

## **Who is to Blame? Political Mistrust and the Great Recession in Southern Europe**

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The Southern periphery of the European Union has experienced a profound transformation since 2008. The rapid economic deterioration of Portugal, Italy, Greece and Spain was accompanied by a substantial increase in citizens' mistrust towards national political institutions. This paper combines existing models about the relationship between citizens and government in democracies to provide an explanation for the increasing mistrust in Southern Europe. On the basis of the responsibility-responsiveness dilemma we argue that the governments of these countries were unable to reconcile citizens preferences (responsiveness) with a set of pressures from international actors (responsibility) during the economic crisis. At the same time, we argue that the constraints brought about by the multi-level governance structure of the EU have blurred responsibility for policy outputs thus preventing citizens to reward or punish incumbent governments accordingly. The perception that accountability mechanisms were rendered ineffective thus resulted in high levels of political mistrust.

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## **Introduction**

When do citizens trust politicians? When do they stop believing in their representatives? When does political mistrust emerge? The literature argues that citizens are not ‘fools’ and that they never blindly trust their representatives (Campbell 1980). There was never a time when voters had complete faith in politicians and, it seems, citizens have always examined their politicians with a pinch of suspicion. Furthermore, voters do not need to trust individual politicians as long as they can rely on the democratic mechanism by which they can fire bad representatives and elect good ones (Key and Cummings 1966; Powell 2000). From this point of view, citizens maintain (or lose) confidence in the democratic process depending on how effective their vote is in making politicians accountable (Maravall and Sánchez-Cuenca 2008). But what does happen when their vote is ineffective and the rascals cannot be thrown out? What happens when those who bear responsibility for unsatisfactory policies are not punished? Studies of electoral behaviour have long examined the conditions under which voting is an effective instrument (Lewis-Beck 1990; Powell 2000; Przeworski, Stokes, and Manin 1999). However, less research has focused on ineffective voting in multi-level systems like the EU (Fernández-Albertos 2006; Hobolt and Tilley 2014; Mair 2009).

This paper aims to contribute to the existing literature on the political consequences of the Great Recession on EU member states. More specifically, it is concerned with explaining the rise of political mistrust in four Southern European countries - Greece, Italy, Portugal and Spain – between the years 2003 and 2013. The argument we want to develop is about mechanisms, not variables, and focuses on the impact the Great Recession has had on the relationship between citizens and governments. The economic crisis that started in 2008 is operationalized as an external shock that drastically altered the conditions in which national policy-makers operated. From the point of view of citizens, the crisis made it even harder to attribute responsibility for the (mis-)management of the crisis and its consequences as Europe’s multi-level policy-making became even more complex with the participation of

additional external actors, from financial markets and private interests, to international institutions and credit rating agencies, to name just a few. In spite of the numerous actors and levels involved, citizens continue to have a modest instrument, their vote. This instrument is relatively operative in punishing national politicians but it is less effective in punishing actors that operate trans-nationally. As citizens grow aware of their limited power in holding policy-makers accountable, they blame their representatives indiscriminately.

This paper argues that Southern European countries with rising levels of political mistrust are characterised by having low clarity of responsibility as well as governments that face a dilemma between responsiveness and responsibility, that is, a dilemma between being responsive to citizens' preferences whilst having responsibilities towards external actors. In line with recent research (Hobolt and Tilley 2014; Laffan 2014; Mair 2009; Morlino and Quaranta 2014) we hypothesise that governments are finding it difficult to be both responsive to citizens and responsible to external actors at the same time. We argue that one important mechanism that produced substantial political mistrust in Southern Europe is that voting is ineffective in punishing both governments and the actors that participate in multi-level systems of governance.

This paper is structured as follows: Section 1 reviews the conceptual and theoretical debates on political trust and presents empirical evidence of how it evolves. Section 2 outlines the research design, and presents the corresponding analytical framework. Section 3 engages in the core analysis. Finally, Section 4 summarises the main findings and conclusions as well as further insights of the research.

### **Political Mistrust in Southern Europe**

The bankruptcy of Lehman Brothers in September 2008 marked the beginning of the Great Recession, the gravest economic downturn since the Great Depression of 1929. It did

not take long for the American sub-prime crisis to have repercussions on the other side of the Atlantic Ocean. The financial sector struggled as doubts about several European countries' ability to finance their sovereign debt quickly spread whilst macroeconomic conditions deteriorated rapidly. The so-called Eurozone Crisis had particularly devastating consequences for the Southern periphery of the EU, where unemployment levels soared and living standards declined substantially (Bermeo and Pontusson 2012).

In countries such as Greece, Italy, Portugal and Spain, the political consequences of the Great Recession were notable. New political parties and social movements emerged across Southern Europe to capitalise on the growing discontent against austerity measures (Ortiz et al. 2013). The economic crisis developed into a political legitimacy crisis raising serious concerns about the political system's capacity to effectively channel citizens' preferences. As indicated in **Figure 1**, satisfaction with the way democracy works declined sharply in Southern Europe (Greece, Italy, Portugal & Spain), particularly after 2008.

[Insert Figure 1 about here]

Research on political behaviour has long established a close connection between macroeconomic conditions and support for incumbent governments (Lewis-Beck and Stegmaier 2000; Nannestad and Paldam 1994). Whereas popular support for executives declines at times of crisis ('it is the economy, stupid!') confidence in politicians is renewed during times of economic growth. Hence, the replacement of incumbent governments in Southern European countries during the Great Recession should not come as much of a surprise, especially since 'dissatisfaction with the incumbents of office [is] a normal and healthy aspect of the democratic process' (Dalton 1999: 58).

