

The implications of the euro crisis for democracy

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Introduction

'Is democracy in crisis? This question is being posed with increasing urgency by some of the leading statesmen of the West, by columnists and scholars, and – if public opinion polls are to be trusted – even by the publics', Zbigniew Brzezinski, Director of The Trilateral Commission in his introductory note to Crozier et al. (1975)

As the introductory quote illustrates, crisis talk is nothing new for Western democracies. In the late 1960s and early 1970s, social scientists across the Western world perceived a crisis of democracy. The progressive erosion of the democratic state's capacity to implement adequate policies was the underlying common thread in the different versions of this crisis talk (see Crozier et al. 1975, Habermas 1973, Offe 1972). This scholarly debate on the crisis in Western democracies had triggered a large-scale investigation into the relationship between the citizens and the state in Western Europe. But when the results of this program were eventually published in the mid-1990s, the world had fundamentally changed as a result of the third wave of democratization, and the scholarly debate had moved on to problems linked to democratic transition and consolidation. Another reason why the question of the crisis of democracy had lost its urgency was the lack of clear empirical evidence in support of the claim of a progressively worsening crisis of state authority/legitimacy in Western democracies. Nor was state power unambiguously eroding in these countries. The results of the

‘Beliefs in Government program’ actually rather confirmed the authors’ ‘normality hypothesis’, which they opposed to the ‘crisis hypothesis’: Western representative democracies proved to be perfectly capable of absorbing and assimilating growing pressure from societal problems, and the forms of political expression taken by such pressure could be understood as the normal manifestations of democracy in complex societies (Fuchs and Klingemann 1995).

Nevertheless, the question of ‘disaffected democracies’ did not go away. In 2000, a follow-up study to the original *Crisis of democracy* was primarily preoccupied by the lack of public confidence in leaders and institutions of democratic governance (Pharr and Putnam 2000).

The study argued that the causes for the decline of confidence did not lie in the social fabric, nor were they the result of general economic conditions. The problem, it suggested, was with government and politics themselves. In the same vein, the contributors to yet another study on ‘political disaffection in contemporary democracies’ (Torcal and Montero 2006) highlighted the decisive role of politics and institutions in shaping political disaffection.

However, even if many citizens have become less satisfied with the way democracy works, research on dissatisfaction with democracy has consistently shown that support for democracy as a principle remains widespread in Europe (Klingemann 1999, Dalton 2004). In his more recent analysis of 2008 World Value Survey data, Klingemann (2014) confirms that the values of an overwhelming part of European citizens are congruent with democratic principles.

In the meantime, the context conditions have changed again, and since the fall of Lehman Brothers in fall 2008, it is the economic crisis of the Great Recession which has been said to threaten democracy in Europe. The question of ‘the crisis of democracy’ has now become the question of whether, under the conditions of economic hardship, Europeans have become less supportive of democratic principles and/or more critical of the quality of democracy in their

own countries. To put this question into perspective, I shall distinguish between four regions of Europe. When it comes to the assessment of democratic support and discontent, it is important to distinguish between Northwestern Europe (NWE), Southern Europe (SE) and Central- and Eastern Europe (CEE). In addition, within CEE we should distinguish between the more or less democratic countries and the authoritarian regimes in Europe's neighborhood (Russia, Kosovo and Ukraine), for which we also have data on the relevant democratic attitudes. These four regions have different democratic legacies – the CEE countries have made their transition to democracy only in the early 1990s. Similarly, several countries of SE (Spain, Greece, Portugal, Cyprus) have been governed by authoritarian regimes until the mid-1970s. Moreover, it is well known that SE and CEE countries have been hit much harder by the Great Recession and the Euro crisis than NWE. Most importantly, however, the Euro crisis had a very different political impact in the three regions, as is illustrated by *Figure 1*, which shows the development of satisfaction with democracy (SWD) – a proxy for the general assessment of domestic democracy¹. The vertical line in this figure points to the beginning of the Great Recession in fall 2008.

<Figures 1>

In NWE, majorities of the citizens have been rather satisfied with the way their national democracy works throughout the period covered (2000-2015). The economic crisis has not substantially changed the overall pattern in these countries. By contrast, the level of satisfaction with the way national democracy works has been much lower in the CEE countries throughout the period covered, the share of those fairly/very satisfied hovering always around one third of the citizenry. The Great Recession did not change much in this

¹ This indicator has been heavily criticized in the literature. Ferrín (2016: 306) has submitted this indicator to a detailed test. The good news of her test is that 'SWD seems to provide a relatively reliable measure of citizens' perceptions of how well the liberal dimension of democracy works in their country'. For our purposes, it is suboptimal that the Eurobarometer data which I use here is rather incomplete. Thus, there are no data for the important period between fall 2007 and fall 2011.

respect in these countries either. This pattern points to a deep-seated disenchantment of CEE citizens with democratic politics that does not date from the Great Recession and the Euro crisis. Finally, SE presents a third pattern, which is distinct from that in both of the other regions. The Southern Europeans' satisfaction with their national democracy has dramatically decreased since the onset of the Great Recession and reached the low level of CEE countries by 2011. To be sure, there are country-specific variations within each one of the regions – variations I cannot go into here for lack of space. The key point to be retained is that, in the aftermath of the Great Recession, the dramatic disenchantment with their national (and, we might add, with European) politics sets the Southern Europeans apart. In the aftermath of the Great Recession, they have become disillusioned politically, with respect to both domestic and European politics.

I shall analyze the implications of the Euro crisis for European public opinion about democracy at the national level in more detail. I shall do so in the tradition of the studies of democratic support and discontent which I have already referred to. Compared to the studies cited above, I can rely on data of exceptional quality from the 6th round of the European Social Survey (ESS6), which has been put into the field in 2012, i.e. at a time, when Europe still was in the grips of the Euro crisis, although, as a result of the policy measures taken, financial stability was slowly improving. This survey provides a detailed account of how Europeans in 29 countries view and evaluate democracy. First, I shall present an overview over the Europeans' views and evaluations of democracy. Then, I shall assess the effects of economic and political satisfaction on the evaluations and the conceptions of the various models of democracy. For this purpose, I shall first discuss a set of expectations before turning to the analysis of the results.

The Europeans' overall views and evaluations of democracy

In order to simplify Easton's (1975) distinction between diffuse and specific support, Ferrín and Kriesi (2016) propose two alternative concepts, which they believe are much easier to identify empirically. They propose to distinguish between *conceptions* (*views*) and *evaluations* of democracy. *Conceptions* of democracy refer to the citizens' normative ideal of democracy, their support of democratic principles. *Evaluations* of democracy, instead, refer to the citizens' assessment of the way democracy works in their own country. The ESS6 has implemented this distinction. This survey is based on a multidimensional conception of democracy that distinguishes between the different components of the basic model of liberal democracy, and adds a few questions about visions of democracy going beyond the basic model – social democracy and direct democracy. For each of the components, Europeans in 29 countries were asked two sets of questions about democracy²: to elicit their conceptions of democracy, respondents were asked to indicate how important they considered a given component (e.g. free and fair elections) to be for democracy in general³; to elicit their evaluations of democracy, they were asked to assess the situation with respect to this aspect in their own country⁴. Before presenting some key results of this study, let us note that the Europeans have been up to their task: Hernandez (2016) has shown that the democratic belief systems of most Europeans who answered these questions are broad ranging and coherently organized.

