# ECONOMIC CRISES AND SHIFTING POLITICAL ATTITUDES:

# IMPACT OF EUROZONE CRISIS ON CREDITOR AND DEBTOR COUNTRIES

SEHER BERAY BAYER

BOĞAZİÇİ UNIVERSITY

2023

# ECONOMIC CRISES AND SHIFTING POLITICAL ATTITUDES: IMPACT OF EUROZONE CRISIS ON CREDITOR AND DEBTOR COUNTRIES

Thesis submitted to the

Institute of Graduate Studies in Social Sciences

in partial fulfillment of the requirements for the degree of

Master of Arts

in

International Trade Management

by

Seher Beray Bayer

Boğaziçi University

2023

Economic Crises and Shifting Political Attitudes:

Impact of Eurozone Crisis on Creditor and Debtor Countries

The thesis of Seher Beray Bayer

has been approved by:

Assist. Prof. Arhan Sabri Ertan _____
(Thesis Advisor)

Assoc. Prof. Levent Yıldıran _____

Assoc. Prof. Hamid Akın Ünver _____
(External Member)

June 2023

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ABSTRACT

Economic Crises and Shifting Political Attitudes:

Impact of Eurozone Crisis on Creditor and Debtor Countries

The Eurozone crisis had a significant impact on individual political preferences in both creditor and debtor countries. This thesis examines the extent to which the crisis affected Euroscepticism, satisfaction with democracy, and trust in political parties and institutions. Using Eurobarometer micro-data, the sample was divided into debtors (Greece, Spain, Portugal, Italy, and Ireland) and creditors (Germany, France, the UK, Belgium, and the Netherlands) and analyzed for three time periods: pre-crisis (2007), crisis-period (2010), and post-crisis (2014).

The findings reveal that the crisis had a negative impact on individuals' preferences in both creditor and debtor countries during the crisis-period. Euroscepticism increased, satisfaction with democracy decreased, and trust in political parties, local and international institutions decreased. However, the situation returned to pre-crisis levels for creditors in the post-crisis period, while debtors continued to experience negative impacts.

The results suggest that the Eurozone crisis had a profound and lasting effect on individual political preferences in debtor countries whereas the crisis has a temporary impact on individual preferences in creditor countries. In conclusion, this study highlights the importance of understanding the impact of the Eurozone crisis on individual political preferences, particularly in countries most affected by the crisis.

# ÖZET

## Ekonomik Krizler ve Değişen Siyasi Tutumlar:
## Euro-Bölgesi Krizinin Borç Veren ve Borç Alan Ülkelere Etkisi

Avrupa Borç Krizi, alacaklı ve borçlu ülkelerde bireysel siyasi tercihler üzerinde önemli bir etkiye sahip olmuştur. Bu tez, Euro-skeptisizm, demokrasi memnuniyeti ve siyasi partilere ve kurumlara olan güven gibi konulara krizin etkisini incelemektedir. Eurobarometre mikro verileri kullanılarak örneklem, borçlu ülkeler (Yunanistan, İspanya, Portekiz, İtalya ve İrlanda) ve alacaklı ülkeler (Almanya, Fransa, İngiltere, Belçika ve Hollanda) olarak ayrılmış ve pre-kriz (2007), kriz dönemi (2010) ve sonrası (2014) için analiz edilmiştir.

Bulgular, krizin kriz döneminde hem alacaklı hem de borçlu ülkelerde bireylerin tercihleri üzerinde olumsuz bir etkiye sahip olduğunu göstermektedir. Euro-skeptisizm artmış, demokrasi memnuniyeti azalmış, siyasi partilere, yerel ve uluslararası kurumlara olan güven azalmıştır. Ancak, alacaklı ülkelerde sonrası dönemde kriz öncesi seviyelere dönerken, borçlu ülkelerde olumsuz etkiler devam etmiştir.

Sonuçlar, Euro bölgesi krizinin borçlu ülkelerde bireysel siyasi tercihler üzerinde derin ve kalıcı bir etkiye sahip olduğunu göstermektedir. Bu bulgular, politika yapıcılar için önemli sonuçlar ortaya koymaktadır ve krize katkıda bulunan temel ekonomik ve sosyal zorluklarla başa çıkmak için tedbirler alınması gerektiğini göstermektedir. Sonuç olarak, bu çalışma, özellikle krizden en çok etkilenen ülkelerde Eurozone krizinin bireysel siyasi tercihler üzerindeki etkisini anlamanın önemini vurgulamaktadır.

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# ABBREVIATIONS

| | |
|---|---|
| EC | European Commission |
| ECB | European Central Bank |
| EEC | European Economic Community |
| EFSF | European Financial Stability Facility |
| EP | European Parliament |
| ESM | European Stability Mechanism |
| EU | European Union |
| FI | Forza Italy |
| GDP | Gross Domestic Product |
| GIIPS | Greece Italy Ireland Portugal Spain |
| IMF | International Monetary Fund |
| M5S | Five Star Movement |
| PVV | Dutch Party for Freedom |
| SP | Dutch Socialist Party |
| UK | United Kingdom |
| UN | United Nation |

# CHAPTER 1

# INTRODUCTION

Individual priorities, influenced by education, gender, culture, lifestyle, and economics, vary and shape all aspects of life, including politics. People such as conservatives or progressives are fragmented in terms of their political preferences. Different critical junctures, like socio-political and economic crises, might have an impact on political preferences, such as conservatism or progressivism. It is essential for effective policymaking and the creation of alternative macroeconomic models to understand how crises affect political conduct. This paper examines the European Debt crisis, which is one of those critical junctures, and its role in individual political preferences in terms of Euroscepticism, democratization, increase in support for anti-establishment parties, and trust in local and supranational institutions.

Briefly, the crisis occurred in the European Union which is a supranational institution that was established in 1993 with Maastricht Treaty. Since its establishment, the Union has not only been a political integrity but also an economic unity. Besides, the Union has its currency which is Euro was legally introduced on January 1, 1999, in which eleven European countries agreed on the Maastricht Treaty. By definition, member states adopted a single currency, Euro, and a single monetary policy (Frieden & Walter, 2017). The establishment of a single currency appeared to be a significant act of international diplomacy and the single currency expects more economic convergence and economic growth for politically integrated units. Also, a single currency creates a liberal-democratic zone of stability for its members (Matthijs, 2014). With this introduction, European Monetary Union (EMU)

reached its goal of creating a single market in which goods, capital, and workers can move freely (Frieden & Walter, 2017). Following ten years, Eurozone included 15 members and 4 more countries are waiting to enter this monetary zone (Frieden & Walter, 2017). The introduction of a single currency is the last step of the European economic integration process. However, this establishment and integration process faced an economic crisis in 2008 with many economic and political consequences. This crisis had a tremendous effect on the process of European integration, democracy, political party structure, and institutions. Numerous people began to doubt the efficiency of the European Union (EU) in general and the Eurozone in particular.

In this study, individual consequences of the Eurozone crisis are investigated in both debtors; Belgium, France, Germany, the Netherlands, and the UK, and in the creditors; Greece, Spain, Ireland, Italy, and Portugal. These consequences are covered under four hypotheses and those are tested by using micro-data from Eurobarometer.

The first hypothesis is related to Euroscepticism. The Eurozone crisis caused skeptical behaviors toward the European integration process and its institutions. Anti-European parties, leaders, and separation ideas gained popularity in society. Therefore, it is expected that countries that are hit hard by the Eurozone crisis experience increasing Euroscepticism in both creditor and debtor states.

The second hypothesis is related to democracy. Although Europe's overall democracy understanding concerning the countries and the union was high, the desire for democracy is expected to be declined in the continent as a result of the crisis. Therefore, it is expected that the desire for democracy decreased in the countries that have been affected by the Eurozone crisis the most.

The third hypothesis is related to party politics. As an aftermath of the crisis, support for mainstream parties decreased, and challenging parties such as radical right and radical left were raised in both creditor and debtor countries.

The last hypothesis is related to trust in institutions. Citizens in both debtor and creditor states are faced with some degree of distrust against national (Governments, Parliament, Central Bank) and supranational organizations (European Union, European Commission, European Parliament, and United Nations).

The purpose of this study is to see how many political preferences are altered as a result of the economic crisis. Theoretical and methodological foundations for measuring how people respond to the economic downturn are established. The question of what these downturns produce in terms of political preferences is responded to as well. In other words, this paper aims to shed light on the political behavior changes after the crisis by analyzing micro-data from the Eurobarometer collected during the period of the Euro crisis which is one of the recent examples. By using this micro-data, citizens' perception changes are possible to examine. Situations in the debtor (Greece, Italy, Ireland, Spain, and Portugal) and creditor (Germany, Netherlands, Belgium, France, and the UK) countries are examined based on pre-crisis, crisis, and post-crisis times. Polls of Eurobarometer are chosen based on this separation, year 2007 is selected as pre-crisis time because the European continent was not affected by the crisis yet. Then, the year 2010 is selected as a crisis time because the impacts of the crisis reached their peak for almost all sample countries. Lastly, the year 2014 is selected as the after-crisis time because the consequences of the crisis are more obvious at that time. This micro-data analysis makes it possible to look at how public attitudes changed over the duration of the crisis. This analysis offers insightful information on the effects of the Eurozone

crisis. Policymakers can benefit from the findings of this investigation by knowing where improvements should be made.

The thesis is structured as follows: In the first section, an in-depth analysis of the available literature is given. Both theoretical and case studies that are significant to the research question are covered in the literature review and the conceptual framework of the paper is provided. The paper then continues to develop four hypotheses based on the evaluated literature once the conceptual framework has been formed. In the next section of the paper, the variables and data from the Eurobarometer which is a frequently used source of information on public opinion in Europe, are presented. Lastly, the collected data is used to test the four hypotheses in the discussion part. This section summarizes the findings and discusses their significance. It also outlines the study's limitations and makes recommendations for further investigation.

# CHAPTER 2

# LITERATURE REVIEW

The literature on the impact of economic crisis on political preferences is reviewed in three main sections. Firstly, it examines the concept of economic crisis, including the Eurozone crisis, and analyzes debtor and creditor states. Secondly, it explores literature on economic voting and political preferences. Lastly, it reviews the consequences of the Eurozone crisis. The review concludes with a list of hypotheses based on the existing literature.

## 2.1 Economic crisis

An economic crisis is a severe downturn in a nation or region's economy, characterized by high unemployment, reduced production, and a significant decline in economic activity. The Eurozone Crisis, which began in 2009, affected several European countries using the euro as their currency. The crisis was triggered by a combination of factors, including the global financial crisis, excessive government debt, and economic competitiveness issues in certain nations. The overall understanding of crises is discussed before delving into the specifics of the Eurozone crisis.

### 2.1.1 The universal meaning of the economic crisis

Financial stability is an important term for the economy. The meaning of financial stability is examined by scholars descriptively (Bernanke & Mihov, 1998; Dumitrescu, 2020; Rupnik, 2018). Although there is no common and broad definition for financial stability in the early literature, financial stability is present at the micro and macro-economic levels under the condition of economic fluctuation and it is declared as a public good (Dumitrescu, 2020; Rupnik, 2018). Financial stability was used for the first time by Hyman Minsk in 1994 and it was defined as the absence of financial instability (Dumitrescu, 2020). After that usage, financial stability is defined specifically without resorting to the concept of "financial instability" (Bernanke & Mihov, 1998; Dumitrescu, 2020). Financial systems can be stable toward their objectives and those are complex structures. Those systems have dynamic characteristics (Dumitrescu, 2020). On the other hand, financial stability does not necessarily mean the absence of crises. Financial stability might use as a tool to prevent imbalances and the accumulation of risks. Imbalances and risks have an impact on the integrity of the financial system and they can block real economic processes (Dumitrescu, 2020; Rupnik, 2018). Although imbalances and financial risks may cause an economic crisis, the absence of financial stability is not sufficient for crisis conditions. For instance, IMF did not forecast the 2008-2009 crisis based on its financial stability reports. For this reason, the term economic crisis is necessary to define.

Etymologically, the root of the crisis comes from the Greek words Kritik and krei (Janzen, 2018; Koselleck & Richter, 2006). It refers to both crisis and critique (Janzen, 2018). Despite it is the usage of the word in ancient Greek as imposing choices between edges in medicine, there are several usage

examples in the law and theology fields. From the 17th century, the usage expanded into politics, economics, history, and psychology in other words, social sciences (Koselleck & Richter, 2006). Following this, the concept expanded into the spheres of politics and also economics. Also, situations are functioning under normal circumstances however, crises are the moments that counted as exceptions (Janzen, 2018). Therefore, an economic crisis can be defined as the contrast of an "economic normality". In addition to its terminological definition, six common indexes are listed in the literature to understand the state of the economic crisis. These are asset quality, liquidity profitability, currency risk, interest rate risk, and capital adequacy (Vidal, 2019).

Financial downturns often relate to a brief period of economic contraction that is mostly caused by market volatility. A downturn in economic activity, declining stock prices, and rising unemployment were its defining characteristics. These downturns can be brought on by several consequences, such as changes in governmental policy, volatility in the financial markets, and a drop in consumer confidence. On the other hand, an economic crisis generally indicates a more serious and protracted period of economic decline. Economic crises frequently feature a sharp reduction in economic activity, high unemployment rates, decreased consumer spending, and a large number of failing businesses. Many variables, including instability in the financial markets, inflation, high debt levels, failed government policies, trade imbalances, and natural disasters, can contribute to these crises. The 1930s Great Depression and the 2010s Eurozone crisis are two instances of economic crises.

To sum up, it is a key concept for human and social sciences and it is characterized by epochs or structures. It has interchangeable usage which is unrest, conflicts, and revolution. Besides academic usage, crisis refers to a point in ordinary life usage. It

also refers to an event or a series of events that determine outcomes and which signal the direction (Koselleck & Richter, 2006). It can be said that human-being have experienced lots of political and economic crises throughout history. The latest one is the COVID-19 health crisis which has hurt almost all countries and it has been far from the health crisis. Its economic impacts are generally compared with the main topic of the paper – the 2009 European Debt crisis which is also compared with the 1930 Great Depression (Bernini et al., 2019; Greenspan, 2010; Kirman, 2010; Tosun et al., 2014). Although the European Debt crisis had started as a Mortgage crisis in the USA, it spread to European Union very soon. In the next section, European Union, Eurozone Crisis, and its features are examined.

### 2.1.2 Euro-zone crisis and its futures

The EU has brought political benefits such as advanced human rights and democratic stability, while also fostering economic stabilization, development, and the adoption of a common currency, resulting in improved living standards and free movement of capital (Giurlando, 2015; Sojka, 2015). Member states must fulfill certain criteria to enjoy these socio-economic and political benefits, including maintaining democratic stability, upholding the rule of law, protecting human rights, and respecting minorities. They also are required to support a liberal economic order and free trade while abiding by the monetary policies of the European Central Bank and other financial organizations. Entry into the Eurozone, the area with a common currency, is subject to convergence criteria. These criteria include ensuring price stability with inflation not exceeding 1.5 percentage points higher than that of the three best-performing member states, maintaining sustainable public finances without being

subjected to high deficit procedures, achieving exchange-rate stability, and avoiding significant deviations for at least two years. Additionally, long-term interest rates should not exceed two percentage points above the rates of the three best-performing member states.

The European Union and the common currency system have benefits, but after ten years of the currency's establishment, a crisis arose (Frieden & Walter, 2017). Studies of the Eurozone crisis have focused on both its causes and effects. Scholars agree that the financial crisis started with the bankruptcy of the investment company Lehman Brothers in September 2008 (Chzhen et al., 2014; Clements et al., 2014; Greenspan, 2010; Hernández & Kriesi, 2016; Kotz, 2009; Matthijs, 2014; Morlino & Sottilotta, 2019; Shambaugh, 2012; Tosun et al., 2014; Uslaner, 2010). As long-term interest rates decreased, asset prices, especially, home prices dramatically increased (Greenspan, 2010). At the same time, the long expansion trend caused a more unstable economic environment both in the USA and Europe, as a result of this trend the system needed bigger asset bubbles to reach new expansion (Kotz, 2009). This situation affected the debt of individuals and then the crisis spread around the globe and the Europe continent.

The crisis started in the US in 2008 then spread to Europe in 2009 and gained momentum across member states (Michailidou, 2015) for this reason, 2007 is selected as a pre-crisis period whereas 2010 is a pick time and 2014 is the post-crisis time. The world encountered the Great Recession and it led to a major sovereign debt crisis which is a huge challenge for the European Union and its common currency (Armingeon & Guthmann, 2014).