However, survey evidence from the Eurobarometer reveals that trust towards political institutions has undergone a sudden transformation since 2008, arguably beyond 'normal'

dissatisfaction. According to **Figure 2**, political mistrust increased dramatically in Southern Europe, resulting in dissatisfaction towards the incumbent but also in a deeper malaise affecting the whole political system. Figure 2 provides an interesting contrast of attitudes towards national institutions (government, parliament and political parties) in both Southern Europe and the EU-21 (for we have subtracted the four case-studies under examination).

[Insert Figure 2 about here]

**Figure 3** provides a similar representation, this time comparing political mistrust towards EU institutions (European Parliament and the European Commission) for both EU-21 and the Southern European cluster. In both cases, there is a very significant variation between the attitudes of the two sets of countries that requires explanation. The steep slopes for Southern Europe (for both national and European institutions) are nothing but astounding.

[Insert Figure 3 about here]

### *Why Does Political Trust Matter?*

Political trust is important for the effective functioning of democracies. Although a healthy degree of scepticism might encourage citizen vigilance and have a positive impact on democracy (Mishler and Rose 2009), most authors agree that political trust is essential for good democratic performance, as indicated by processes such as voting, representation and policy making. The components that shape citizens trust towards political institutions have been discussed at length on the both theoretical and empirical levels (Norris 1999; Torcal and Montero 2006).

A review of the literature suggests that there are two main clusters that shape trust. On the one hand, a stream of literature puts emphasis on economic indicators as strong

predictors or determinants of the legitimacy of political institutions (See Anderson 1995; Clarke, Dutt, and Kornberg 1993; Lewis-Beck 1990; McAllister 1999; Mishler and Rose 2009; Weil 1989). However, the precise extent to which macroeconomic indicators such as GDP, inflation, unemployment or sovereign debts shape political mistrust is still an open question. For instance, while the more recent empirical work by Roth et al. (2013) suggests that unemployment is a very significant predictor of increasing mistrust in the context of the Great Recession, Mishler & Rose (2001) finds that in post-Communist societies ‘its effects are weak and add little to the overall explanation of trust’ (Mishler and Rose 2001: 23). Moreover, while joblessness might accurately predict growing mistrust, no empirical studies have confirmed that the relationship will also work in reverse. Despite this and other empirical contradictions concerning macroeconomic variables (see Morlino and Quaranta 2014: 336), economic performance overall is associated with attitudes towards political institutions, particularly over the course of economic crises.

A second stream of literature focuses on the political context or political institutions, such as type of democracy (See Lijphart 1999; Powell 2000). In contrast to those who focus on macroeconomic variables to shape the confidence of democratic institutions, ‘[t]he argument is that political institutions can be determinants of the functioning of a democratic regime.’ (Morlino and Quaranta 2014: 336). Amongst others variables, scholars have found evidence that confidence towards institutions might be affected by democracy type, the electoral system or the amount of electoral parties (Aarts and Thomassen 2008; Anderson 1998; Singh 2014). However, these findings have also not been exempt of criticism if one concurs with the argument that ‘once economic measures are set aside, there is little argument over which dimensions of performance are relevant across countries, time, and individual citizens’ (Pharr and Putnam 2000: 24).

The above-mentioned approaches have their own limitations. A possible criticism is one that is based on the reliability and validity of indicators used to measure government

effectiveness or state capacity. Another possible criticism is that the approaches provide a macro picture of the relationship between economic and institutional performance but do not explain in detail the micro processes by which individuals frustrated with existing accountability mechanisms develop political mistrust.

Instead of assessing the impact of either macroeconomic or institutional variables on political mistrust, the goal of this paper is to capture the mechanisms that intertwine the relationship between governments and citizens in order to answer our research question: why has political mistrust increased in Southern Europe since 2008? Changes in trust, we argue, emerge from this relationship in particular from citizens' perception of the degree of responsiveness from their political representatives. The next sections address the conditions under which changes in trust might take place and discuss more specifically the case of Southern Europe since 2008.

### **Throwing the Rascals Out**

What is a democracy? What are its key components? What is the essential mechanism that turns a political system into a democracy? There are numerous available conceptualisations of democracy and there is no consensus on the minimum common denominator of a pluralistic system. Amongst authors who favour procedural definitions of democracy, elections are usually identified as the central tenet of democracy. According to Schmitter and Karl (1991) a democracy 'is a system of governance in which rulers are held accountable for their actions in the public realm by citizens, acting indirectly, through the competition and cooperation of their elected representatives' (1991:76). In Adam Przeworski's definition, democracy is seen in even more procedural terms and it must fulfil a set of rules regarding elections: 'ex ante uncertainty', 'ex post irreversibility', and 'repeatability' (Przeworski et al. 2000). Finally, Diamond & Morlino (2004) argued for a more substantive definition of democracy as a system that should have the following: (1)

universal, adult suffrage; (2) recurring, free, competitive, and fair elections; (3) more than one serious political party; and (4) alternative sources of information (2004: 21).

If democracy is defined in procedural terms as a system in which incumbents lose elections there can be no doubt that our case studies - Greece, Italy, Portugal and Spain – are consolidated democracies. These are countries that have been holding free and competitive elections since they transitioned to democracy and their populations' support for democracy as a political regime has remained stable for the last few decades (Gunther, Diamandouros, and Sotiropoulos 2006; Magalhães 2013). And yet, some politically organised minorities have begun to doubt that these Southern European countries are 'real democracies'. These concerns have been voiced by movements as varied as the left leaning Spanish 'Indignados Movement' and the Portuguese 'Que se Lixe a Troika' as well as the Italian populist party 'Five Star Movement' and the Greek neo-fascist 'Golden Dawn', all of which display different forms of 'protest populism' (Kriesi 2014). One of the key arguments voiced by these protests or populist movements is that traditional parties and institutions no longer represent people's interests. The argument about the lack of representativeness and responsiveness<sup>1</sup> is coupled with a critique of the political class (or *caste*) as a stratified group that does not represent the citizenry and, instead, tries to obtain material benefits as a result of its close relationship to the state. The more elaborate critiques have adopted the scholarly terminology to describe the political class as an 'extractive institution' (Acemoglu and Robinson 2012).