²The 29 countries include 12 NWE countries (Belgium, the Netherlands, France, Germany, Switzerland, the Nordic countries (Denmark, Iceland, Norway, Sweden and Finland), Ireland and the UK), five SE countries (Italy, Portugal and Spain, Cyprus and neighbouring Israel) and 12 CEE countries (Bulgaria, Czech Republic, Estonia, Hungary, Lithuania, Poland, Slovenia, Slovakia, and neighbouring Albania, Kosovo, Russia and Ukraine).

³ The importance questions used the formulation 'How important is [x] for democracy in general' and the responses were measured using an 11 point scale labelled as 'Not at all important for democracy in general (0) - Extremely important for democracy in general (10)'.

⁴ The evaluation questions used the following formulation: please tell me to what extent you think each of the following statements applies in [country]. 0 means you think the statement does not apply at all and 10 means you think it applies completely.

In the ESS6, the respondents were confronted with twelve components of *liberal democracy* – five liberal components (rule of law, checks and balances, media freedom and media reliability, and minority protection) and seven components covering the dual processes of accountability and responsiveness (free and fair elections, freedom of opposition, parties offering clear alternatives, governments explaining their decisions to the voters, voters discussing politics before deciding how to vote, voters having the possibility to sanction governments, and politicians taking into account the views of other European governments before making decisions)⁵. Together, these twelve components have been shown to form a hierarchical scale. The resulting scale follows the essentialist logic of democratic theory and takes into account only the components which someone considers “extremely important”. The scale ranges from the two items considered most important across Europe (rule of law, free and fair elections) to the items considered least important (alternative partisan offers, citizens discussions, and responsibility to other European governments) (Kriesi et al. 2016). Moreover, this hierarchy has been shown to be more or less identical across all 29 countries of the study. In other words, the Europeans share a common understanding of the basic model of liberal democracy.

On average, Europeans consider all twelve components of the model as quite important for democracy. On the 11-point scale, the average value for all components is 8.3, and there are hardly any regional differences in this respect (see *Table 1*). On average, roughly five of the twelve components are considered ‘extremely important’, which corresponds to a value of 4.3 on a scale running from 0 (no element is extremely important) to 10 (all 12 components are considered extremely important). As is shown by the second column in *Table 1*, there are regional differences with respect to this more appropriate measure of support for the principles of liberal democracy: Southern and Eastern Europeans are more supportive of the

⁵ *Table A1* in the Appendix provides an overview over all the items used for the three models in this contribution.

principles of liberal democracy than North-Western Europeans. Note also, that citizens from authoritarian countries are almost as supportive of the principles of liberal democracy as the citizens in the rest of Europe.

<Table 1>

When it comes to evaluations, however, the twelve components (ranging from -5="does not apply at all" to +5="applies completely") are clearly better evaluated in NWE, where they reach an average of 1.88 compared to .68 in SE and .53 in CEE. Not unexpectedly, the Nordic countries are the ones with the best average evaluations – Sweden (2.6), Norway (2.5), Denmark (2.4) and Finland (2.3). In the three authoritarian countries in CEE, the average evaluations are worse than everywhere else and even reach negative values (= -.67). In other words, Europeans are highly sensitive to the quality of democracy in their own country, and they know a deficient democracy when they experience it. But note that there is room for improvement even in the best performing countries, since even the Nordic countries fall considerably short of the maximum on the scale (=5).

In the second part of *Table 1*, analogous data are presented for *social democracy*. In the case of this democratic model, the set of items in the ESS6 was limited to only two – protection against poverty and measures to reduce income inequality⁶. The index for this model of democracy just corresponds to the average raw values of the two items. As is shown, on average, these two items are considered even more important for democracy in general than the components of the liberal democracy model, above all in SE and in the authoritarian countries of CEE. In the view of the Europeans, the social democratic model complements the liberal democratic model, since the corresponding indices are correlated to the order of $r=.64$. The Europeans' model of democracy includes the substantive elements of social

⁶Both items were asked in the same format as the liberal democracy items in the rotating module.

democracy, too. As the raw scores, but above all the index values show, the support for the principles of social democracy is much stronger in SE and CEE than in NWE.

The social democratic model fares much worse than the liberal democratic model when it comes to evaluation. The average evaluation of the two social-democratic elements is negative across Europe. Only in NWE, they are positively evaluated, but even in the best performing Nordic countries the average evaluation rises only slightly above +1. In SE and CEE, and most pronouncedly in the authoritarian countries, the evaluation of the social democratic components of democracy is clearly negative. When it comes to a democratic deficit in Europe at the time of the Euro crisis, it is above all a deficit in terms of the social democratic components.

The third part of *Table 1* presents the same set of data for the model of direct democracy. For this model, we had just one item. This model, too, is considered important across Europe, even if somewhat less so than the basic model of liberal democracy. Like the other two models, Southern and Eastern Europeans consider it more important than Europeans in NWE. Moreover, this model also tends to be seen as a complement of the basic model since the overall correlation between liberal and direct democracy amounts to $r=.44$. With respect to evaluations, the direct democratic model is situated in between the other two. In each region, it fares better than the social democratic model, but worse than the liberal democratic one.

The role of economic and political satisfaction for the citizens' evaluations and conceptions of democracy

The model I propose to study the effect of the crisis on the citizens' evaluations and conceptions of democracy is presented in *Figure 2*. This model includes both evaluations and conceptions of democracy (support of democratic principles) as dependent variables and

considers them as interdependent. As proposed previously (Kriesi and Saris 2016: 194-204), the model assumes that conceptions and evaluations have a reciprocal effect on each other, which may be conditioned by the quality of democracy (which varies between the region-specific groups of countries). For the present purposes, this reciprocal relationship is not at the centre of our attention, but we need to take it into account, if we want to properly estimate the effects of the economic crisis on the two aspects of democratic support. Taking this interdependent relationship into account, the model suggests that, in the short run, both evaluations and conceptions of democracy crucially depend on two types of instrumental considerations on the part of the citizens: their satisfaction with

- the performance of the economy
- the government's performance

Expected impact of performance on evaluations

Let us first consider the impact of performance on evaluations of democracy. One may expect that the citizens' evaluations of democracy directly depend on both instrumental considerations: the better the perceived performance of the economy and the government, the better probably one's evaluation of domestic democracy. The two instrumental considerations are interrelated to the extent that the satisfaction with the government's performance depends on the satisfaction with the economy and partly mediates its impact on the evaluation of democracy. In part at least, citizens attribute responsibility for the economic well-being of their country to their political authorities, i.e. to the government. This is the basic mechanism behind economic voting (Duch and Stevenson 2008, Lewis-Back and Stegmaier 2007). Satisfaction with the government, in turn, is expected to directly influence the citizens' assessment of how democracy works. However, citizens are unlikely to attribute all the

responsibility for the economic performance to the government in place, which means that the economy can be expected to have a direct effect on the evaluation of democracy, too.

<Figure 2>

The model also includes a number of controls, some of which are directly related to the evaluation side. Thus, it is well known that citizens who have voted for the incumbent government, i.e. citizens who belong to the winners in the last elections, are more satisfied with democracy than electoral losers (Anderson et al. 2005). Their satisfaction with the way democracy works in their country is, of course, mediated by their greater satisfaction with the incumbent government, but it is possible that they are more satisfied with democracy more generally, independently of how the current government performs. In addition, it is also well known that institutional trust heavily influences performance evaluations: trusting citizens are more likely to give the government and the democratic institutions the benefit of the doubt. Moreover, an individual's general life satisfaction is also likely to spill over to her satisfaction with more specific aspects of life, such as the economy's or the government's performance. Finally, it is likely that one's level of education influences one's assessment of democracy: the higher one's level of education, the more critical one tends to be in terms of democratic evaluations (Norris 2011: 129-33).

