Mediterranean Politics

ISSN: 1362-9395 (Print) 1743-9418 (Online) Journal homepage: www.tandfonline.com/journals/fmed20

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To cite this article: Diego Muro & Guillem Vidal (2017) Political mistrust in southern Europe since the Great Recession, Mediterranean Politics, 22:2, 197-217, DOI: 10.1080/13629395.2016.1168962

To link to this article: https://doi.org/10.1080/13629395.2016.1168962

Published online: 14 Apr 2016.

MEDITERRANEAN POLITICS, 2017
VOL. 22, NO. 2, 197–217
http://dx.doi.org/10.1080/13629395.2016.1168962

Political mistrust in southern Europe since the Great Recession

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ABSTRACT
The political effects of the Great Recession on southern Europe were substantial. The rapid economic deterioration of Portugal, Italy, Greece and Spain from 2008 onwards was accompanied by an increase in citizens' dissatisfaction towards national political institutions. The sources of political mistrust in the southern periphery were of a political and economic nature. Using quantitative data from EU member states from 2000 to 2015, this paper evaluates the suitability of competing theories in explaining this shift in political attitudes in southern European countries. It first hypothesizes that political mistrust is explained by citizens' rationalist evaluations of changing macroeconomic performance. It also hypothesizes that political mistrust changes according to institutional performance. The paper argues that economic crises act as an external shock that places politics, politicians and institutions in the spotlight as a result of citizens' deteriorating performance of the economy. The findings suggest that unemployment, public debt and political corruption are key variables in understanding short-term changes in political mistrust.

Introduction

The goal of this paper is to explain the rise of political mistrust in southern Europe since 2008. Trust in politicians and parliaments has traditionally been low in the southern periphery, but the external shock of the Great Recession created an unprecedented rise in political mistrust. Two available explanations based on economic and political variables can account for the growing gap between citizens and their representatives in national institutions.

The first explanation is that political mistrust increased as a result of the economic crisis. In accordance with the literature on economic voting, voters reacted to the Great Recession by punishing the incumbents (who were

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implementing austerity programmes) and by voting in favour of the opposition (when there was a credible one), especially in the countries that were hardest hit (Hernández & Kriesi, 2015). According to this account of voting behaviour, growing levels of political mistrust would be the result of citizens' unsatisfied expectations with regard to macroeconomic conditions or, put simply, the state of the economy. The economic crisis was an external shock that affected the Eurozone as a whole, as well as producing considerable variations in political consequences between countries. For example, levels of political trust were lower in southern European member states than in northern countries, which displayed higher levels of political confidence. However, the performance of the Eurozone was an insufficient, albeit necessary, factor to explain the political fortunes of individual governments across the EU.

The second explanation is that levels of mistrust are a function of political crisis. Contrary to the literature on economic voting, citizens' attitudes towards politicians are not thought to be determined by the state of the economy or a particular policy choice (e.g. austerity) but by the 'behaviour' of the political class (measured by government effectiveness and corruption levels). During the Great Recession, citizens were asked to make sacrifices (rising taxes, declining purchasing power, labour reforms, etc.) while some politicians failed to live by example. Numerous cases of fraud and malpractice affected the southern periphery and the paradigmatic example was the Greek government, which fabricated statistics about the state of its economy. As taxpayers had to foot the bill for their politicians' mistakes, a division between 'corrupt elites' and 'good people' was crystallized, which opened the window of opportunity to the emergence of populist parties (Mudde, 2004). Incumbents came to be defined as part of the problem (not the solution) and some of their policies reinforced the existence of incompatibility between the common interest and the elites. Banks, not people, were rescued with public funds and austerity policies did not change course even when governments changed their colour (Blyth, 2013). With unemployment reaching record highs and representatives unresponsive to the preferences of their citizens, levels of political mistrust continued to rise. Governments seemed to ignore citizens' demands and more and more voters argued that the political class was responsible for their economic fate.

In southern Europe, the policies of austerity demanded great sacrifices from citizens and, as living standards deteriorated, politicians were accused of being both corrupt and unresponsive. The perception among the citizenry was that these sacrifices were unequally distributed and that budget cuts in welfare policies (which damaged people of modest means the most) were unfair and unethical. As levels of inequality rose, there was a growing perception that a clash of interests was taking place between those 'above' and those 'below'. According to this narrative, which was widely shared by anti-austerity social movements and new political forces, the existing political class was representing its own interests and was choosing 'efficiency' over 'democracy' (Scharpf, 1999). Some authors have even argued that this crisis of representation led to a general loss of confidence in political institutions and a consequent restructuring of entire party systems in Europe (Kriesi, 2014).

This paper argues that the Great Recession was a multi-level crisis and that both political and economic variables are important to explain the rise of political mistrust in southern Europe since 2008. The paper is structured as follows. The next section introduces the empirical puzzle and presents data on the decline of political trust in southern Europe, which is our dependent variable. The following section reviews the conceptual and theoretical debates and specifies a 'political' and an 'economic' model. The paper then outlines the research design and provides an explanation of the data and operationalization used to test our hypotheses. The fifth section discusses the findings and presents the core analysis of the explanatory power of four independent variables: (1) corruption, (2) government effectiveness, (3) unemployment, and (4) public debt. The final section provides a summary of the main findings.

