

THE RISE OF POPULISM – Whose fault?

By Adela Danaj

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Supervisor: Levente Littvay

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Abstract

Scholars have shown that low economic performance, unstable labor markets and low investment in education are associated with the increase of the populist discourse. The results of the last European Elections, initially has been warned by the national elections of 2017 and 2018 in countries like France, Italy, Hungary and other European consolidated countries, when the populist parties took power. Using both, the country analysis and a study case method, the main aim of the study is to test whether there is an association between the corruption, the labor market, the education with the rise of populist discourse. The study is separated into two stages. The first stage of analysis involves 40 countries from Europe, North America, Latin America and Central Asia. The second stage of the analysis uses one study case, aiming to understand the mechanisms in-between the economic and political features. Austria has been selected as the case study. The study focuses on the effect of the economic and political dimension on the rise of populism. The conclusion highlights several main findings. The results of analyzing the unstable labor market, corruption and low investments in education by the government, suggest that populist discourse is likely to arise when both, the economic and the political determinants interact with each other and are controlled by the party ideology and government system. The findings of the first stage of the analysis have been supported by the findings of the second stage analysis.

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To my family.... for the unconditional love...

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LIST OF ABBREVIATIONS

EPP - Centre-right European People's Party

A&D - Centre-left Socialists and Democrats

UKIP - UK Independence Party

CPI - Corruption Perception Index

FPÖ - Austrian Freedom Party

ÖVP - Austrian People's Party

SPÖ - Social Democratic Party of Austria

GAN - Business Anti- Corruption Portal

WIFO – Österreichisches Institut Für Wirtschaftsforschung

Chapter 1. INTRODUCTION

Populist forces returned strongly to European Elections in 2019. The right wing parties and populist groups gained 29% of the seats in the European Parliament. Populist parties of Italy, France and UK occupied a significant number of seats in recent elections of the European Parliament. Meanwhile, the two biggest voting alliances, the Centre-right European People's Party (EPP) and the Centre-left Socialists and Democrats (S&D), have lost their majority in the European Parliament. The results of the last European Elections seem to have been warned by the national elections of 2017 and 2018 in countries like France, Italy, Hungary and other European consolidated countries, when the populist parties took power.

Following this line, it is easy to accept that Europe is facing a political evolution with extreme political forces, extreme right-wing parties, and extreme left-wing parties, rejecting the European integration since 1990 (Mudde, 2007). It looks like the United States of America followed the same trajectory as both, Democratic and Republican Candidates started to use the populist narrative during the 20th Century (Bonikowski and Gidron, 2016). The populist tradition finds its roots in the establishment of the American republic itself, but it would appear as an arranged political language in the late 19th century during farmers' revolt. On the other hand, Latin America have been represented by populist leaders for long time (Howkins, 2009).

In Western countries, populism looks to be hazardous because its consequences are those of 'closing' Europe. This reduces EU admittance, reduces trade freedom and adds rejection to immigrants. It has to be underlined that the successes in Western Europe have come as a result of international integration and cooperation, trade and investment. Thus, whether the Europe's trading zone becomes more confined, small countries will face major challenges.

In the United States of America, the wave of populist sentiment might be an initial starting point for the rise of extreme nationalist approach. In 2016, the President of the United States of America, Donald Trump stood by the idea that he will be the “savior” of the forgotten America” focusing his political discourse on immigrants. Focusing his political narrative on immigrants assuming that the immigration is the current most problematic issue in the state, Trump seems to create a favorable ground in promoting both, the language and the feeling of hatred among American citizens towards migrants.

Based on what has been said until now, it looks like that populism has been in the focus of the scholars for more than a decade. Among this rich field of studies on populism, it remains still vague how the populism should be conceptualized and how it should be empirically analyzed too (Bonikowski and Gidron, 2016). Thus, populism bears the difficulty of being a challenging and ambiguous concept in terms of the scholarship agreement in defining it. Anyhow, there are several versions of the concept that tries to identify the political parties and movements that fall into this category.

Sartori (1984) tried to conceptualize populism as the less important side of political liberalism. According to him, the minimal way that populism can be defined is naming it as “democratic illiberalism.” Such a definition does not include all the implications that the development of populism as a phenomenon in the political spectrum, carried out during the last decade.

Scholars put forward some features, which are widely agreed and commonly used, in related analyses. Drawing from the literature, one could see that populism is elaborated as an opposing phenomenon, which manifests (i) absence of coherent and clear set of ideas; (ii) lack of consistent ideology and policy for the long run (Skolkay, 2000).

It means that populism is associated with the vilification of ‘the elite’ and the rise of charismatic leaders who usually focus their political narrative on the vulnerable groups aiming strong party structure in order to dominate the political, social and economic life. In addition to the strong charismatic leaders, populism is supported by the citizens too. *Why?* According to Skolkay (2000), populism seems to emerge when the country is facing a delicate (i) economic and (ii) political situation. It has been carried out by the Skolay’s study that features such as: corruption, social movements and economic crises, create the favorable ground for the presence of charismatic leaders in the political arena, who present themselves as “the saviors” of the people “by clearly dividing the society into two groups, those for and those against the leader” (Skolkay, 2000). Under such conditions has been noticed that populist leaders usually have popular support.

Both, the conceptualization of populism and the ways to explain the division of the society, went further and the persistent work of Cas Mudde (2007) contributed the most. According to Mudde (2007), populist viewpoint is a loose set of ideas that share three core features: *anti-establishment, authoritarianism, and nativism*. Regarding the division of the society, Mudde (2004, p. 543) argues that populism separates people in two comparatively homogeneous and antagonistic groups: ‘the poor people’ versus ‘the corrupt elite’.

Likewise, in the Skolkay theory, Mudde also argues that populist politics are the expression of the *volonté générale* (general will) of the people”¹ and it does not mention long run policies or other features that contribute to the development of the society. Unlike, from Skolkay, Mudde does not elaborate the main determinants that might affect the rise of populism, but he introduces a new

¹ See also Abts & Rummens, 2007; Albertazzi & McDonnell, 2008; Mény & Surel, 2002; Rooduijn, 2014a; Stanley, 2008

concept such as: *the corrupt elite*, presenting to the academic literature on populism, other details that seem to contribute to the popularity of populism.

After the comparison of two different approaches on populism based on Skolkey and Mudde theories, the current section of the thesis will be focused on the academic debate on the main aspects that may influence the rise of the populism. Political and Economic prospective seems to be the two main dimensions that can explain the rise of populism especially during the last decade. Nevertheless, the academic literature does not exclude other factors that might have a contribution in the rise of populism, such as political legacy; sociological background of the state, etc., but these other aspects are not in the focus of the current study, thus they will not be analyzed.

Numerous researchers stand by the argument that (i) the economic crises (Poli, 2016; Betz, 1993; Kitschelt and McGann, 1995; Taggart, 2000) seem to establish the ground for the rise of populism; on the other side, others argue that (ii) it is the political environment (Pappas, 2012) the main contributor for the rise of the populism.

In her study of 2016, Maria Daniela Poli, argue that because of the economic crises occurred in the last decade, a number of current populist parties have grown in consolidating countries, such as in Italy (Northern League), in France (The Nation Front) or in Great Britain (UKIP) and on the other hand new populist parties initiated their political activity too. (Poli, 2016).

The debate on the economic crises and its link with the rise of populism have found application in many cases drowned from the literature (Falleti and Lynch, 2009), but on the other side it has been opposed by other scholars who admit that it is the political environment the predictor for the rise of populism (Pappas, 2012; Bejarano, et.al 2006). This statement seems to be supported by

Carreras' study (2010) on the populism in Latin America. According to the author, populism is likely to rise in countries that have a weak party system.

A great debate generated in regards (i) to what populism means and (ii) to the main determinants that contribute to the rise of populism. The current section has been focused on: (i) the actual political context, mostly in Europe, especially after the last European Election; (ii) the big challenges that academic literature faced in defining populism; (iii) the comparison of the two different theories by Skolkay (2002) and Mudde (2004 and 2007); (iv) the actual debate: economic crises vs political crises – Which affect the most the rise of populism? Thus, it will be in the main focus of the current thesis to further contribute to the public debate on the economic and political determinants that mostly contribute to the rise of populism.

The scope of the research on the rise of populism is relatively wide covering areas such as: corruption, unemployment, education, ideology, the form of governance, relations and communication to the electorate, make-up of the electorate, evolution of existing political parties in the populist party, the rise of new populist parties, impact of evidence-based research, representation and participation, and the role of EU integration. More concretely, the research objectives are:

1. To contextualize the current state of populist discourse across different European geographic areas; 2. To assess the impact of both, economic and political crises on the success of the populist parties; 3. To explore the literature on the conceptualization of populist discourse and compare the main theories; 4. To investigate the theoretical explanation of the rise of populism; 5. To analyze how the level of corruption affects the rise of populism; 6. To analyze the effect of the labor market dynamics as a feature that contributes in the rise of populism; 7. To investigate if the governmental

expenditures on the education field play a significant role in the rise of populism; 8. To analyze to what extent the ideology used from the populist leaders in their populist narrative, plays an important role in the rise of populism; 9. To analyze forms of representation of the political elite in the ‘populist’ countries and compare whether it is the parliamentary or presidential system that is more likely to support the rise of populism.

1.2 Relevance of the study

The debate on populism is wide nowadays. The citizens are voting for populist leaders and several of them are leading their respective countries, without taking into account the conception of democracy. According to Galston (2018), it has been the economic displacement and demographic change that triggered a demand for strong leaders. As a consequence, populism seems to be a real threat to the liberal democracy. Furthermore, populist parties are against the European integration, supranational institutions in the EU or a common trade, as to the populist parties this means losing the sovereignty. This populist perspective implies the loss of EU citizens’ freedom to live and work in other EU countries (EEAG, 2017).