These considerations apply to all countries. However, one may expect the corresponding effects to vary according to the quality of democracy in a given country and according to the vision of democracy at stake. First, it is likely that the citizens' assessment of the economic performance of their country has a stronger impact on their evaluations of democracy in countries where the overall quality of democracy is low. As has been argued by Magalhães (2016, 2016a) based on arguments from social psychology, when people perceive procedures as fair, allowing them voice and influence, they become more likely to discount poor performance in favour of expected future positive outcomes. They are also less likely to

believe that outcomes could have been more favourable, and thus less likely to hold authorities directly responsible for negative outcomes. Moreover, if procedures are perceived as fair, material outcomes can lose importance in favour of intangible benefits. This means that we can expect a stronger impact of the economic and government performance on the evaluations of democracy in low quality democracies than in high quality democracies. I.e. the impact of economic and government performance should be stronger in SE, CEE and especially in authoritarian countries than in NWE.

Second and related to this first point, we may expect the citizens' assessment of the economic performance of their country to have a stronger impact on the evaluations of social democracy than on the evaluations of liberal and direct democracy. This expectation is based on the fact that the social democratic model is less of a procedural and more of an output-based model. The economic and political performance of a country is likely to have a more direct impact on output-related aspects of democracy than on purely procedural ones.

Four hypotheses summarize the expected effect of performance considerations on the evaluations of democracy:

H1: satisfaction with government and economic performance has a positive impact on the individuals' evaluation of how democracy works in their own country.

H2: the effect of satisfaction with the economy on the evaluation of how democracy works is partly mediated by satisfaction with the government.

H3: satisfaction with government and economic performance has a stronger effect on the evaluation of democracy in low quality democracies and in authoritarian regimes.

H4: satisfaction with government and economic performance has a stronger effect on the evaluation of social democracy than on the evaluation of the other two visions of democracy.

Expected impact on conceptions

As Easton (1975: 446) had already suggested, diffuse and specific support are related to the extent that diffuse support is not only based on normative beliefs, but is also ‘a product of spill-over effects from evaluations of a series of outputs and of performance over a long period of time’. With respect to democratic support, this implies that the better the long-term economic performance in a democracy, the greater is not only the expected satisfaction of the citizens with their regime, but also their support of democratic principles. Conversely, as Linz (1978: 54) has observed: ‘Unsolved structural problems... undermine the efficacy and, in the long run, the legitimacy of the regime....’ According to this ‘spill-over hypothesis’, we should observe that an economic crisis like the Euro crisis tends to undermine the citizens’ support for democratic principles. However, poor performance may have actually the exact opposite effect of what this ‘spill-over hypothesis’ suggests: economic difficulties in a given country may reduce the tolerance of the citizens for poor governance and enhance support for democratic principles by increasing the number of critical citizens, i.e. citizens who value democracy as an ideal yet remain dissatisfied with the performance of their political and economic systems (Norris 1999, Klingemann 1999, Dalton 2004, Fuchs and Roller 2006). As Royo (2014) argues for the case of Spain, the citizens tolerated the ‘extractive behavior’ of Spanish political elites and the general ‘institutional degeneration’ in Spanish politics as long as the economy went well. Only when the economic crisis exposed an unsustainable economic model, the public became outraged by the actions of its elites. The economic crisis might in fact draw the citizens’ attention to the way democracy works in their own country, which, in turn, may increase the cognitive accessibility of democratic principles, and increase the support for democratic principles. As it happened in Spain, at the height of the crisis, a movement arose in spring 2011 that asked for ‘real democracy now’.

The extent and direction of these contrasting effects may, in turn, again be moderated by the type and quality of the regime. According to the ‘spill-over’ hypothesis, good performance can be expected to enhance the support of democratic principles in democracies, but not in authoritarian countries. In the latter, good performance might on the contrary enhance the support for the authoritarian regime and undermine the support of democratic principles. Magalhães (2014: 80) has, indeed, shown that this holds true. In his study, the spill-over effects depend on the indicators used and are weak for non-democracies, but they are significant: in democracies, greater levels of performance increase diffuse support for democracy, while the opposite is the case in non-democracies.

Let me summarize these expectations in two contrasting hypotheses, plus an sub-hypothesis specifically devoted to authoritarian regimes:

H5 (‘spill-over’): dissatisfaction with government and economic performance undermines the conceptions of democracy

H5a (‘spill-over’ a): in authoritarian regimes, satisfaction with government and economic performance undermines the conceptions of democracy

H6 (‘critical citizens’): dissatisfaction with government and economic performance generally enhances the conceptions of democracy

The model also includes a number of controls on the conception side. These refer to education, political interest, left-right self-placement and left-right self-placement squared, as well as an indicator designed to correct for the over-reporting of extreme scale-values. Educated and politically interested citizens are more likely to hold elaborate views of democracy, because they have the capacity and the motivation to develop such views. Controls for left-right self-placement rely on Ceka and Magalhães (2016: 105), who have shown that people who self-identify at the extremes of the left-right scale are likely to be

more demanding on both the liberal democratic and the direct democratic dimensions of democracy than those who are ideological moderates, while people on the left are more likely to see social justice as extremely important for democracy. Finally, controls for over-reporting extreme scale values (=10's) have to be introduced, given that there is a widespread tendency among ESS respondents to over-report such values⁷.

Testing the model: results

For the test of these expectations, I use a summary indicator for the citizens' ('socio-tropic') assessment of the economic situation, which simply asks about their satisfaction with the state of the economy in their own country. Responses are recorded on a 0-10 scale. *Figure 3* shows how this indicator is distributed in the four regions covered by the ESS6 data – the three European regions, plus the authoritarian neighbourhood, at the time of the interviews in 2012. As this figure indicates, the NWE distribution clearly differs from the distributions in the other three regions: in NWE the citizens' assessments are skewed in a positive direction with a mean of 5.1 on the 0-10 scale. In the other three regions, the distributions are skewed in a negative direction with means of 2.9 in SE, 3.1 in authoritarian countries, and 3.4 in CEE. In SE, the modal value is 0, which illustrates the great economic pessimism that reigned in this part of Europe at the time the survey was put into the field in the midst of the Euro crisis.

<Figure 3>

Satisfaction with the government's performance⁸ and satisfaction with life are equally measured on an 11-point scale. The satisfaction with the electoral outcome is a dummy

⁷ See Kriesi et al. 2016: fn9, p. 74.

⁸The satisfaction with the government is based on the following question: Now thinking about the [country] government⁸, how satisfied are you with the way it is doing its job? And satisfaction with life is based on this question: Now all things considered, how satisfied are you with your life as a whole nowadays? Responses are also recorded on a 0-10 scale.

variable, which takes the value of 1 for electoral winners and 0 otherwise⁹. Institutional trust is a factor extracted from the battery of five trust items in the general part of the ESS¹⁰. Level of education is measured on a five-point scale and political interest on a four-point scale. All substantive independent variables have been recoded to the 0-1 range, which means that the estimated coefficients correspond to the maximum effect of these variables as we move from its minimum (0) to its maximum (1). *Table A2* in the Appendix presents an overview over the variables in the model.