The Eurozone crisis is a series of crises faced by countries in the Eurozone between mid-2009 and mid-2012, as extensively discussed in the literature. It originated from

countries borrowing money and financial institutions being willing to lend due to expansion trends, resulting in significant current account imbalances. The expansion turned into a bubble that eventually burst, leaving heavily indebted countries unable to repay their debts. These countries borrowed more funds and implemented austerity policies to manage their debts (Armingeon & Guthmann, 2014; Frieden & Walter, 2017). The crisis also led to liquidity problems for banks and increased bond yields, causing an economic recession that intertwined with a debt and growth crisis (Bernini et al., 2019; Frieden & Walter, 2017; Kotz, 2009). The affected countries experienced slower economic growth compared to others, leading to economic meltdowns in their respective economies (Shambaugh, 2012; Tonkiss, 2009).

In the literature, it is described as an unexpected shock rather than a regular recession, while also being viewed as part of a series of debt and balance of payments problems experienced by many countries (Copelovitch et al., 2016; Greenspan, 2010; Sarracino & Piekałkiewicz, 2021; Frieden & Walter, 2017).

The Eurozone crisis has had a wide-ranging impact at both micro and macro levels, affecting various political and economic elements. Its influence extends not only to member states and Europeans but also to the global community, prompting reflection due to its unexpected nature. The crisis has been extensively discussed in the literature, emphasizing its significance and scale (Bernini et al., 2019; Kirman, 2010; Pennerstorfer et al., 2020; Vidal, 2019). It is often compared to the Great Depression of 1929, being regarded as the most severe financial crisis since then, with similar economic activities (Bernini et al., 2019; Greenspan, 2010; Kirman, 2010; Tosun et al., 2014). The crisis has posed substantial challenges to both national political systems and the supranational structure of the European Union, making it significant on national and international levels (Braun & Tausendpfund, 2014). It has brought

about significant changes in the cultural, economic, and political aspects of European countries, impacting daily lives, household incomes, consumption habits, and political behaviors (Bernini et al., 2019). Also, institutions and every sector of production have been affected by crises. As it is stated, economic activities were quite similar to the great depression times, and funding cuts that caused sudden stops have occurred all around Europe when it comes to the aftermath impact after 2009. There is a statistically significant negative effect on the overall sector, meaning that the growth rate slowed compared to the years before 2009, due to the crisis (Pennerstorfer et al., 2020). This also leads to massive protest waves, especially in Italy, Portugal, and Spain (Altiparmakis & Lorenzini, 2018). In terms of supranational institutions, their roles have changed during a crisis. For example, while the European Commission has experienced a 'redirection' of its role, the European Central Bank has broadened its presence and monetary policy was centralized whereas fiscal policy was decentralized (Tosun et al., 2014). Fiscal and financial policy reforms caused strengthened economic integration (Tosun et al., 2014). It can be said that European Central Bank and European Monetary Union are the most affected institutions. In the literature, scholars generally refer to Troika institutions including International Monetary Fund (IMF), European Central Bank (ECB), and European Commission (EC) (Afonso & Bulfone, 2019; Altiparmakis & Lorenzini, 2018; Armingeon & Guthmann, 2014; Bauer & Becker, 2014; Clements et al., 2014; Copelovitch et al., 2016; Ferreira, 2015; Frieden & Walter, 2017; Hassel, 2014; Katsikides & Koktsidis, 2015; Matthijs, 2014; Morlino & Sottilotta, 2019; Reis, 2013; Sacchi, 2015; Schimmelfennig, 2014; Shambaugh, 2012; Torreblanca et al., 2013; Vidal, 2019). They are the lenders of crisis and they can imply certain rules and follow policies for debtor countries such as dramatic cuts

(Bellucci et al., 2012). These policies were imposed through interaction between international and supranational organizations (Armingeon & Guthmann, 2014). As it is stated, it was a debt crisis and it led to huge bailout programs, national governments followed harsh, unwanted austerity measures and structural reforms from European Central Bank and International Monetary Fund when the Eurozone crisis reached its peak. Besides, those supranational actors find a chance to intervene in national politics (Armingeon & Guthmann, 2014). National governments are enforced through international financial market pressure. For this reason, there is no maneuver in national politics and this situation created pressure on national governments and citizens.

The Eurozone crisis is a unique combination of government debt and banking crisis within the European Monetary Union (EMU), which fosters a single market, common currency, and economic and political unity among its members. Within a supranational organization whose members are interconnected, it began in the middle of 2009 (Frieden & Walter, 2017). The crisis had a negative impact on economic growth and resulted in higher debt levels. It is a multi-faced phenomenon that is highly significant at the local, regional, and global levels and it is the most serious economic crisis in 75 years (Frieden & Walter, 2017).

### 2.1.3 Case studies

Member states of the Eurozone experienced a stable inflation ratio, right after the introduction of the common currency. However, the Eurozone crisis occurred during the following period of the introduction of the common currency. Despite there is unification, each country's experience varies and the responses of national central

banks are different. The way of response of national governments, economies, and individuals to the crisis is highly important to create a path for the future. Besides, the country-based examination of the crisis provides making predictions for political-economic aspects and develops appropriate policies. For this reason, the country-based examination is conducted and the literature review for affected countries is divided into two subcategories: debtors and creditors.

This separation has been done in the literature previously. The politics of the crisis are reviewed based on "so-called" periphery debtors and core creditors and Eurozone has been highly politicized in those two lines (Ibsen, 2022; Parker & Tsarouhas, 2018; Pérez, 2019). This division is macroeconomically centered (Pérez, 2019). Besides, some scholars provide a traditional division of North, South, East, and West (Hallett & Martinez Oliva, 2015; Pérez, 2019). They indicate a payment imbalance between the South and Western countries, leading to debt in the South (Hallett & Martinez Oliva, 2015). It can be said that debtors correspond with the south mostly, including Ireland. They are called GIIPS in the literature (Ibsen, 2022; Parker & Tsarouhas, 2018; Pérez, 2019). Those five member states, namely; Greece, Ireland, Italy, Portugal, and Spain declared their economic position as a state of crisis during the 2010s(Reis, 2013). Those are the indebted member states which have imposed austerity measures through EU/IMF rescue packages (Armingeon & Guthmann, 2014; Schimmelfennig, 2014). They have to deal with lots of severe economic shocks. For that reason, those countries are great cases for studying, and also the impacts of the Eurozone crisis and the degree of the changes in people's preferences are obvious in those countries. It is quite apparent that the Eurozone crisis literature is dominant for GIIPS countries that were hit hardest by the Eurozone crisis mostly (Afonso & Bulfone, 2019; Altiparmakis & Lorenzini, 2018; Bernini et al., 2019;

Bull, 2018; Chaves-Avila & Savall-Morera, 2019; Ferreira, 2015; Frieden & Walter, 2017; Giurlando, 2015; Matthijs, 2014; Morlino & Sottilotta, 2019; Pennerstorfer et al., 2020; Reis, 2013).

West, on the other hand, creditors correspond with the West and British Isles. In some articles, Austria is also included as an ally of Germany (Pérez, 2019). Based on this classification, Greece, Ireland, Italy, Portugal, and Spain are selected as debtors whereas, Germany, France, Britain, Netherlands, and Belgium are selected as creditors. Some scholars investigate debtor countries (Afonso & Bulfone, 2019; Altiparmakis & Lorenzini, 2018; Bernini et al., 2019; Bull, 2018; Chaves-Avila & Savall-Morera, 2019; Ferreira, 2015; Frieden & Walter, 2017; Giurlando, 2015; Hassel, 2014; Matthijs, 2014; Morlino & Sottilotta, 2019; Pennerstorfer et al., 2020; Reis, 2013) and some of them investigate creditor countries (Bernanke & Mihov, 1998; Bhanot et al., 2014; Bijsmans, 2021; Brans et al., 2016; Bulmer, 2014; Clift, 2013; Feld et al., 2015; Fitzgibbon, 2013; Fontan & Saurugger, 2020; Gamble, 2012; Hall, 2012; Jacoby & Hopkin, 2020; MacMillan, 2015; Otjes, 2016; Parker & Tsarouhas, 2018; Pérez 2014; Pirro & van Kessel, 2018; Rattinger & Steinbrecher, 2011; Schoeller, 2017; Schoeller, 2018; Torreblanca et al., 2013; Van Gyes et al., 2017). There was a conflict which is caused by the interaction of debtor and creditor countries while the effects of the crisis were experienced (Frieden & Walter, 2017) also different demand patterns come from the West and South during the crisis (Hallett & Martinez Oliva, 2015). The Union experienced other conflicts related to accumulated debt and imbalance between debtors and creditors. First, literature related to the debtor (GIIPS) countries is discussed then literature related to creditors are examined.

### 2.1.4 Debtor countries

Five-member states which are GIIPS namely; Greece, Ireland, Italy, Portugal, and Spain declared their economic position as a state of crisis during the 2010s (Reis, 2013). Those are the indebted member states which have imposed austerity measures through EU/IMF rescue packages (Armingeon & Guthmann, 2014; Schimmelfennig, 2014). They have to deal with lots of severe economic shocks. For that reason, those countries are great cases for studying, and also the impacts of the Eurozone crisis and the degree of the changes in people's preferences are obvious in those countries. It is quite apparent that the Eurozone crisis literature is dominant for GIIPS countries that were hit hardest by the Eurozone crisis mostly (Afonso & Bulfone, 2019; Altiparmakis & Lorenzini, 2018; Bernini et al., 2019; Brazys & Regan, 2017; Bull, 2018; Chaves-Avila & Savall-Morera, 2019; Dellepiane & Hardiman, 2012; Fasone, 2014; Ferreira, 2015; Fitzgibbon, 2013; Frieden & Walter, 2017; Giurlando, 2015; Honohan et al., 2010; Matthijs, 2014; Morlino & Sottilotta, 2019; O'Sullivan & Kennedy, 2010; Pennerstorfer et al., 2020; Perez, 2014; Reis, 2013; Robbins & Lapsley, 2014; Salo & Rydgren, 2018; Sommer, 2020; Walsh & Carney, 2016; Whelan, 2014).

The crisis quickly spread from Greece to Ireland and Portugal in the second half of 2010, and then to Italy and Spain in 2011. The most major consequence of the Eurozone crisis for debtor countries was a painful process of forced economic adjustment (Matthijs, 2014). For example, countries had to repay by mobilizing domestic resources with spending cuts, tax increments, and demand compressions. These caused not only pressure on bond markets, European institutions, and international lenders (Afonso & Bulfone, 2019; Frieden & Walter, 2017) but also caused political resolution (Frieden & Walter, 2017; Matthijs, 2014; Tosun et al.,

2014). Besides, economic and political conflict is most intense in debtor countries. Internal adjustments followed by local governments and structural reforms applied by supranational institutions are reasons for these intense political conflicts.

In addition, the majority of the debtor countries are also Mediterranean countries that have an economic dependency on tourism. For that reason, the governments of Greece, Italy, Portuguese, and Spain have had hardships coping with the recent crisis (Altiparmakis & Lorenzini, 2018; Bernini et al., 2019) and ECB has intervened on some occasions for providing relief to highly indebted countries and banks (Schimmelfennig, 2014). These followed measures affected every aspect of individuals in those countries. They experienced not only economic shrinking but also protest waves during the Euro crisis. Although Italy and Greece have strong political cultures, Spain is more moderate, and challengers emerged in all of those countries. Greece and Italy experienced those waves earlier, and later on, Spain and Portugal experienced the same protest waves as well. Those protest waves are an indicator of the demands of people that have been changing and the micro-level problems that occurred during the crisis. For example, citizens protested austerity measures massively also mainstream parties were punished in those countries repeatedly whereas challengers were rewarded (Altiparmakis & Lorenzini, 2018; Hernández & Kriesi, 2016). For that reason, political-economic dynamics are necessary to be investigated. Under this heading, literature related to Italy, Portugal, Greece, Spain, and Ireland is investigated.

#### 2.1.4.1 Italy

Italy has been severely impacted by the crisis, facing low growth, high public debt, and credit rating downgrades. Political unrest in the nation has existed since the early 1990s, and it grew worse under Silvio Berlusconi's leadership of the Center-Right alliance from 2008 to 2017 (Afonso & Bulfone, 2019). During the Eurozone crisis, the Five Star Movement (M5S) which has anti-establishment discourses became famous. Although the M5S which has Eurosceptic discourses got the highest votes, the government was formed by another populist right-wing party Forza Italy, and radical right party North League (Afonso & Bulfone, 2019). The recent changes in the Italian election indicated that Italians have lost their belief and trust in the European Union and demand for anti-establishment parties increased. As a case study, Italy has been investigated (Afonso & Bulfone, 2019; Altiparmakis & Lorenzini, 2018; Bellucci et al., 2012; Bernini et al., 2019; Bull, 2018; Braun & Tausendpfund, 2014; Giurlando, 2015; Katsikides & Koktsidis, 2015; Matthijs, 2014; Sacchi, 2015).

In accordance with those studies, Italian people have been encountering lots of changes in their daily lives during the crisis such as an increase in Euroscepticism, a decrease in trust in the Euro, changes in consumption habits, and also an increase in demand for new policies. Firstly, Italian citizens' perceptions toward the European Union have shifted because of austerity measures that are implied by European Institutions (Giurlando, 2015). Before the crisis, there was high support for European integration and a weak nationhood identity, this situation make the European integration process much easier for Italians. However, the Italian government is admitted into the European Monetary Union and followed European Central Bank's regulations during the crisis. Measures implied by these institutions have an impact

on economic conditions for instance an increase in young unemployment and a tax increase (Giurlando, 2015). Although they have a weak nationhood identity and high support for the European integration process and European Union's institutions, their supporters have decreased because of the crisis (Giurlando, 2015). This situation is quite similar to the Euro currency although there are still Euro enthusiasts in Italy. In addition to opinion changes in European Union and Euro, people's daily life has been affected by a common long-lasting decrease in disposable income (Bernini et al., 2019). As a result of this, redistribution policies started to be demanded by society and a new class schema occurred. It can be said that post-crisis reforms in Italy linked to pensions and employment protection and North League gained votes by referring them (Afonso & Bulfone, 2019). The crisis has had significant effects on Italians, leading to changes in their political preferences such as criticism toward the EU and the Euro, and increased demand for new policies have emerged.

#### 2.1.4.2 Portugal

Portugal is one of the countries that are deeply affected by the Eurozone crisis, just like Italy. Historically, post-1974 corresponds to the post-authoritarian period, which was characterized by a battle between center-left and center-right coalitions (Afonso & Bulfone, 2019), and social protection policies were expanded in this period. Portugal was located left in the political spectrum and there was an alliance between Socialists and the radical left in the contrast to Italy. Of that tendency, Portugal's labor market was rigid because there are employee protection regulations (Reis, 2013). A high growth ratio was reported between 1986 and 1992. With the attendance of the European Union, disinflationary policies are forced but it was

resulting in a period of low growth and fiscal reduction (Afonso & Bulfone, 2019). Then, the country faced a Eurozone crisis and Portugal was under an adjustment program by Troika between 2011 and 2014 and this period was guided by the Portuguese government and Troika (Sacchi, 2015). Portugal's situation during the crisis is studied as a case study in the literature (Afonso et al., 2015; Afonso & Bulfone, 2019; Chaves-Avila & Savall-Morera, 2019; Ferreira, 2015; Morlino & Sottilotta, 2019; Reis, 2013; Sacchi, 2015). In comparison, the Portuguese economy grew less when compared to the US experiencing the Great Depression during the Euro crisis (Reis, 2013). Portugal's budget deficit was higher than expected and financial balances were shaken (Morlino & Sottilotta, 2019). This situation has an impact on individuals and sectors. The income of the individuals was lowered because of the crisis and the social sector which is referred to as the third sector in Portugal and Spain was hit hard by the crisis since austerity measures targeted this sector (Chaves-Avila & Savall-Morera, 2019; Ferreira, 2015). This sector is part of the welfare function of the state affected by the crisis as well (Ferreira, 2015).