During the Great Recession, elections were ineffective mechanisms to regain the confidence of citizens. This is a paradox that needs to be explained. The literature establishes that elections allow voters to fulfil two functions: to express their preferences and produce a government (Mair 2009: 7). The act of combining both instrumental and expressive voting usually results in higher levels of trust following elections. Thus, it is expected that elections will grant citizens the opportunity to hold its representatives accountable, thereby making



elected officials responsive to public preferences and reducing political dissatisfaction (Hobolt, Tilley, and Banducci 2010: 5).

This has not been the case for Southern European countries since 2008. While elections seem to have produced a negligible short-term decline in mistrust towards political institutions and politics in general, mistrust has not ceased to grow in the period immediately after, even once incumbent governments were consistently replaced, regardless of the ideological colour. As a matter of fact, levels of mistrust have continued to escalate reaching levels never before recorded since these countries transitioned to democracy. Arguably, trust may increase (particularly amongst supporters of the opposition) if incumbents are voted out and there is alternation in power. However, the electoral results in Southern Europe since 2008 are characterised by a high level of turnover where incumbents have lost almost every election held, and yet, as shown in **Figure 4**, mistrust was not reduced throughout the period studied in spite of the fact that Southern European citizens went to the polls on several occasions.<sup>ii</sup>

[Insert Figure 4 about here]

But why did political mistrust continue to increase in spite of government turnover? Why did the democratic systems of Southern Europe fail to regain citizens' support? Why did elections fail to realise their trust-regenerating purpose? The scholarly literature argues that elections allow citizens to punish or reward politicians according to retrospective and/or prospective evaluations of performance. As one of the main accountability mechanisms in democracy, elections should thus result in the correction of a deviating – or unresponsive – government. The fact that political mistrust continued to increase throughout elections is an indicator that going to the polls did not contribute to making political leaders more responsive and that citizen concerns were not being channelled satisfactorily.

The argument we want to develop is that citizens' increasing political mistrust is explained by two complementary mechanisms. On the one hand, the mechanism of accountability was not effective during the Great Recession because there was little clarity of responsibility. On the other hand, leaders were largely unresponsive because they faced a trade-off with their sense of responsibility to external actors (as well as previous governments). These arguments are explained in detail in the next two sub-sections.

### *Accountability Mechanisms and Clarity of Responsibility*

Accountability is the process by which parliaments or voters identify political leaders or governments to be responsible for certain policy outcomes. Individuals and legislative bodies evaluate how well their representative bodies have performed and they vote accordingly. **Figure 5** adopts the classic reward-punishment model of voting to explain that citizens cast their vote choice depending on the incumbent's previous performance. Needless to say, this assumes the capacity to attribute responsibility, which may vary across individuals and countries. For example, it tends to be easier to allocate responsibility in a majoritarian democracy, where a single party controls the executive, than a consensus democracy, where power is diffused among a variety of institutions (Lijphart 1999). Hence, a key element in being able to make governments accountable depends on the political context and whether there is 'clarity of responsibility', as coined by Powell & Whitten (1993). In short, those who deserve to be blamed should be blamed, if there is an effective accountability mechanism and citizens are clear about who is responsible.

[Insert Figure 5 about here]

A wide range of situations can render this simple accountability mechanism ineffective. The one we want to focus on now is the process by which governments are unresponsive to citizens and voters cannot use their vote effectively because they are unable

to establish why the executive is not responding to their preferences. From the point of view of citizens, punishing the incumbent for unwanted policies might be the rational thing to do in all cases (whatever the reasons the executive may have) but it is also possible to argue that the government might not be entirely responsible for a policy output (or lack of). If this was the case, the citizen may be punishing a good government instead of a bad one. For example, a national government may have been asked by third party (or principal) to carry out a policy that is not demanded by the public. This scenario in which a government follows the directive of an external body in spite of a lack of domestic support is not entirely fictitious. For example, the EU and its member states have on occasion asked governments to implement costly policies in the face of domestic opposition (Eichengreen 2012; Featherstone 2011). In such a situation, whom should voters blame and, more importantly, whom should they punish?

The intricate multi-level structure of the EU produced by the process of regional integration has made it difficult for citizens to pinpoint those responsible for the management of the economic crisis. This is in line with the idea that ‘by adding layers of government and expanding areas of shared responsibility, federalism facilitates blame shifting and credit blaming, thus reducing accountability’ (Rodden 2004: 494). Although for the most part austerity measures came in the form of ‘recommendations’, national politicians often alleged that they had little choice but to implement the measures, sometimes conditioned by the demands of the triumvirate made of the European Commission (EC), European Central Bank (ECB) & International Monetary Fund (IMF) (also known as the ‘troika’)<sup>iii</sup>. The conduct of often-opportunistic national politicians trying to exonerate themselves has also not helped to clarify responsibility for the management of the crisis. The breach of electoral promises by incumbents of both colours has also undermined the credibility of national and supranational political leaders. While some parties have managed to successfully get across the exceptionality of the situation and the need for reforms in terms of responsibility, others have lost a substantial part of their credibility. In this situation where austerity is a sort of *deus ex*

*machina* for which nobody takes responsibility, voters cannot interpret the situation clearly and, as a result, cannot use their vote effectively. This increasing perception that voting is ineffective and the lack of clarity of responsibility, which is particularly accentuated with increasing internationalisation (see Fernández-Albertos 2006) is, we argue, one of the reasons for the increase of political mistrust.