The decline of political trust in southern Europe

Public satisfaction with political institutions in southern European countries has declined since the year 2000. Levels of trust towards key political institutions – parliament, government and political parties – were at an all-time low in the

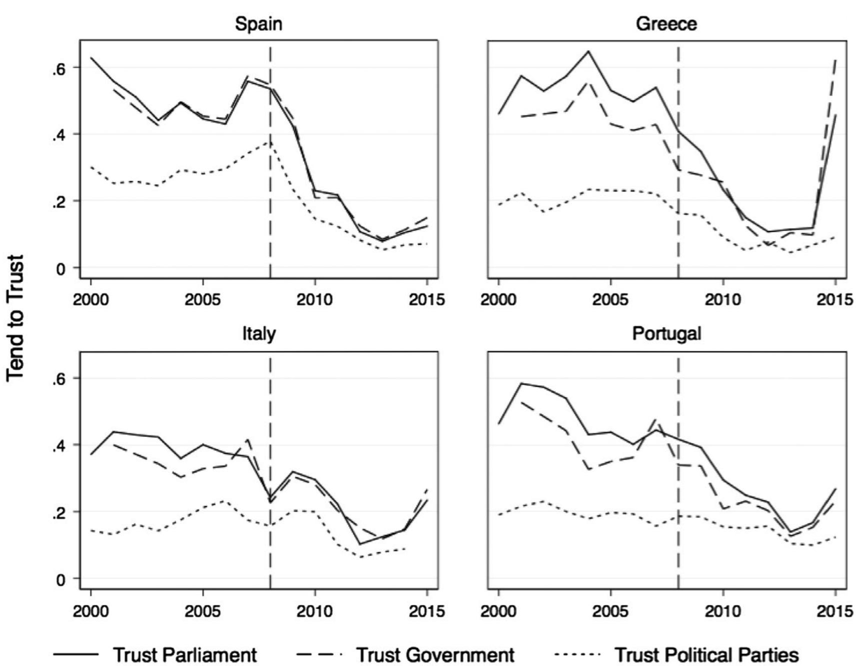

Figure 1. Levels of trust in national political institutions.

aftermath of the Eurozone crisis. As shown in Figure 1, Eurobarometer survey results between 2000 and 2015 indicate that a vast proportion of people in southern member states grew sceptical about their representative institutions, especially from the start of the Great Recession; this is indicated in the figure with a vertical dashed line.

Figure 1 illustrates the declining levels of trust towards three political institutions – the parliament, the government and the political parties – in Greece, Italy, Spain and Portugal. Levels of trust in parliament and the government were higher than those expressed towards political parties in 2000, but, as time went by, there was a process of convergence, both within and across countries. The charts for Italy, Portugal and Spain clearly show that citizens became more dissatisfied with their political institutions from 2000 onwards, a trend that was intensified with the Eurozone crisis. An interesting contrast was provided by Greece, which followed the same pattern until the elections of 2015, when Syriza was elected.[1] In other words, the Eurobarometer data suggest an overall declining trust towards political institutions in southern Europe.

Interestingly, declining trust was not limited to the government, the agent responsible for the formulation of public policy, but was also extrapolated towards parliament and political parties, suggesting an overarching sense of discontent with the political sphere. The differences in the levels of trust between the government and parliament appeared fairly insignificant, suggesting that citizens did not differentiate between the executive and the legislature. The three indicators behaved similarly despite clear differences in the absolute numbers, where trust towards political parties remained lowest in both clusters before and after the economic crisis.

Levels of trust towards the European institutions also declined dramatically between 2000 and 2015. As indicated in Figure 2, as time went by and the sense of crisis intensified, citizens of the four states lost faith in the European Parliament, the European Commission and the European Central Bank. In the year 2000, about 80% of respondents claimed to trust the European institutions in the four countries, but in 2015 only around 40% trusted them – that is, half the previous level. Similar to the levels of trust towards national institutions, trust towards the European Parliament and 'executive' went hand in hand, either because citizens disliked them equally or because they were unable to distinguish between their actions and did not know who should be blamed (Hobolt & Tilley, 2014). Another interesting element of Figure 2 is that trust towards the supranational level of governments had been traditionally high in southern member states but the prestige of European institutions had declined dramatically and by 2015 it was at levels similar to those of national institutions.

How should we interpret these two figures? Is there a relationship between economic crisis and political discontent? What accounts for the decline of political trust in southern Europe?

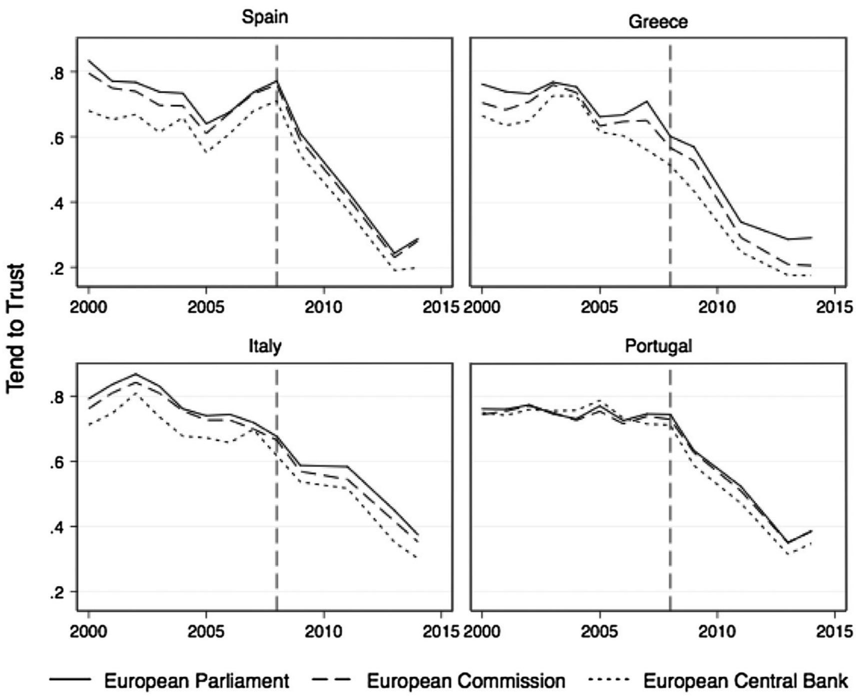

Figure 2. Levels of trust in European institutions.