The models have been estimated for each one of the four regions separately by the sem-procedure in stata. The advantage of the sem-procedure is that it allows for the calculation of direct, indirect and total effects. Thus, for the two performance variables – satisfaction with the government and with the economy, I have not only calculated their direct, but also their total effects¹¹. *Table 2* presents the direct effects of the sem-models for the evaluations and conceptions of liberal democracy.

<Table 2>

With regard to the evaluations of liberal democracy, the table first shows that all performance-related effects are highly significant, and all of them have the expected positive sign: as expected, satisfaction with governmental and economic performance increases the satisfaction with the way liberal democracy works, and vice versa. Second, as expected, too, the effects increase as we move from the higher quality democracies in NWE to the lower quality democracies in SE, CEE, and the authoritarian countries. In higher quality democracies, citizens, indeed, tend to have a less instrumental approach to liberal democracy

⁹ The indicator for satisfaction with the electoral outcome, i.e. the indicator for electoral winners, is based on the party voted for in the last elections or, if not voted in the last election, the party one feels close at the time of the interview.

¹⁰ This battery includes parliament, the legal system, the policy, politicians, and political parties. The five items form a strong factor.

¹¹ Assuming uncorrelated residuals, the calculation of indirect effects is straight-forward (see Duncan 1975): one just multiplies the regression coefficients along corresponding causal paths. The sem-procedure provides the estimates for total effects as well as their standard errors.

than citizens in countries with a lower quality of democracy. Third, comparing the effects of economic and government performance, we observe that, in all the regions, the direct effects of economic performance are lower than the corresponding effects of government performance. One reason for this is that the effect of satisfaction with the economy is partly mediated by satisfaction with the government. This can be seen in *Figure 4a*, which presents the direct and total effects of the two performance indicators on the evaluations of liberal democracy. The effect of satisfaction with the economy increases in all regions, once we take its indirect effects into account as well: it more than doubles in SE and CEE, and it reaches almost the same order of magnitude as the effect of satisfaction with the government in authoritarian countries. The evaluation of liberal democracy appears to be particularly vulnerable to poor performance in authoritarian countries. In authoritarian countries, the maximum effect of the combined political and economic dissatisfaction is 3.4 (1.728+1.646) on the -5 to +5 scale, as compared to 1.1 (.446+.630) in NWE countries.

<Figure 4>

With regard to the conceptions of democracy, *Figure 4b* shows that, with two exceptions, all performance-related effects are negative. This is strong support for the ‘critical citizens’ hypothesis. The direct and total effects of satisfaction with the government are equally negative in NWE, SE, and CEE Europe, and the direct effects of satisfaction with the economy are even more pronouncedly negative in SE, CEE and authoritarian countries. The total effects of economic satisfaction reach up to -2.68 in authoritarian, -2.53 in SE and -2.41 in CEE countries. This means that, as predicted by the ‘critical citizens’ hypothesis, economic dissatisfaction is actually increasing the support for democratic principles. This clearly contradicts Magalhães’ results¹². In other words, economic dissatisfaction strongly enhances

¹² This may be due to the different measures we use for the support of democratic principles. At the end of his paper, Magalhães (2014: 93) himself criticizes the existing survey measures of regime support and pleads for better measures. In my view, the measures provided by the ESS clearly improve on the existing measures.

support for democratic principles, except in NWE where the economic distress has been more limited anyway. In this part of Europe, there is a positive direct spill-over effect of economic performance on the support of democratic principles. In other words, in NWE Magalhães' overall result for democracies holds. But it holds only with respect to the direct effect of economic satisfaction, which is counteracted by the indirect effect via satisfaction with government, because the latter has a negative effect on democratic conceptions. As a result, the total effect of satisfaction with economic performance is virtually zero in NWE.

The other exceptionally positive effect concerns the effect of satisfaction with government in authoritarian countries: contrary to expectations and contrary to Magalhães' results (see H5a) and for reasons I ignore, in these countries satisfaction with the government directly promotes support for democratic principles. Note, however, that this positive effect is counter-acted by an indirect negative effect so that, in the end, satisfaction with the government has hardly any effect on support for liberal democratic principles in authoritarian countries. The indirect effect operates via the evaluation of the way democracy works: in authoritarian countries, citizens who are satisfied with the government are also satisfied with the way democracy works and, therefore, less demanding in terms of democracy.

The critical citizens' hypothesis is enhanced by the fact that, not only in authoritarian countries but in all regions except SE, evaluations generally have a negative effect on conceptions: the more dissatisfied democrats are more demanding in terms of liberal democracy than the more satisfied ones. In SE, the effect is not significant. By contrast, independently of performance considerations, in all four regions the more demanding citizens tend to be more satisfied with the way liberal democracy works in their country than the less demanding ones. They generally seem to give the governments the benefit of the doubt.

Turning briefly to the effect of the control variables, they all show the expected signs. Thus, evaluations of liberal democracy are enhanced among electoral winners, especially in lower

quality democracies and authoritarian countries (confirming the results of Anderson et al. 2005). Institutional trust improves evaluations, as does satisfaction with life (except for authoritarian countries), while higher levels of education render citizens more skeptical. The effect of institutional trust is by far the most important one, reaching levels comparable to the performance variables. As for conceptions of liberal democracy, they are enhanced by education and political interest (above all in NWE, but much less so (political interest) or not at all (education) in authoritarian countries). We also find the expected curvilinear effect of left-right ideology in all regions, but especially again in NWE.

Figure 5 presents the direct and total effects of the performance indicators for social democracy¹³. As expected, both direct and total effects are even stronger for social than for liberal democracy. With respect to evaluations, the pattern of the effects is quite similar to that for liberal democracy, except that the maximum effect of the combined political and economic satisfaction now reaches up to 4.9 (2.007+2.898) and 5.0 (2.310+2.691) on the -5 to +5 scale for authoritarian and CEE countries respectively, compared to a still sizeable 2.7 (1.505+1.160) in NWE. In terms of conceptions, we find again unexpected direct positive effects of satisfaction with government on support for social democratic principles, not only in authoritarian countries, but also in the countries of other regions. However, these effects are hardly significant and are counter-acted by indirect negative effects. In total, in none of the regions does satisfaction with the government's performance have any significant effect on demands for social democracy. By contrast, satisfaction with economic performance has a very strong effect on demands for social democracy: the direct effect is enhanced indirectly to reach a total of -3.75 in CEE, -3.17 in authoritarian and -2.77 in SE countries. This is to suggest that economic (but not political) dissatisfaction leads even more to demands for social than for liberal democracy in the countries hardest hit by the crisis. The critical

¹³ This figure and the following figure are based on Table A3 in the online appendix.

citizens' hypothesis is once again confirmed by the fact that dissatisfaction with the way social democracy works also enhances demands for social democracy. In the case of social democracy, the reciprocal relationship between conceptions and evaluations is mutually negative, with negative evaluations being especially meted out by the more demanding citizens. Let us note in passing that the pattern of control effects is similar to that for liberal democracy. There is only one notable difference in this respect: social democratic conceptions of democracy are much more present on the left in NWE and to some extent in SE, but not at all on the left in authoritarian countries.