In this view, populism has a significant relevance as populism is defined as (i) one of the biggest threats for the liberal democracy; (ii) as a threatening component of citizens’ freedom to live and work in other EU countries.

The current thesis will shed light on the economic and political features that seem to have a high impact on the rise of populism, such as: corruption; changes in labor market dynamics; education; ideology and institutional settings. Studying all these features of the economic and political contexts across different countries helps to further develop the literature on the determinants that have an effect on the rise of populism.

1.3 Research Question

In Europe, the populist leaders in power, propose a discourse which goes against supranational institutions, blaming them for slow economic growth, high levels of corruption, migration and changes in the labor market. All together, these concerns make worth to shed light about the conditions under which a populist discourse is more likely to arise. Also, the aim of the current study is to understand the populist leaders' behavior towards education. Education plays a crucial role in the development of a country, especially in the economic sector (Ozturk, 2001). It means that the education policies that populist countries establish and follow afterwards, might affect the social, political and economic dimensions of the country.

It has to be underlined, that the current thesis is not attempting to find causal mechanisms that contribute to the rise of populism, but it will try to understand the relation that exists in between several, economic and political determinants in a populist environment. To do so, the current study will attempt to answer the following central question:

To what extent the level of corruption, the changes in the labor market and the government expenditures in education favor the populist discourse across countries?

The hunch of the current thesis is as below:

In societies where citizens (i) perceive high levels of corruption, populist leaders are more likely to gain consensus through a strong populist discourse; (ii) face high levels of unemployment rate, populist leaders are more likely to gain consensus through a strong populist discourse; (iii) faces low government expenditures on education field, populist leaders are more likely to gain consensus through a strong populist discourse.

1.4 Methodology

In order to achieve the above-mentioned objectives, the current study applies a quantitative and qualitative research design approach with a strong analytical and explanatory framework. Thus, the methodological part is conducted through two stages. The quantitative research design allows to identify the relationship that exists between Populist Discourse and political and economic determinants, selected for the purpose of the current thesis. Specifically, a country analysis has been conducted, using a multiple linear regression in order to estimate the likelihood when a populist discourse is more likely to rise, when counting the perception of corruption, the unemployment rate and the government expenditures in the education field, controlling for party affiliations of populist leaders and institutional setting (Parliamentary vs. Presidential).

Additionally, the qualitative research design allows for in-depth and thorough explorations of the research topic. The second stage of the research relies in one study case. The qualitative approach will help the thesis, to find the link between economic and political determinants selected in the framework of this study, such as: (i) level of corruption; (ii) unemployment rate; (iii) government expenditures on education; (iv) party affiliation of populist leaders; (v) institutional settings and the outcome and – (i) the rise of populist discourse. Thus, through qualitative approach, the thesis will try to conceptualize a plausible case aiming to understand the mechanisms between the independent variables and the rise of populism. Austria has been selected as a case study.

1.5 Case Selection

1.5.1 First Stage

The countries selection process did not occur randomly in the study. Regarding the first part of the analysis, the study faced limited access in finding the data regarding the populist discourse of all the populist leaders, thus it has been included in the study only the countries which have been part of the Global Populism database prepared for the New Populism, a project with The Guardian. The database used for the current, measures the populist discourse of presidents and prime ministers from 40 countries and 140 populist leaders around the globe and the time frame is between 2000 and 2018².

Following the database, the study will analyze the populist approach in the countries from Europe, North America, Central Asia and Latin America. As a matter of fact, crucial differences can be noticed among such countries or regions. Anyhow, the outcome seems to be the same, strong populist leaders who share almost the same populist narrative and approach towards citizens of their respective countries.

1.5.2 Second Stage

Austria has been selected as a case study for the second part of the analysis. Based on the Global Populist dataset, the populist leaders in Austria appeared to have very strong populist discourse over time. Austria as a study case will help the thesis to shed light on the mechanisms between economic and political determinants that contribute the most in the rise of populism. Through the

²The source for the average populist discourse: <https://populism.byu.edu/Pages/Data>: the last access on 27th March 2019

qualitative approach, the selected case will help me in carrying out empirical evidences in regards to the level of corruption, unemployment rate and level of government expenditures in the education field as influential indicators for the rise of populism.

1.6 Outline of the Thesis

The thesis is divided in different chapters. Chapter 2 will provide (i) the literature review concerned with the populist discourse across different geographic areas. At the same time, it will (ii) to further extend the debate on the economic and political features that contributed in the rise of populism; (iii) to shed light on the conceptualization of the Populist Discourse and moreover on (iv) the theoretical explanations for the Rise of Populist Discourse discussing the hypothesis established for the current study. Also, in the chapter 2, I will present (iv) the definition of each variable included in the study.

Chapter 3 will introduce the methodological approach. In the methodological section it is explained the research design and the data measurements for each of the variables included in the study, such as: (i) Populist discourse; (ii) perception of corruption; (iii) unemployment rate; (iv) government expenditures on education; (v) control variables, for both stages of the analysis. In this chapter I explain the procedures of the case selection. The empirical results of the first stage analysis are presented in the chapter 3 as well.

The chapter 4, provides the empirical analysis of the case study. Meanwhile, the chapter 5, provides the main conclusions carried out from the theoretical framework and the empirical analysis.

Chapter 2: Literature Review and Theoretical Framework of Analysis

The current chapter is will focus on reviewing the existing literature concerned with both, populism and populist discourse. Firstly, the chapter will provide an overview (i) on the populist discourse across different geographic areas and (ii) on the great debate on the economic and political dimension as main contributors to the rise of populist environment; Secondly, the current chapter will try to define the concepts that will be operationalized and measured in the empirical sections; Thirdly, the study will try to advance some theoretical explanations about the relationships between the constant increase of populist discourse and the economic and political dimension of the countries of interests.

2.1 Contextualizing the Populist Discourse Across Different Geographic Areas

Populism is not limited geographically or culturally, although in some regions and in some periods it is noticed that it is more pronounced (Skolkay, 2000). Looking at the Post-Communist countries, scholars have argued that there is an ideological inspiration and institutional penetration of communist legacy into the populist discourse. Most of this body of work goes further, claiming that ‘directly or indirectly populism is a legacy of the ideology and/or practice of communism’ (Skolkay, 2000). Authors like Greskovits (1998, 106) argue about seven fundamental features of economic policy similarities between communism and populism.

Moreover, Ágh (1998, 62-69) claim that authoritarian tendencies after the fall of communism were transformed into neo-traditionalism and national populism in politics. (Agh, 1998). Following the argument, Tökes (1991, 230) writes about three specific features, which distinguish communist regimes from right-wing authoritarian regimes, the existence of which have negatively impacted

the post-communist transition and made the emergence of populism easier. These three features are (i) institutional and ideological penetration of communist regimes; (ii) economic, social and cultural elites in communist regime; and (iii) non-state actors (entrepreneurs and individuals).

The social, economic and political environment created after the communist regime was dominated by uncertainty and authoritative political culture. Following the authoritative political culture, in the aftermath of the communist regime, the social and political life was characterized by paternalistic legacy and passivity, reflected in the people's searching for a common enemy and a popular savior. For this reason, when addressing the rise of populist discourse, it is crucial to account also for differences between Visegrad Countries (Czech Republic, Hungary, Poland and Slovakia) and the Balkans' countries. The main reason to do so, it is that the latter are not yet part of the EU, and they are centering the discourse in that direction.

Oppositely, Visegrad countries were part of the 2004 wave of enlargement and gained in terms of economic development. Since the EU is central to the populist discourse, the differences should be discussed in both geographic areas. This is because the populist discourse is affected by the relationships that countries have with the EU.

For instance, Ágh (1998) describes populism in the Balkans as a phenomenon that is a mass based, with charismatic leaders and institutions incapable to guarantee any real participation in politics. Without a democratic pattern of political culture, it is easy for political leaders, at the opposite side of the political spectrum, supply politics that are embedded completely in the populist discourses. Those differences are crucial when studying populist discourse, because are tied to the

relationships with the EU and this becomes clear when looking at the dynamics in the Visegrad countries.

In the Visegrad countries, factors such as: access to EU and economic development led to the establishment of new political regimes. The political regimes had to meet the accession criteria (Copenhagen Criteria) and give proof of stable institutions, a functioning market economy and adapt with the democratic criteria of the EU Treaties. Access to EU is translated in an increased propensity of trade exchange and wealth. Nevertheless, it generated also backlashes with (i) integrated market economy and (ii) the distribution of wealth. Such a dynamic has been well discussed by Bohle and Greskovits (2012) in “Capitalist diversity on Europe's periphery”. One of the backlash on an integrated market economy is the development of uncertainty of the political system, where elite changed their behavior.

A great example, seems to be the Hungarian case and the Orban regime, followed by the recent developments in Poland, by the Kaczynski governments. While benefiting from structural funding, both leaders are characterized by high levels of populist discourse, centered on blaming the EU for the low economic development, the migration issues and the wage differential with Western EU countries.

Under such circumstances, ‘people are more likely to turn to strong leaders when they perceive various threats which they are unable to deal with efficiently’ (Skolkay, 2000). The empirical evidences can support such a statement with the cases of Poland, Slovakia, Bulgaria and Czech Republic abound’ (Heinisch and Hauser, 2014).

The Western Europe cases do not look very different compared with the former communist countries in regards to the rise of populism. For example, with the arrive of Socialists in power in

1981, the French citizens' felt insecure and they constantly admitted that politicians were unskilled, corrupted and not able to control the situation that has been created by mass immigration (Schiels, 2007). The similar disillusionment environment appeared again in France later on, followed by massive protests that established the ground for the rise of Le Pen populist discourse (Mayer and Perrineau, 1992). Following this view, it looks like that post-communist countries associated with the legacy of the past had a crucial role in establishing a favorable ground for the rise of populism. Also in Western European countries where the disappointment of the citizens towards politicians was high, created another specter for the rise of populism.

