



# Department SEMINARS

## Rising Market Power and its Political Discontents

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**WEDNESDAY, 9 OCTOBER 2024**  
**2:00 PM**

Seminar Room Bruguier Pacini, DEM



### A B S T R A C T

How does market power affect rich democracies? As the growing market power of large multinational firms has fundamentally changed the opportunity structure for small businesses and their beneficiaries, we try to understand how those economic developments influence European democracies. We argue that growing market power lowers small business owners' trust in key democratic institutions and the functioning of markets, driving them to reject incumbents and shift their support to radical right parties. We employ firm-level, individual-level, and regional-level data on fourteen European countries to test this argument using a series of quasi-experimental methodologies. Our findings indicate that rising market power, measured by combining mergers and increases in market concentration, is associated with the declining economic performance of micro-firms. In turn, mergers and the declining economic share of these firms are robust predictors of anti-incumbent and increased radical right voting both at the individual and constituency levels. This paper provides the first analysis of the effect of market concentration on rich democracies and, in doing so, offers a novel explanation for the surprising radical right support among small business owners in Europe.

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