Globalisation, Inequality, or Institutions: On the Determinants of the Rise in Populism in Europe

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Abstract

This article examines the determinants of the rise in populism in Europe between 1990 and 2023. Using data for 30 European countries, the study investigates the relationship between rise in populism and three groups of explanatory factors: inequality, globalisation, and institutional quality. The analysis considers both voting shares for populist parties and the number of populist parties, i.e., both demand and supply side of populism. Descriptive evidence shows a visible rise in support for populist parties across many European countries, especially since the 2000s and 2010s. Correlation analysis and econometric estimations suggest that economic globalisation and inequalities are strongly associated with populist outcomes, whereas institutional quality can work as mitigator and lower election support for populist parties. Some indicators of living conditions also have certain explanatory power. By contrast, income inequalities do not seem to be related to number of populist parties, whereas regional GDP disparities are considerably robust, and government effectiveness does not influence existence of populist parties. The findings indicate that globalisation processes, various aspects of inequality and institutional performance play a central role in explaining the rise of populism in Europe.