#### 2.1.4.3 Greece

As can be seen from the above examples, the Eurozone crisis became particularly problematic in the Mediterranean countries and the most prominent example is Greece (Tosun et al., 2014). Greece is a highly important case study for the Eurozone crisis investigation because the crisis almost caused a separation of Greece from the EU. It is studied by several scholars in the literature (Afonso et al., 2015; Altiparmakis & Lorenzini, 2018; Anderson & Reichert, 1996; Armingeon & Guthmann, 2014; Clements et al., 2014; Gunther, 2009; Hassel, 2014; Katsanidou &

Otjes, 2016; Matthijs, 2014; Morlino & Sottilotta, 2019; Nezi, 2012; Shambaugh, 2012; Tosun et al., 2014). Before the crisis began, EU membership was associated in Greece with economic progress, prosperity, and modernity. However, Greece has gone through a severe recession, harsh austerity, structural reform, and bailouts. Greece's newly elected socialist Prime Minister George Papandreou first revealed in October 2009 that the country's public finances were actually in bad circumstances (Matthijs, 2014). Then, the economic crisis in Greece reflected the political system, the country experienced five snap elections in six years and the traditional party system underwent a major transformation (Vidal, 2019). At the end of 2010, the financial crisis turned into a sovereign debt crisis for Greece and Greek finance minister Papacostantinou disclosed that the country's deficit in that year would soar to 12.5 percent of GDP, a much higher figure compared to that originally estimated by the former conservative government (Barber 2009; Morlino & Sottilotta, 2019). In the following period, Greece lost its access to capital markets and signed a memorandum of understanding (MoU). As a consequence of the MoU, creditors pushed Greece to follow harsh reforms (Vidal, 2019). The Greek government implemented additional austerity packages to satisfy the demands of the creditors. As the country has been faced with Austerity policies, violent resistance among citizens to those policies between May 2010 and May 2012 occurred. The demand for certain solutions increased in society.

Other forms of resistance continued until January 2015 when radical left SYRIZA won the general election in Greece (Morlino & Sottilotta, 2019). Unsurprisingly, harsh austerity policies and bailouts led to a fall in Greek support for the EU and people's demand for radical changes arises whereas support for the two biggest political parties is reduced (Clements et al., 2014, Torreblanca et al., 2013).

#### 2.1.4.4 Spain

Spain's case is generally compared with Greece's, Italy's, and Portugal's cases in the literature (Fasone, 2014; Perez, 2014; Sommer, 2020). Before the crisis started, when it comes to European integration, Spanish people demonstrate an identically strong pro-European tendency like other Mediterranean countries. However, the country also experienced an economic downturn between 2008 and 2012. For instance, the rate of youth unemployment has soared and the government declared a state deficit. This downturn had a crucial effect on not only the economy but also the politics of the country. The country was facing not only unemployment but also poverty, and inequality. The situation has gotten a lot worse during a crisis (Chaves-Avila & Savall-Morera, 2019).

Just like Greece, Spain signed a memorandum of understanding (MoU) and faced several harsh Austerity measures in 2010-2011. As a result, the economy of the country slid back into recession (Vidal, 2019). Like the Spanish case, the economic and fiscal situation of the national government is supervised by the European Union's branches and creditor countries (Torcal, 2014). This situation triggered distrust toward the two countries' parliament, politicians, and political parties for instance, voter mistrust of the national parliament went from 22.9 percent to 51.1 percent in Spain, while voter mistrust of political parties increased from 53.8 percent to 77.7 percent and voter mistrust of politicians increased from 52.8 percent to 76.4 percent. (Torcal, 2014). Therefore, distrust toward those national branches decreased in 2012 compared with 2008.

Besides, the social democratic government (PSOE) up until December 2011 and the conservative government (PP) thereafter encountered austerity measures due to growing state deficit and Eurozone leaders' pressure. As a result, protest movements

and recently emerging actors challenged what was seen as an austerity consensus among the major parties, including the far-left party Podemos (Sommer, 2020).

#### 2.1.4.5 Ireland

As a debtor nation, Ireland's economy suffered considerably during the Eurozone crisis, with a notable fall in nominal GDP growth (-21%) from 2007 to 2010. Ireland's government indebtedness, post-crisis recessions, high unemployment rates, governmental responses, and the collapse of the banking system are all highlighted in the literature. Ireland is a debtor nation despite being a member of Western Europe (Dellepiane & Hardiman, 2012; Fitzgibbon, 2013). Like other debtors, Ireland faced a sharp increase in public debts and a high unemployment rate and the crisis was characterized by a sovereign debt crisis in Ireland too. Like Greece, Ireland is one of the member states most affected by the Eurozone crisis, facing challenges such as increased public debt, unemployment, and economic decline (Fitzgibbon, 2013). In 2010, Ireland received financial assistance from the European Union and IMF and adopted different approach with a fiscal strategy that included two-thirds spending cuts and one-third revenue increase (Dellepiane & Hardiman, 2012).

For many years, Ireland's per-capita output was roughly twenty-fourth out of all industrialized countries. Ireland suddenly began to advance in the middle of the 1990s, rising from twenty-second in 1993 to eighteenth in 1997 and an astounding ninth in 1999 (Honohan et al., 2010; Walsh & Carney, 2016). Ireland was at the top of the European economic achievement rankings before the crisis; it had low unemployment rates along with budget surpluses. Moreover, the nation supported the process of European integration and they are pro-European (Whelan, 2014). The

majority supported integration in the EU referendum (Fitzgibbon, 2013). Even the country is called a Celtic Tiger thanks to FDI-led economic growth between the 1990s and 2000 (Salo & Rydgren, 2018; Whelan, 2014).

During the Eurozone crisis, Ireland faced severe recessions compounded by a banking system collapse, leading to economic stagnation and social issues like emigration, poverty, and underdevelopment (Fitzgibbon, 2013; O'Sullivan & Kennedy, 2010; Whelan, 2014). In 2010, the Irish Government sought a funding deal with the Troika (EU, EMU, IMF) and implemented a National Recovery Plan (Whelan, 2014). However, both the banking and fiscal crises created hardships and changes in welfare rights (Salo & Rydgren, 2018). The crisis also resulted in the rise of Eurosceptic parties in the 2016 general election, with left-wing Eurosceptics emerging as a consequence (Fitzgibbon, 2013).

Ireland's high productivity and state-led foreign direct investment growth enabled it to handle fiscal austerity better than other Mediterranean countries. The country successfully recovers and restores its institutions and economy after the crisis, serving as a model of success (Brazys & Regan, 2017; Robbins & Lapsley, 2014; Whelan, 2014). However, it is acknowledged that Ireland experienced failures in political, economic, and social aspects during the crisis (Fitzgibbon, 2013).

### 2.1.5 Creditor States

Although case studies in the literature are focusing on debtor countries mostly, creditor states – Germany, France, United Kingdom, Belgium, and the Netherlands have been affected by the Eurozone crisis as well (Hall, 2012; Jacoby & Hopkin, 2020; Rattinger & Steinbrecher, 2011; Schild, 2013; Torreblanca et al., 2013).

Literature is dominated by the German and French case studies since those two countries are the founding fathers of the European Union and monetary integration. Besides, they are known for their strong economic conditions and they conducted a negotiation strategy Management of the Eurozone crisis was dominated by this cooperation which is called as a Merkozy duumvirate in the literature (Bulmer, 2014; Schild, 2013; Schoeller, 2018). In the literature, an alliance of Germany Austria, Denmark, and Finland are discussed as creditors since they adopted export-led growth strategies whereas the Mediterranean's economy depends on tourism so debtors have hardships while coping with the crisis (Bernini et al., 2019; Hall, 2012). Sample selection for the creditor group is done based on literature and the related literature on Germany, France, United Kingdom, Belgium and the Netherlands is discussed under this heading (Bernanke & Mihov, 1998; Bhanot et al., 2014; Bijsmans, 2021; Brans et al., 2016; Bulmer, 2014; Clift, 2013; Feld et al., 2015; Fontan & Saurugger, 2020; Gamble, 2012; Hall, 2012; Jacoby & Hopkin, 2020; Otjes, 2016; Pirro & van Kessel, 2018; Rattinger & Steinbrecher, 2011; Schild, 2013; Schoeller, 2017, 2018; Van Gyes et al., 2017).

In essence, creditor countries lent money to nations like debtors who were having financial problems. Creditor nations could offer financially aiding measures like loans and bailouts to failing nations since they had stronger economies and more stable financial situations. They were viewed as essential elements during the Eurozone crisis, but they also encountered opposition from the rest of the world, such as bailouts are harsh. Even though findings for these countries are different from the debtor ones, individuals' perceptions toward European Integration, democracy, political parties, and institutions changed in these countries as well,

because of the crisis. Moreover, debtors also faced internal conflicts since they became borrowers for the debtors.

#### 2.1.5.1 Germany

Germany, a major economy in the European Union and a leading creditor state, played a significant role in the Eurozone crisis. Alongside France, they intervened in other economies through joint initiatives like the Troika. (Bulmer, 2014). Germany provided bailouts to financially troubled member states, leading to increased expectations for its leadership during the crisis. This leadership role is widely discussed in the literature. (Bulmer, 2014; Schoeller, 2018). During Eurozone crisis, Germany developed strategies using its superior economic resources. This strategy provided a practical response to the challenges offered by the crisis (Feld et al., 2015; Schoeller, 2017). Germany adopted centrality and Ordo-liberal principles which means competition and states as an economic regulator. during crisis. This policy modal lead to stability in single currency at EU level despite it does not compromises the EU's liberal economic values (Bulmer, 2014). Therefore, German dominance has been visible in the policy making during Eurozone crisis.

In 2008, the unemployment level in Germany was the most satisfactory since the re-unification, which is explained by increasing in German exports. The export-led growth strategy is operated in Germany (Hall, 2012). Also, Before crisis started, Germans were highly pro-integrationist in terms of Europeanization (Bulmer, 2014). In the following period, the Eurozone crisis led to a sharp decline in export rates and economic growth. Unemployed did not increase greatly, however, due to the extensive use of short-time work by industry and businesses supported by the federal

government (Rattinger & Steinbrecher, 2011). Consequently, the country is entitled as the biggest loser of the Euro crisis because 211 Billion euros is exposed to the Europe Financial Stability Facility and citizens highly protested it (Bernanke & Mihov, 1998; Jacoby & Hopkin, 2020). Germans are seeing themselves as victims of the Euro crisis and they feel they have been betrayed because they have been asked to pay higher taxes and accept high inflation rates to save the euro (Torreblanca et al., 2013). One of the fights between creditor countries' Central Bank and the European Central Bank is whether to save Euro or save local institutions and it was also observed between European Central Bank vs German Bundesbank (Bernanke & Mihov, 1998) and policy choices of governments changed as a result of this institutional fight. Therefore, it is expected that citizens' trust decreased not only toward supra-national organizations but also toward local organizations in creditor states as well.

#### 2.1.5.2 France

France is also one of the largest economies in the Union and a significant member of the Eurozone, the country has contributed significantly to the Eurozone crisis as a creditor state with Germany. Other nations were given financial support by France which also experienced economic difficulties, such as high public debt, high unemployment, and slow development during the crisis.

Before the crisis was experienced, although the French political system has been highly centralized, Eurozone economic integration and political integration have been supported by France (Fontan & Saurugger, 2020). Also, France was part of the European Union Negotiation table before the crisis occurred. The country took

responsibility as a Eurozone institutional architecture in the post-crisis period, for this reason, the country is an important actor in the Eurozone crisis (Fontan & Saurugger, 2020).

During the crisis, France's domestic position has not been stable, although one president who is Merkel led the process during the crisis in Germany, three different presidents took office during the Eurozone crisis in France, these are Sarkozy, Hollande, and Macron (Fontan & Saurugger, 2020). This situation indicates that French people's preferences have changed because of the crisis. Before the election, Sarkozy who represents the mainstream right proposed a European-level financial transaction tax. However, the majority of the French people did not want it and voted for Hollande. Hollande's presidential election in 2012 was the first win of the left since the late 1980s. It is interpreted as a huge achievement for the French left. Hollande's program suggests a coherent, growth-oriented activist and interventionist political economic vision (Clift, 2013). Hollande's election is interpreted as good news to generate constructive compromise because two different ideological positions would lead to a crisis. However, there is no European support for Hollande's vision, especially from the German side and ECB side (Clift, 2013). Therefore, France lost weight in the crisis leadership and Merkollande has not been experienced during the crisis (Schoeller, 2018).

Despite the nation's weaker leadership during the Eurozone crisis, electoral results and domestic politics were impacted by crisis (Fontan & Saurugger, 2020). France's governance structure was dominated by policy networks made up of private bankers and government employees, which resulted in a coordinated national response to the crisis (Fontan & Saurugger, 2020). In order to improve economic integration inside the Eurozone, French politicians supported measures like Eurobonds while

attempting to avoid the costs associated with stringent budgetary restrictions and mandatory economic policy coordination, both of which would have compromised sovereignty (Fontan & Saurugger, 2020).

#### 2.1.5.3 The United Kingdom

The UK has one of the largest economies in Europe and is a significant trading partner of several Eurozone nations, despite the fact that it was not a member of the Eurozone and did not directly participate in the bailout programmes. On the contrary of Germany and France, the UK has been against fiscal compact (Schoeller, 2017). However, the country supported stabilizing the Eurozone by funding the International Monetary Fund (IMF) and promoting austerity measures. Therefore, as not only a creditor country but also significant partner of Eurozone members, the nation has been affected by the crises.

United Kingdom became a member of the European Union in 1973. Since that day, there have been Euroscepticism from Eurosceptic parties for rejecting EU. In addition to Eurosceptic parties, civil-society-based rejection has also been present (Fitzgibbon, 2013). Referendum campaigns on European Union (EU) issues in the United Kingdom have shown the formation of organized and strong civil society resistance to European integration, independent of the party system (Fitzgibbon, 2013; MacMillan, 2015). Both hard and soft Eurosceptics can be mentioned in the UK since 1973, however, the country can be labeled as ‘hard Eurosceptic’ especially after the crisis. People resist the European integration process especially after the Eurozone crisis. Due to the Eurozone crisis in 2010, the UK's relationship with the EU became critical. The UK also experienced disputes with other creditor nations

during the crisis. Sarkozy, for instance, claimed that David Cameron was undermining efforts to save the Eurozone (Gamble, 2012; MacMillan, 2015). Therefore, one of the most important solid consequences of the Eurozone crisis is the Brexit which is a legitimacy crisis (Pirro & van Kessel, 2018).

#### 2.1.5.4 Belgium

Belgium, an important member state, played a significant role not only during the crisis but also in the pre-crisis period. It is known for its democratic corporatism model and has a service-based economy. Belgium is highly integrated into the European Union and Eurozone as an open economy. Its citizens enjoy high living standards, productivity, and comprehensive welfare coverage. Belgium is counted as a founding EU member state, the country was one of the six founding members of the European Coal Community and joined the European Economic Community (EEC) which is a precursor to the European Union in 1957. Since then, the country has been a supporter of European integration and the country has played an active role in the development of EU policies and institutions. Besides, Belgium was one of the first countries to adopt the Euro when it was introduced as a common currency. For this reason, the country is a key role for the European Central Bank and other financial institutions. Europeanism is always important for the country (Van Gyes et al., 2017). There is a strong pro-European consensus in the government (Brans et al., 2016). Belgium's history with the European Union and Eurozone has been characterized by a strong commitment to European integration and a willingness to play an active role in shaping EU policies and institutions.

In the crisis period, Eurozone countries were governed by technocratic governments to push through major policy changes. However, Belgium was ruled by a caretaker government and its scope for policy change is limited. This government, however, had to arrange a new budget program. The caretaker government submitted the 2011 and 2012 Stability Programmes to the European Commission also the 2011 and 2012 National Reform Programmes were also submitted. The country dealt well with the crisis in the first period. However, in 2008 and 2009 government managed the situation by taking bailouts. Then the economic indicators went well such as employment expansion and the country has experienced economic growth since 2009 (Brans et al., 2016; Van Gyes et al., 2017).

During the crisis, the country held both a debtor and a creditor position. As a creditor nation, Belgium provided financial assistance to debtors through a variety of channels, including the European Stability Mechanism (ESM), a permanent bailout fund, and the European Financial Stability Facility (EFSF), a temporary bailout fund. Therefore, Belgium is an important participant as a creditor country in the crisis response.

#### 2.1.5.5 The Netherlands

The Netherlands is one of the wealthiest countries in the Eurozone, with a highly diversified economy that is heavily dependent on international trade. Like Belgium, the Netherlands is one of the small member states but also a founding member of the European Union so the country might be labeled as a Europhile country (Pirro & van Kessel, 2018). The country adopted Euro from the beginning of the common currency (Bijsmans, 2021). Like other Eurozone countries, the Netherlands was

affected by the Eurozone crisis as a creditor country, in other words, a non-crisis country, and provided financial assistance to debtors (Bhanot et al., 2014).

Although it is a creditor country, the Netherlands was also affected by the crisis, with declining economic growth, rising public debt levels, and high unemployment. The country's response to the crisis involved a combination of measures, including fiscal consolidation, structural reforms, and support for the banking sector such as an increase in the retirement age and guaranteeing bank deposits. It enabled the unemployment and GDP ratio to remain better than others and like Belgium, banks from the Netherlands were less exposed to Greek debts (Bhanot et al., 2014; Pirro & van Kessel, 2018).