### *Responsiveness vs. Responsibility*

The main goal of this paper is to explain the growing gap between Southern European citizens and their governments as expressed by rates of political mistrust. The previous section argued that political mistrust tends to be higher when there is no clarity of responsibility and the mechanisms of account giving are ineffective. The argument we would like to develop in this section expands on the basic model presented earlier and focuses on the constraints that governments face when formulating and explaining policy outputs. It is our argument that elected representatives increasingly face an unresolvable dilemma between responsiveness and responsibility.

The two key concepts for the argument we want to elaborate now are ‘responsiveness’ and ‘responsibility’. We follow Peter Mair in arguing that ‘responsiveness’ is found when ‘political leaders or governments listen to and then respond to the demands of citizens and groups’<sup>iv</sup>. ‘Responsibility’ is harder to define, partly because of the common use of the term in conventional language. Responsibility is usually applied to an individual who follows accepted norms and practices and acts from a sense of duty. Therefore, ‘responsibility’ takes place when ‘leaders and governments act prudently and consistently and follow accepted procedural norms and practices’ (Mair 2009: 12).

[Insert Figure 6 about here]

What is, then, the key difference between responsiveness and responsibility? As indicated in **Figure 6**, the main distinction is that governments are responsive (or unresponsive) to its citizens, to the people who have voted for them. Whereas responsiveness establishes a direct link between governments and voters, responsibility connects governments with a wider range of actors, which include previous governments, international institutions and other states. As already stated, responsibility is related to sensible behaviour in accordance to societal and political conventions. In this sense, a government can be responsible to its citizens but also to previous governments and international institutions. In other words, the two terms (responsiveness and responsibility) refer to the behaviour of the same agent, the government, but identify two different principals.

Governments may be under pressures to produce policy outputs from their citizens but also from other governments, states and international institutions. Under normal circumstances, national executives try to reconcile domestic and international pressures and try to avoid paying the price for any divergence there may occur between the two (Putnam 1988). As argued by Peter Mair, incumbent political parties aid executives in smoothing out possible tensions, but the growing gap between responsiveness and responsibility is worsened by the ‘declining capacity of parties to bridge or manage that gap’ (2009: 17) which is also likely to have been accentuated by the constraints brought about by globalisation (Rodrik 2011).

The multi-level governance system of the EU provides a perfect example of this tension between responsiveness and responsibility. At a national level, it is possible to identify a straightforward relationship between the principal (voters) and the agent (government). In quasi-federal systems like the EU, the agent (government) establishes multiple relationships with principals such as the ECB, the EC, the courts, the Council of Europe, the IMF, the United Nations system, etc. Parties in government can be responsible towards all these principals but they can hardly meet the demands of each one of them. That

is why we can talk about a dilemma or gap between responsive and responsible governments (Laffan 2014; Middelaar 2013; Scharpf 1999).

In the context of the Great Recession, governments found it increasingly difficult to attend to both the preferences of its citizens and the unpopular demands of the EU. In order to be fair, the task of managing the crisis was remarkably difficult but this is not an argument to exonerate politicians. In fact, the next section will argue that governments have used blame-shifting strategies in order to avoid paying the political price of implementing unpopular measures such as austerity.

### **The Great Recession as a Game Changer**

The Great Recession demonstrated that the politics and economics of the 21<sup>st</sup> century were truly multi-level. On the one hand, the economic crisis had a national origin (the American sub-prime crisis) that resulted in a serious regional crisis (e.g. Eurozone crisis) of global reverberations. On the other hand, it demonstrated that management of the crisis was also coordinated and discussed on different levels of governance (national, European and international). From the German chancellor and the US president to the ECB, the European Commission and the IMF, countless institutions participated in the discussion and management of the Great Recession. Needless to say, their participation and influence did not always result from a democratic mandate but from their privileged position in existing configurations of power.

The Southern European countries operated in a multi-level system that was already familiar to policy makers but the pressures and dilemmas they faced were unknown to them (or to any of their political predecessors). The argument previously developed in this paper was that the governments of Greece, Italy, Portugal and Spain had to withstand great pressures from both their domestic publics and other external actors (previous governments,

other executives and international institutions). The novelty of the situation was that the constraints and pressures of governments were increasingly irreconcilable. As we have suggested in our analytical framework, it makes sense to distinguish between the pressure to respond to citizens' demands (responsiveness) and the obligations that were acquired towards external actors (responsibility) in order to explain the increase of political mistrust. Or in the words of Peter Mair, the 'growing gap between responsiveness and responsibility – or between what citizens might like governments to do and what governments are obliged to do – and the declining capacity of parties to bridge or manage that gap, lies at the heart of the disaffection and malaise that now suffuses democracy' (2009: 17).

The gap between responsiveness and responsibility in Southern Europe increased to the point where both national and European institutions were discredited to unprecedented levels. Citizens of the four Southern European countries developed the perception that their governments were largely unresponsive to their preferences. This perceived unresponsiveness resulted in a substantial increase of political mistrust since 2008. But where did this perception of responsiveness come from? It was not a problem of state capacity or the behaviour of institutions because government indicators of the World Bank indicate that the institutional performance of Southern European member states actually improved during the crisis (Fernandez-Villaverde, Garicano, and Santos 2013). Rather, the lack of responsiveness was due to three reasons.