<Figure 5>

Figure 6 finally presents the direct and total effects of the performance indicators on direct democratic evaluations and conceptions. In this respect, satisfaction with government still has a strong effect on the evaluations of direct democracy, but less so for the corresponding conceptions. Moreover, the effects of satisfaction with economic performance are generally weaker than for the other two visions of democracy, except for evaluations in authoritarian regimes, which are still heavily influenced by satisfaction with economic performance.

<Figure 6>

Conclusion

We have come a long way from the crisis debate of the 1970s via the 'normality hypothesis' of the 1990s to the observation of a double effect of the Great Recession on the evaluations and conceptions of democracy in Europe that emerges from the present analysis. Summarizing the impact of the Euro crisis on democracy in Europe, we should first insist on the fact that, across Europe, the principles of democracy are not put into question. Europeans all share the same basic model of liberal democracy. If anything, the citizens of the countries in Southern and Eastern Europe that have been hardest hit by the crisis have more maximalist

conceptions of liberal democracy than Northern Europeans. The same applies to conceptions of social democracy, which are complementary to conceptions of liberal democracy and constitute an integral part of democracy for a large part of the European citizenry, and which are clearly more strongly supported in Southern and Eastern than in Northern Europe. It is as if those who are living in countries with less developed welfare states and lower quality liberal democracies are more sensitive to the democratic principles.

Second, in the aftermath of the economic crisis, Southern Europeans have become disillusioned politically, with respect to both domestic and European politics. However, we do not find a similar impact of the crisis in the two other regions of Europe. In NWE, citizens remain largely satisfied with their national politics, while the citizens in CEE have already been disenchanted with their domestic politics long before the Great Recession.

Third, with regard to the direct impact of the crisis, the perceived poor performance of the economy and of the government in the crisis, indeed, leads citizens across Europe to evaluate the way their national democracy works more critically – especially in the hard hit regions of CEE and SE, and in authoritarian countries. However, and most importantly, we also found that this critical evaluation of democracy does not undermine the citizens' support for democracy. Quite to the contrary: democratic principles are actually strengthened by the dissatisfaction of the citizens with the economic and political performance of their countries in the crisis! By creating 'critical citizens,' the economic crisis contributes to the strengthening of democratic principles. This may sound counter-intuitive to many a reader, but this is what the analysis of the ESS data from Europe in the Great Recession is telling us. This analysis vindicates the 'critical citizens' hypothesis and contradicts the 'spill-over' hypothesis. It suggests that it is misleading to fear for the future of European democracies. The anti-dote for the poor performance of contemporary European democracies in political

and economic terms is not less, but more democracy, especially more social democracy – at least, this seems to be the verdict of Europeans in the shadow of the Great Recession.

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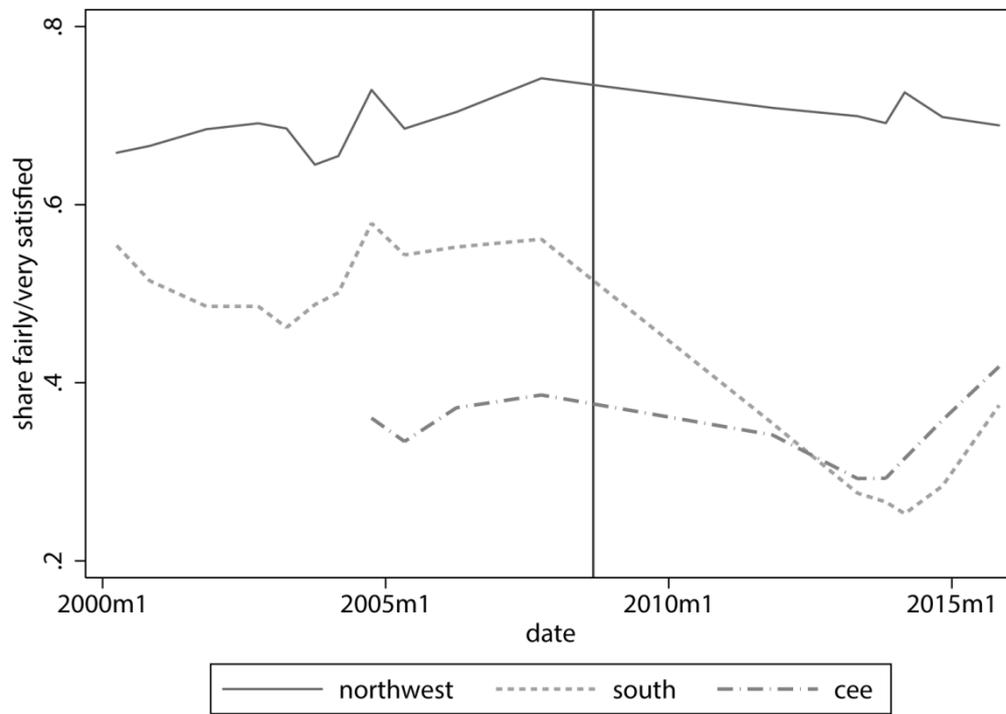
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Tables and figures

Figure 1: Satisfaction with democracy: shares of fairly/very satisfied citizens



Source: Eurobarometer

Table 1: average conceptualizations, evaluations of liberal and social democracy by region,

	liberal democracy			social democracy			direct democracy		
	regional means			regional means			regional means		
	Raw views	index views	eval- uations	raw views	index views	eval- uations	raw views	index views	eval- uations
all	8.3	4.3	0.99	8.5	4.7	-1.09	8.3	3.9	-0.12
north	8.3	4.8	1.88	8.1	3.5	0.33	8.1	3.1	0.73
south	8.5	4.8	0.68	9.0	6.0	-1.74	8.2	4.0	-1.02
east	8.4	4.6	0.53	8.5	5.2	-2.16	8.5	4.5	-0.35
authoritarian	8.2	4.6	-0.67	8.8	5.8	-2.61	8.5	4.7	-1.65

Figure 2: Simple model for the determination of conceptions and evaluations of democracy in one's own country