In the literature, Euroscepticism and Dutch party politics during the crisis are highly discussed. Although it is a Europhile country, since the day that the Netherlands accepted a common currency, the country experienced Euroscepticism (Bijsmans, 2021). The crisis escalated this situation. For example, Euroscepticism has increased in the Media at the beginning of the crisis (Bijsmans, 2021) also eurosceptic frames increased in newsletters in between 2014 and 2016 and there was a demand for a referendum (Pirro & van Kessel, 2018).

These Eurosceptic sentiments are framed in radical opposed populist parties such as Dutch Party for Freedom (PVV) as radical right, and Dutch Socialist Party (SP) as radical left (Pirro & van Kessel, 2018). The crisis shaped party positions in the national economic policy space as well. It contributed one more dimension to policy-making in terms of the economy. Policy issues did not fit the left and right spectrum during the crisis. They laid on pro-European and Eurosceptic ideas as well (Otjes, 2016). Besides, the government was supported by the populist party until 2012. However, the new election resulted in a pro-European call (Bijsmans, 2021).

## 2.2 Economic voting and political preferences

In democracies, governments depend on the confidence of their voters (Scharpf, 2011). Political context interacts with economic perceptions, socio-tropic economic conditions are highly effective for voters while voting (Anderson, 2000). Economic voting is a hypothesis that voters make rational judgments about what happened to the economy in the past and it is one of the voting behaviors of people (Whitten & Palmer, 1999). The idea behind economic voting is that economy and election results are interrelated concepts. Objective macroeconomic indicators such as inflation and unemployment have an impact on people's subjective preferences, and economic instability has major political consequences (Talving, 2018; Whitten & Palmer, 1999). Economic voting models start with the proposition that all other factors are equal, and incumbent political parties will be better at the polls if the macroeconomics performs well. In contrast, when macroeconomics has been poor, incumbent political parties will be worse (Whitten & Palmer, 1999). Contemporary democracies follow economic voting rather than other voting behaviors. Macroeconomic indicators have been taken into account while voting. Parties in government have encountered important tradeoffs in their formulation of economic policies because maintaining low levels of unemployment and inflation rate is hard at the same time. Right governments aim that lower inflation whereas left governments have different primary goals. Left and center governments were affected by unemployment the most whereas right wings were affected by inflation (Powell & Whitten, 1993).

Economic voting is the field that mixes economics and political science and it is the theory that is researched under voting behavior. Integrating economic and political features into economic voting models will likely result in more accurate explanations

of how citizens, their political contexts, and the economy are linked (Anderson, 2000). The first question that comes to mind when assessing the outcome of a national election is, "How is the economy performing?" The country's financial condition has an impact on voting results. Candidates are elected or broken by the economy. Therefore, this situation might reflect national and European election results. It is obvious that not only election results but also individual preferences changed after the Euro-zone crisis. For this reason, economic voting can be counted as a theory while responding to the question of to what extent individual preferences have changed during the Eurozone crisis.

In the literature, there has been a significant amount of research on economic voting and as the data, individual survey data is typically used to test this theory (Anderson, 2000; Bellucci et al., 2012; Copelovitch et al., 2016; Cordero & Simón, 2016; Gasiorowski, 1995; Hans & Steinbrecher, 2011; Hernández & Kriesi, 2016; Hobolt & Tilley, 2016; Lewis-Beck & Paldam, 2000; Powell & Whitten, 1993; Quaranta & Martini, 2016; Rodden, 2010; Scharpf, 2011; Talving, 2018; Whitten & Palmer, 1999) however, there is a lack of systematic analysis and less study of individual level as well (Nezi, 2012). The classic economic voting theory has a lot of empirical validity. At the aggregate level, economic circumstances proved to have a significant impact on election results. Electoral outcomes are influenced by a variety of economic measures (Anderson, 2000; Hernández & Kriesi, 2016; Talving, 2018). Economic conditions play a significant role in electoral outcomes, with voters tending to reward incumbents during good economic times and penalize them during poor economic conditions (Lewis-Beck & Nadeau, 2011; Roberts, 2008). Retrospective economic voting theory suggests that individuals vote against the current government when they perceive the macro-economic conditions unfavorably.

The expectation is that governments will be re-elected if the economy improves. High unemployment rates have a particularly negative impact on incumbents' vote share. Three key economic indicators - GDP growth rate, inflation rate, and unemployment rate - shape voters' reward and punishment mechanism (Anderson, 2000; Nezi, 2012; Powell & Whitten, 1993). Economic evaluations vary among individuals, with right-wing voters being more sensitive to inflation and left-wing voters being more influenced by the unemployment rate.

Economic voting can be observable in European countries as well. In Northern Europe, the economy matters for elections, especially in Britain, Denmark, and France (Lewis-Beck & Nadeau, 2011). Also, individual-level data indicates that the political context of the country highly interacts with the economic perception in 13 European democracies (Anderson, 2000). Voters punish the incumbent for bad economic times and reward it for good economic times. In advanced democracies, people have already learned to hold governments accountable and in new democracies, they can quickly learn it (Roberts, 2008). In Central and Eastern European countries, incumbents are held accountable for economic performance, especially for unemployment (Roberts, 2008).

The Eurozone crisis has changed the economic conditions of individuals because they are faced with high inflation ratios and unemployment. The fiscal shock spread fast from the United States and the United Kingdom to the rest of Europe. Individuals who experienced these changes started to vote based on their economic needs and interests. Economic voting occurs during the normal time, but during a recession occurs greater. During the Eurozone crisis, citizens repeatedly punished incumbents (Hernández & Kriesi, 2016). For example, incumbents were heavily punished especially in hardest-hit countries. For this reason, European local and

supranational governments have been challenged by the economic conditions during the Eurozone crisis. Data indicates that in mid-2009, 75.7 % of people in 12 Western democracies expressed pessimistic views toward national economic performance (Talving, 2018). At the same time, incumbents were not supported by citizens. This situation reflected national and European election results. The economic crisis has an impact on electoral support (Bellucci et al., 2012). For instance, economic voting can also be observable in the Southern European countries of Portugal, Italy, Spain, and Greece which are called GIIPS countries the most affected by the crisis (Bellucci et al., 2012; Lewis-Beck & Nadeau, 2011; Nezi, 2012). 2004 and 2009's snap elections in Greece are those examples (Nezi, 2012; Quaranta & Martini, 2016). Germany's Bundestag election is also an example of economic voting (Hans & Steinbrecher, 2011). Moreover, out of 15 elections in the Eurozone during the acute Euro crisis (between the beginning of 2010 and mid-2013), only five elections have been regular elections (Afonso & Bulfone, 2019). Therefore, as economic conditions get worsen, demand for change in incumbents increase.

In the Eurozone crisis which is a period of economic and financial turmoil, incumbents have been heavily punished, especially in the hardest-hit countries (Hernández & Kriesi, 2016). Thus, economic voting theory can be applied to the Eurozone crisis in several ways. For example, it can help us understand why voters in the affected countries may have punished incumbent governments for their poor economic performance. Theory can provide insights into the role of public opinion and electoral politics in shaping the policy responses to the crisis, such as the implementation of austerity measures and the renegotiation of debt agreements. Besides, it can be said that strong confirmation of economic voting is observable in the Eurozone countries during a crisis, and also not only election results but also

individual political preferences changed after the Euro-zone crisis. (Roberts, 2008). In the next section, the literature related to individual political preferences is discussed.

Voting behaviors and political preferences are interbedded. The role of political preferences in voting behavior is highly important and the economic situation of individuals has an impact on political preferences as well. In fundamental terminology, political preferences are people's priorities in the political atmosphere, and in all economic and political behavior models, preferences are key building blocks (Benjamin et al., 2012). Besides, political preferences are subjective things and they are shaped by ideological values. In other words, they are the political landscape's roots and are predicated on people's schemas and ideologies (Laitin & Wildavsky, 1988).

Vast literature suggests that searching political preferences reveal causal relations of certain political events (Benjamin et al., 2012; Epstein & Mershon, 1996; Klimm, 2019; Laitin & Wildavsky, 1988; Rodden, 2010) . Moreover, measuring of preferences of individuals and collectivities is a highly important topic in social science (Epstein & Mershon, 1996). Generally, measuring, classification, and distribution of political preferences are searched in the literature rather than its conceptual meaning. In addition to this, the question of which factors such as regime types and impacts of economic development on preferences are discussed.

As it is stated, preferences are subjective things. However, those should be measurable based on objective criteria. It is indicated that party politics and party position reflects political preferences. These can be measured by asking the question of which party to vote for if there is an election next Sunday (Klimm, 2019). Classification of political preferences and distributions are discussed in the literature

as well and it is related to elections as well. Based on previous votes, an actor's preferences can be distinguished and sorted into a left-right scale. As a second method, elite-produced documents like party manifestos can be used to distinguish preferences (Epstein & Mershon, 1996). In terms of distribution of political preferences, they are distributed across districts and the way of distribution is explained by proximity and economic conditions. It indicates that everything is related to everything else, but near things are more related than distant things (Tobler, 1970). That it's valid for political preferences (Rodden, 2010). Voters are clustered into neighborhoods of individuals with similar political preferences or orientations (Rodden, 2010). In other words, similar profiles sort themselves into similar political preferences in closer areas. Besides proximity, how political preferences are distributed or clustered is also dependent on economic activities and the economic conditions of actors. Therefore, changes or clustering of them can be explained by socio-economic conditions as well. People with similar socio-economic conditions have similar demands in terms of ruling governments and their policies because they experience similar socio-economic conditions as well. For example, people living in urban or suburban and north or west have experienced different socio-economic conditions, and secular oriented people with progressive social values and left-voting tendencies are highly correlated with urban residents (Rodden, 2010). Therefore, individuals may have similar political behaviors in the Eurozone crisis, not only because England, Germany, France, Belgium, and the Netherlands are western European countries and are closer to each other, but also have similar economic conditions. This situation is also similar for Greece, Ireland, Italy, Spain, and Portugal.

In the literature, factors that affect political preferences are discussed as well. As it is stated neighborhood, the economic condition of the country, the democratic environment, migration inflow, and subjective status are also factors that have an impact on political preferences. For example, after countries reach certain economic power and market liberalization, the desire for political freedom and democratic institutions arises. Based on the given literature, individuals' preferences on Euroscepticism, opinions about democracy, trust in political parties, and trust in national and international institutions are checked. Those are also consequences of the Eurozone crisis and researched in the next section.

## 2.3 Consequences of the Eurozone crisis

As is stated the Eurozone crisis is an important turmoil for European countries and it has several consequences. In the literature, direct and indirect consequences of the Eurozone crisis are discussed and this literature shapes the hypotheses of the paper. One of the major consequences of the Eurozone crisis is unemployment and inflation rates increase and national governments implemented harsh regulations to compete with the Eurozone crisis. Additionally, people's opinions toward Euro and European Union changed. Leaders tried to decrease macroeconomic indicators and save Euro. As a whole union, new legislation as a response to the crisis was adopted in 2011 (Pisani-Ferry, 2011).

Besides, the crisis changed European Union and its institutions. For example, the European Commission is included in economic governance. The commission became a policy manager rather than a policy entrepreneur. Moreover, the structure of economic governance has changed as a consequence of this crisis. European Union's

response was dominated by intergovernmental institutions (Bauer & Becker, 2014; Tosun et al., 2014). These structural changes have impacts on individuals' preferences for trust in local and supranational institutions.

As it is obvious Eurozone crisis is generating relevant changes in European countries and European citizens. Vast literature suggests that the Euro crisis produced lots of new phenomena such as Euroscepticism, hybrid democracies, anti-establishment discourses, and trust issues. Under this heading, each of them is elaborated and hypotheses are presented.

### 2.3.1 Euroscepticism

One consequence of the Eurozone crisis is Euroscepticism. The concept of Euroscepticism has been widely used since 1980. From a broader perspective, it means negative views toward the European Union (Bijsmans, 2021). It can be divided into a hard and soft Euroscepticism (Bijsmans, 2021). It means a principled opposition and call for rejection of European integration.

National governments place a high value on the public opinion they also place a high value on the European integration process. Some countries benefit directly from the European Union, while others benefit indirectly. Payments from the European Union are direct advantages, whereas membership chances are indirect benefits. Citizens are more supportive of their country's integration processes if there are international economic elements or economic benefits received from European membership (Anderson & Reichert, 1996; Braun & Tausendpfund, 2014). Subjective opinions of the citizens have been proven to have a bigger impact on EU support in both Eurozone and economically strong countries (Braun & Tausendpfund, 2014).

Therefore, the Eurozone crisis posed a threat to the further integration process (Braun & Tausendpfund, 2014; Clements et al., 2014). In the literature, the Eurozone crisis is called the gravest crisis for European integration (Frieden & Walter, 2017). The majority of the scholars say that Euroscepticism increased as a consequence of the Eurozone crisis (Grosjean & Senik, 2011; Michailidou, 2015; Morlino & Sottilotta, 2019; Torreblanca et al., 2013).

As a result of the crisis, European integration processes are becoming more politicized (Schimmelfennig, 2014). For example, long-term bad economic conditions and the absence of growth provoked a withdrawal of Italy from the Eurozone and the possible breakup of the monetary union. Italians have become more Eurosceptic than ever before and Europe is no longer seen as a model of good governance by Italians (Bull, 2018). This is also valid for the Greek case where the country experienced a referendum to exit the European Union. Therefore, Euroscepticism is demanded by society. Another evidence of the increase in Euroscepticism as a consequence of the Eurozone crisis is the result of the 2014 European Parliament elections (Michailidou, 2015). This election produced more Eurosceptic results than ever before.

Even this situation is stated that it is the end of the European integration process in the current literature (Michailidou, 2015; Torreblanca et al., 2013).

Therefore, the Eurozone crisis may harm the European integration process and enhance Euroscepticism. Net support toward the European Union decreased in the countries such as France, Germany, Greece, Italy, The Netherlands, Portugal, Spain the UK (Torreblanca et al., 2013). Euroscepticism spread all across the European continent and it is stated that trust in the European Union decreased in almost all countries as a consequence of the Eurozone crisis (Torcal, 2014; Torreblanca et al.,

2013). Based on the reviewed literature, the Eurozone crisis caused skeptical behaviors toward the European integration process and its institutions. Anti-European parties, leaders, and separation ideas gained popularity in society. Therefore, it is expected that countries that are hit hard by the Eurozone crisis experience increasing Euroscepticism in both creditor and debtor states.

### 2.3.2 Decreased democratic sentiments

One of the social requisites of democracy is economic development (Geddes, 1999; Lipset, 1959; Rustow, 1999). However, the economic crisis expands inequality and existing forms of power (Janzen, 2018; Kotz, 2009; Rupnik, 2018). For this reason, an economic crisis may trigger democratic development and liberal values which are established with the help of the European integration process. There is a parallel emergence of liberal values, economic development, and democratization (Rupnik, 2018). However, Europeans have been facing an illiberal turn because of the Euro Crisis. There is a common discourse in the literature which is the Eurozone crisis has an impact on the way democracy works, political responsiveness, and citizens' political satisfaction (Cordero & Simón, 2016; Gasiorowski, 1995; Hernández & Kriesi, 2016; Rupnik, 2018). When the crisis started in 2009, anti-liberal movements occurred all around the continent such as democratic backsliding and anti-liberal turn (Michailidou, 2015; Rupnik, 2018).

In terms of the assessment of democratic support, there is a regional distinction in the continent. The continent is divided into three areas namely, Northwestern Europe, Sothern Europe, and Central and Eastern Europe. Each has different democratic legacies and transition periods. Central Eastern European countries completed the

transition period in the early 1990s and most Southern European countries were governed by authoritarian regimes until the 1970s. Parallel to this, Central Eastern European countries and Southern European countries were the most affected countries by the Eurozone crisis (Hernández & Kriesi, 2016), unpopular reforms and budget cuts from Troika (International Monetary Fund, European Central Bank, European Commission) caused dissatisfaction with democracy. Bad economic crises, high inflation, and intervention of supranational institutions changed people's perception of democracy (Gasiorowski, 1995; Hernández & Kriesi, 2016). Therefore, during the Eurozone crisis, one of the main problems related to democracy understanding is representative institutions are not responsive to the demands and concerns of the people. As a result of this, contemporary democracies are being challenged and people's democratic satisfaction in the countries that were hit hard by the crisis decreased.

Although Europe's overall democracy understanding concerning the countries and the union was high, the desire for democracy is expected to be declined in the continent as a result of the crisis. Therefore, it is expected that the desire for democracy decreased in the countries that have been affected by the Eurozone crisis the most, based on the given literature.