(1) First, governments of the crisis proceeded to implement painful and unpopular measures designed to shrink public deficits and rescue their banking systems (Weber and Schmitz 2011). In some cases, these measures did not only fail to reduce public deficit but also increased unemployment, which became the number one concern for citizens (De Grauwe 2011; Eichengreen 2012). Needless to say, the electorate did not voluntarily vote for the so-called 'austericide' and pursued punishment of the incumbent. However, and this is the second reason (2), the electorate suffered from a lack of alternatives that was reflected in the

slogan of some social movements: 'They are all the same'. Parties from both the centre-left and the centre-right argued there was no option to internal devaluation in order to regain market confidence. The perceived lack of political alternatives damaged entire political systems (in the cases of Spain and Greece) and resulted in a loss of credibility for political parties in general. In the case of Italy, the country went as far as to elect a technocratic president, Mario Monti, who remained in power for two years (2011-13) to implement reforms and cuts in government spending in spite of not having a democratic mandate. The legitimacy of the former EU commissioner was not grounded on voters' support, party backing or coalition politics but on the blessing of various European leaders as well as the international market's confidence. Another paradigmatic example that contributed to the perceived low responsiveness was the decision of the Greek PM to hold a referendum on the conditions under which the Troika (EC, IMF and ECB) would allow a 50% haircut of Greek debt owed to private creditors. Such an act to translate the decision to the citizenry was often criticized by international organisations and other states as an act of irresponsibility<sup>v</sup>. The referendum was finally cancelled on the basis that PASOK obtained the support of the main opposition party ND. This is a paradigmatic example of how international actors pressured the Greek government to act 'responsibly' rather than 'responsively' and on the growing gap between these two concepts.

(3) Third, citizens soon realised that their democracies lacked the necessary instruments to resist this sort of international pressure and doubted the sovereignty of their own states, which appeared to be constrained by a defective monetary design. The fact that the Euro did not have a *de facto* lender of last resort made austerity efforts conducted by the peripheral countries unsuccessful in the purpose of regaining the market's confidence. In fact, it would not be until the president of the ECB stated that the central bank would do everything necessary to safeguard the Euro that 'risk primes' on debt finally declined during the summer of 2012. Some even argue that one of the dimensions in which the economic crisis translated into a political crisis in the peripheral states had to do with the fact that the



loss of government sovereignty declined in favour of non-representative institutions of a technocratic nature. The perception of this ‘democratic impotence’ of national governments caused by the constraints of the Euro design is therefore a fundamental reason for the perception of declining responsiveness (Sánchez-Cuenca 2014: 17).

The role of external actors also deserves attention. The creditor countries had well-defined interests and exercised considerable pressures on Southern European countries to implement reforms. Creditors called upon the ‘responsibility’ of Greece, Italy, Portugal and Spain. The objectives of the creditor countries were threefold. (1) First, repay the debt. Austerity was a response to financial stringency and a means to assure a repayment of debt. Financial institutions of Germany, France, and the United Kingdom held most of the debt and bonds (Breen 2013). (2) Second, protect the Euro. Creditor countries were afraid that the collapse of the Greek, Portuguese or Spanish economies could trigger the collapse of the common currency. Thus, the expression ‘too big to fail’ was coined to describe the systemic danger of allowing the bankruptcy of Spain. (3) Third, there was a moral hazard argument. An act of constriction was expected from debtor countries in order to prevent a similar crisis in the future (De Grauwe 2010).

Last but not least, national governments sat uncomfortably at the centre of this network of pressures coming from below and from the outside. As we have argued before, executives of Southern Europe were agents that could not satisfy the preferences of the two main principals (domestic voters and international actors). The dilemma between responsiveness and responsibility could not be reconciled and governments of all colours were forced to implement highly unpopular policies. This is not an argument in favour of exonerating politicians from Southern Europe. As a matter of fact, national policy-makers were far from innocent. They took the opportunities of the crisis to avoid blame and shift responsibility for the crisis. Two were the most popular strategies to avoid being blamed (and punished in the polls) by the electorate. The first strategy was using the unexpected situation

they had inherited from previous governments, which made it impossible, they argued, to implement their original electoral manifestos. The second strategy was to defend their lack of responsiveness by resorting to external pressures (debt markets, credit ratings, international pressures, etc.). The politicians' attempts to exonerate themselves contributed even more to a lack of clarity and, it is our argument, to the increase in political mistrust.

## **Conclusion**

This paper has tried to explain the variation in levels of political mistrust before and after the Great Recession. Since 2008, a majority of European citizens have displayed a more critical attitude towards European institutions (EP & Commission) and national institutions (parliament, government and political parties). The increase of mistrust was even greater in Southern Europe and we identified a causal mechanism that may account for this regional difference. The central argument is that Southern European governments drifted away from citizens' preferences.

The paper introduced an argument about mechanisms, not variables. The argument was based on the failure of existing mechanisms to hold to account the governments of Greece, Italy, Portugal and Spain. Our explanatory model for Southern Europe was based on three pillars or concepts (clarity of responsibility, responsiveness and responsibility). The reasons why accountability mechanisms (such as voting) failed could be examined from the point of view of citizens but also governments.

From the point of view of the executive, incumbents that governed during the crisis had to reconcile two opposing sets of pressures. Governments were agents forced to choose between the conflicting interests of two principals, citizens and international actors. The dilemma was not new to European executives but the divergent interests of principals had never been greater. The crisis divided those who had lent money and those that had to repay

loans. Whereas external agents that put pressure on peripheral governments were all creditors, citizens were individuals holding private debt that wanted their governments to behave differently.

From the point of view of citizens, there was a growing realisation during the Great Recession that voting was increasingly ineffective. Casting a vote was unsuccessful in both distinguishing between good and bad politicians but also in regaining responsiveness from elected representatives. The conditions under which voting (as a reward-punishment mechanism) was effective were missing because there was no clarity of responsibility (for the crisis itself but also for the poor management of its consequences).

The opposing sets of interests between creditors and debtors along country lines is new but the constraints both citizens and governments face in understanding each other are not. In the past, political parties were able to act as conveyor belts between the preferences of voters and the political needs of governments. As European party systems are eroded, the predictable alternation between social democracy and Christian democracy has been replaced by increasing fragmentation and volatility. The task of forming government is now subject to a more variable geometry but at a deeper lever, political parties are irrelevant forces in social life (as indicated by its declining membership). Parties are giants with feet of clay, unable to stand on their own without government backing (and funding), and are unable to communicate and convince voters of the need to make hard choices. If parties and governments cannot rise to the challenge of communicating effectively to increasingly misinformed voters, blame will continue to be projected indiscriminately.