The negative evaluation on the part of citizens of both national and supranational institutions can probably be found in the fact that the origin of the crisis (as well as the solutions designed to deal with it) were discussed and approved in domestic and European institutions. The Great Recession was tackled by a multi-level structure of governance with domestic, European and global dimensions (Hobolt & Tilley, 2014). The start of the economic downturn was to be found in the USA but there were contributing factors in Europe, particularly the faulty design of the euro, which worsened the crisis (Eichengreen, 2012). The policy response to the economic downturn also took on a specific form as European institutions pressured national governments to implement austerity measures to deal with their domestic bubbles. For example, the governments of Greece (2010) and Portugal (2011) signed bilateral agreements with the 'Troika' (a triumvirate made of the European Commission, the ECB and the IMF) committing themselves to structural reforms and reducing government spending in exchange for bailout packages. The economic sovereignty of member states was ultimately constrained by policy discussions in Brussels, international organizations and markets, which interfered in national democratic procedures (Armingeon et al., 2014; Sánchez-Cuenca, 2014).

With regard to the European factors that contributed to the crisis, it is essential to identify the euro and cheap access to credit as among the reasons behind the creation of the economic bubbles. The adoption of the euro currency in 1999 was conceived as the logical step towards an 'ever closer union'. Supporters of the initiative argued that the common currency would create a coherent economic area that would pave the way for a further round of political integration. Critics of the Economic and Monetary Union (EMU), however, argued that the convergence plan could backfire, impoverish the citizenry and stagnate European economies for years to come (De Grauwe, 2011; Eichengreen & Bayoumi, 1996; Jonung & Drea, 2009). Critical voices were far from mainstream in the 2000s, as most of the member states, particularly in the periphery, enjoyed large EU subsidies and easy access to credit as part of their commitment to the common currency. In fact, southern European countries such as Greece, Italy, Portugal and Spain grew economically and enjoyed great economic stability during the 2000s (Bermeo & Pontusson, 2012).

While the favourable macroeconomic conditions provided by the Eurozone were real, they proved to be founded on unsustainable growth mechanisms. The credit boom in particular encouraged housing and public sector bubbles that quickly became the growth engine of economies that came to sustain unacceptable amounts of public and private debt (Dellepiane Avellaneda et al., 2013; Royo, 2014). When the international markets started to cast doubt on the solvency of indebted economies, the executives of southern European countries were forced to seek the financial backing of European and international institutions in order to continue their access to credit markets.

With regard to the response to the economic crisis, the EU initiated a period of austerity and invited member states to eliminate any unsustainable budget deficits. As the sovereign debt crisis unfolded in 2010, Portugal, Italy, Greece and Spain – the so-called 'debtor countries' – underwent a series of external pressures that led to 'structural adjustments', a series of austerity measures that resulted in high unemployment levels and significant reductions in welfare benefits. According to Eurostat, in only seven years, from 2007 to 2014, unemployment levels in Spain rose from 8% to 24%. Likewise, unemployment in Greece, Italy and Portugal experienced increases of 18.7 and 6 percentage points respectively in the same time period. This bleak picture stands in sharp contrast to the times of plenty of the 1990s and 2000s, when high levels of growth and easy access to credit led to over-indebtedness and the squandering of public money.

The Great Recession was a crisis of global character with European and national variations. Within the Eurozone, the 'creditor' countries of northern Europe suffered the consequences of the economic crisis less dramatically than their southern European counterparts. While unemployment was an important issue in countries such as Germany, the Netherlands, Austria, Finland, Belgium and France, unemployment rates were notably lower than those found in the debtor countries of southern Europe. Absolute numbers were not as worrying as the common perception that the working conditions were rapidly deteriorating and the jobless rate rising. Other macroeconomic indicators such as GDP, the balance of payments, sovereign debt levels and the Consumer Price Index (CPI) suggested that northern countries were able to stay relatively immune to the crisis when compared to their southern neighbours. Likewise, the political consequences of the crisis were significantly different in terms of the restructuring of political conflict and partisan competition (Hutter et al., 2015). Indicators of democratic performance suggested that citizens' attitudes towards their political institutions had rapidly deteriorated in the post-2008 period in the 'debtor countries', while they remained largely stable in northern Europe.

Before moving to the next section, in which we present a series of plausible explanations for the rise of political mistrust, it is important to establish why political trust matters. Should citizens care about changing levels of discontent or is this yet another scholarly debate with no 'real world' significance? In reality, there is widespread agreement that trustworthiness is important for the effective functioning of democracies and in order to ensure smooth relationships between elected representatives and citizens. Although a healthy degree of scepticism might encourage citizens' vigilance towards representatives and have a positive impact on democracy (Mishler & Rose, 2009; O'Neill, 2002), there is wide agreement over the idea that political trust is essential for good democratic performance (see Almond & Verba, 1989; Gamson, 1968; Inglehart, 1990; Newton, 2001; Norris, 1999; Pharr & Putnam, 2000; Rose et al., 1998). In contrast, the absence of trust has been associated with endangering the legitimacy of institutions and with tax evasion as an example of lower levels of compliance with laws (Nye & Zelikow, 1997).