### 2.3.3 Anti-establishment political parties

Although mainstream political parties in the continent are aware of liberal democratic components and rely on them, mainstream parties were punished repeatedly whereas populist parties were rewarded (Altiparmakis & Lorenzini, 2018; Hernández & Kriesi, 2016).

At the party-political level, populist anti-establishment parties have traditionally been listed among the principal interpreters and drivers of criticism toward “Europe”. In other words, Euroscepticism is framed by populist parties and they are supported by Eurosceptics. This support escalated during the Eurozone crisis. The reason behind this situation is even though governments changed, austerity measures remained the same, especially in the creditor countries. Whether citizens voted the previous government out of office, they were still exposed to fiscal and social policies which were agreed on memorandums of understanding. Moreover, citizens’ anti-austerity preferences could not be represented by not only incumbents but also oppositions (Algan et al., 2017). As a result of this feeling of citizens, anti-establishment parties became not only more visible all around the continent but also had their first important successes even before. Voters rejected traditional parties and turn to challenger parties (Hobolt & Tilley, 2016). For instance, during the French presidential elections, Marine Le Pen’s visibility, Alternative for Germany’s visibility in Germany, Syriza in Greece, the Five Star Movement in Italy, and U.K. Independence Party are examples of this. Therefore one consequence of the Euro-crisis is the emergence of anti-establishment parties (Morlino & Sottilotta, 2019). As much as Troika intervention has increased, punishment for the mainstream parties is increased as well. As a result of this, mainstream support decreased, and challenging parties such as radical right and radical left were raised in both creditor and debtor countries. Although the majority remained loyal to the mainstream parties, challenger parties are the important components of party systems in the aftermath of the economic crisis. It is the era of the beginning of a new type of party politics in Western Europe.

### 2.3.4 Institutional distrust

The Eurozone crisis brought existential uncertainty to the continent. In accordance with the literature, the trust and confidence of people have been affected by the crisis environment (Roth et al., 2014; Torcal, 2014; Torreblanca et al., 2013). As democratic institutions' responsiveness decreased, the trust ratio decreased as well (Torcal, 2014; Torreblanca et al., 2013; Uslaner, 2010). Almost all countries (not only debtor but also creditor countries) were facing trust reduction because of the crisis. Citizens in creditor countries have been averse to taking responsibility for the debts of others since the crisis began (Torreblanca et al., 2013).

In contemporary democracies, political distrust of representational institutions is growing (Hofferbert & Klingemann, 1999; Lipset & Schneider, 1983; Torcal & Montero, 2006). The Eurozone crisis led to a loss of trust in local financial institutions and local governments so national institutions encountered trust reduction (Torcal, 2014; Uslaner, 2010).

Supranational institutions have also faced trust reduction. As a consequence of the Troika intervention, citizens are faced with austerity policies. In these countries, citizens have very negative opinions toward these supranational institutions (Armingeon & Guthmann, 2014). Austerity bills for the debtors caused not only political conflicts (Altiparmakis & Lorenzini, 2018) but also trust reduction (Algan et al., 2017; Torcal, 2014). For example, since the beginning of the euro crisis, trust in the European Union has fallen in France, Germany, Italy, Spain, and the United Kingdom (Torreblanca et al., 2013). Therefore, citizens in both debtor and creditor states are faced with some degree of distrust against national (local parliaments, incumbents, political parties) and supranational organizations (European Union, European Central Bank, and European Parliament).

# CHAPTER 3

# DATA & METHODOLOGY

Economic agents are the economic subjects who are involved in the production, distribution, and consumption of goods (Dumitrescu, 2020). It is expected that their preferences are affected by economic ups and downs. This situation should be measured by numerical data. Testing listed hypotheses require data collection from both individual-level and country-level at different points in time. The approach of the research is based on quantitative data to examine the question of how much the Eurozone crisis influences political preferences. In terms of quantitative data, Standard Eurobarometer is selected as a database because it is highly referred to by other studies in the existing literature. Also, both individual and country-level data are collected in the Standard Eurobarometer waves. Collected variables are ordered in the Appendix B. Then these collected quantitative data are analyzed by using multivariable regression and T-test. Under this heading, the data and methodology of the paper are discussed.

## 3.1 Data: sample & variables

Very briefly, Eurobarometer is a polling mechanism that is conducted by European Commission to analyze public opinion and also views toward socio-political and economic concerns in the European Union. It is conducted twice a year and emphasizes key trends and socio-political events in the Union. Those surveys are conducted in a face-to-face interview format in all member states. The Eurobarometer surveys are conducted using a standardized questionnaire that is

administered to a representative sample of individuals in each of the 28 EU Member States. The sample is selected using a multi-stage random sampling procedure to ensure that the entire sample is weighted to guarantee demographic and geographic representation. Therefore, Eurobarometer has several advantages and provides a fully represented sample for the study. The paper compares polls from 2007, 2010, and 2014 to analyze different periods: pre-crisis (2007), crisis (2010), and post-crisis (2014). These years were selected based on whether variables are existing in each poll. For 2007, it is the 68th Eurobarometer poll with a code of 4565. For 2010, it is the 73rd Eurobarometer poll with a code of 5234. For 2014, it is the 81st Eurobarometer poll with a code of 5928.

Individual data from five debtor countries which are Greece, Ireland, Italy, Portugal, and Spain; five creditor countries which are Germany, France, the United Kingdom, Belgium, and the Netherlands are collected. The sample countries are grouped and debtors correspond with 0 whereas creditors correspond with 1. The sample size of each country is 3.047 people from Belgium; 3.060 people from France; 4.600 people from Germany; 3.113 people from Great Britain; 3.017 people from Greece; 3.024 from Ireland; 3.109 people from Italy; 3.100 people from Portugal; 3.039 people from Spain; 3.034 people from The Netherlands, the country list is provided in the Appendix C and questions and alternative responses are listed in the Appendix A. The responses to these questions are presented. Based on these questions and responses, hypotheses are tested and consequences are discussed.

To test the first hypothesis, the dependent variables are the image of the European Union, the opinion about the future of the European Union, and the opinion about the Euro. For the first two dependent variables, as much as they increase, they get negative. Responses of participants correspond with 1= very positive, 2= fairly

positive, 3= neutral, 4= fairly negative, and 5= very negative for the image of the European Union; 1= very optimistic, 2= fairly optimistic, 3= fairly pessimistic and 4= very pessimistic for opinions about the future of the European Union. Responses of participants also correspond with 1=for and 2= against for the opinion about Euro.

To test the second hypothesis, the dependent variables are the satisfaction level within the country and the satisfaction level within European Union. For those dependent variables, as much as they increase, people's satisfaction level decrease. Responses of participants correspond with 1= very satisfied, 2= fairly satisfied, 3= not very satisfied, and 4= not at all satisfied.

To test the third hypothesis, the dependent variable is the trust ratio for the political parties. Responses of participants correspond with 1= tend to trust, 2= tend not to trust.

To test the last hypothesis, the dependent variables are the trust ratio for the national government, national parliament, and the trust ratio for the European Union, the European Parliament, the European Commission, the European Central Bank and the United Nations. Responses of participants correspond with 1= tend to trust, 2= tend not to trust.

## 3.2 Methodology

To interpret data, mainly three bar charts are compared. The first graphics indicate the year-based changes of all countries. The second graphics indicate the year-based comparison of the creditors and debtors. In the last graphics, each case country is compared year-based. Lastly, two-way graphs are used for each dependent variable to compare year-based changes and changes in debtors and creditors together. As

much as value increases on the table, it means that situation gets negative or worse so graphs are inversely proportional. Then T-Test is used to see the significance level. T-test is a statistical hypothesis test used to determine if there is a significant difference between the means of two groups of data. It calculates a t-value based on the means, standard deviations, and sample sizes of the two groups. The t-value is then compared to a critical value in a t-distribution table to determine if the difference between the means is significant at a certain level of confidence.

For the individual data, people's political position in the left-right spectrum, their ages, gender, expectations for employment situation, marital situation, and their communities are used as control variables, Those variables can be found in the Appendix C. To interpret this data, multivariable regression is utilized. Multivariable regression aims to identify the relationship between the dependent variable and multiple independent variables. The model estimates the effect of each independent variable on the dependent variable while controlling for the effects of all the other independent variables in the model. The equation for multivariable regression is:

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \ldots + \beta nXn + \varepsilon$$

Where Y is the dependent variable, X1, X2, X3, …, Xn are the independent variables, β0 is the intercept, β1, β2, β3, …, βn are the coefficients of the independent variables, and ε is the error term. The coefficients of the independent variables represent the change in the dependent variable associated with a one-unit change in the corresponding independent variable, while holding all the other independent variables constant.

# CHAPTER 4

# ANALYSES & RESULTS

To analyze the impact of the Eurozone crisis on the four different political preferences, the examination is conducted results are presented in bar charts, two-way graphs, and a table of multivariable. Countries are grouped as debtors (1) and creditors (0) and compared. Comparison is done in three different ways. Firstly, the mean of all sample countries is examined together based on three waves which are 2007, 2010, and 2014. With this comparison, year-based changes for each variable are tested. Secondly, the mean of debtors and creditors are compared based on three waves so how variables changed in debtors and creditors are compared. Lastly, the mean of each country is examined based on waves. After bar chart interpretation, Two-way graphs are provided for each variable. With the help of two-way graphs, debtors and creditors are compared together based on pre-crisis, crisis, and post-crisis periods. Lastly, a table of multi-variable regression for each variable is provided.

## 4.1 Hypothesis 1: increased in Eurosceptic ideas

According to the literature review, the Eurozone crisis caused skeptical behaviors toward the European integration process and its institutions. Anti-European parties, leaders, and separation ideas gained popularity in both creditor and debtor countries' societies. However, debtors faced much more Anti-European sentiments. Therefore,

it is expected that countries that are hit hard by the Eurozone crisis experience increasing Euroscepticism.

To test this hypothesis, the mean value of individuals' thoughts from each country on the European Union's image, opinions about the future of the European Union, and opinions about the Euro currency are examined. In accordance with the Figure 1, The European Union gets negative in the eyes of individuals since 1 corresponds to very positive, , and 5 very negative. Before the crisis had started, individuals' image of the European Union was fairly positive. However, it changed during the crisis and reached a neutral level in the post-crisis period. According to T-Test, P-value is 0.0000 at the T-test for the difference between the values of image EU in 2007 vs. 2010. The P-value is 0.000 for the differences between 2010 vs. 2014 and 2007 vs. 2014 as well. So those are significant at a 0.001 level. Incrementally, people's European Union image changed negatively and this change is statistically significant.

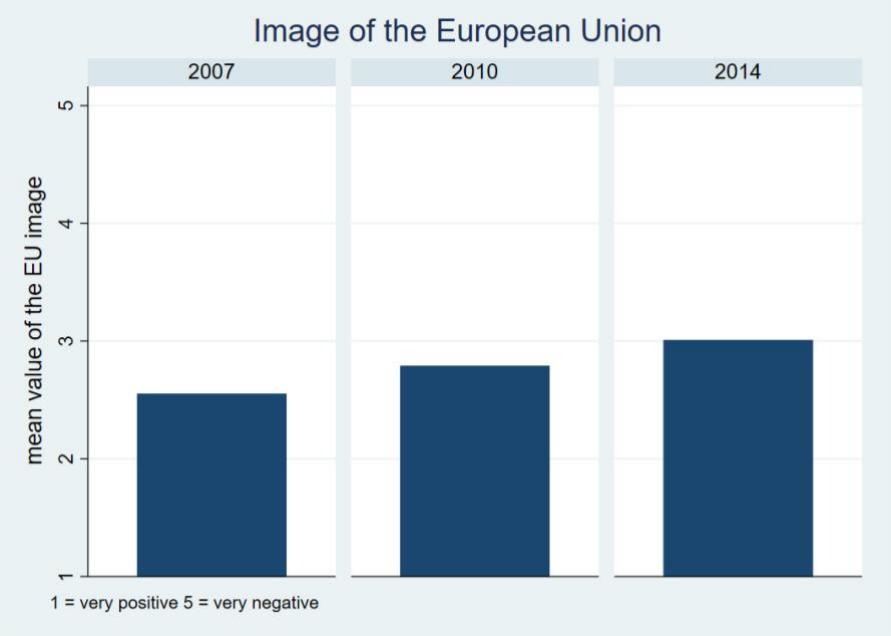



Figure 1. Image of the EU based on waves

European individuals also become more pessimistic about their future during the crisis and in the post-crisis period when it is compared with the pre-crisis period since 1 corresponds with very optimistic, 2= fairly optimistic, 3= fairly pessimistic, and 4= very pessimistic according to the Figure 2. People are fairly optimistic about European Union's future before the crisis started, during the crisis, and post-crisis period. The P-value is 0.0000 at the T-test for the difference between the values of future EU in 2007 vs. 2010. The P-value is 0.0006 for the difference between 2010 vs. 2014 and it is 0.0000 for the difference between 2007 vs. 2014 as well. So those are significant at a 0.001 level. Incrementally, individuals' opinions about the future of the Union changed in a pessimistic way.

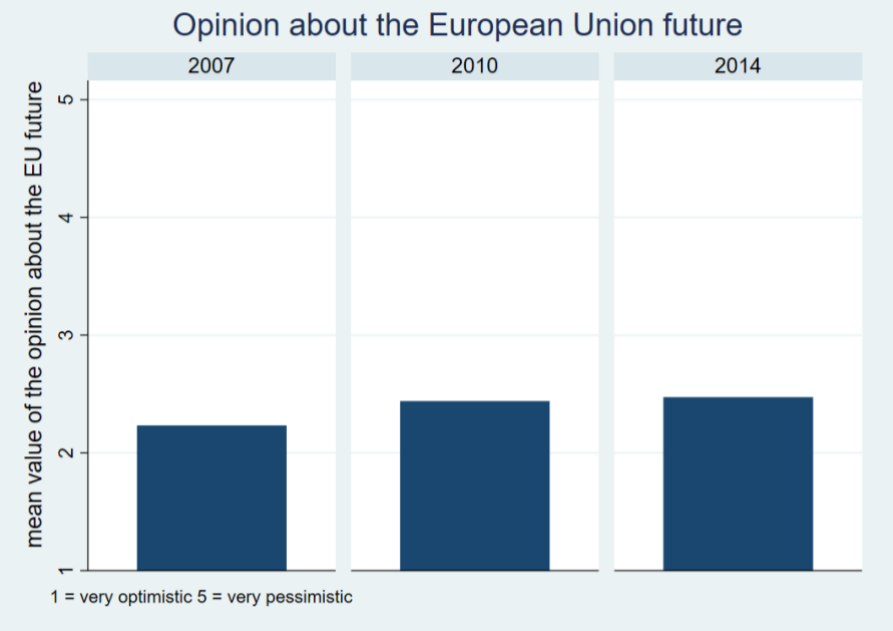



Figure 2. Opinion about the EU future based on waves

In accordance with the Figure 3, the majority of the people are for the Euro in each wave. Despite there is no significant changes, the opinion about the Euro of European people has also changed slightly during the crisis. In the pre-crisis period, seventy percent of European people for common currency whereas it decreased to sixty-five percent during the crisis and post-crisis periods. According to the T-test, P-

value is 0.0000 at the T-test for the difference between the values of opinion about the Euro in 2007 vs. 2010. The P-value is 0.9910 for the difference between 2010 vs. 2014 and it is 0.0006 for the difference between 2007 vs. 2014. So during the crisis, it is significant at a 0.001 level. However, it is not significant between 2010 vs. 2014.