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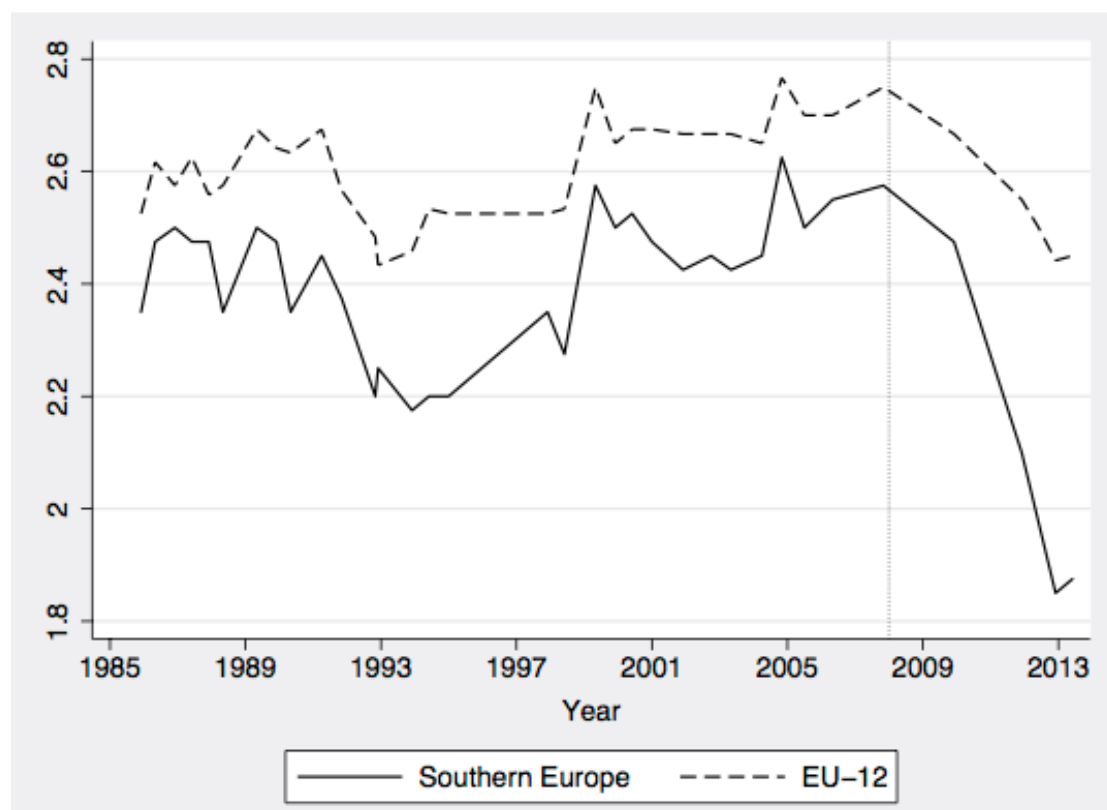
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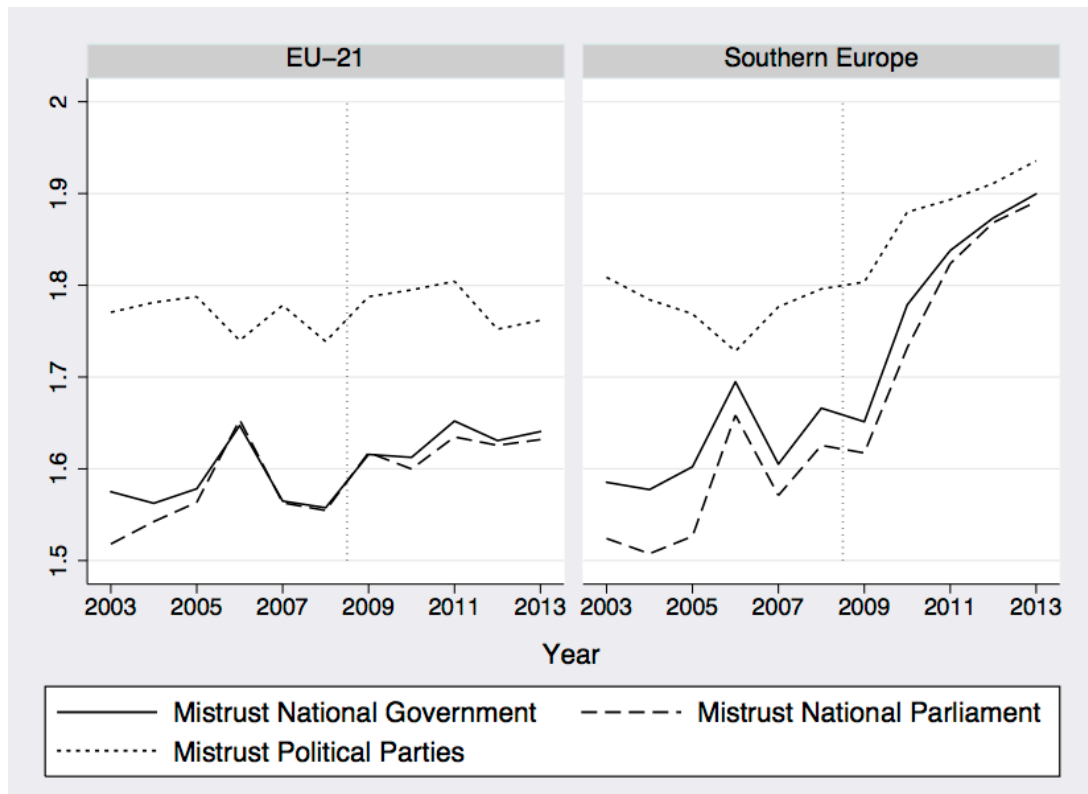
## Figures

**FIGURE 1** – Satisfaction with Democracy Southern Europe and EU-12, 1985-2013



*NOTES:* Ranges from 1 – completely dissatisfied to 4 – completely satisfied. Southern Europe is the average of Greece, Italy, Portugal and Spain. EU-12: Southern Europe plus UK, NL, LUX, IR, FR, DK, BE, DE. The dotted line indicates the beginning of the crisis.  
*SOURCE:* pop.pt / Eurobarometer.