Today populist leaders like Donald Trump, Marine Le Pen, Norbert Hoffer, Nigel Farage, and Geert Wilders are present in several countries, changing established patterns of party competition in contemporary Western societies. These leaders are leading the government in their respective countries, in eleven Western democracies, including in Austria, Italy and Switzerland (De Lange 2012).

Holger Döring and Philip Manow (2016) calculated the average share of the vote in national and European parliamentary elections. According to their analysis, the populist parties across Europe have shared double since the 1960s, from around 5.1% to 13.2%, of the votes in national and European parliamentary elections. Their share of seats has tripled too, during the same time, from 3.8% to 12.8%. The same situation appears in countries without elected populist representatives. The parties with the populist features seems to ease pressure on the mainstream parties, public discourse, and the policy agenda. One of the consequences seems to be the British exit from the European Union.

Drawing the literature, it has been found that the Brexit case is strongly related with the level of education. In the Financial Times analysis (2017)³ it has been found a strong correlation between education levels and votes for Brexit. According to the analysis, people with low educational profile were more likely to vote 'Leave the EU'.

To conclude, based on the existent literature, counting for differences between different geographic areas, the current thesis argues that there are substantial reasons to believe that the economic dimension and political dimension are important factors which could explain the variation in populist discourse.

2.1.1 The rise of populism – Who's fault? - Economy VS. Politics

As an overall argument, the reasons of populist movements are generally related to economic and political problems, which leave space for instant regress in terms of corruption and unemployment. In the current study, independent variables such as labor market, corruption and level of education will be used to explain the constant rise of populism. Based on the Dramnescu (1998) assumption it looks like 'the loss of democratic mechanisms, the dysfunctions of state institutions, corruption, and the growing manifest contempt of political, economic and even cultural elites for ordinary citizens have encouraged the return at full blast of populism'. Following this line, Pappas would argue that when societies experience crisis in both, economic and political dimension, populism may be associated with widespread social unrest and, in some cases, even contaminate entire political systems (Pappas 2014).

³ Financial Times <https://www.ft.com/content/1ce1a720-ce94-3c32-a689-8d2356388a1f>: last access on 19th July 2019.

This section of the thesis reviews the existing literature concerned with the populist discourse of political leaders. Some scholars argue that the populist political discourse is generated by the transitional stages of societies and others claim that it is a consequence of the political regime's failures (Dramnescu, 2014). In this vein, two major waves of populist political discourse in the last few years emerged as a result of two economic and political crises, which took part in Europe. One is related to the *fall of communist regime in late '80* and the other to the financial crisis and consequent economic recession, *which started in early 2008*. Countries that experienced the economic and political crises were almost impossible to make changes in re-distributive policies.

Evaluating the historical evidences, it has been noticed that it was during and after the Great Recession of 2008, the highest pick of the populist movement in the Western Europe Countries. It has been this moment when populist arguments spread in the political discourse throughout Europe proposing shortcut solutions as a way out of the economic crisis (Kriesi & Pappas, 2015). At that time, as a result of the economic crisis, European countries, faced an increase in both, economic and social inequalities. Also, European Integration was not in the main focus of the Western countries, making the European integration a fragmentary project. It looks like this situation was a great ground for populist leaders to develop their populist discourse towards citizens who were hopeless because of the economic problems. The populist narrative was mostly focused on protecting the people from the 'evil leaders' (Kriesi & Pappas, 2015).

It has also been noticed that in some countries, mostly in the South of Europe, the economic recession favored (i) the rise of intense social conflicts, including mass mobilization; (ii) the rise of political extremism on both the right and the left wings; (iii) the collapse of the entire party system (Kriesi & Pappas, 2015).

As it was mentioned in the introduction section, in her study of 2016, Maria Daniela Poli, argue that because of the economic crises occurred in the last decade, a number of current populist parties has full-grown in consolidating countries, such as in Italy (Northern League), in France (The Nation Front) or in Great Britain (UK Independence Party). Furthermore, in addition to existing parties' new populist parties initiated their political activity too, such as: The Five Star Movement - Italy, by Beppe Grillo in 2009; The Alternativeve for Germany - Germany, by Konrad Adam, Alexander Gauland and Bernd Lucke in 2012; Syriza – Greece, by the coalition of the left-wing and the radical parties of 2004; in 2013; Podemos- Spain, by Pablo Iglesias in 2014; Juntos Podemos - Portugal, Joana Amaral Freitas in 2015 (Poli, 2016). The debate on the economic crises and its link with the rise of populism have found application in many cases drowned from the literature (Falleti and Lynch, 2009).

However, contemporary populism in Western Europe, is not just a product of the ongoing economic crisis (Krisei and Pappas 2015). The scholars admit that populism has developed during and after the Great Recession, but there are not only the economic problems that give a boost to the increase of the populist environment. The political crises seem to contribute to the rise of populist environment too. (Poli, 2016). An example in supporting such a statement could be the example of Northern Europe Countries which faced less impact during the economic crises. According to Laclau (2005), populism can be analyzed under the light of representation crisis. His thesis comes out due to the representation in the national level and in the European level too. He also adds in his theory that party affiliation and institutional settings play a crucial role in explaining the roots of populism.

Based on what is discussed until now, the current thesis stands by the idea that both: (i) the economic crises (Poli, 2016; Betz, 1993; Kitschelt and McGann, 1995; Taggart, 2000) and (ii) the political environment (Pappas, 2012) are the main contributors for the rise of the populism.

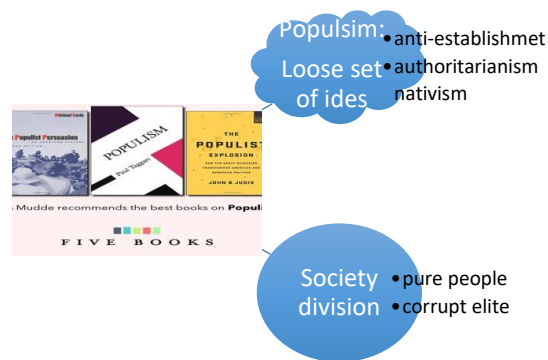
2.2 Conceptualization of the Populist Discourse

This section presents the core concepts that have been used in the study. Firstly, the current section will attempt to describe and define the populism discourse notion. Secondly, following the great debate on the economic and political crises (please refer to the previous section) it will try to provide some theoretical insights which can determine the rise of populist discourse. Thirdly, this section aims to advance a theoretical relationship between the rise of populist discourse and the labor market conditions, corruption, the degree of investment in education, ideology and the form of governance.

2.2.1 The Populist Discourse

The concept of populism has been defined in different ways. One of the older definitions of populism claims that it unfolds, creating different dichotomies (Laclau, 2005:25) between the political elites and the society. Some scholars define it as an ideology building on the assumption that society is divided into two groups: the “poor people” and the “corrupt elite”, which are antagonistic to each other, and advocates that politics should be an expression of the will of the people (Mudde, 2007:543). Also, Mudde (2007) contributes further in the debate, adding that populism is a loose set of ideas too. The figure No. 1 presents a visualization of the Mudde’s theory on the main characteristics of the moderate populism.

Figure 1. The conceptualization of populism



**Source: The author in the framework of the MA Thesis*

According to Mudde and Kaltwasser (2017), the populist leaders are more likely to place themselves in a liberal democratic political regime. Also, the authors add that populist leaders can be left or right, conservative or progressive, religious or secular. A very good example, seems to be the Latin America, where the term ‘populism’ describes the left-wing presidents, and at the same time the same term describes the right-wing parties in Europe. In the American case, the term ‘populism; describes both, left-wing and right-wing presidential candidates (Mudde and Kaltwasser, 2017). Another viewpoint considers populism as the ‘total opposite of liberal and representative democracy’ (Urbinati 1998, 116).

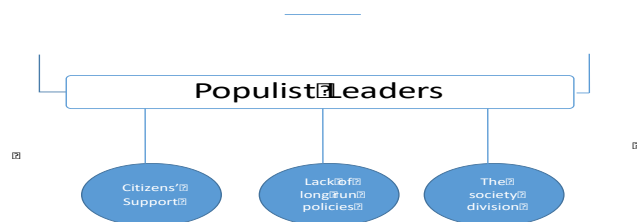
Other scholars have defined populism as a form of political communications (Jagers and Walgrave, 2009: 322). Following this definition, populism seems to be a style of communication which use a specific discourse. This interpretation of populism seems to be essential for the study because it provides the means in understanding what is at the core of populism: the way populist leaders deploy theirs messages and the extent to which this is successful in terms of electoral return. This approach defines populism as a communication style. Central to this approach are the characteristics of the populist discourse and populist leaders of parties and social movements.

The populist discourse is associated with a charismatic leader who is able to mobilize voters through a specific communication style. The literature on populist discourse highlighted the traits of a populist communication style. Specifically, the populist communication style often includes a simple and straightforward language which addresses the “common people” (Canovan, 2004:242). Populist leaders describe themselves as leaders of the actions and outsiders of the political system (Mudde and Kaltwasser, 2017: 105-115).

Thus, it seems to be clear that populism is associated with the rise of charismatic leaders who usually focus their political narrative on the vulnerable and underrepresented groups. This makes the populist leaders to be strongly supported by the citizens. But, the populist discourse is also associated with a lack of long-run policies (Skolkay, 2000). Likewise, Mudde when talking on populism and the division of the society, Skolkay seems to share the same approach. According to him, populist leaders through their populist narrative attempt to divide the society into two groups, ‘those for and those against the leader’.

The figure No. 2 presents a visualization of the Skolkay’s theory on the rise of the populist leaders. According to the graph, when the states face political crises or economic crises, or both at the same time, the populist environment is more likely to arise.