The quality of democracies is therefore often associated with levels of political trust. Theoretically, citizens are able to punish or reward incumbent politicians during elections, through retrospective or prospective evaluations of the candidates' performance and/or electoral promises, thus re-establishing trust towards the executive body (when it has been lost during the electoral term). It is, however, difficult to ascertain precisely when democracies affected by low levels of trust might be in danger. In other words, it is difficult to establish whether there is any causal relationship between support for the incumbent and support for democracy as a political system and whether rising levels of political mistrust endanger democracy in the long term (Easton, 1975; Magalhães, 2014).

Why did political trust decline in southern Europe? Literature and hypotheses

This paper aims to establish the relationship between the economic crisis and political trust while trying to answer the following research question: What were the causes of political mistrust in southern Europe from 2008? We develop two plausible explanations: one based on economic variables (unemployment and public debt) and one based on political ones (government effectiveness and perception of corruption).

The scholarly literature has put forward two main models to examine the emergence and origins of political attitudes (Clarke et al., 1993; Mishler & Rose, 2009; Newton, 2006; Pharr & Putnam, 2000; Torcal & Montero, 2006b): the first is known as the 'cultural' and the second is known as the 'performance' model. The cultural model is concerned with civic attitudes, democratic engagement and the ways by which these shape trust in the long run. This model focuses on long-term aspects that determine a tendency towards declining political support and considers that 'attitudes change very slowly because they are cultural traits that depend on longstanding processes of socialization tending to be reproduced over time' (Torcal & Montero, 2006a: 10). The explanations provided by this model are 'politically exogenous'—that is, they do not take into account short-term fluctuations concerning institutional or economic performance as determining changes in political support. Therefore, the cultural model is 'society centred and focuses on civil society and social capital' (Newton, 2006: 846); according to this model, social capital theory is the 'most salient cultural explanation of political disaffection' (Torcal & Montero, 2006a: 11).

The performance model is based on the assumption that political attitudes can be determined by 'endogenous' circumstances such as 'institutional performance, political corruption, specific political scandals, macro-economic conditions and/or frustrated expectations' (Torcal & Montero, 2006a: 12). Therefore, institutional trust is 'rationally based' and conceptualized as 'the expected utility of institutions performing satisfactorily' (Mishler & Rose, 2001: 1). According to this model, political mistrust does not lie in cultural prejudice against the regime or the political class, but is the result of the untrustworthy behaviour of individuals and specific institutions.

Given that the object of this paper is to uncover short-term changes in political mistrust, the performance model seems to be better for this purpose. Although some authors have understood the cultural and performance models as complementary rather than as competing (Torcal & Montero, 2006b), we do not discuss the cultural model any further because one of its basic assumptions is that attitudes change in the long term and, as a result, it is ineffective in explaining rapid variations in political trust in the context of the Great Recession. Moreover, empirical results 'strongly support the superiority of the [performance model] explanations of trust … while providing little support for … cultural explanations' (Mishler & Rose, 2001: 4).

Within the performance model, two streams of literature have emerged that are tackled by the two hypotheses of this paper: one focuses on the 'political dimension' where trust is linked to 'changes in the quality or the perception of government service delivery' (Anderson, 1995; Offe, 2006; Yang & Holzer, 2006: 115) while the other focuses on the 'macro-economic dimension' (Alesina & Wacziarg, 2000; Clarke et al., 1993; Lijphart, 2012; Rose et al., 1998; Weil, 1989). In the first strand, national executives are responsible for the provision of public goods and policies, which have to be financed through the public sector and compulsory taxation, and are directly accountable to the legislature or the people (depending on whether they have a presidential, parliamentary or mixed system). In the second strand, governments are responsible for the overall pace of economic activity even though there is a natural tendency of the economy to expand and contract and the economic policy is also dependent on third parties (from central banks to other countries). When it comes to rates of growth, executives are also constrained by the business cycle, the policies of the previous governments, and the acquired commitments to other states and international organizations (Mair, 2009).

Previous studies find that short-term variables have an impact on political trust. In line with Bouckaert et al. (2002) and Torcal (2014), we focus on two variants of the performance model, which we call the political and the economic models, and specify the hypotheses that drive this research on declining levels of political trust in southern Europe. Since we expect both the economic and political crises to account for the decline of political trust, we expect these two hypotheses to complement and mutually reinforce each other:

> H_1: Political mistrust increases when citizens perceive a deterioration of the national economy's macroeconomic performance.

The first hypothesis (H_1) is based on the idea that political mistrust is caused by changes in the macroeconomic situation. This hypothesis is in line with the findings of current research where unemployment levels appear to be closely related to changes in trust towards the main political institutions (Morlino & Quaranta, 2014; Roth et al., 2013). The underlying theory behind this hypothesis holds close parallels with studies of 'economic voting'. According to this punishment–reward framework, growing levels of political mistrust are likely to be the result of citizens' unfulfilled expectations and perceived macroeconomic performance (especially unemployment rates).

> H_2: Political mistrust increases when citizens perceive a deterioration of the performance of national political institutions.