**FIGURE 2** – Mistrust Towards National Institutions in EU-21 and Southern Europe, 2003-2013

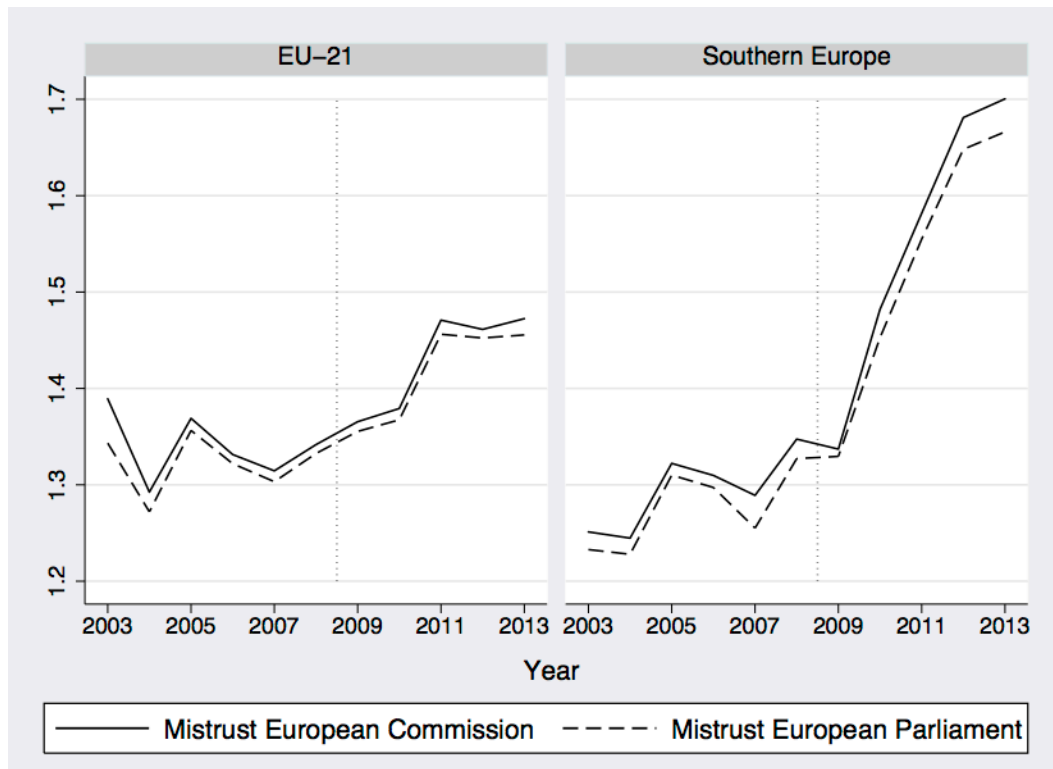


*NOTE:* Ranges from 1 – completely trust to 2 – completely mistrust. Southern Europe is Greece, Italy, Portugal and Spain. The dotted line indicates the beginning of the crisis. EU-21: EU-25 minus Southern Europe.

*SOURCE:* Data taken from Eurobarometer: 60.1; 62.0; 62.2; 65.2; 68.1; 70.1; 72.4; 74.2; 76.3; 77.3 & 79.3.



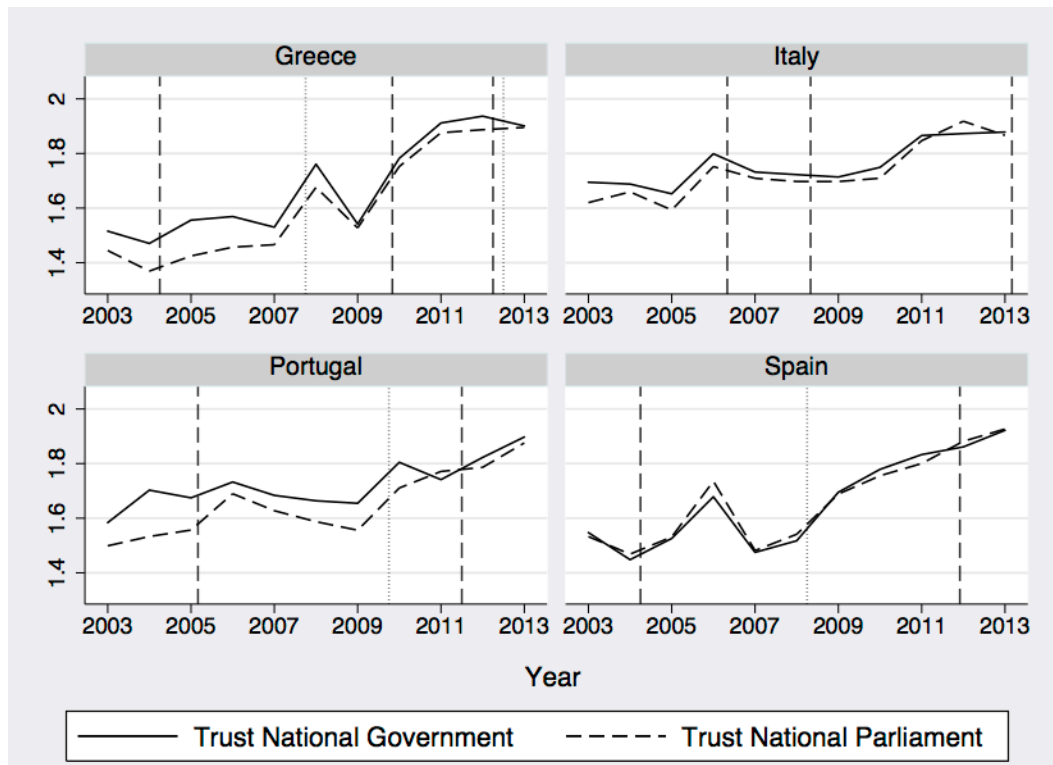
**FIGURE 3** – Mistrust Towards European Institutions in Southern Europe and EU-21, 2003-2013