Figure 2. *The rise of the populist leaders*



**Source: The author in the framework of the MA Thesis*

Trying to explain and understand the Skolkay theory, it has been noticed a strong similarity between populist leaders of nowadays and communist leaders of the communist period. For, example: During the communist period was very common to talk about the division of the society. *How?* The people were one single unit; no one was allowed to be against the system and one of the main features of the communist regime was the idea to always have an enemy. This fear threatened the ‘we- ness’ among people. In this vein, the political system during the communist regime was characterized by the polarization of political forces, which means looking at everyone who is not ‘like us’ or ‘with us’ as a criminal actor.

Although this literature provides a descriptive account of the communication style put forward by populist leaders during and after economic and political crises, it fails in explaining which are the micro-conditions when populist leaders strategically decide to develop a populist agenda. In order to break this puzzle, the next sections of the study will be focusing on the variations of populist discourse counting for micro-features of the economic and political crisis, such as: #the perception of corruption; #the unemployment rate; #the government expenditures on education; #party affiliation (ideology) and #institutional settings (parliamentary vs presidential). Thus, the main aim of the next section is to understand under which circumstances, leaders perceive the opportunity to establish and use a successful populist agenda.

2.3 Theoretical Explanations for the Rise of Populist Discourse

2.3.1 Perception of corruption

The fall of the communist regime left behind a legacy of economic reforms which did not represent a transparent process and often were inadequate. These circumstances were the main reasons in

creating a ‘new class of the wealthy transition winners’ (Heinisch and Hauser, 2014). As it is explained in the literature, the neo-populism in South-East Europe is has been characterized by ineffective governance and widespread political corruption among party leaders who came into power (Boboc, 2014). This phenomenon can be explained by several empirical studies showing that a well performed economy by the government make citizens indifferent towards corrupt behaviors of politicians. It seems to be the opposite when citizens perceive a poor economic performance by the government tending to punish the corrupt politicians (Zechmeister and Zizumbu-Colunga 2013; Manzetti and Wilson 2007).

However, corruption has been shown to have a harmful effect on economic performance and political legitimacy in a variety of institutional settings (Della Porta 2000), implying low trust towards institutions and low investments (Del Monte and Papagni 2001). Thus, its effects are widespread all over a country settings, damaging straightforward the quality of peoples’ life and their security.

Thus, based on the literature, is seems that the presence of corruption implies both, economic and political problems, and as it has already been proved, the economic and political crises create the favorable ground for the rise of the populist discourse. Thus, corruption as a micro feature of both, economic and political context seems to play an important role in the rise of populist discourse. In order to analyze whether the corruption plays a significant role in the rise of populist discourse across populist leaders, the below hypothesis need to be tested:

Hypothesis 1: Populist discourse is more likely to arise when citizens perceive high levels of corruption.

As it has previously said, citizens do not punish corrupt politicians as far as the state is under a good economic environment, but do not appear the same situation when the country is facing economic problems. Thus, it is important to check whether there is a relation between corruption and political discourse in countries with economic problems. To do so, first has to be defined the notion of corruption in order to understand to what this thesis refers when talks about corruption. Also, it is important to define corruption as a micro-feature of both, economic and political dimension.

The concept of corruption and its meaning has been well-developed in the literature. Social-anthropologists suggest that corruption affects the relationships between people and bureaucracies because of its bribery, clientelism, nepotism, graft and extortion nuances (Miller et al. 2001). A realistic definition of "corruption" is provided by Klitgaard (1988:23): "[A corrupt official] deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain "private-regarding behavior".

In the political dimension, corruption has been generally defined as "the abuse of public office for private gain", which implies an ambiguity between the public/impersonal and the private/personal spheres, underlying the need to keep the two separate (Harrison, 2007). It seems that the office-based conception of corruption is relevant because (i) it brings together agreements about key kinds of political corruption; (ii) more importantly, it focuses on the norms and duties of public office. Thus, it establishes standards of accountability against public officials. The office-based concept of corruption brings a significant understanding of how to design institutions so that public officials can work in public offices based on the norms that define their offices (Warren, 2006).

In regards to the economic dimension, it is commonly accepted that corruption has a dangerous effect for the economic development (Rothstein 2011). Pew Research Centre (2014) research shows that in over 34 emerging and developing countries, 76% of people perceive corrupt politicians as a problem for the economic development of their country. Based on his empirical findings, corruption implies normative issues too, as people judge it as morally unjustified.

Corruption decreases the citizens' trust towards institutions and this is another aspect including both, economic and political sphere. According to Sapienza and Zingales (2012) the high level of corruption can seriously damage the financial inclusion. Foreign investors find it difficult to invest in countries with high level of corruption. It has to be underlined that where is low trustworthiness perceptions, it is mainly allied with lower trade (Sapienza and Zingales, 2012).

To conclude, it seems that the way how the current thesis is using the notion of corruption, as a micro feature of both, economic and political dimension, it can be helpful while testing the first hypothesis. Likewise, it has been supported in the literature, both economic and political crises seem to contribute to the rise of populism. As in the thesis the corruption is defined as a micro-feature of both, economic and political aspects, the thesis expects to find a positive relation in between the level of corruption and the rise of populist discourse. Thus, the thesis assumes that:

In societies where citizens perceive high levels of corruption, populist leaders are more likely to gain consensus through a strong populist discourse.

2.3.2 Changes in Labor Market Dynamics

The labor market seems to be the perfect environment in evaluating the economic performance of a country (Destefanis and Matromatteo, 2009; Davis and Haltiwanger, 2014). Going back in the literature, the theories presented by Skolkay (2000) and Pappas (2012) claim that the

economic features are the main contributors to the rise of populism. Thus, the rise of populism as a phenomenon can also be tested through the dynamics of the labor market.

In the current thesis, the labor market will be represented by the level of unemployment. Such a decision can be explained based on the studies of Card, Kluve and Weber (2010). The authors studied 99 programmes and according to their results the dynamics of the labor market has a great influence on unemployment. Another author, studied 137 programmes carried out from 19 EU Countries (Kluve et al, 2010) and he generated almost the same results, standing again that labor market's dynamic are the most influential indicators that impact the unemployment. Thus, in the current study, the level of unemployment will be used as a micro-feature of the economic performance.

Likewise, it will be explained in the next sections, the labor market seems to be an important micro-feature that might contribute to the rise of populism. Such a claim seems to be easily grounded by the academic literature suggesting that there is a strong link between the level of unemployment and the rise of populist discourse. In other words, the level of unemployment indicates the changes of the labor market, which can be used to enhance or hinder the populist movement.

In the literature, there are several studies, which have found a positive relationship between the unemployment rate and populist electoral performance (Anderson, 1996; Arzheimer, 2009). Numerous scholars claim that when a country faces high levels of unemployment rate, the citizens are more likely to give support to both, radical left and radical right populist leaders (Anduiza & Rico, 2016). On the other hand, it has been found that other studies show that there is no significant

correlation between the unemployment rate and the rise of populism (Lubbers et al., 2002; Swank & Betz, 2003).

Other macro-level studies stand by the argument that there is a correlation, but it is weak and negative at the same time (Knigge, 1998). In order to analyze whether the unemployment plays a significant role in the rise of populist discourse across populist leaders, the below hypothesis need to be tested:

Hypothesis 2: Populist discourse is more likely to arise, when countries face a high level of unemployment rate.

Based on the literature, the thesis expects that the personal economic conditions drive the vote of the citizens towards the radical political forces.

2.3.3 Government investments on the educational level

“I love the poorly educated.” - Donald Trump⁴

Scholars stand by the idea that populism is not only a ‘political logic’. The populist seems to be more than clear differences between its left and right wing varieties. According to Waller et al., 2017, “There are generally distinctions in the role that education plays in the country development, and the manner in which education movements may be manifested in their social, political and economic agendas.” (pg. 838). It means that education policies that populist countries establish and follow afterwards, affect the social, political and economic dimensions of the country.

⁴ Source: <https://qz.com/623640/i-love-the-poorly-educated-read-donald-trumps-full-nevada-victory-speech/>: the last access on 18th August 2019.

In the same line, the journalist Norrlof (2019) stands that the best way to stand and fight the populist trend is by fostering liberal attitudes. According to her, liberal attitudes can be promoted through education. The level of education is crucial in manifesting the liberal values. Citizens should be educated in order to manifest tolerance, or critical thinking, determinants that characterize the liberal values and practices.

For all the reasons mentioned above, the main purpose of the current section is to open up a debate on education and democracy. In his article of 2018, Crowther mentions the UK case as a typical case where both, education and democracy seems to be in crises. According to him, UK case, faces populism because of the lack of synergy between education and democracy. Following his argument, it seems that in a neo-liberal globalization context, political reaction of the citizens giving trust to the populist leaders seems to be linked with their educational background. Globalization has placed the working class communities at the sharp end of austerity policies and it looks like they are still paying the price of the 2008 economic recession making them to have the ‘problematic’ political reaction. Thus, the working class communities have been the main supporters of populism as an expression of their anger towards the political elite which can end in demands for a strong leader (Crowther, 2018).

Such a statement can be empirically evidenced by the populist response in the UK Brexit referendum and the US Trump election. According to Hindess (2016) the populist leaders introduce their narrative to the poorly educated people as they are portrayed as the easily influenced by them. Following the argument, it looks like political leaders would prefer to have a poorly educated electorate instead of an educated electorate which seems to be difficult to be influenced by the populist narrative. Following the line of the argument, it looks like the populist leaders are more likely to reduce the government expenditures in the education field. After this

theoretical analysis, such a statement has to be further discussed.

Thus, it is one of the main objectives of the thesis to explore whether such a statement can be supported by the empirical analysis. To do so, the hypothesis, as follows, need to be tested:

Hypothesis 3: Populist discourse is more likely to arise, when country invests less in education.