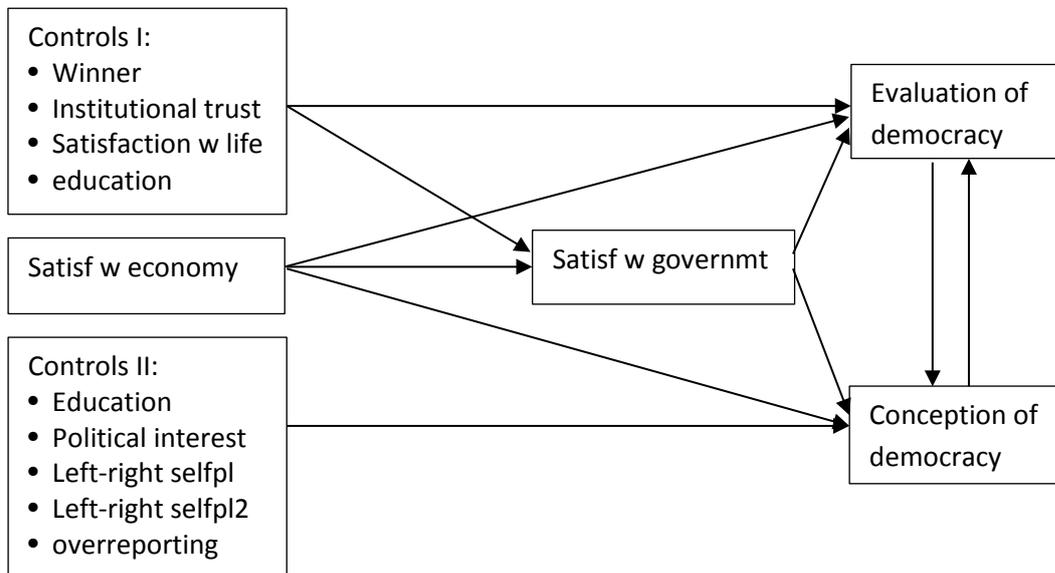


Figure 3: distribution of satisfaction with the economy, by region

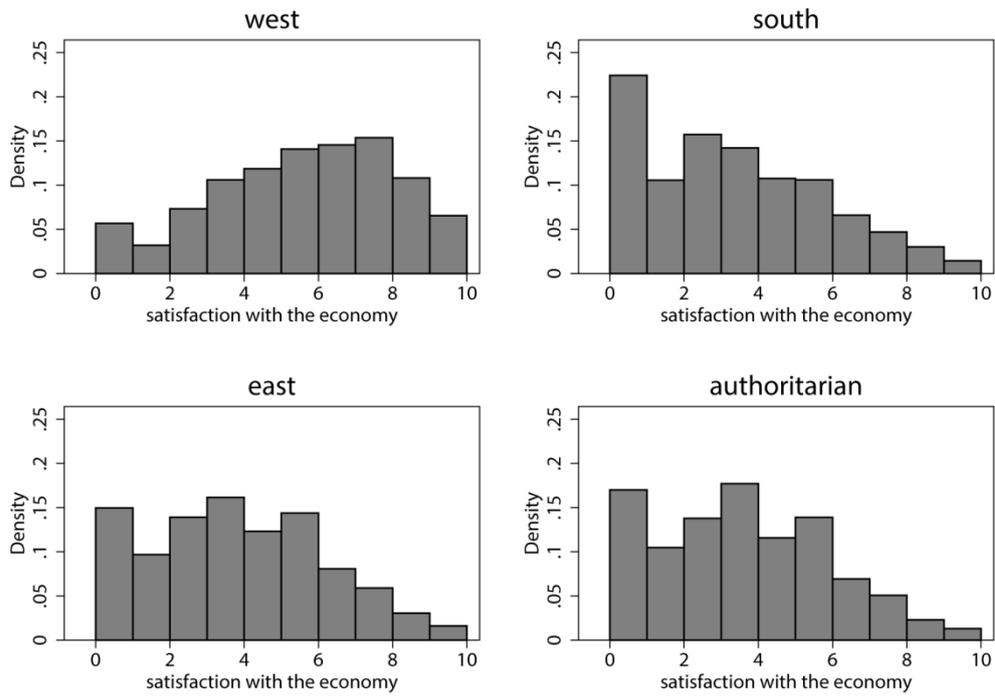


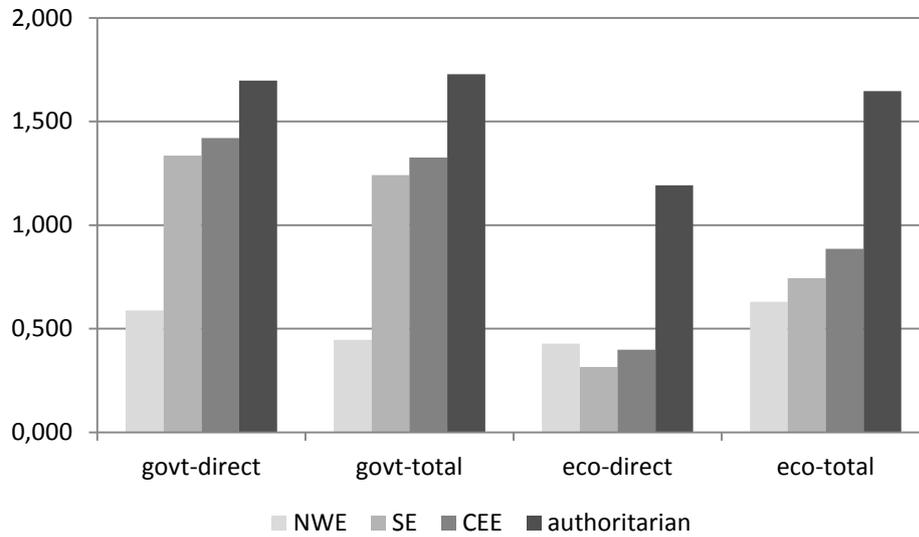
Table 2: Determinants of liberal-democratic evaluations and conceptions by region: direct effects, z-values and P-values

	evaluations			conceptions			Satisfaction w government		
	coef	z	P>z	coef	z	P>z	coef	z	P>z
conceptions									
NWE	0.140	24.650	0.000						
SE	0.099	7.950	0.000						
CEE	0.087	10.120	0.000						
authoritarian	0.162	8.830	0.000						
evaluations									
NWE				-0.109	-3.250	0.001			
SE				-0.038	-0.690	0.488			
CEE				-0.151	-4.160	0.000			
authoritarian				-0.540	-8.840	0.000			
Satisf govt									
NWE	0.588	11.360	0.000	-0.963	-8.180	0.000			
SE	1.336	15.040	0.000	-0.913	-4.630	0.000			
CEE	1.421	19.500	0.000	-0.890	-5.910	0.000			
authoritarian	1.697	11.600	0.000	1.124	3.970	0.000			
Satisf econ									
NWE	0.428	9.570	0.000	0.240	2.270	0.023	0.393	76.760	0.000
SE	0.315	3.280	0.001	-2.034	-10.880	0.000	0.507	50.230	0.000
CEE	0.398	5.150	0.000	-1.840	-12.770	0.000	0.490	70.280	0.000
authoritarian	1.192	7.450	0.000	-2.376	-9.220	0.000	0.524	46.670	0.000
winner									
NWE	0.047	2.820	0.005				0.059	27.080	0.000
SE	0.102	2.730	0.006				0.066	13.910	0.000
CEE	0.144	5.170	0.000				0.090	29.990	0.000
authoritarian	0.225	4.070	0.000				0.086	17.150	0.000
Inst trust									
NWE	2.460	43.670	0.000				0.489	72.740	0.000
SE	2.024	19.780	0.000				0.399	32.130	0.000
CEE	1.830	24.450	0.000				0.385	49.930	0.000
authoritarian	2.187	15.270	0.000				0.394	32.410	0.000
Satisf life									
NWE	0.431	9.450	0.000				0.034	9.430	0.000
SE	0.463	5.710	0.000						
CEE	0.791	14.180	0.000						
authoritarian	-0.140	-1.270	0.203						
education									
[*]/NWE	-0.154	-7.200	0.000	1.830	28.870	0.000			
SE				1.177	11.680	0.000			
CEE				0.245	2.640	0.008			
authoritarian				-0.039	-0.260	0.796			

polit interest									
NWE				2.239	31.060	0.000	-0.063	-12.420	0.000
SE				1.326	12.090	0.000	-0.035	-3.970	0.000
CEE				1.465	15.740	0.000	0.006	0.870	0.383
authoritarian				0.692	4.610	0.000	0.015	1.460	0.144
Left-right sp									
NWE				-3.244	-9.840	0.000			
SE				-2.625	-5.870	0.000			
CEE				-1.888	-5.410	0.000			
authoritarian				-2.172	-2.890	0.004			
Left-right 2									
NWE				2.040	6.530	0.000			
SE				1.693	4.100	0.000			
CEE				2.347	7.300	0.000			
authoritarian				2.887	4.540	0.000			
Over-report									
NWE				6.410	42.790	0.000			
SE				6.436	28.840	0.000			
CEE				7.470	45.860	0.000			
authoritarian				7.650	26.480	0.000			
_cons									
NWE	-0.614	-15.720	0.000	1.651	14.180	0.000	0.026	5.930	0.000
SE	-1.191	-15.310	0.000	4.120	25.910	0.000	0.015	2.480	0.013
CEE	-1.501	-25.600	0.000	3.919	28.260	0.000	0.007	1.610	0.108
authoritarian	-2.836	-24.520	0.000	3.678	12.150	0.000	0.011	1.560	0.119
R2									
NWE	0.290			0.160			0.550		
SE	0.210			0.170			0.480		
CEE	0.220			0.160			0.550		
authoritarian	0.160			0.110			0.560		
LR test of model vs. saturated: chi2(46) = 699.58, Prob > chi2 = 0.0000									