The second hypothesis (H_2) is based on the idea that increasing political mistrust may be caused by the perception of institutional performance – that is, how credible and successful the executive and legislative bodies are in formulating and delivering effective political outputs. According to this logic, if citizens perceive a high quality of policy formulation and implementation, they will continue to trust institutions that provide them with the policies they ultimately desire (Bouckaert et al., 2002; DeHoog et al., 1990). Therefore, we hypothesize that both government effectiveness and political corruption have led to governments being perceived as less effective in delivering policies and services and that, as a result, citizens have stopped trusting democratic institutions.

Data and operationalization

In order to test our two hypotheses, we have elaborated a database that combines political and economic indicators from four different sources: Eurobarometer (EB), Eurostat, World Bank Indicators (WBI) and Transparency International (TI). The time period covered is from 2000 until 2015 and the empirical analysis concentrates on four cases: Greece, Italy, Portugal and Spain.

The hypothesis testing relies on an aggregate measure of political trust towards national parliaments, governments and political parties at the country level, measured using questions from the Eurobarometer.[2] In the regression results, we employ each as a dependent variable to test the separate effect. However, since we suspect that the political crisis has affected all political institutions indistinguishably, we also conducted a factor analysis using these three variables that confirm that there is indeed little difference amongst them. Table 1 shows the results of the factor analysis using the three variables on trust towards national political institutions. The factor loadings are all above 0.9 and show that they can be treated as one single factor. We therefore also use the predicted factor loadings as the dependent variable and illustrate the figures based on these results.

The 'economic' and 'political' models are then tested using a fixed effects model. Fixed effect models are 'designed to study the causes of changes within a person [or country]' and have the advantage that they control 'for all time-invariant differences between the individuals [countries]' (Kohler & Kreuter, 2012: 337). Therefore, while controlling for country-specific cultural differences ('cultural model'), this type of model allows us to focus on those variables that produce a change in trust over the time period studied ('performance model').

Five of the variables included in the 'economic' model are obtained from Eurostat: public debt, GDP per capita growth, inflation levels, unemployment levels (seasonally adjusted) and Gini coefficients. These variables are selected on the basis of previous studies that use economic variables to explain institutional trust. Whereas inflation, inequality and the contraction of GDP are negatively associated with trust in political institutions (Morlino & Quaranta, 2014: 347), increasing public debt and rising unemployment have explained

Table 1. Factor analysis of political trust variables.

Variables	Factor 1
Trust national parliament	0.9691 (0.061)
Trust national government	0.9660 (0.067)
Trust political parties	0.9174 (0.158)
Eigenvalues	2.71
Variance	2.71
Alpha	0.91

Note. Uniqueness values in parentheses.

political trust, especially during crisis periods (Polavieja, 2013; Roth et al., 2013; Torcal, 2014).

In order to measure the 'political model' we decided to exclude institutional features such as the electoral system, the system of government and district magnitude because existing research has not found any significant association (Morlino & Quaranta, 2014: 347). Instead, we use two variables – the Corruption Perception Index (CPI) from Transparency International and the Government Effectiveness (GE) indicator from the World Bank – which are important in accounting for institutional trust (Bok, 1997; Catterberg, 2006; Hakhverdian & Mayne, 2012; Offe, 2006; Pharr & Putnam, 2000; Rothstein & Uslaner, 2011; Van der Meer & Dekker, 2011)

The CPI is a composite index of corruption that ranges from 0 to 100, where 0 means that a country is perceived as highly corrupt and 100 means that a country is perceived as very clean. The CPI score is not aimed at representing actual levels of corruption but at showing how corrupt a country's public sector is perceived to be. Other research has focused on the institutional design of countries (such as the electoral system) in order to account for changes in political trust (Anderson, 1995). However, no robust results can be found in cross-national analysis. This is why we have chosen to focus on citizens' perception of corruption as an indicator of the performance of their political institutions. The Government Effectiveness index is also a composite indicator that

> captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. (World Bank, 2015)

All of the descriptive statistics of the variables employed in our study are summarized in Table 2. Having outlined the sources of data and operationalization,

Table 2. Descriptive statistics.

Variables	Observations	Mean	Std. Deviation	Min	Max
Trust national parliament	64	0.360	0.160	0.0790	0.647
Trust political parties	63	0.172	0.0745	0.0452	0.378
Trust national government	64	0.326	0.147	0.0667	0.626
Factor trust	63	0	1	−1.752	1.846
Corruption perception index	60	5.432	1.116	3.389	7.100
Government effectiveness	56	0.853	0.384	0.214	1.899
Unemployment	64	12.21	6.047	4.075	27.48
Public debt	59	94.83	36.41	36.38	176.1
GDP per capita growth	63	2.254	3.971	−8.848	9.297
Inflation	64	2.205	1.559	−2.086	4.694
Gini coefficient	55	33.40	1.948	29	38.10
Elections	64	0.281	0.453	0	1
Number of countries	4	4	4	4	4

Table 3. Fixed-effect regressions on trust towards political institutions.