In the current thesis, education is defined as a micro-feature of social aspects and it is expected to find a positive relation between government expenditures in the education field and the rise of populist discourse. Thus, the thesis assumes that: *In societies where citizens are poorly educated, populist leaders are more likely to gain consensus through a strong populist discourse.*

This argument seems to be very well linked with the way how populist leaders divide the society: (i) the ‘poor people’ and (ii) the corrupt elite. Thus, underling the fact that populism is all about the poor people there is no surprise when expecting that populist leaders would prefer poorly educated electorate. Summarizing, it seems that the lack of education influences the voters to vote for populist leaders and populist leaders usually seems to introduce their narrative to the poorly educated people.

2.3.4 Ideology

Populism - The paradigm of ideological orientation

When studying populism seems to be important in the assessment of the ideological approach that populist leaders usually use in their political narrative. As Mudee (2007) said, populism appears as a thin-centered ideology that focuses on the antagonism between the people and elites against the background of popular sovereignty, but on the other hand it is a matter of fact that populism

has been embraced from both, the leftists and the right-wing supporters. Thus, when studying populism, it looks like it is inevitable to not count for the ideology.

In addition to Mudde, there are other scholars who see populism as a political form that has been developed as both, leftist and right wing movement. However, the ideological orientation of populism seems to be developed differently across countries or regions. For example, in the European case, populism has been considered as a right-wing phenomenon supported by the farmers and the workers who still believe in the nationalist myths and ideologies (Howard, 2001). In his work of 1997, when studying the parties in the Western Europe, Kitschelt suggested that populist parties are associated with the right wing. However, other studies followed, rejecting the Kitschelt's suggestions as he did not count for several core features of populist parties around the world, such as in the America, Eastern Europe and Asia, where populist parties often favor left-wing policies (Remmer, 2012). In this line, it looks like populism has been associated with both ideologies, left and right wing.

Nevertheless, other critical approaches have been developed recently when studying the ideological approach of populism. According to Bunikowski, et. al, (2019: 62), populism seems to be critical towards intermediary democratic institutions, as these institutions are captured by the elite interests. Being captured by the political elite makes unclear the political will of these institutions. Following the argument, it seems that populist debate is not focused anymore on the ideological approach of populism as left or right, but on populism as an instrument that adapts other ideological approaches such as: socialism and ethno-nationalism. In the case of ethno-nationalist populism, the 'enemies' are not only the political elite, but other actors too, such as: ethnic, racial, etc., who have been chosen by the elite to meet elite interests; thus, the actors of these groups are as guilty as the elite for social or economic problems.

Drawing the literature, it seems that the populist ideology did not meet a common ground. Based on the empirical examples that the current section brought out, it looks like the paradigm of populist approach, will keep developing. It is a matter of fact that populism has been developed differently across countries and regions and it has been embraced from both, the left wing and the right wing. As a consequence, the society nowadays is fragmented and politics are polarized too, thus the rise of populism has found a favorable ground from this perspective too.

On the other hand, globalization implicated industrial changes, immigration issues, community changes, etc., and all these concerns made voters to shift their vote towards populist leaders. But, as far as populist parties do not have a proper strategy in defeating all the challenges mentioned above, it looks like it is the duty of central parties to develop concrete policies that address the mentioned concerns in order to have back the support of the voters. Thus, when studying populism, in the first sight, it looks like the ideology did not play a significant role in the rise of populism, but it has been the failure of the state that was not able to solve the above mentioned problems that made voters to support populism. Anyhow, as populism has been manifested differently across countries, it has to be tested whether the ideological approach used by populist leaders played a significant role in the rise of populism when counting for corruption, unemployment and education.

2.3.5 Parliamentary Vs. Presidential System

Likewise, it has been discussed in the previous section, populism has found great support from, both, left and right wings across different countries and regions. Thus, it is difficult to say that populist leaders are using a specific ideological approach to convince the voters. However, drawing the literature, it was difficult to find which form of governance is more likely to support the rise of populism. The current thesis stands by the idea, that the form of governance plays a

significant role in the rise of populism as the characteristics of the form of governance enables the creation of a strong leader. Thus, analyzing the characteristics of the parliamentary system and presidential system can help the current thesis in analyzing whether it is the presidential system or the parliamentary system more likely to support the rise of populism.

According to the literature, it is the presidential system more likely to establish a favorable ground for the rise of populism and parliamentary democracies seems to be better in resisting populism. However, such a claim requires a lucid understanding of the differences between presidentialism and parliamentarism (Riggs, 1997). It is not in the main focus of the current study to go deep into the differences between presidentialism and parliamentarism, thus a short summary will try to introduce their differences in order to see which of them is more likely to establish the ground for the rise of populism.

The presidential system refers to the office of an elected leader, who has the authority to manage the governmental bureaucracy. In order to separate the power, the presidential system is characterized by an elected assembly. Meanwhile, the parliamentary system has in its main core the assemblies, where the level of the representation is in line with the party system of the country.

Thus, parliamentary system seems that create more opportunities for new candidates, opening the gates for diversity and several political parties represented in the parliament. On the other hand, presidential system is often bipartisan and it is likely to be hard for new optical figures to enter into the political area and the power is more concentrated in ‘one hand’. Also, the presidential system gives limited access to the civil society. Thus, presidential system seems to be more promising for the rise of populism (Riggs, 1997).

CHAPTER 3: Methodology, Research Design, Data Collection and Analysis

3.1 The Question

This study investigates to what extent the level of corruption, the changes in the labor market and the government expenditures in the education field favor the populist discourse across countries?

It seems to be a pertinent question because, as demonstrated in Chapter 2, the micro features of the economic, political and social environment are poorly understood when studying populism. Therefore, this undertaking is significant because it illuminates the mechanism(s) that enable the features of political, economic and social context, to produce the favorable ground for the rise of populism across different countries.

3.2 Stage 1. Country Analysis- Macro-level

When studying the populist discourse, it is difficult in finding data for every populist leader in every possible country. Thus, the current study has been focused only in the countries that have been part of the New Populism team study. At this stage it has been used the dataset that presents the populist discourse of presidents and prime ministers from 40 countries around the globe⁵. The database covers a wide range of countries from Europe, North America, Central Asia and Latin America. Based on their political past, it should be expected differences across countries or regions on the way how populist leaders elaborate their populist narrative. For instance, Ágh states that populism in the Central Europe distinguishes from populism in the Balkans. The latter is a mass

⁵The source for the average populist discourse: <https://populism.byu.edu/Pages/Data>: the last access on 18th July 2019

based, with charismatic leaders, but not with real institutions guaranteeing participation in politics, and without a democratic pattern of political culture (Agh, 1998). Thus, the general context of selected countries allows for a comparison in terms of the rise of populism.

However, it is not the aim of the thesis to explain and understand such differences in between the countries included in the study. It has to be underlined that the countries selected for the purpose of the first phase of the thesis relies only on the database by the New Populist Team and it is not covering all the leaders who use the populist narrative in their political activities, thus this is one of the limitations of this study.

After discussing the numerous definitions among scholars on the conceptualization of populism (Skolkay, 2000; Mudde, 2007); (please refer to the chapter 1 and 2), the first phase of the study tries to empirically analyze the determinants of both, economic and political contexts that contribute to the rise of populism. Based on the literature, both, economic crises (Poli, 2016; Betz, 1993; Kitschelt and McGann, 1995; Taggart, 2000) and political environment, establish the ground for the rise of populism (Pappas, 2012; Bejarano, et.al 2006; Carrera, 2010). Because of the economic and political crises occurred in the last years, the current populist parties and new populist parties initiated their political activity (Poli, 2016).

Thus, in order to explain and understand the political and economic determinants that contribute in the rise of populism, the following hypotheses have been established:

Hypothesis 1: Populist discourse is more likely to arise when citizens perceive high levels of corruption.

Hypothesis 2: Populist discourse is more likely to arise, when countries face a high level of unemployment rate.

Hypothesis 3: Populist discourse is more likely to arise, when country invests less in education.

3.3 Data

To conduct the study secondary data have been used. For the populist discourse, the data were extrapolated from the Global Populism database prepared for the New Populism, a project with The Guardian. This data seems to be an excellent tool to analyze the relationship between populist discourse and labor market, education and institutional quality. The database provides information for 40 countries, including 140 populist leaders⁶. Starting from that, a data set using different data sources is constructed. Meanwhile, the dataset for the explanatory variable #corruption perception index score is carried out by the Transparency International.⁷; To measure #Unemployment Rate data were from the World Bank ⁸; The database for #government expenditure on education is carried out from the World Bank⁹. I control for the ideology and parliamentary vs presidential system and in this case I use the Global Populism database.

3.4 Methodology and Measurements

The first part of the current study relies on the macro-level analysis, using a quantitative approach.

⁶ The source for the average populist discourse: <https://populism.byu.edu/Pages/Data>; the last access on 27th March 2019

⁷ The source for the perception of corruption: <https://www.transparency.org/> the last access on 27th March 2019

⁸The source for the unemployment rate <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS> the last accessed on 27th March 2019

⁹The source for the government investments on education: <https://data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS?view=chart> the last accessed on 27th March 2019

involving different countries, which is commensurate with its main objectives. The quantitative research design allows to identify the relationship that exists between Populist Discourse and political and economic determinants, selected for the purpose of the current thesis. Specifically, a country analysis has been conducted, using a multiple linear regression in order to estimate the likelihood when a populist discourse is more likely to arise, when counting for the perception of corruption, the unemployment rate and the government expenditures in the education field, controlling for party affiliations of populist leaders and institutional setting (Parliamentary vs. Presidential).