Figure 4: direct and total effects of satisfaction with government and economy on liberal democratic evaluations and conceptions

a) evaluations



b) conceptions

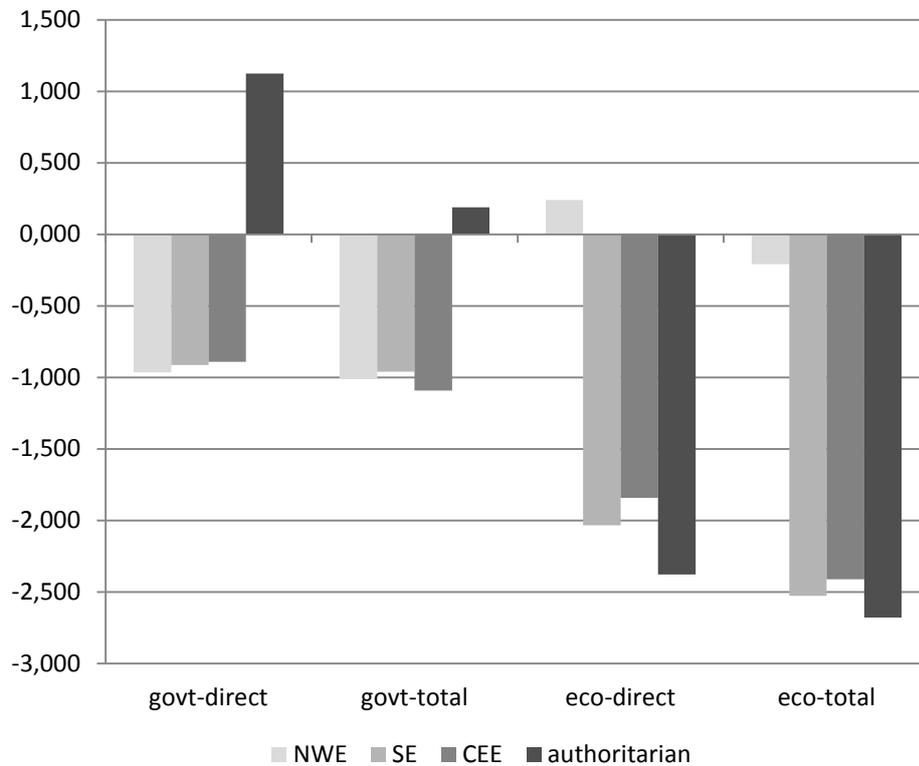
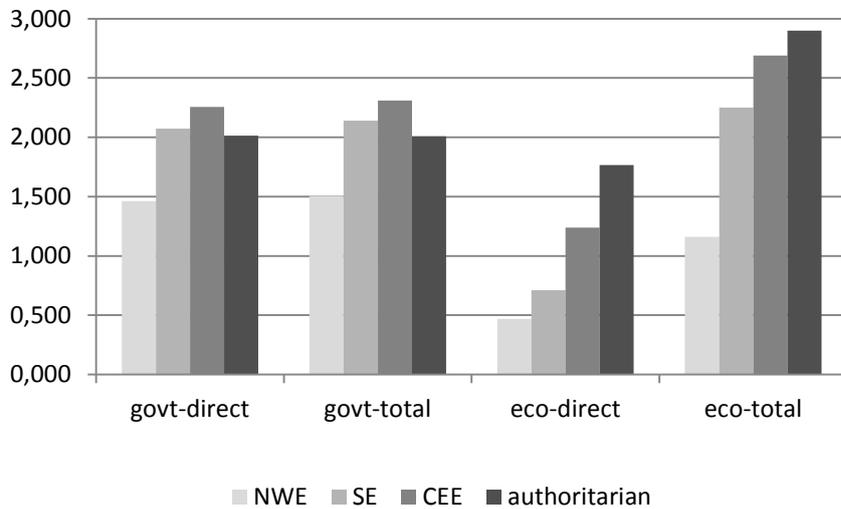


Figure 5: direct and total effects of satisfaction with government and economy on social democratic evaluations and conceptions