	Parliament		Government		Political parties		Factor trust	
Variables	(1) Economic	(2) Political	(3) Economic	(4) Political	(5) Economic	(6) Political	(7) Economic	(8) Political
Unemployment levels	−0.0076*	−0.0070	−0.011**	−0.011**	−0.0082***	−0.0070**	−0.080***	−0.074**
	(0.0043)	(0.0043)	(0.0047)	(0.0050)	(0.0026)	(0.0028)	(0.029)	(0.031)
Public debt (% of GDP)	−0.0037***	−0.0039***	−0.0025**	−0.0025**	−0.0010*	−0.0011*	−0.019***	−0.020***
	(0.00095)	(0.00096)	(0.0010)	(0.0011)	(0.00058)	(0.00062)	(0.0065)	(0.0070)
GDP growth (pc)	0.0096***	0.0024	0.0060*	−0.00088	0.00085	−0.00079	0.039*	−0.00035
	(0.0032)	(0.0039)	(0.0035)	(0.0045)	(0.0019)	(0.0025)	(0.022)	(0.028)
Inflation	−0.012	−0.015*	−0.0097	−0.014	−0.0094*	−0.010*	−0.092	−0.11*
	(0.0085)	(0.0079)	(0.0093)	(0.0090)	(0.0052)	(0.0050)	(0.058)	(0.057)
Gini coefficient	−0.019**	−0.015	−0.016*	−0.015	−0.010*	−0.014**	−0.13**	−0.13*
	(0.0087)	(0.0093)	(0.0095)	(0.011)	(0.0053)	(0.0060)	(0.059)	(0.068)
Corruption Perception Index		0.061*		0.082**		0.049**		0.55**
		(0.033)		(0.038)		(0.021)		(0.24)
Government effectiveness		0.087*		0.020		−0.026		0.12
		(0.047)		(0.054)		(0.030)		(0.34)
National elections = 1		0.018		0.0079		0.018		0.14
		(0.020)		(0.023)		(0.013)		(0.14)
Constant	1.41***	0.89**	1.24***	0.75*	0.72***	0.61**	7.03***	4.20
	(0.32)	(0.38)	(0.35)	(0.44)	(0.20)	(0.25)	(2.17)	(2.78)
Observations	51	48	51	48	51	48	51	48
R-squared	0.842	0.878	0.770	0.802	0.735	0.794	0.819	0.848
Number of countries	4	4	4	4	4	4	4	4
Country fixed effects	YES	YES	YES	YES	YES	YES	YES	YES

Note. Standard errors in parentheses.
***$p < 0.01$; **$p < 0.05$; *$p < 0.1$.

we now proceed to test the rival hypotheses on the decline of political trust in western Europe.

Results

Table 3 presents the results of eight fixed-effect models for the economic and political hypotheses of our four dependent variables described in the previous section: political trust towards parliament, government, political parties and the predicted factor scores of these three institutions.

Our first hypothesis (H_1) is that political mistrust may be caused by changes in macroeconomic conditions. This hypothesis is in line with recent empirical research that establishes a relationship between the economic-fiscal crisis and the implementation of austerity measures to resolve it (Morlino & Quaranta, 2014; Polavieja, 2013; Roth et al., 2013; Torcal, 2014). The underlying theory behind this hypothesis holds close parallels with studies of 'economic voting' where incumbents who have presided over economic prosperity are rewarded at the polls, while those who are deemed responsible for decline are punished. According to the punishment–reward framework, growing levels of political mistrust are the result of citizens' unmet expectations with the perceived macroeconomic performance, and our findings confirm these expectations. On the one hand, levels of public debt and unemployment are shown to be the strongest predictors of political trust in the four countries under study across all the models. On the other hand, inflation and GDP per capita growth show inconsistent results and do not appear to be strongly associated with changing levels of trust, whereas the Gini coefficient is a statistically significant predictor of trust.

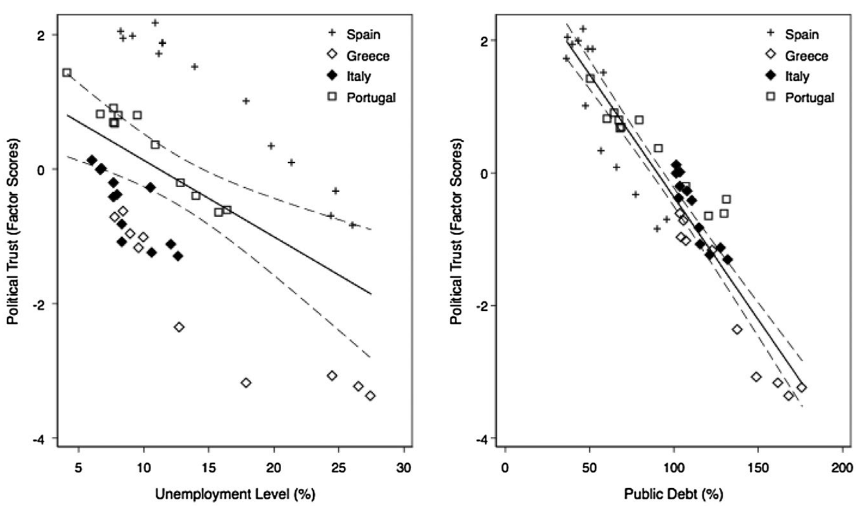

Figure 3. Effect of unemployment and public debt on political trust.
Note. Results based on Model 8.

Figure 3 illustrates the relationship between our dependent variable (factor scores of political trust) and our two economic explanatory variables (unemployment and public debt), on the basis of the results obtained in models 7 and 8 (Table 3). The fitted lines indicate the coefficient results controlling for country fixed effects. As can be seen, decreasing levels of political trust are correlated with rising levels of debt and unemployment for all the case studies.