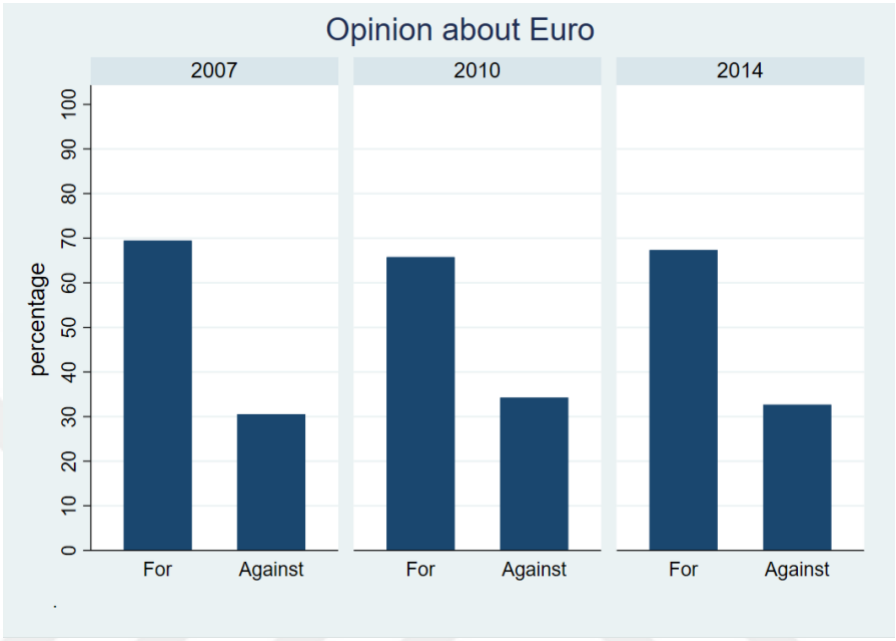



Figure 3. Opinion about Euro based on waves

Both creditors' (Germany, France, the United Kingdom, Belgium, and the Netherlands) and debtors' (Italy, Portugal, Greece, Spain, and Ireland) image of the European Union, opinions about the Union's future, and opinions about the Euro are compared.

With the help of the Figure 4, Figure 5, and Figure 6, how individuals have been affected differently by the crisis is noticeable. Before the crisis is experienced, debtors have a more positive image of the Union. During the crisis, both creditors' and debtors' images went more negative. In the post-crisis period, creditor states experienced a slight change whereas debtors' image changed more and even shifted to a neutral image. So creditors' are more negative before the crisis and during than debtors became more negative in the post-crisis period. According to T-test, P-value

is 0.0000 at the T-test for the difference between the values of image EU for debtor vs. creditor in 2007. It is also 0.0000 for the differences between debtors vs. creditors in 2010. However, it is 0.0000 for the differences between creditors vs. debtors in 2014 it is significant at 0.001.

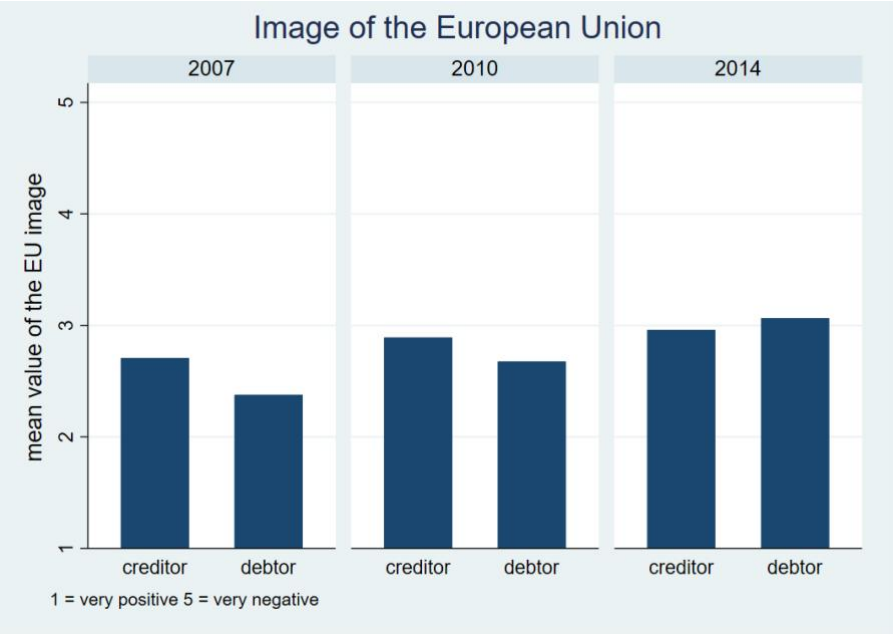



Figure 4. Image of the EU creditor & debtor comparison

Creditor countries' opinion about the future of the Union has not changed whereas debtors' opinion changed more in the Figure 5. Before the crisis did not experience, debtor countries were more optimistic than creditor ones. This situation remained similar during a crisis. However, debtor countries were more pessimistic than creditor countries after the crisis. So debtors are more optimistic before the crisis and during the crisis when compares with the creditors. However, then debtors become more pessimistic in the post-crisis period. In accordance with the T-Test, P-value is 0.0000 at the T-test for the difference between the values of future EU for debtors and creditors in 2007. It is also 0.0000 for the differences between for debtors vs. creditors in 2010. However, it is 0.0000 for the differences between creditors vs. debtors in 2014 it is significant at a 0.001 level.

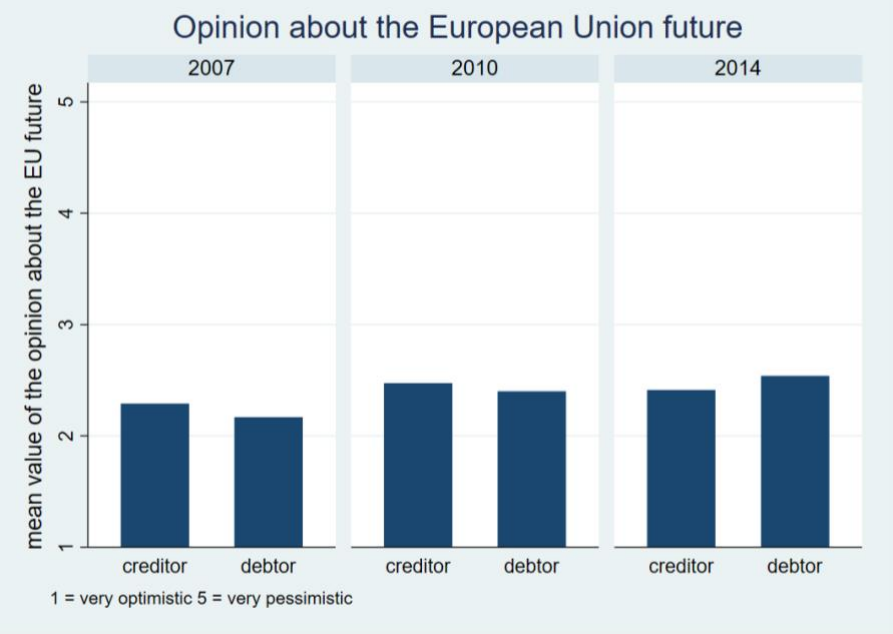



Figure 5. Opinion about the EU future creditor & debtor comparison

In accordance with the Figure 6, creditors are always more against Euro when compared with the debtors in three waves. The majority of the people who are from both creditor and debtor countries are for Euro in three waves. However, the ratio of people who are against the Euro from creditors increased to forty percent during the crisis then it decreased in the post-crisis period. There is no significant difference between debtors and creditors in the pre-crisis and post-crisis periods but there is a statistically significant difference between the two groups during the crisis since the people from creditor gets more against Euro. In accordance with T-Test, the P-value is 0.0122 at the T-test for the difference between the values of opinion about the Euro for debtors vs. creditors in 2007. It is 0.0000 for the differences between debtors vs. creditors in 2010. P value is 0.0005 for the differences between debtors vs. creditors in 2014 as well.

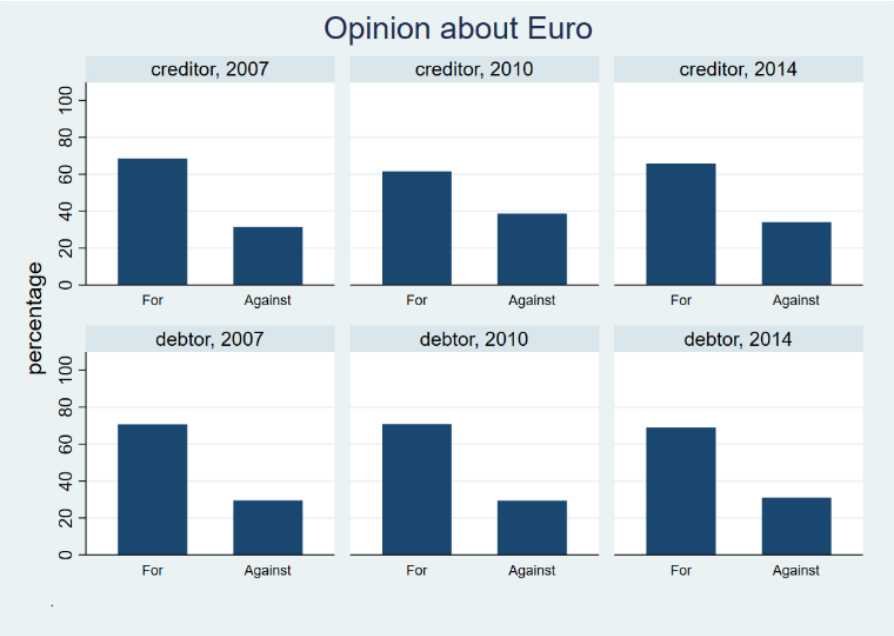



Figure 6. Opinion about Euro creditor & debtor comparison

A country-based examination of the image of the European Union, opinion about the future of the Union and the Euro is conducted. Opinions of people from each country are presented. Year-based change in the image of the European Union varies in countries as it can be seen in the Figure 7. When all countries for this variable are compared, the common tendency goes through negatively except for Germany, and Great Britain. In Belgium, France, Ireland, Italy, Portugal, and Spain people had a fairly positive image toward the Union but when a crisis has experienced this situation changed to neutral. People from Germany experienced negative changes during a crisis. However, the image of the Union reversed back to the fairly positive side in the post-crisis period. People from Great Britain have always neutral image toward the Union. The Netherlands also experienced a negative tendency but it is more stable than others.

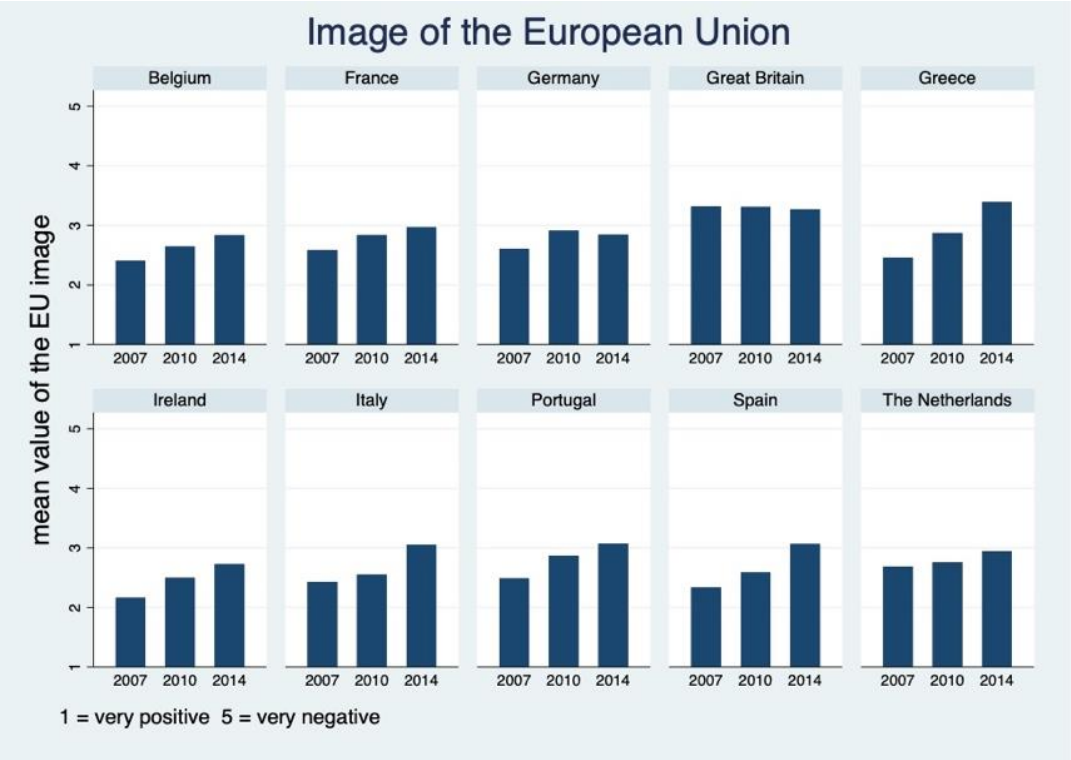



Figure 7. Image of the EU a country-based examination

Almost all countries started to get more pessimistic about European Union's future as they feel the crisis conditions according to Figure 8. The majority of the debtor countries which are Greece, Ireland, Italy, and Spain continued to be pessimistic in the after-crisis period except for Portugal. On the other hand, Creditor states which are Belgium, France, Germany, Great Britain, and The Netherlands stayed stable or turned to an optimistic way.

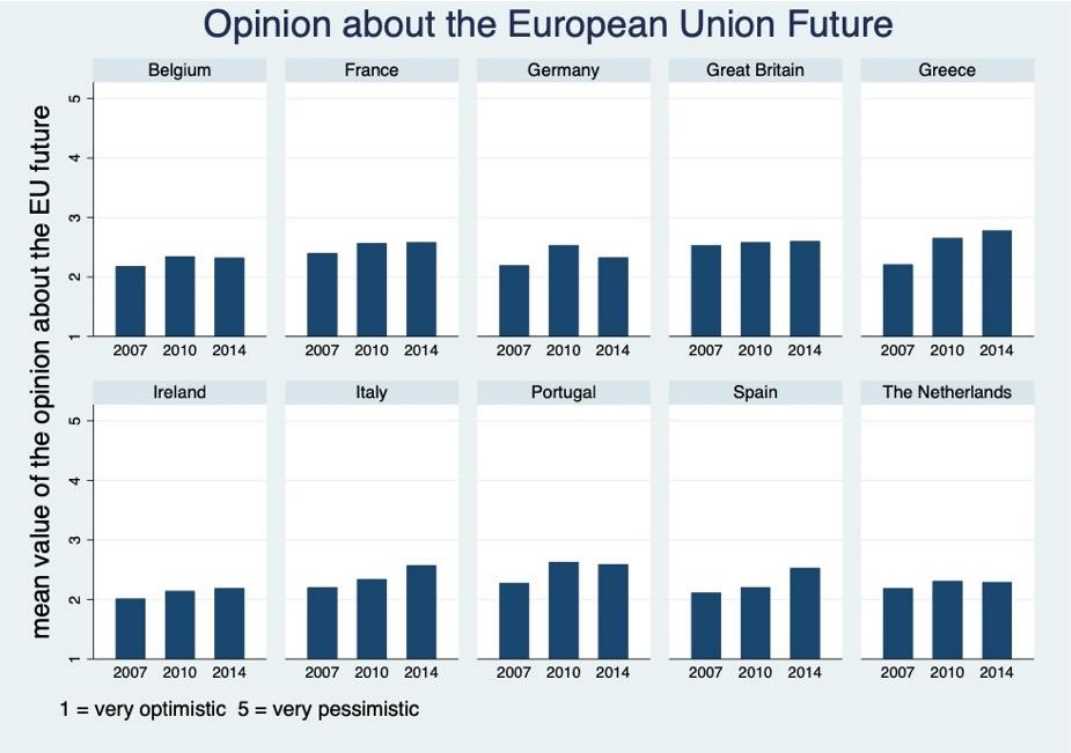



Figure 8. Opinion about the EU future a country-based examination

In terms of opinion about the Euro also varies according to the Figure 9. Most of the countries are for the Euro before the crisis except for Great Britain and Greece. The majority of the people from Great Britain have always been against Euro regardless of crisis conditions. During the crisis, almost all countries' tendencies changed and people were getting more against Euro except Greece. Despite Greece being a debtor country that faced lots of sanctions, Greek people started to be for Euro when they experienced a crisis. At the beginning of the crisis, only forty-five percent of the Greek people are for Euro, it increased to seventy percent during the crisis and remained similar after the crisis. Additionally, after the crisis, people from Ireland and Italy continued to against Euro whereas the number of people from other countries for the Euro increased.