After analyzing the distribution of these variables, I found that most of them were not normally distributed; for this reason, Corruption Index, Unemployment Rate and Governmental expenditures on education are cleaned from the missing data. All these variables are run using a multiple regression analysis and the estimated model is stated based on the equation below:

$$P.Disc = \beta_0 + \beta_1 CPI + \beta_2 UNP + \beta_3 EDU + \varepsilon$$

However, it is necessary to be explained that the years used for the perception of corruption, unemployment rate and governmental expenditures in the education sector for each country correspond to the same year in which the populist discourse index were found. Regression allows me to investigate the relationship between variables. But more than that, it allows me to model the relationship between perception of corruption, unemployment and the level of investment in education, which enables me to make predictions about what one variable will do based on the scores of some other variables. While simple linear regression only enables me to predict the value

of one variable based on the value of a single predictor variable; multiple regression allows me to use multiple predictors.

3.4.1 Dependent variable- Populist Discourse

The depended variable of the study is populist discourse. Populist discourse is measured through the Populist Discourse Index based on the results of the Global Populism Database. It includes average scores across leader-terms and according to this dataset the highly populist leaders are named those who the average scores are (≥ 2), while non populist leaders are called those who the average scores are (≤ 0). The result is a large dataset covering 140 chief executives in 40 countries. In my case are used 119 leaders'-terms of these 40 countries since their discourse is characterized with populist approach and from the results of the study mentioned above is noticed that only 119 political leaders have shown the populist approach during their political performances.

3.4.2 Perception of Corruption

The dataset for the explanatory variable #corruption perception index score is carried out by the Transparency International.

#Corruption Perception Index Score relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt). The confidence range provides a range of possible values of the CPI score. This reflects how a country's score may vary, depending on measurement precision. Nominally, with 5 percent probability the score is above this range and with another 5 percent it is below. However, particularly when only few sources are available, an unbiased estimate of the mean coverage probability is lower than the nominal value of 90%.

3.4.3 Unemployment Rate

To measure Unemployment Rate data were from the World Bank and it refers to the share of the labor that is without work but available for and seeking employment. According to the measurement of the World Bank, #unemployment refers to the share of the labor force that is without work but available for and seeking employment.

3.4.4 Government investments on Education

Level of education is measured through government expenditure on education. The dataset for the explanatory variable #government expenditure on education is carried out from the World Bank. General government expenditure on education is expressed as a percentage of total general government expenditure on all sectors (including health, education, social services, etc.). According to the explanation of the World Bank, # government expenditure on education, includes expenditure funded by transfers from international sources to government. Relevance: The share of government expenditure devoted to education allows an assessment of the priority a government assigns to education relative to other public investments, as well as a government's commitment to investing in human capital development.

3.4.5 Control Variables

In order to conduct the empirical analysis, I control for the ideology and parliamentary vs presidential system. Based on the Global Populism database, I used the same measurement which has been used in the dataset. Left wing (= -1); Center (=0); Right wing (=1). I did the same for the parliamentary vs presidential system. Presidential system (=1) and Parliamentary system (=0).

3.5 Empirical Analysis and Results – Stage 1

Regression analysis

This study aims to understand the extent to which perception of corruption, changes in the labor market and investments in education dynamics explain variation in terms of populist discourse. Through multiple regression analysis my attempt is to test the following postulates:

Hypothesis 1: *Populist discourse is more likely to arise when citizens perceive high levels of corruption.*

Hypothesis 2: *Populist discourse is more likely to arise, when countries face a high level of unemployment rate.*

Hypothesis 3: *Populist discourse is more likely to arise, when country invests less in education.*

This section provides the empirical evidences in regard to the relationship between variables, based on a multiple regression analysis. The response variable #populist discourse is regressed with the explanatory variables #corruption index; #unemployment rate; #level of investment in the education sector, when controlling for party affiliating and institutional settings.

In order to test my hypotheses, multiple linear regression was calculated to predict the rise of populist discourse, based on #perception of corruption, #unemployment rate, #government expenditures on education, controlling for #ideology (left vs. right ideology of the leaders) and #institutional setting (Parliamentary Vs. Presidential System). To do so, several models were performed.

Figure 3. Regression Analysis estimating the effect of Corruption, Unemployment and Level of investment on the Education sector on Populist Discourse

Dependent variable:			
	Populist Discourse		
	Model (1)	Model (2)	Model (3)
Corruption	0.013 (0.056)	0.237* (0.133)	0.025 (0.052)
Unemployment	-0.011 (0.013)	0.067 (0.044)	0.142*** (0.051)
Education	-0.014 (0.041)	-0.005 (0.040)	0.219** (0.085)
Ideology	-0.068 (0.055)	-0.054 (0.054)	-0.033 (0.053)
Institutions	0.101 (0.106)	0.095 (0.103)	0.091 (0.099)
INTERACTION TERMS			
CORR:UNP		-0.028* (0.015)	
UNP:EDU			-0.038*** (0.012)
Constant	0.322 (0.293)	-0.326 (0.453)	-0.650 (0.420)
Observations	62	62	62
R2	0.074	0.128	0.208
Adjusted R2	-0.009	0.033	0.121
Residual Std. Error	0.369 (df = 56)	0.361 (df = 55)	0.344 (df = 55)
F Statistic	0.891 (df = 5; 56)	1.342 (df = 6; 55)	2.405** (df = 6; 55)
Note: *p<0.1; **p<0.05; ***p<0.01			

In figure no.3, I report the models which performed better. Model 1 shows that the perception of the level of corruption has no effect of the rise of populist discourse. Accounting for the interaction effect between corruption and unemployment rate, in Model 2 a significant regression equation was found ($F(5, 56)=0.891$, $p < 0.25$, with an R^2 of 0.03258) Predicted rise of populist discourse

is equal to $-0.326 + 0.237(\text{Corruption}) - 0.067 (\text{Unemployment}) - 0.005 (\text{Education}) + (-) 0.054 (\text{Ideology}) + 0.095(\text{Institutions}) - 0.028 (\text{Corruption}*\text{Unemployment})$.

The results show that corruption has an effect on populist discourse just when is associated with the unemployment rate. The significant interaction term means a better fit of the model to the data, and better predictions from the regression equation. However, it creates uncertainty about the relative importance of the main effects of Corruption. Especially because the relationship between the interaction effect of (corruption*unemployment rate) and the dependent variable it is negative. Also, the presence of a significant interaction, indicates that the effect of corruption on the rise of populism is different at different values of the other predictor variables, such as #unemployment rate. In this case, the two explanatory variables are multiplied. The regression equation will look like this:

Predicted rise of populist discourse is equal to $-0.326 + 0.237(\text{Corruption}) - 0.067 (\text{Unemployment}) - 0.005 (\text{Education}) + (-) 0.054 (\text{Ideology}) + 0.095(\text{Institutions}) - 0.028 (\text{Corruption}*\text{Unemployment})$.

The interaction term as part of the model, changes **the interpretation of all the coefficients**. If there were no interaction term, corruption would be interpreted as the unique effect on the rise of populism. But the interaction means that the effect of corruption on populism is different for different values of the Unemployment rate. So the effect of corruption on populism is not limited to only the corruption per se, but also depends on the values of (corruption*unemployment rate).

Model 3 provides more nuanced results. There was found a significant regression equation ($F(5, 56)=0.891$, $p < 0.25$, with an R^2 of 0.03258. Predicted rise of populist discourse is equal to $-0.326 + 0.025(\text{Corruption}) + 0.142 (\text{Unemployment}) + 0.219 (\text{Education}) + (-) 0.03 (\text{Ideology}) + 0.091(\text{Institutions}) - 0.038 (\text{Unemployment}*\text{Education})$. The results show that #unemployment rate has an effect on populist discourse when is associated with #investment on the education sector by the government. The significant interaction term means a better fit of the model to the data, and better predictions from the regression equation. However, it creates uncertainty about the relative importance of the main effects of the Unemployment rate. Especially because the relationship between the interaction effect of (unemployment rate*government expenditures on education) and the dependent variable #populist discourse it is negative. Also, the presence of a significant interaction, indicates that the effect of unemployment rate on the rise of populism is different at different values of the other predictor variables, such as #government expenditures on education. In this case, the two explanatory variables are multiplied. The regression equation will look like this:

Predicted rise of populist discourse is equal to $-0.326 + 0.025(\text{Corruption}) + 0.142 (\text{Unemployment}) + 0.219 (\text{Education}) + (-) 0.03 (\text{Ideology}) + 0.091(\text{Institutions}) - 0.038 (\text{Unemployment}*\text{Education})$.

The interaction term as part of the model, changes **the interpretation of all the coefficients**. If there were not any interaction term, the unemployment rate would be interpreted as the unique effect on the rise of populism. So the effect of unemployment rate on populism is not limited to only the unemployment *per se*, but also depends on the values of (unemployment rate*Education).

According to the results of the multiple regression analysis, and as it is shown in the Model 1, perception of the level of corruption has no effect of the rise of populist discourse. It means that the first hypothesis of this study is rejected. It is not the same situation when the corruption variable associates with the unemployment rate. Thus, I can be confident in assuming that *Populist discourse is more likely to arise, when countries face a high level of perception of corruption and high level of unemployment rate*. According to the result, it means that populist parties find a favorable ground to develop their populist narrative when the country is experiencing both, corruption and economic issues at the same time. The results are in the same line with the theory by Singer (2013, a), standing that it is not only the economic performance, but also the corruption that moves upon the voters' agenda in times of crisis. Taking advantage from the un-stable economic situation, leaders seems to develop the populist narrative in their speeches.

The prediction of hypothesis 3 seems to be easily accepted based on the results of the analysis. According to the results, the unemployment rate has an effect on populist discourse when is associated with low level of investments by the government on the education sector. Likewise, was explained in the literature, it is not in the interest on of populist leaders or populist parties to invest in the education sector. Furthermore, education is considered as one of the main determinants in the fight against populism. Liberal attitudes, liberal values such as: tolerance, critical thinking, can be promoted through education, an approach which is not a trait of the populist tendency.