To sum up, our results corroborate existing research on the empirical correlation between unemployment, public debt and institutional trust. Although some studies have concluded that the weight of unemployment, as opposed to other macroeconomic variables, is relatively 'modest' (Clarke et al., 1993), our results agree with the scholarly literature which has found that 'there is a major role for macroeconomic conditions in shaping confidence in democratic institutions ... through the effects of unemployment' (McAllister, 1999: 189), and particularly since the outbreak of the Great Recession in 2008 (Polavieja, 2013; Roth et al., 2013). The analysis suggests that joblessness becomes a key determinant of political trust during economic downturns. In other words, we find that sociotropic evaluations – that is, individual evaluations of macroeconomic conditions – become the main explanatory variable for the southern European cases. Contrary to research that emphasizes 'pocketbook evaluations' of personal finances as drivers of political satisfaction, our results confirm the findings of Lewis-Beck and Stegmaiter (2000), who argue that in 'the overwhelming majority of studies, researchers have found that instead of emphasizing on personal finances, voters are much more likely to be considering the national economic situation when casting their vote' (Lewis-Beck & Stegmaier, 2000: 519).

Our second hypothesis (H_2) is that political mistrust may be caused by variations in the perception of government effectiveness and corruption, which affects the credibility of the executive and the legislative body in formulating and delivering political outputs. According to this logic, if citizens perceive a high quality of policy formulation and implementation, they will continue to trust their national institutions. Authors such as Bouckaert et al. (2002: 52) refer to this claim as the micro-performance hypothesis, where government performance measures both 'the performance of politicians and the performance of government agents'. Existing evidence seems to corroborate the relationship between institutional performance and political trust pointed out by these authors. For example, DeHoog et al. (1990) argue that government efficacy is key to understanding citizens' satisfaction with government at the local level, whereas Nye and Zelikow (1997) argue that government performance is essential to maintain citizens' willingness to pay taxes and their trust in institutions.

To restate, our expectation is that there will be a significant relationship between the perception of institutional performance and political mistrust, especially in southern European countries where the variation in political attitudes has been greatest since 2008. In order to examine this hypothesis, we turn to the 'political' variables described in the previous section: (1) the Corruption

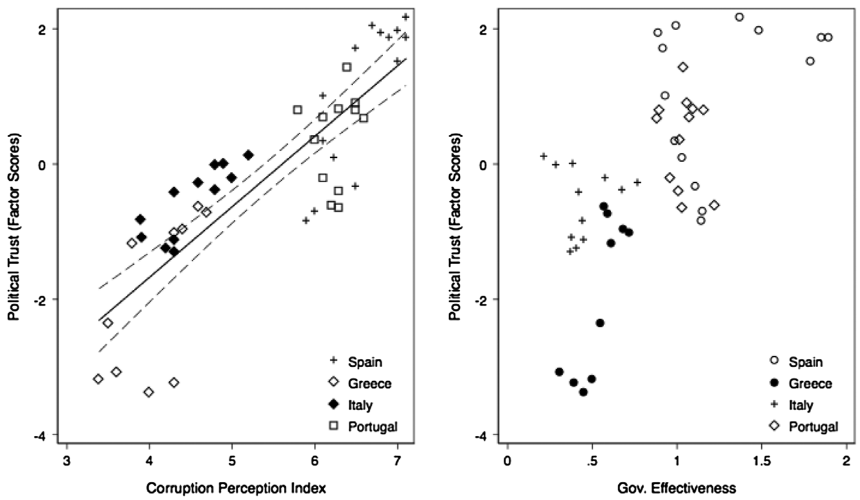

Figure 4. Effect of corruption and government effectiveness on political trust.
Note. Results based on Model 8.

Perception Index (CPI), which ranks countries and territories according to how corrupt their public sectors are perceived to be; and (2) the Government Effectiveness (GE) from the World Bank, which measures the population's perception of the quality of public and civil services and their degree of independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

The regression results in Table 3 show support for the political hypothesis that corruption is negatively correlated with political trust. This relationship is significant in all the models and is particularly strong towards trust in government. However, we do not find any empirical evidence of government effectiveness as a predictor of political trust, possibly because this is an aggregated indicator that fails to capture the degree of responsiveness of political institutions. In spite of not being statistically significant, the association is positive and confirms our initial expectations.

Figure 4 illustrates the relationship between the levels of corruption and government effectiveness on political trust between 2000 and 2015 based on the predicted regression results in Table 3 (Model 8) for our four countries under study. Increasing corruption levels, as observed in Figure 4, are correlated with increasing mistrust. The fitted line with the confidence intervals indicates correlation based on the regression results taking into account country fixed effects. The correlation cannot be observed for the case of government effectiveness, as illustrated in Figure 4b. As also indicated by the lack of significance of this indicator in the regression results, a decrease of government effectiveness does not appear to be correlated with decreasing political trust.

Corruption is a useful predictor of political mistrust but government effectiveness fails to show any significant results. As a matter of fact, the analysis partially contradicts our initial hypothesis (H_2) that the effective deliverance of political outputs would strongly affect political attitudes. Counter-intuitively, citizens do not appear to punish institutions based on the perception of their performance and we are led to conclude that, on the basis of the indicator of effectiveness used above, changes in the perception of institutional responsiveness do not appear to explain short-term variations in political mistrust in southern Europe.