*NOTES:* Ranges from 1 – completely trust to 2 – completely mistrust. Southern Europe is Greece, Italy, Portugal and Spain. The dotted line indicates the beginning of the crisis. EU-21: EU-25 minus Southern Europe.

*SOURCE:* Data taken from Eurobarometer: 60.1; 62.0; 62.2; 65.2; 68.1; 70.1; 72.4; 74.2; 76.3; 77.3 & 79.3.

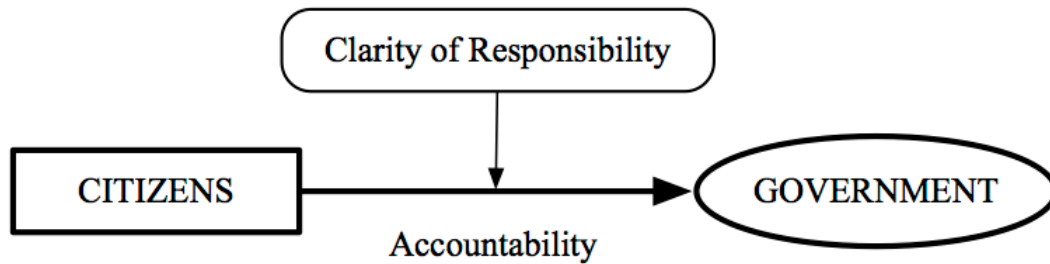
**FIGURE 4** – Mistrust towards parliament Southern Europe by country and elections, 2003-2013.



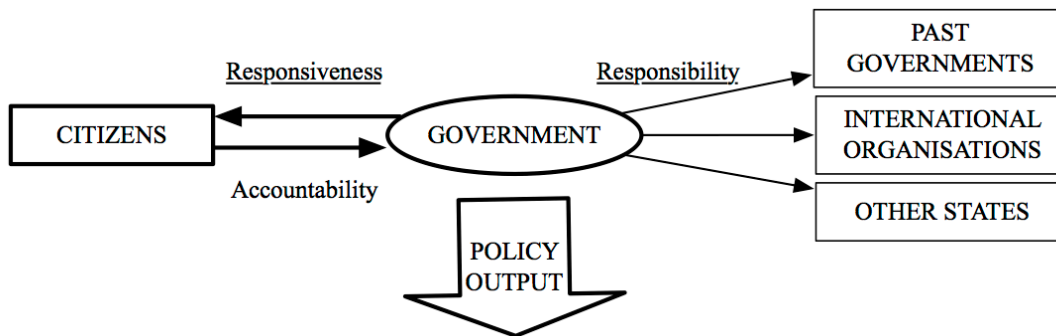
*NOTE:* Ranges from 1 – completely trust to 2 – completely mistrust. Dashed lines represent legislative or general elections where incumbent was replaced whereas dotted lines represent elections where the incumbent party remained in the cabinet.

*SOURCE:* Data taken from Eurobarometer: 60.1; 62.0; 62.2; 65.2; 68.1; 70.1; 72.4; 74.2; 76.3; 77.3 & 79.3.

**FIGURE 5: Accountability Mechanism – A Citizen’s Perspective**



**FIGURE 6: Accountability Mechanism – A Government’s Perspective**



<sup>i</sup> It has been assumed that ‘a key characteristic of a democracy is the continuing responsiveness of the government of the preferences of the citizens, considered as political equals.’ (Dahl 1973: 1)

<sup>ii</sup> Only in Portugal the Socialist Party (PS) won the legislative elections in 2009 even though they lost 24 seats. In the 2011 elections, however, they would lose to the Social-democratic party. This situation is likely because the 2009 elections occurred very close to the outbreak of the crisis (see Fernandes 2011).

<sup>iii</sup> On September 2012 a letter from the ‘Troika’ demanding to Greece to introduce longer working hours was leaked. See <http://www.theguardian.com/business/2012/sep/04/eurozone-six-day-week-greece>.

<sup>iv</sup> The plurality of interests found in any society makes considering citizens preferences as a homogenous block an unrealistic conjecture. In Dahl’s words: ‘[Elections and interelection activity] are crucial processes for insuring that political leaders will be somewhat responsive to the preferences of some ordinary citizens. But neither [...] provide much insurance that decisions will accord with the preferences of a majority of adults or voters’ (Dahl 2006: 131). While keeping such diversity of interests in mind, we interpret the indiscriminate projection of mistrust towards political institutions since 2008 as suggestive evidence that a majority of the citizenry feel that their preferences are not being adequately represented.

<sup>v</sup> On November 1, 2011 the president of the European Commission together with the President of the European council issued a statement acknowledging Greece’s intention of holding a referendum, pointing out: ‘We fully trust that Greece will honour the commitments undertaken in relation to the euro area and the international community.’ See [http://europa.eu/rapid/press-release MEMO-11-753\\_en.htm](http://europa.eu/rapid/press-release_MEMO-11-753_en.htm)