3.5.1 Diagnostic and limitations

The analysis of standardized residuals was put forward to spot any outliers. An analysis of standardized residuals was carried out on the data to identify any outliers. An analysis showed that the data do not contain concerning outliers. I did the tests to check whether the data met the assumption of collinearity, indicating that multicollinearity was a concern when adding the unemployment rate to model 2 ($Vif = 19.68$).

CHAPTER 4: The Populist story of Austria: Data Analysis – Stage 2

Likewise, it has been presented in the first chapter of this thesis, the study relies on the central question: *To what extent the level of corruption, the changes in the labor market and the government expenditures in education favor the populist discourse across countries?*

Thus, it tries to identify the relationship between the corruption, unemployment, governmental expenditures on education and the rise of the populist discourse. In order to analyze such a relation, the study established the research design that fits the most. First, it carried out findings on the association of such variables with the depended variable, using a multiple regression analysis and second it analyzes through a study case, the mechanisms in-between these variables, focusing on the Austrian case. Thus, in the second stage, I investigate the same explanatory variables and their effect on the rise of populist discourse but from another point of view. More precisely, at this stage I will try to understand and explain the association in between these variables when counting for one single case study. Such a decision rules based on the results of the first stage analysis. Through regression analysis I was able to demonstrate and explain the association/s between independent variables and the dependent variable, but the regression analysis does not explain the mechanisms in between them. Thus, I will use a qualitative approach on one study case trying to shed light on the conceptualization of such mechanisms.

Using the qualitative research design allows for in-depth and systematic explorations of the research topic. This approach will help me to understand the mechanisms between the economic and political determinants selected in the framework of this study and depended variable, such as: (i) level of corruption; (ii) unemployment rate; (iii) government expenditures on education; (iv) party affiliation of populist leaders; (v) institutional settings and the outcome – (i) the rise of populist discourse. In order to apply the qualitative approach, first, it has been developing a set of

predicted observable manifestation for each part of the mechanism. Thus, has been structured empirical evidences from Austria, in order to test the hypotheses of the recent thesis. Empirical evidences will help to understand whether the predicted observable manifestations were present or not in the study case. To do so, I will investigate the political and economic context of Austria during the period it faced the rise of populism. At this point, I will check whether my three main indicators explain the rise of populism.

4.1 The case selection- Why Austria?

Before the case selection for the methodological purpose, I firstly checked the level of populist discourse across the countries included in the study, which had a significant change in the political narrative over the years. I found in several countries where the populist narrative changed often, however, I selected one of them to analyze aiming to understand the *why* of the phenomena.

Austria is called as the ‘curious case of populism’ (Brattberg and Meyerweissflog)¹⁰. The Austrian Freedom Party (FPÖ), seems to be the most successful rightwing populist party in Europe as it started its populist dynamics before other populist parties in European specter (Pelinka, 2002a: 3). However, FPÖ faced ups and downs during its political activities. It was during the national elections of 2013, when FPÖ achieved 20.5% of the votes under Strache's leadership (2005–2019) (Bundesministerium für Inneres 2013). Another reason for choosing Austria is that it provided **a suitable environment for undertaking an empirical analysis of the effect/s that corruption, unemployment rate and government expenditures have on the rise of populism.** As one of

¹⁰ source: <https://carnegieendowment.org/2017/10/24/austria-is-curious-case-of-populism-pub-73527>: last access 14th August 2019.

the main goal of the thesis it is understood and explain the mechanisms of the empirical findings occurred by the first stage, it seems that Austria is presenting an appropriate choice because it provides the economic and political environment in which to test the plausibility of the first findings.

4.1.1 The data collection

This study investigates *to what extent the level of corruption, the changes in the labor market and the government expenditures in the education field favor the populist discourse across countries?*

Thus, for the purpose of the second stage of the analysis, I checked the level of corruption, the level of unemployment rate and the level of government expenditures in Austria during the last ten years, focusing the most in 2013, time when the populist party FPÖ achieved 20.5% of the votes, marking the highest score of all time. The data for the second stage of the analysis are carried out from (i) Trading economics for the variables such as: corruption index¹¹ and unemployment rate¹² and World Bank database¹³ of #government expenditures in the education field.

¹¹ source for the corruption index: <https://tradingeconomics.com/austria/corruption-index>: the last accessed on 12th July 2019

¹² source for the unemployment rate: <https://tradingeconomics.com/austria/unemployment-rate>: the last accessed on 12th July 2019

¹³ source for the government investments on education:
<https://data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS?end=2015&locations=AU&start=2010&view=chart>
the last accessed on 12th July 2019

4.2 Freedom Party- The populist ‘face’ of Austria

Federal parliamentary republic of Austria is dominated by the two big parties: the conservative Austrian People’s Party (Österreichische Volkspartei, ÖVP) and the Social Democratic Party of Austria (Sozialdemokratische Partei Österreichs, SPÖ). The roots of these parties’ date back after World War II, a time when these two political forces institutionalized aiming to curb Austria's involvement in the fascist upheavals (Heinisch, 2008). The political system that has been established, dominated by the two big parties and excluding other political forces, gave a long-term stability to the country. However, other scholars argue the opposite of such a statement. According to Pelinka (2002a), it was this two party system in Austria that created the favorable ground for the rise of the populist party, such as the Austrian Freedom Party (FPÖ). However, FPÖ presence was irrelevant in the Austrian political domain during the first years of its political activities (Pelinka 2002a).

It was 1986 when the Austrian political specter started to feel the presence of FPÖ. During that period FPÖ was leaded by Jörg Haider and for the first time FPÖ increased the percentage of votes. However, due to internal problems, FPÖ experienced several ups and downs, reflecting a decrease during the election period (Heinisch 2008). Since **2005** FPÖ is leaded by Strache. It was this moment, the turning point for FPÖ as it started to have the political support by the voters. Strache’s leadership traits make him the most acceptable chair-man of FPÖ as in the elections of 2011, he won with 94% of the members’ votes (Aichholzer et al, 2014.). FPÖ under the Strache leadership is considered as a right-wing extremist party (Ahtisaari et al, 2000).

Another important moment that explains the success of FPÖ as a political force in Austria, are the elections of **2013**. In the legislative elections of 2013, FPÖ won 25% of the votes and the results

slightly differentiated it by the two major political parties in Austria, such as SPÖ and ÖVP. The political consensus towards FPÖ has been demonstrated once again, in **2016** during the presidential elections. The FPÖ member Norbert Hofer, won 35.1% of the votes during the first round. Even though he could not win in the last round, FPÖ showed again that it manifests the political support of a great number of voters.

In order to achieve the main goal of this chapter and after discussing the dynamics of FPÖ and showing the years in which it manifested the great support of the voters, in the next sessions I will analyze the political and economic context of Austria during 2005, 2013 and 2016, focusing on corruption, unemployment rate and government expenditures on the education level.

4.2.1 The level of corruption in Austria

The data regarding the level of corruption in Austria that I am using the framework of the current thesis, has been reported by the World data¹⁴ and Trading Economics¹⁵ and GAN¹⁶. According to the reports, corruption is not perceived as a public concern in Austria, but it has been found a moderate risk of corruption in the public procurement sector (GAN, 2018).

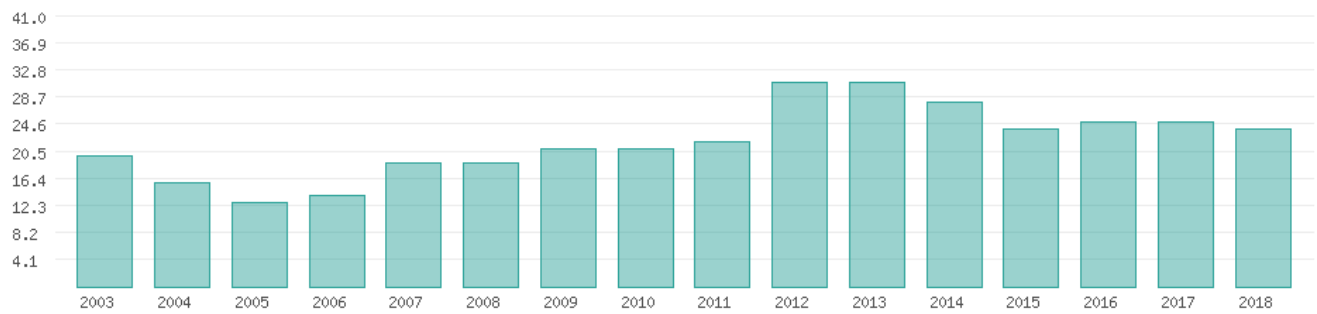
World data reports that the ‘Corruption perception index’ for the public sector showed 24 points in Austria during 2018, in a point scale from 0-100. ‘0’= not corrupted country and ‘100’= highly corrupted country (World Data, 2018). According to the World Data report, from 2003-2018 the corruption perception index increases over time (please refer to the graph below).

¹⁴source: <https://www.worlddata.info/europe/austria/corruption.php>: the last accessed on 13th August 2019

¹⁵ source: <https://tradingeconomics.com/austria/corruption-index> : the last accessed on 13th August 2019

¹⁶ source: <https://www.ganintegrity.com/portal/country-profiles/austria/> : the last accessed on 13th August 2019

Figure 4. *Development of Corruption in Austria 2003-2018*



**Source: World Data, 2018*

Based on the results of the first analysis, the thesis showed that the high level of corruption perception, does not play a significant role in the rise of populism when it is not interacting with the unemployment level. However, in this chapter, has been shown that the populist party in Austria, FPÖ, experienced high support by the voters during the elections of 2005, 2013 and 2016. Even though the report shows that corruption is not a public concern, the graph shows that during the periods when citizens gave the political support to FPÖ they perceived both, high and low level of corruption in the country.