One possible explanation as to why government effectiveness cannot explain changes in political mistrust in southern Europe may be the ability that citizens have to hold their political institutions accountable for the management of the economic crisis and its consequences. Research on 'economic voting' suggests that inconsistent results of cross-national studies have a lot to do with the 'clarity of responsibility' – that is, the extent to which the incumbents, or in this case institutions, are perceived as being responsible for the changing macroeconomic conditions (Hobolt & Tilley, 2014; Powell & Whitten, 1993). The absence of actors with any well-defined responsibility for the worsening of socioeconomic conditions undermines the mechanism that citizens have to reward or punish politicians or elected representatives in relation to expected outputs. The difficulty of making institutions accountable explains why mistrust is channelled towards all political institutions regardless of individual performance (Mair, 2009). In short, political mistrust is projected indiscriminately when the actor responsible for the political output is not correctly identified but also when a credible alternative cannot be elected.

In the case of southern Europe, being subject to strict European norms and policy recommendations was an argument that was sometimes used by incumbents as a means of exonerating themselves (Afonso et al., 2014; Sacchi, 2015; Vasilopoulou et al., 2014). Budget cuts and structural reforms in creditor countries were presented to the electorate as inevitable measures to maintain a balanced budget and remain within the EU (e.g. Greece). Therefore, citizens were not only presented with ambiguous information as to who was responsible for the worsening macroeconomic conditions, but were also left without any alternatives to the incumbent's austerity programmes. In fact, this line of argument resonates with Anderson's (2000) study on how the political context can affect 'economic perceptions and vote intention', namely through (1) clarity of responsibility and (2) clarity of available alternatives.[3]

We thus argue that the political context acts as an explanatory factor for the weak relationship between trust and performance of both institutions and incumbents. First, those responsible for the crisis were not easily identifiable and thus accountability mechanisms were ineffective in punishing those with responsibility and electing any credible political alternatives, leading to widespread mistrust across the entire political sphere. Second, the similar response from both right- and left-wing executives to the crisis strengthened the perception that there was a lack of alternatives within the current system, seemingly contributing to lower levels of trust.

Conclusion

This paper has examined the sources of political mistrust in southern Europe before and after the Great Recession. Prior to the crisis, levels of political trust towards domestic and international institutions were remarkably stable. After 2008, it was possible to trace a significant variation across European member states. The combined effect of the Great Recession and the Eurozone's debt crisis hit the Mediterranean periphery of the EU especially hard, and the region struggled with austerity measures and structural reforms in an attempt to regain competitiveness and market confidence. Europe's internal disparity could be explained by the fact that the 'economic crisis' was not one and the same for everyone. Besides being a multi-level crisis of global, regional and national dimensions, the downturn was multifaceted and its impact on each country's sovereign debt, banking system and economic growth was also different. Country-level causes of the crisis – construction bubbles, structural deficits and over-indebtedness of households – also accounted for the inner disparity within the EU.

The so-called cultural model was discarded early on because one of the assumptions of this approach is that political attitudes change in the long term and, as a result, this approach could not account for short-term variations caused by the economic depression. Instead, the paper focused on two variants of the performance model. More specifically, the paper tested two hypotheses that connected political mistrust with (H_1) macroeconomic variables (unemployment, GDP per capita, public debt inflation) and (H_2) political variables (government effectiveness and political corruption). Another important research choice was to identify a coherent cluster of Mediterranean countries in which we could measure the role of an external shock (e.g. the Great Recession) in producing different levels of political mistrust.

The paper has argued that both economics and politics matter. In order to explain the variation across southern European states, the paper has tested a political and economic hypothesis. We originally hypothesized that clean and responsive political institutions which provided the general public with policies and goods they desired would have a positive impact on citizens' evaluation of these institutions. Similarly, we expected corrupt governments that neglected the electorate's preferences while insisting on fiscal austerity and structural reforms to alienate the public and implement self-defeating policies. Our research findings suggested that, contrary to what political scientists may expect of an efficient principal–agent relationship, institutional performance is a less relevant independent variable than macroeconomic performance in predicting political mistrust. Instead, political corruption (and the sense of injustice associated with it) seemed to be a key driver in citizens' attitudes towards representatives and institutions. In the analysis we also discussed the lack of 'clarity of responsibility' – that is, the extent to which citizens are able to identify the responsible agents of the economic situation and thus trust or mistrust institutions accordingly, as an intervening variable that could explain the unexpected results.

Finally, the paper has also shown that individuals' perceptions of the economy, in particular through unemployment and public debt, are key in shaping levels of political confidence in institutions. In times of want, citizens get first-hand experience of the economic crisis in the form of declining disposable income, lower social mobility, rising inequality and, above all, joblessness. However, it appears to be the case that individuals' negative perceptions of the national economy greatly affect political opinions and eventually produce a critical assessment of political institutions as ultimately responsible for the dire economic situation. In sum, we find that an interaction between economic performance and corruption scandals best accounts for the rising levels of political mistrust in southern Europe since the Great Recession.

Notes

1. The recovery of political trust in Greece was probably due to the victory of Syriza in the legislative elections of January 2015. As part of the reward–punish mechanisms in democracies, elections tend to momentarily increase trust towards institutions. However, it remains to be seen if trust levels remain high after Tsipras' acceptance of the conditions of a third €86 billion bailout on 12 July 2015. The last Eurobarometer survey included in our dataset is from March 2015.
2. More specifically, we have used the question that asks EU citizens: 'I would like to ask you a question about how much trust you have in certain institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it?' The respondent is then presented with a range of institutions and three possible answers: 'Tend to trust', 'Tend not to trust' or 'Do not know'.
3. Anderson (2000) further suggests that the governing party target size is also a good indicator; however, this is irrelevant for the study of trust, as it is not only targeted towards the incumbent party.

Disclosure statement

No potential conflict of interest was reported by the authors.

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