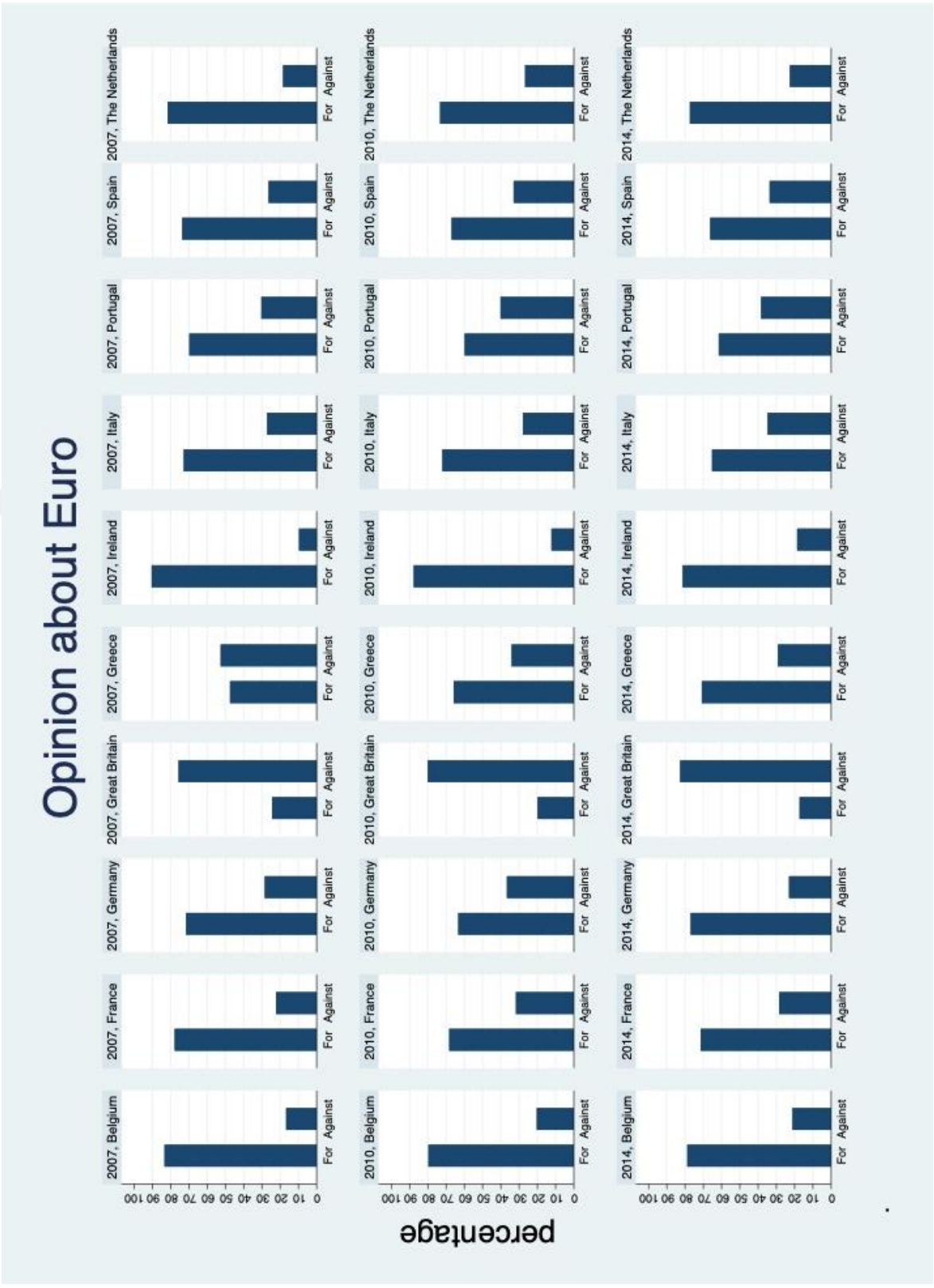



Figure 9. Opinion about Euro a country-based examination

Below, two-ways graphs are also provided for the image of the European Union (Figure 10), opinion about the European Union (Figure 11) and opinion about Euro (Figure 12). Country groups can be compared together with waves with the help of these figures. The green slope represents debtor countries and the blue one represents creditors.

Both debtors' and creditors' images of the EU change to a negative side in according to the Figure 10. The slope of debtor countries shows continuity, and the slope of the line is higher. The slope of the creditor countries became more stable after the crisis. While the creditor countries' image towards the European Union is more negative at the beginning, the debtor countries' image is more negative at the end of the crisis.

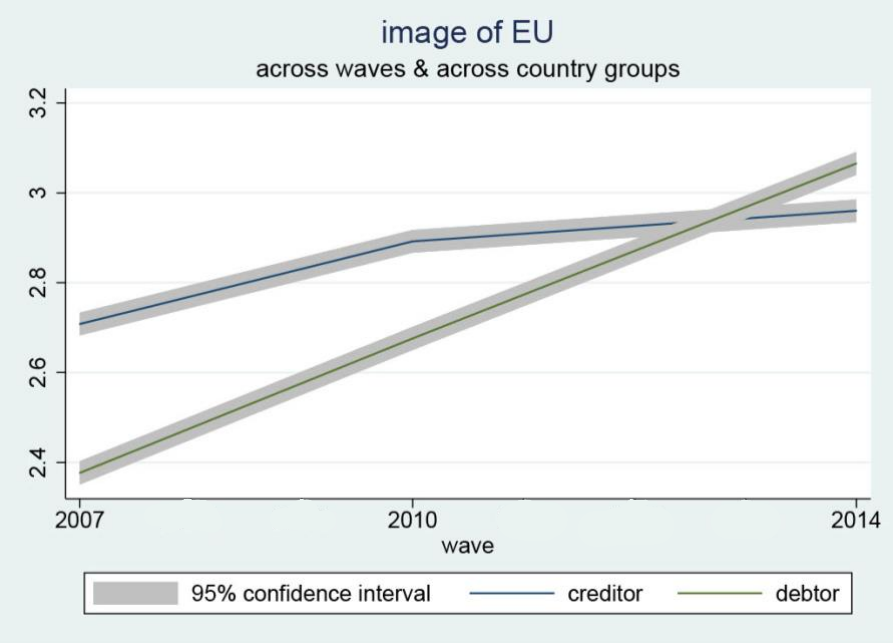



Figure 10. Two-way graph of the image of the EU

In accordance with the Figure 11, from the pre-crisis to the crisis period, the opinions of both the creditor and debtor countries about the European Union change negatively. From the crisis period to the post crisis period, the opinion of the creditor countries regarding the European Union has changed positively. However, the negative trend of debtors continues.

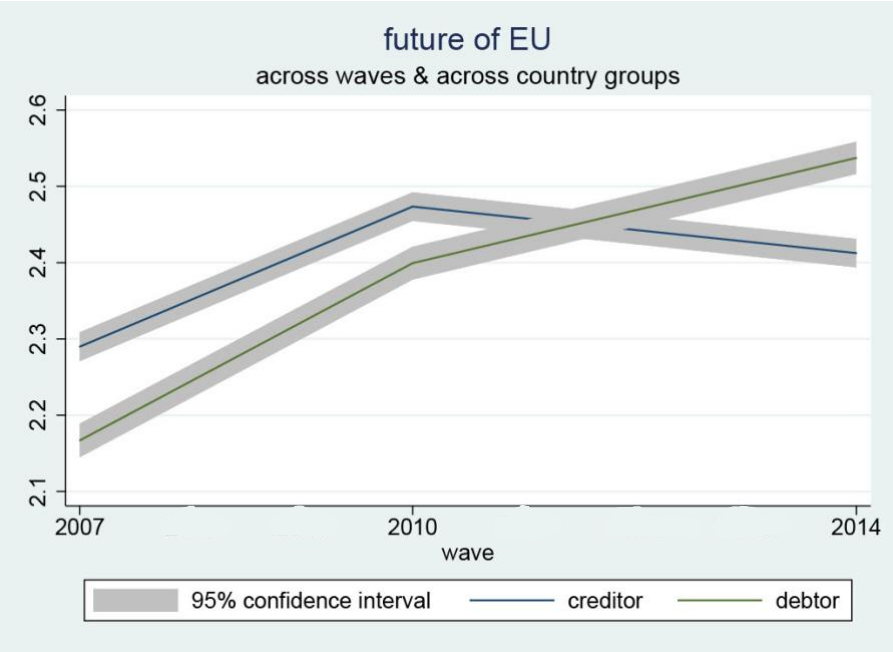



Figure 11. Two-way graph of the opinion about the EU future

Debtor countries continued in a more stable manner until the crisis period according to the Figure 12. A slightly negative trend is observed in the post-crisis period. However, the creditors have a negative trend from the pre-crisis period to the crisis period, they quickly turned into a positive trend after the crisis.

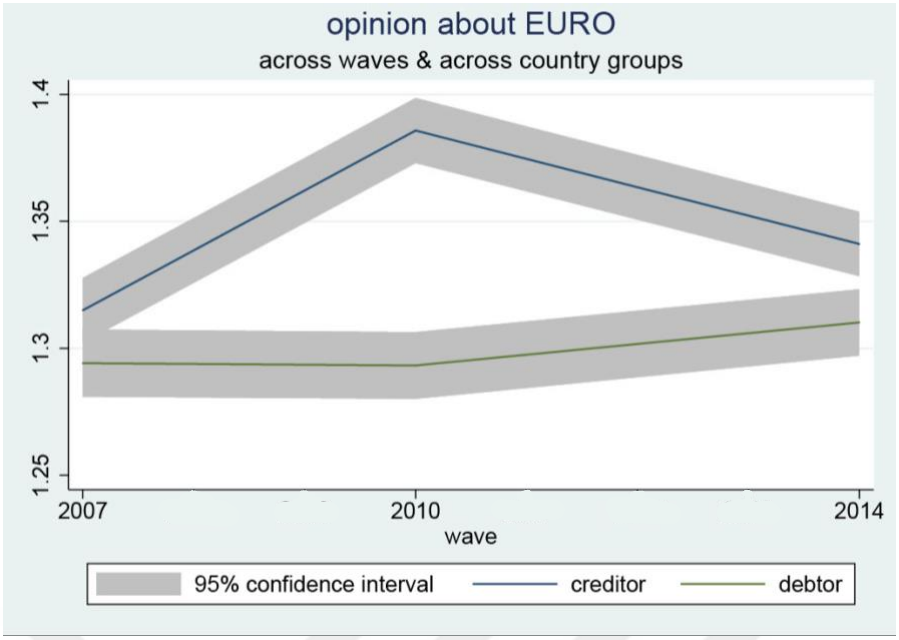



Figure 12. Two-way graph of the opinion about Euro

Lastly, regression analysis of the hypothesis is provided. In accordance with the Table 1, the debtors' image of the European Union is better than the creditors' in all waves. However, in comparison with 2007, creditors' image of the European Union gets worse in 2010. It is statistically significant. Also, their image of the European Union, get much worse in 2014. For debtors, their image of the European Union also gets worst from 2007 to 2010 and it is statistically significant at 0.10 level. In 2014, debtors' image worsened compared to the creditors' image and it is statistically significant at 0.01 level.

With the exception of the community variable, all control variables are statistically significant. Individuals on the left and right political spectrum have a more negative image of the European Union compared to centrists. The youngest and oldest age groups have a more positive image of the EU compared to middle-aged individuals. Those who anticipate a worsening employment situation hold a more negative perception. Females exhibit a statistically significant more negative image than males, and single individuals have a more negative perception compared to those

with partners. Differences in the image of the European Union based on urban or rural backgrounds are statistically insignificant when controlling for other variables. The inclusion of additional control variables does not change the outcomes for the perception of the European Union.

Table 1. Regression Analysis of the Image of the EU

| VARIABLES | (1) imgEU | (2) imgEU | (3) imgEU | (4) imgEU | (5) imgEU | (6) imgEU | (7) imgEU |
|---|---|---|---|---|---|---|---|
| 2010.wave | 0.366*** | 0.360*** | 0.362*** | 0.364*** | 0.338*** | 0.353*** | 0.353*** |
| | (0.113) | (0.108) | (0.103) | (0.104) | (0.106) | (0.106) | (0.108) |
| 2014.wave | 0.513*** | 0.515*** | 0.507*** | 0.510*** | 0.362*** | 0.341*** | 0.341*** |
| | (0.136) | (0.125) | (0.125) | (0.125) | (0.118) | (0.110) | (0.109) |
| country_gr.debtors | -0.655** | -0.741*** | -0.728*** | -0.734*** | -0.777*** | -0.782*** | -0.775*** |
| | (0.264) | (0.255) | (0.250) | (0.251) | (0.255) | (0.252) | (0.256) |
| 2010.wave#1.country_gr.debtors | 0.247* | 0.208 | 0.209 | 0.214* | 0.219* | 0.223* | 0.218* |
| | (0.144) | (0.129) | (0.128) | (0.128) | (0.127) | (0.123) | (0.126) |
| 2014.wave#1.country_gr.debtors | 0.845*** | 0.882*** | 0.888*** | 0.893*** | 0.739*** | 0.743*** | 0.740*** |
| | (0.152) | (0.129) | (0.130) | (0.132) | (0.132) | (0.121) | (0.122) |
| left_right | | -0.213*** | -0.208*** | -0.215*** | -0.159*** | -0.157*** | -0.157*** |
| | | (0.049) | (0.050) | (0.050) | (0.047) | (0.052) | (0.052) |
| left_right#left_right | | 0.020*** | 0.019*** | 0.020*** | 0.015*** | 0.015*** | 0.015*** |
| | | (0.003) | (0.003) | (0.003) | (0.003) | (0.004) | (0.004) |
| age | | | 0.300*** | 0.294*** | 0.199*** | 0.210*** | 0.209*** |
| | | | (0.060) | (0.061) | (0.061) | (0.063) | (0.062) |
| age#age | | | -0.029*** | -0.028*** | -0.017* | -0.019* | -0.019* |
| | | | (0.010) | (0.010) | (0.010) | (0.011) | (0.011) |
| gender.women | | | | 0.201*** | 0.187*** | 0.174*** | 0.173*** |
| | | | | (0.026) | (0.027) | (0.026) | (0.026) |
| sit_job | | | | | 0.237*** | 0.280*** | 0.279*** |
| | | | | | (0.062) | (0.071) | (0.071) |
| sit_mar.single | | | | | | 0.092*** | 0.095*** |
| | | | | | | (0.032) | (0.032) |
| community | | | | | | | -0.027 |
| | | | | | | | (0.043) |
| Observations | 31,456 | 26,441 | 26,441 | 26,441 | 22,395 | 20,239 | 20,215 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

In accordance with the Table 2, the debtors' opinions about the future of the European Union are more optimistic than the creditors' opinions in all waves (just one star). In comparison with 2007, creditor countries' opinion about the future of the European Union gets pessimistic in 2010. Their opinion gets less pessimistic in 2014 when it is compared with the changes in 2007-2010 also those are statistically significant at 0.01 level. For debtors, changes in the opinion about the European

Union are statistically insignificant from 2007 to 2010 but it gets more pessimistic in 2014 and it is statistically significant.

All control variables are statistically significant except for community. When compared to centrists, people on the left and right of the political spectrum are more pessimistic about the future of the European Union. When compared to middle-aged people, the opinions of the young and old are more optimistic about the future of the European Union. People who are single have more pessimistic views of the future of the European Union than those who are in a relationship. If people's expectations for the job market are worse, then they have more pessimistic views toward the future of the European Union. There are no changes in people's opinions toward the European Union based on where they live, and this finding is statistically insignificant once all control variables have been examined.

Regression models' results for the perception of the future of the European Union remain unchanged no matter how many control variables are introduced.

Table 2. Regression Analysis of the Future of the EU

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | futEU | futEU | futEU | futEU | futEU | futEU | futEU |
| 2010.wave | 0.506*** | 0.490*** | 0.492*** | 0.493*** | 0.459*** | 0.489*** | 0.490*** |
| | (0.145) | (0.152) | (0.149) | (0.149) | (0.149) | (0.154) | (0.155) |
| 2014.wave | 0.348*** | 0.337*** | 0.330*** | 0.333*** | 0.156*** | 0.143*** | 0.141*** |
| | (0.049) | (0.045) | (0.044) | (0.045) | (0.037) | (0.051) | (0.052) |
| 1.country_gr | -0.361* | -0.455** | -0.440** | -0.449** | -0.475** | -0.476** | -0.463** |
| | (0.216) | (0.213) | (0.212) | (0.212) | (0.207) | (0.208) | (0.208) |
| 2010.wave#1.country_gr | 0.165 | 0.138 | 0.136 | 0.143 | 0.136 | 0.137 | 0.128 |
| | (0.232) | (0.229) | (0.229) | (0.230) | (0.217) | (0.216) | (0.219) |
| 2014.wave#1.country_gr | 0.671*** | 0.737*** | 0.737*** | 0.746*** | 0.553*** | 0.519*** | 0.515*** |
| | (0.140) | (0.136) | (0.138) | (0.142) | (0.156) | (0.158) | (0.158) |
| left_right | | -0.264*** | -0.259*** | -0.268*** | -0.213*** | -0.203*** | -0.204*** |
| | | (0.068) | (0.068) | (0.067) | (0.066) | (0.076) | (0.076) |
| left_right#left_right | | 0.024*** | 0.023*** | 0.024*** | 0.019*** | 0.018*** | 0.018*** |
| | | (0.006) | (0.006) | (0.006) | (0.006) | (0.007) | (0.007) |
| age | | | 0.294*** | 0.287*** | 0.186*** | 0.213*** | 0.210*** |
| | | | (0.046) | (0.047) | (0.047) | (0.053) | (0.053) |
| age#age | | | -0.030*** | -0.029*** | -0.017** | -0.020*** | -0.020*** |
| | | | (0.006) | (0.006) | (0.007) | (0.007) | (0.007) |
| gender.women | | | | 0.220*** | 0.213*** | 0.205*** | 0.203*** |
| | | | | (0.027) | (0.033) | (0.031) | (0.030) |
| sit_job | | | | | 0.308*** | 0.355*** | 0.354*** |
| | | | | | (0.071) | (0.083) | (0.082) |
| sit_mar.single | | | | | | 0.159*** | 0.164*** |
| | | | | | | (0.031) | (0.033) |
| community | | | | | | | -0.056 |
| | | | | | | | (0.038) |
| Observations | 30,161 | 25,577 | 25,577 | 25,577 | 21,678 | 19,566 | 19,542 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

In accordance with the Table 3, People from debtor countries seem to be more pro-EURO than those in creditor countries, but this trend is not found to be statistically significant. In comparison with 2007, the opinion of the people from creditor countries is more against Euro and it is statistically significant. Then their opinion changed in another direction in 2014 but it is statistically insignificant. Compared

with 2007, there is no difference between 2010 and 2014 in terms of the opinion of people from debtor countries toward the Euro.

