
Observations	25	25	25	25	25	25	25	25	25	25	25	25
Censored	4	4	4	4	4	4	9	9	9	9	9	9

Note: In the model with the par_ext_all_it dependent variable. the explanatory variable tert_edu_eap_it was replaced by pri_edu_eap_it.

Table 7 Empirical results for the set of countries with an IMF loan and extreme right parties

Variables	elec_ext_r_it						parl_ext_r_it					
gdp_r_it	-0.62 (0.40)						-0.90 (0.68)					
gdp_r_it-1-3	-0.66 (0.32)						-0.88 (0.60)					
unemp_it	1.00 (1.03)						1.30 (1.48)					
unemp_it-1-3	2.60 (1.05)						3.69* (2.16)					
infl_it	0.37 (0.60)						0.52 (1.14)					
infl_it-1-3	0.06 (0.17)						0.08 (0.40)					
open_econ_it	0.22 (0.24)	0.11 (0.20)	0.21 (0.24)	0.00 (0.18)	0.17 (0.20)	0.17 (0.20)	0.43 (0.33)	0.22 (0.26)	0.42 (0.32)	0.04 (0.25)	0.32 (0.28)	0.30 (0.29)
imgr_pop_it	0.02 (0.05)	-0.01 (0.04)	0.02 (0.05)	-0.02 (0.04)	0.01 (0.04)	0.00 (0.04)	0.07 (0.10)	0.01 (0.09)	0.06 (0.10)	-0.01 (0.08)	0.03 (0.08)	0.03 (0.08)
tert_edu_eap_it	-0.18 (0.58)	-0.13 (0.55)	-0.18 (0.58)	0.05 (0.45)	-0.33 (0.60)	-0.25 (0.60)	0.72 (0.81)	0.33 (0.91)	0.64 (0.90)	0.10 (0.73)	0.42 (1.12)	0.12 (1.16)
Sigma	6.8	6.1	7.0	6.1	6.6	6.7	10.2	9.4	10.6	8.8	10.6	10.3
Log Likelihood	-63.3	-61.4	-64.0	-61.3	-62.8	-63.2	-49.9	-48.7	-50.6	-48.1	-50.2	-49.8
Countries	5	5	5	5	5	5	5	5	5	5	5	5
Years	18	18	18	18	18	18	18	18	18	18	18	18
Observations	25	25	25	25	25	25	25	25	25	25	25	25
Censored	8	8	8	8	8	8	14	14	14	14	14	14

Note: In the model with the par_ext_all_it dependent variable. the explanatory variable tert_edu_eap_it was replaced by pri_edu_eap_it.

Table 8 Empirical results for the set of countries without an IMF loan and extreme left parties

Variables	elec_ext_l_it						parl_ext_l_it					
gdp_r_it	-0.59** (0.23)						-1.43** (0.70)					
gdp_r_it-1-3	-0.46** (0.22)						-0.87** (0.41)					
unemp_it	0.18 (0.75)						-0.17 (1.23)					
unemp_it-1-3	0.43 (0.66)						0.94 (1.24)					
infl_it	-0.23 (0.18)						-0.43 (0.30)					
infl_it-1-3	-0.04 (0.03)						-0.06 (0.06)					
open_econ_it	0.00 (0.12)	-0.12 (0.11)	-0.07 (0.123)	-0.08 (0.11)	-0.08 (0.12)	-0.09 (0.12)	-0.01 (0.24)	-0.31 (0.20)	-0.23 (0.207)	-0.24 (0.20)	-0.23 (0.21)	-0.24 (0.21)
imgr_pop_it	0.03* (0.02)	0.03 (0.02)	0.03 (0.02)	0.03 (0.02)	0.03 (0.02)	0.03 (0.02)	0.05 (0.04)	0.04 (0.05)	0.03 (0.04)	0.04 (0.04)	0.04 (0.04)	0.04 (0.04)
tert_edu_eap_it	-0.03 (0.12)	-0.01 (0.09)	-0.01 (0.11)	-0.01 (0.10)	-0.03 (0.12)	-0.03 (0.12)	-0.22 (0.26)	-0.13 (0.19)	-0.15 (0.20)	-0.15 (0.19)	-0.19 (0.24)	-0.18 (0.23)
Sigma	6.4	6.6	6.7	6.7	6.7	6.7	10.1	10.3	10.5	10.5	10.5	10.5
Log Likelihood	-245.2	-247.2	-248.6	-248.4	-247.8	-247.9	-209.4	-212.1	-214.0	-213.5	-212.9	-213.4
Observations	84	84	84	84	84	84	84	84	84	84	84	84
Censored	13	13	13	13	13	13	34	34	34	34	34	34

Table 9 Empirical results for the set of countries without an IMF loan and extreme right parties

Variables	elec_ext_r_it						parl_ext_r_it					
gdp_r_it	0.00 (0.23)						0.31 (0.69)					
gdp_r_it-1-3	-0.11 (0.35)						-0.14 (0.89)					
unemp_it	1.12 (1.05)						1.49 (2.65)					
unemp_it-1-3	-0.54 (0.86)						-1.48 (1.81)					
infl_it	-0.18 (0.26)						-0.02 (0.63)					
infl_it-1-3	-0.04 (0.05)						-0.02 (0.13)					
open_econ_it	-0.08	-0.08	-0.04	-0.06	-0.08	-0.08	-0.01	0.02	0.08	0.05	0.03	0.03
	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.40)	(0.40)	(0.40)	(0.39)	(0.39)	(0.39)
imgr_pop_it	-0.01	-0.01	0.00	-0.01	-1.84	-0.01	-0.05	-0.04	-0.03	-0.04	-0.04	-0.04
	(0.04)	(0.04)	(0.04)	(0.04)	(1.80)	(0.04)	(0.09)	(0.09)	(0.09)	(0.08)	(0.09)	(0.09)
tert_edu_eap_it	0.15***	0.15***	0.15***	0.15***	0.16***	0.14***	0.25*	0.25*	0.24*	0.24*	0.24*	0.24*
	(0.05)	(0.05)	(0.05)	(0.05)	(0.06)	(0.05)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Sigma	8.0	8.0	8.0	7.9	8.0	8.0	15.0	15.0	15.0	14.9	15.0	15.0
Log Likelihood	-229.7	-229.7	-228.9	-229.5	-229.2	-229.4	-140.1	-140.2	-140.0	-139.8	-140.2	-140.2
Countries	18	18	18	18	18	18	18	18	18	18	18	18
Years	18	18	18	18	18	18	18	18	18	18	18	18
Observations	84	84	84	84	84	84	83	83	83	83	83	83
Censored	24	24	24	24	24	24	56	56	56	56	56	56