In 2004 the perception of corruption index was not high, however, in 2005 FPÖ re-gained support among citizens over thirty years in which it has been insignificant in the political sphere. However, the support that it gained can be explained by the leadership traits (please refer to the above section). On the other hand, during the elections of 2013, FPÖ gained a great support among citizens, winning 25% of the votes and marking its biggest political success since its establishment. The data report that during 2012 citizens perceived a very high level of corruption compared with the previous years. However, only this evidence cannot imply the fact that the rise of populism comes as a consequence of the rise of the corruption index, as in 2015 did not happen the same scenario. Likewise, it has previously shown, during 2016, FPÖ re-gained once again political support among Austrian citizens, but in 2015 the level of corruption perception was not high.

Thus, the results of the first analysis regarding the association in-between the perception of corruption and the rise of populism seems to be empirically supported by the current report. However, as it is shown in section 3.5 the results create uncertainty about the relative importance of the main effects of Corruption, especially in the presence of a significant interaction. First analysis, recommended that whether corruption interact with unemployment rate it has a significant effect on the rise of populism. It means that the effect of corruption on the rise of populism is different at different values of the other predictor variables, such as #unemployment rate. However, it has to be checked the level of unemployment rate in Austria, especially during 2005, 2013 and 2016.

4.2.2 The level of Unemployment rate in Austria

The data regarding the unemployment rate in Austria that I am using the framework of the current thesis, has been reported by Trading Economics and WIFO¹⁷ (2013). According to WIFO and the World Bank¹⁸, Austria registered the lowest unemployment rate in the EU in **2012**. This negative indicator of 2012 seems that has played a significant role among voters as Austria's labor market has often characterized by an active labor and a sophisticated welfare system (Famira-Mühlberger and Leoni, 2013 in WIFO, 2013). In 2013 voters shifted their votes towards the populist party FPÖ. It has to be underlined that FPÖ gained political support of citizens in 2016 as well. Based on Trading Economic report¹⁹, Austria reached an all-time high, unemployment rate (10.90) in January of **2016**. Merging the results of the first analysis with the empirical evidenced by the

¹⁷source: https://www.eesc.europa.eu/resources/docs/austria_vfinale_en.pdf : the last accessed on 13th August 2019

¹⁸ source: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?end=2017&locations=AT&start=2004&view=chart> the last accessed on 13th August 2019

¹⁹ source: <https://tradingeconomics.com/austria/unemployment-rate> : the last accessed on 13th August 2019

international bodies, it can be said, that unemployment rate played a significant role in the rise of populism. Based on the first analysis, when corruption associates with the unemployment rate, both, influence the rise of populism and the evidences I am showing in this sections are showing the same. The level of corruption (please refer to the figure no.7) during 2012-2013 and 2015-2016 was high and the level of unemployment rate during these years was high too. These are the years when FPÖ was mostly supported by Austrian citizens.

4.2.3 The Government expenditures in the education field in Austria

The data regarding the government expenditures on education in Austria are carried out from the World Bank dataset²⁰ and Trading Economics²¹. Based on the results of the first analysis I should expect that during 2005, 2013 and 2016, government in Austria did not invest much in the education field compared with other years. After checking the Trading Economics and the World Bank report, during **2004** and **2012**, Austria scored the lowest public investments in the education field. Once again, in 2005 and 2013 citizens showed a strong support towards FPÖ. These empirical findings support the results of the first analysis as well. Thus, prediction of hypothesis 3 seems to be easily accepted by both, the results of first analysis and the results of second analysis, too. The level of unemployment rate during 2012-2013 and 2015-2016 was high and the level of government expenditures on education was low. These are the years when FPÖ was mostly supported by Austrian citizens. Therefore, *the unemployment rate has an effect on populist*

²⁰ source:

https://data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS?end=2015&locations=AU&most_recent_year_desc=true&start=2002&view=chart: the last accessed on 13th August 2019

²¹ source: <https://tradingeconomics.com/austria/public-spending-on-education-total-percent-of-government-expenditure-wb-data.html> : the last accessed on 13th August 2019

discourse when is associated with low level of investments by the government in the education sector.

4.3 Limitations and Concluding remarks

In the fourth chapter it has been introduced into the analysis of the study case. I used this method in order to increase the validity of the results of the regression analysis. The first analysis helped to identify whether there is an association in-between corruption, unemployment rate and government expenditures on the education field when controlling for ideology and institutional settings and the rise of populism. However, according to the results of the first analysis I could not explain the mechanisms in-between my variables, thus I decided to check what happened to corruption, unemployment rate and government expenditures on education in Austria during the years when populism gained the most the citizens' support. To do so, I did a one single case study. Trying to not report biased data, I limited the number of the sources for the reports that I analyzed, focusing only in the international reports and not taking into consideration the national reports as well. I consider such limitation as one of the limitations of the second analysis.

Also, for purposes of the current thesis, when analyzing the rise of populism, I have been focused on the political and economic determinants. Thus, the thesis does not imply the social aspect of Austria. Reasons for doing this are related to the theoretical debate on the economic and political specter, discussed in chapter 2, more precisely in the section 2.1.1. However, not taking into consideration the social aspect of the country when studying populism shows another limitation of this study.

CHAPTER 5. CONCLUSIONS

5.1 Addressing the Research Question

Today the world is covered by a new generation of populist leaders. The populist approach usually declares that support the majority, but several research in the field shows the opposite. “Populist leaders like Donald Trump, Marine Le Pen, Norbert Hoffer, Nigel Farage, and Geert Wilders are prominent today in many countries, altering established patterns of party competition in contemporary Western societies.” (Inglehart and Norris, 2016). On the other hand, Mudde (2013) argues that the impact of populist parties has been overstated.

However, there are doubts in the theoretical debate, whether the populism can jeopardize and provoke the democratic system. Based on the legacy of the past, the time while communism clutched the Europe and beyond, the communist leaders were used to use the same populist narrative, talking about the majority and ending up defeating both, the individual and the economy at the same time. Populism brings other implications as well, especially for nations in transit that could not consolidate a democratic country after the change of the regime.

As a threat for the future of democracy, it is worth to study populism and to shed light on the determinants that contribute to the rise of populism. In order to identify some of the main features that influence the rise of populism, the study tried to shed light on the economic and political dimension. After and discussing the theory, I identified determinants such as: labor market, the quality of institutions and the government expenditures in the education field, as main determinants that contribute to the rise of populism.

I developed the research question: *To what extent level of corruptions, changes in the labor market and expenditures in education by the government favors populist discourse across countries?*

In order to establish an empirical analysis, I developed three hypotheses with each of the variables in the research question. The hypotheses have been tested with the aim to identify the relationship between Leaders' Populist Discourse and corruption perception, unemployment rate and government expenditures in education. To find whether there is such an association, I run a multiple regression analysis. However, the findings from the first analysis did not allow to understand the mechanisms in-between these variables, thus I decided to run a second analysis with one study case. This method allowed me to provide scientific data. As the goal of using such a method was to test whether the three explanatory variables have an effect on the depended variable, the reports compiled by international agencies and experts on the Austrian political and economic context, have been analyzed. This approach was used as a complementary method.

5.2 Main Findings and Discussion

To sum up, this study tried to identify the main economic and political features that affect the most the rise of populist discourse. In order to analyze the corruption level, unemployment rate and government expenditures on education when controlling for ideology and institutional setting and their effect on the rise of populism, first, I established three models when run the regression analysis and second, I conducted a study case in order to understand the findings of the first analysis.

Model 1 checked the association between perception of corruption and populist discourse. The analysis of the first stage showed that the level of corruption has no effect of the rise of populist

discourse. Such a finding has been supported by the second stage of analysis, too. At the second stage I checked the level of corruption in Austria during 2004-2005, 2012-2013, 2015-2016, as these years represented the height citizens' support towards the populist party, FPÖ. The reports I used at this stage showed that during these periods, corruption was not a public concern in Austria, supporting in the way the findings of the analysis 1.

Model 2 checked the association between perception of corruption, unemployment rate and populist discourse. Running model 2 a significant regression equation was found. The results show that corruption has an effect on populist discourse when it is associated with the unemployment rate.

Such a conclusion has been strongly supported by the second analysis. The data that I used showed that Austria registered the lowest unemployment rate in the EU in **2012**. In **2013**, it happened that voters shifted their votes towards the populist party FPÖ. It has to be underlined that FPÖ gained political support by citizens in 2016 as well. Here, another report shows that Austria reached an all-time, high unemployment rate (10.90) in January of **2016**. Thus, based on the first analysis, when corruption associates with the unemployment rate, both influences the rise of populism and the evidences I am showing in this sections are showing the same. The level of corruption (please refer to the figure 4) during 2012-2013 and 2015-2016 was high and the level of unemployment rate during these years was high too. These are the years when FPÖ was mostly supported by Austrian citizens. Thus, prediction of hypothesis 2 seems to be easily accepted by both, the results of first analysis and the results of second analysis, too

Model 3 checked the association between unemployment rate, government expenditures on education and populist discourse. Model 3 generated a significant regression equation, too. The

results show that the unemployment rate has a sort of effect on the rise of the populist discourse when is associated with government expenditures on education. The findings of the second analysis increased the validity of such findings. As it was shown in the reports during 2004-2005, 2012-2013 and 2015-2016, government in Austria did not invest much in the education field compared with other years. Once again, in 2005 and 2013 citizens showed a strong support towards FPÖ. Thus, prediction of hypothesis 3 seems to be easily accepted by both, the results of first analysis and the results of second analysis, too. Therefore, *the unemployment rate has an effect on populist discourse when is associated with low level of investments by the government in the education sector.*

According to the results of the multiple regression analysis and the analysis of the study case, *Populist discourse is more likely to arise, when countries face a high level of perception of corruption, high level of the unemployment rate and low level of expenditures by the government on education.*

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