a) evaluations



b) conceptions

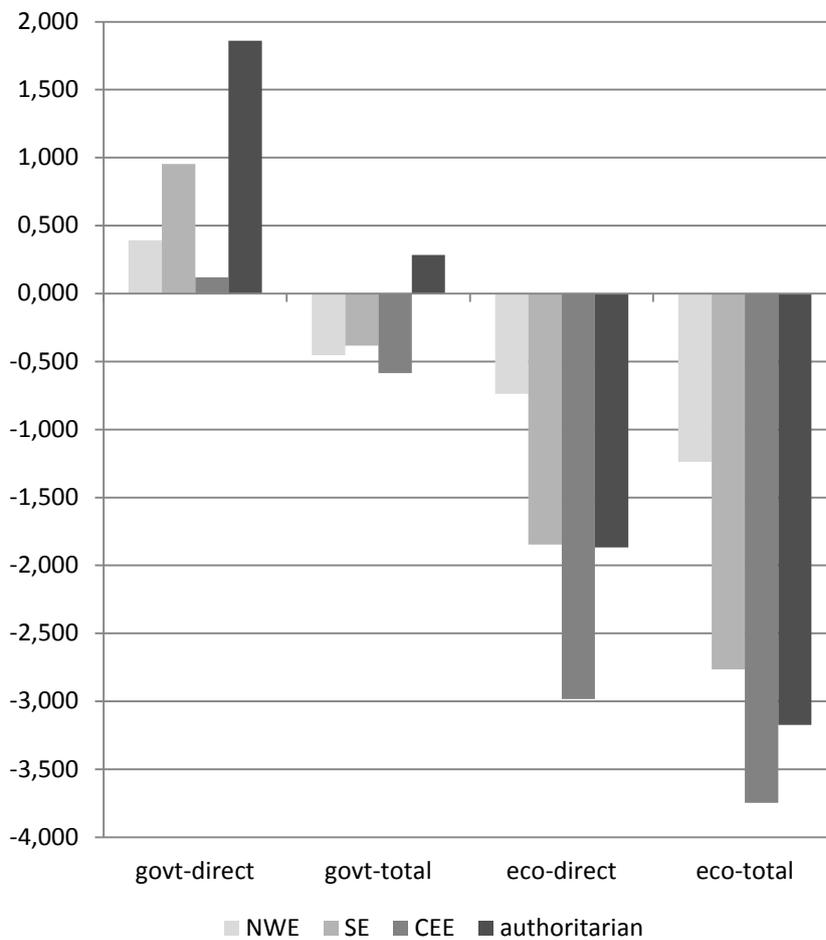
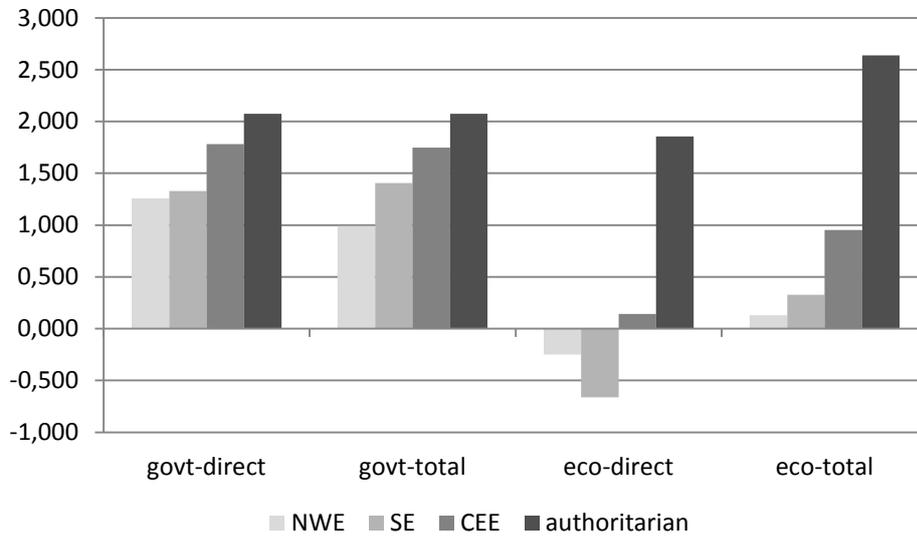
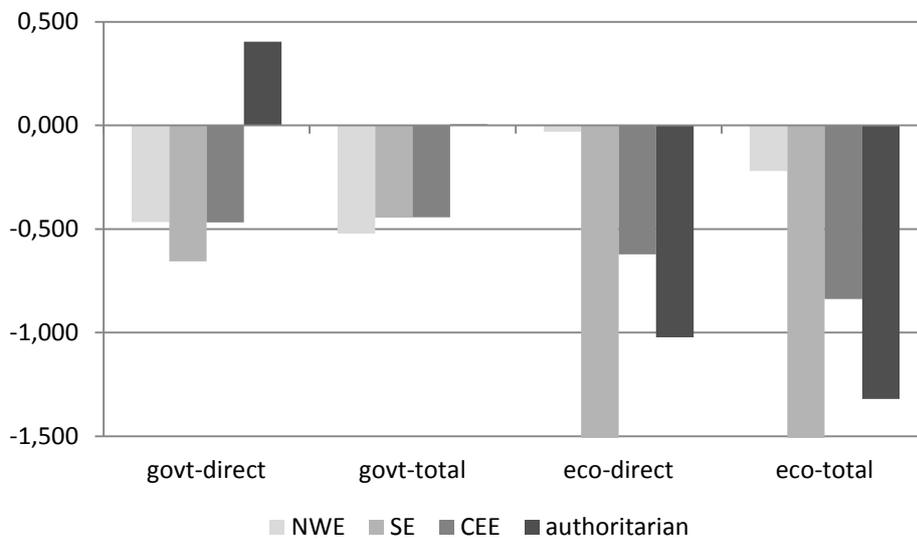


Figure 6: direct and total effects of satisfaction with government and economy on direct democratic evaluations and conceptions

a) evaluations



b) conceptions



Appendix Table A1: Items for the three visions of democracy in the ESS6 source questionnaire

How important do you think it is for democracy in general that.....
Liberal democracy <ul style="list-style-type: none"> - national elections are free and fair - voters discuss politics with people they know before deciding how to vote - different political parties offer clear alternatives to one another - opposition parties are free to criticize the government - the media are free to criticize the government - the media provide citizens with reliable information to judge the government - the rights of minority groups are protected - the courts treat everyone the same - the courts are able to stop the government acting beyond its authority - governing parties are punished in elections when they have done a bad job - the government explains its decisions to voters - politicians take into account the views of other European governments before making decisions
Social democracy <ul style="list-style-type: none"> - The government protects all citizens against poverty - The government takes measures to reduce differences in income levels
Direct democracy <ul style="list-style-type: none"> - Citizens have the final say on the most important political issues by voting on them directly in referendums

Appendix Table A2: Independent variables: descriptives

	mean	sd	min	max
evaluations liberal demo	0.99	1.86	-5	5
evaluations social demo	-1.09	2.71	-5	5
evaluations direct demo	-0.12	3.16	-5	5
conceptions liberal demo	4.38	3.30	0	10
conception social demo	4.69	4.49	0	10
conceptions direct demo	8.27	2.06	0	10
Satisfaction w economy	0.40	0.26	0	1
Satisfaction w government	0.40	0.26	0	1
Winner	0.36	0.48	0	1
Institutional trust	0.39	0.22	0	1
Satisfaction w life	0.68	0.24	0	1
Education	0.54	0.31	0	1
Political interest	0.45	0.31	0	1
Left-right self-placement	0.52	0.22	0	1
Left-right self-placement sq.	0.32	0.24	0	1
Over-reporting	0.10	0.15	0	1

NWE			0.992	10.84	0.000				0.020	0.37	0.712	
SE			0.912	7.08	0.000				0.238	3.07	0.002	
CEE			0.970	7.90	0.000				0.293	4.86	0.000	
authoritarian			0.467	2.39	0.017				0.264	2.67	0.008	
Leftr-right sp												
NWE			-6.181	-14.33	0.000				-0.773	-3.15	0.002	
SE			-3.783	-7.06	0.000				-1.431	-4.52	0.000	
CEE			-1.807	-3.85	0.000				-0.604	-2.64	0.008	
authoritarian			-0.898	-0.93	0.352				1.592	3.23	0.001	
Left-right sp 2												
NWE			3.274	8.04	0.000				0.751	3.28	0.001	
SE			3.399	6.88	0.000				0.778	2.64	0.008	
CEE			1.350	3.11	0.002				0.724	3.42	0.001	
authoritarian			0.893	1.09	0.276				-0.726	-1.74	0.082	
Over-report												
NWE			6.483	29.64	0.000				1.996	17.82	0.000	
SE			6.450	20.18	0.000				1.683	10.61	0.000	
CEE			7.225	32.16	0.000				2.079	19.64	0.000	
authoritarian			6.903	18.92	0.000				2.219	11.91	0.000	
_cons												
NWE	-2.054	-22.70	0.000	5.022	26.38	0.000	-4.901	-10.57	0.000	8.571	100.36	0.000
SE	-2.423	-15.64	0.000	4.586	12.41	0.000	-0.409	-0.56	0.578	8.966	75.91	0.000
CEE	-3.595	-34.21	0.000	5.943	12.75	0.000	-2.558	-5.40	0.000	8.499	87.95	0.000
authoritarian	-4.116	-21.32	0.000	3.369	4.37	0.000	-5.106	-6.84	0.000	7.460	31.61	0.000
R2												
NWE	0.170			0.030			0.140			-0.020		
SE	0.170			0.060			0.030			0.060		
CEE	0.270			0.150			0.100			0.050		
authoritarian	0.270			0.150			0.120			0.040		