In terms of the control variable, people’s political position, gender, and marital status are statistically significant. To elaborate, when compared to the centrist, people's attitudes regarding the Euro are more unfavorable on the left and right polars. There is no difference in opinions about the Euro currency between young and old Europeans. Females are more anti-Euro than males, and this difference is statistically significant. The expectations of the citizens regarding their employment conditions have no influence on their attitudes toward the euro. People who are single are more negative to the euro than those who are in a relationship. Regarding their views on the Euro, people's residence in urban or rural areas makes no difference, community is insignificant.

Table 3. Regression Analysis of the Opinion About the EU

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | opnEURO | opnEURO | opnEURO | opnEURO | opnEURO | opnEURO | opnEURO |
| 2010.wave | 0.312*** | 0.326*** | 0.326*** | 0.330*** | 0.319*** | 0.349*** | 0.346*** |
| | (0.066) | (0.045) | (0.044) | (0.045) | (0.045) | (0.050) | (0.052) |
| 2014.wave | 0.119 | 0.124 | 0.115 | 0.119 | 0.074 | 0.004 | 0.004 |
| | (0.118) | (0.138) | (0.136) | (0.136) | (0.164) | (0.137) | (0.138) |
| country_gr.debtors | -0.098 | -0.147 | -0.131 | -0.141 | -0.144 | -0.131 | -0.136 |
| | (0.542) | (0.528) | (0.523) | (0.523) | (0.524) | (0.526) | (0.528) |
| 2010wavecountry_gr.debtors | -0.316 | -0.355 | -0.357 | -0.352 | -0.350 | -0.363 | -0.361 |
| | (0.247) | (0.247) | (0.244) | (0.243) | (0.254) | (0.258) | (0.256) |
| 2014wave#country_gr.debtors | -0.042 | -0.054 | -0.052 | -0.044 | -0.197 | -0.171 | -0.172 |
| | (0.329) | (0.351) | (0.347) | (0.345) | (0.353) | (0.350) | (0.347) |
| left_right | | -0.263*** | -0.258*** | -0.268*** | -0.231** | -0.232** | -0.233** |
| | | (0.094) | (0.095) | (0.096) | (0.097) | (0.098) | (0.099) |
| left_right#left_right | | 0.027*** | 0.026*** | 0.027*** | 0.025*** | 0.025*** | 0.025*** |
| | | (0.007) | (0.007) | (0.007) | (0.008) | (0.008) | (0.008) |
| age | | | 0.048 | 0.039 | -0.026 | 0.027 | 0.030 |
| | | | (0.079) | (0.078) | (0.073) | (0.070) | (0.068) |
| age#age | | | 0.001 | 0.003 | 0.011 | 0.005 | 0.005 |
| | | | (0.013) | (0.012) | (0.012) | (0.012) | (0.012) |
| gender.women | | | | 0.278*** | 0.283*** | 0.268*** | 0.269*** |
| | | | | (0.052) | (0.049) | (0.049) | (0.049) |
| sit_job | | | | | 0.087 | 0.122 | 0.121 |
| | | | | | (0.085) | (0.086) | (0.085) |
| Sit_mar.single | | | | | | 0.100*** | 0.096** |
| | | | | | | (0.039) | (0.040) |
| community | | | | | | | 0.035 |
| | | | | | | | (0.089) |
| Observations | 30,070 | 25,493 | 25,493 | 25,493 | 21,607 | 19,529 | 19,505 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

## 4.2 Hypothesis 2: decrease in desire for democracy

Although Europe's overall democracy understanding with respect to the countries and the union was high, the desire for democracy is expected to be declined in the continent as a result of the crisis in accordance with the literature review. It is expected that the desire for democracy decreased in the countries that have been

affected by the Eurozone crisis the most. To test this hypothesis, democratic satisfaction at the local level and the Union level are used as variables. Bar charts, two-way graphs, and regression tables are provided below. In terms of people's responses, 1 correspondence with very satisfied, 2 fairly satisfied, 3 not very satisfied, and 4 correspondence with not all satisfied.

As can be seen from the Figure 13, people are fairly satisfied with the democracy works in their home countries in 2007, 2010, and 2014. Although there are no big changes, people's satisfaction level has been affected by the crisis and their tendency has changed toward not being very satisfied. According to the T-Test, P-value is 0.0000 at the T-test for the difference between the values of the country's democratic satisfaction in 2007 vs. 2010. The P-value is 0.0000 for the differences between 2010 vs. 2014 and 2007 vs. 2014 as well. So those are significant at a 0.001 level. Incrementally, people's democratic satisfaction in their countries changed to a not-very-satisfied direction.

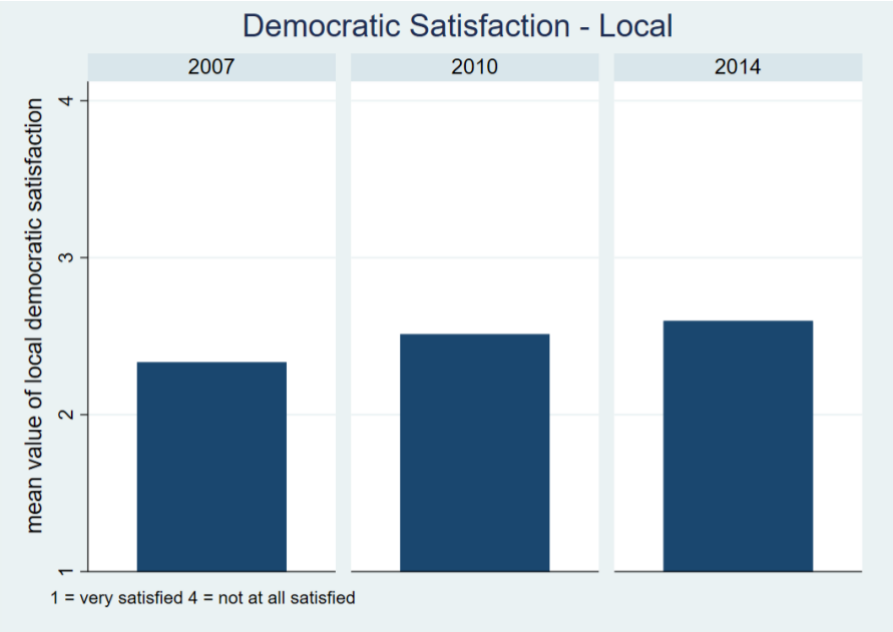



Figure 13. Local democratic satisfaction based on waves

The situation of democratic satisfaction in the European Union has also quite a similar tendency to the local one. Before the crisis, people were satisfied with democracy in the European Union. During the crisis, there has been a small change in satisfaction levels in the Figure 14. It has gone to value three which means not being very satisfied. According to the T-Test, P-value is 0.0000 at the T-test for the difference between the values of the EU's democratic satisfaction in 2007 vs. 2010. The P-value is 0.0000 for the differences between 2010 vs. 2014 and 2007 vs. 2014 as well. So those are significant at a 0.001 level. Incrementally, people's democratic satisfaction in European changed to not very satisfied direction.

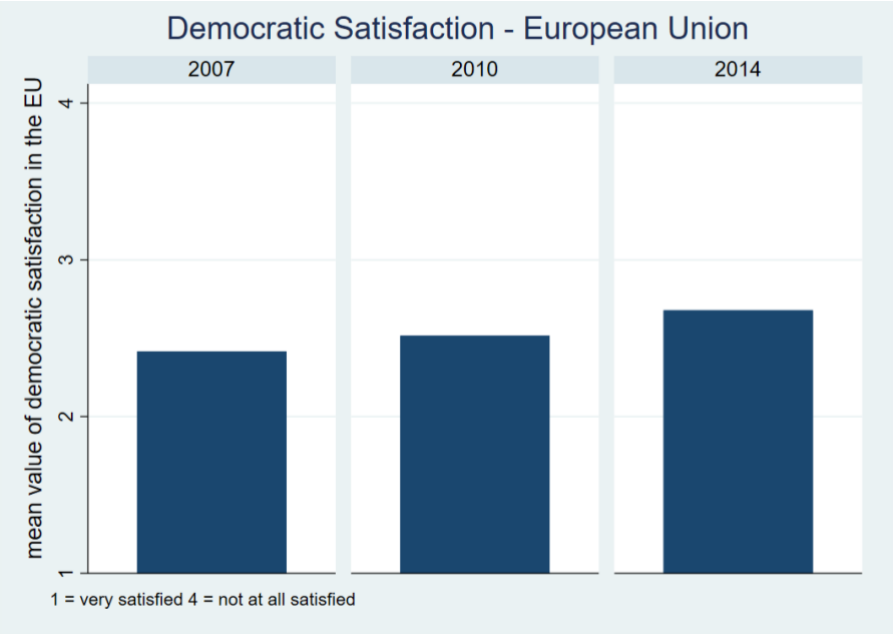



Figure 14. EU-level democratic satisfaction based on waves

As can be seen in the Figure 15, debtors, and creditors have almost similar satisfaction levels before the crisis. While they were experiencing the crisis, although both groups' satisfaction levels decreased, debtors' satisfaction levels is affected more in terms of local democratic satisfaction. In the post-crisis period, creditors' satisfaction levels increased whereas debtors' satisfaction levels continued to decrease and it almost reached a level that was not very satisfactory with the local democracy. In accordance with the T-Test, P-value is 0.0000 at the T-test for the difference between the values of the country's democratic satisfaction for creditor vs. debtor in 2007. It is also 0.0000 for the differences between creditors vs. debtors in 2010. P value is 0.0000 for the differences between creditors vs. debtors in 2014 as well.

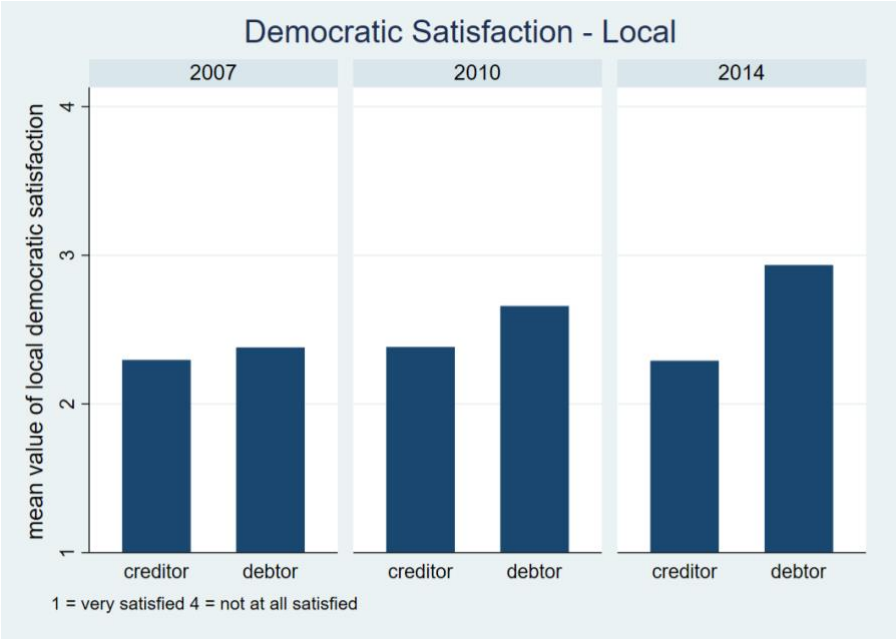



Figure 15. Local democratic satisfaction creditor & debtor comparison

Creditors' and debtors' satisfaction level with democracy in the European Union is also different. Creditors' satisfaction level with the European democracy has not been affected by the crisis, in accordance with the

Figure 16. They have always been at fairly satisfied levels. However, debtor states have been responsive to the crisis and their satisfaction level has changed accordingly. Before the crisis, debtors' satisfaction levels were higher than creditor ones. During the crisis, they were still fairly satisfied with the democracy in the European Union. However, in the post-crisis period, debtors' satisfaction level with the democracy in the European Union decreased more and reach fairly satisfied levels. In accordance with the T-Test, P-value is 0.0000 at the T-test for the difference between the values of the country's democratic satisfaction for debtors vs. creditors in 2007. It is also 0.0004 for the differences between debtors vs. creditors in 2010. However, the P value is 0.0000 for the differences between creditors vs. debtors in 2014. So creditors are more dissatisfied with the European Union's

democracy before the crisis and during the crisis. However, debtors are more dissatisfied in the post-crisis period.

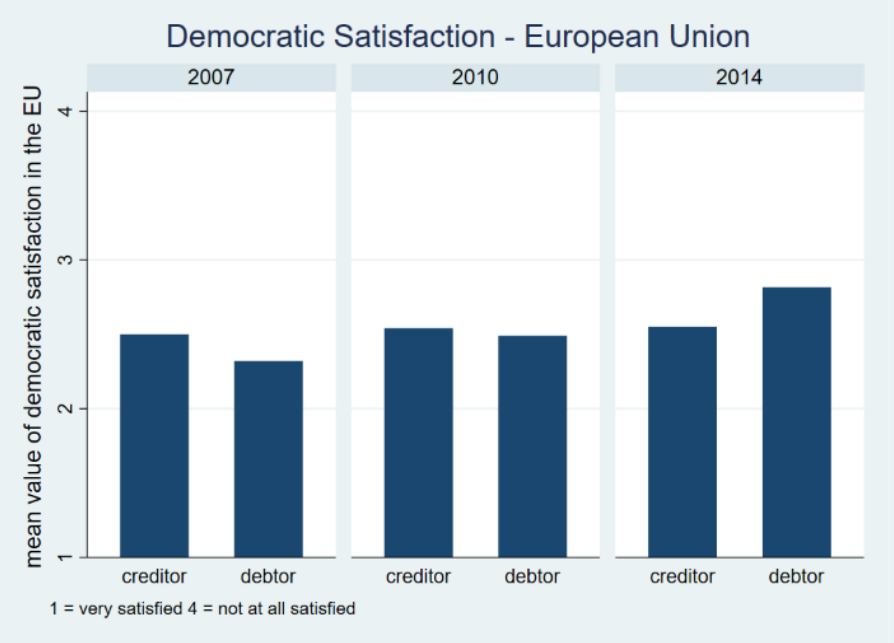



Figure 16. EU-level democratic satisfaction creditor & debtor comparison

Country-based examination in terms of satisfaction level in the country and the European Union is also provided. All of the creditor countries which are Belgium, France, Germany, Great Britain, and The Netherlands experienced a decline in democracy in their home countries during the crisis. The majority of them (Belgium, Germany, Great Britain, and The Netherlands reversed back after the crisis and their satisfaction level with local democracy increased in the post-crisis period except in France. The Netherlands also experienced stability during the three waves. On the other hand, creditor countries, except Italy, experienced decreased democratic satisfaction in their countries during the crisis. Also, they experienced more decrease in the post-crisis period except for Ireland. Greece, Italy, Portugal, and Spain's satisfaction levels have changed to a not very satisfied level. Therefore, when debtors and creditors are compared, debtors' democratic satisfaction in their own countries is

highly impacted by the crisis. Both desires and satisfaction levels of democracy of the countries who are affected more decrease as a result of economic crisis.

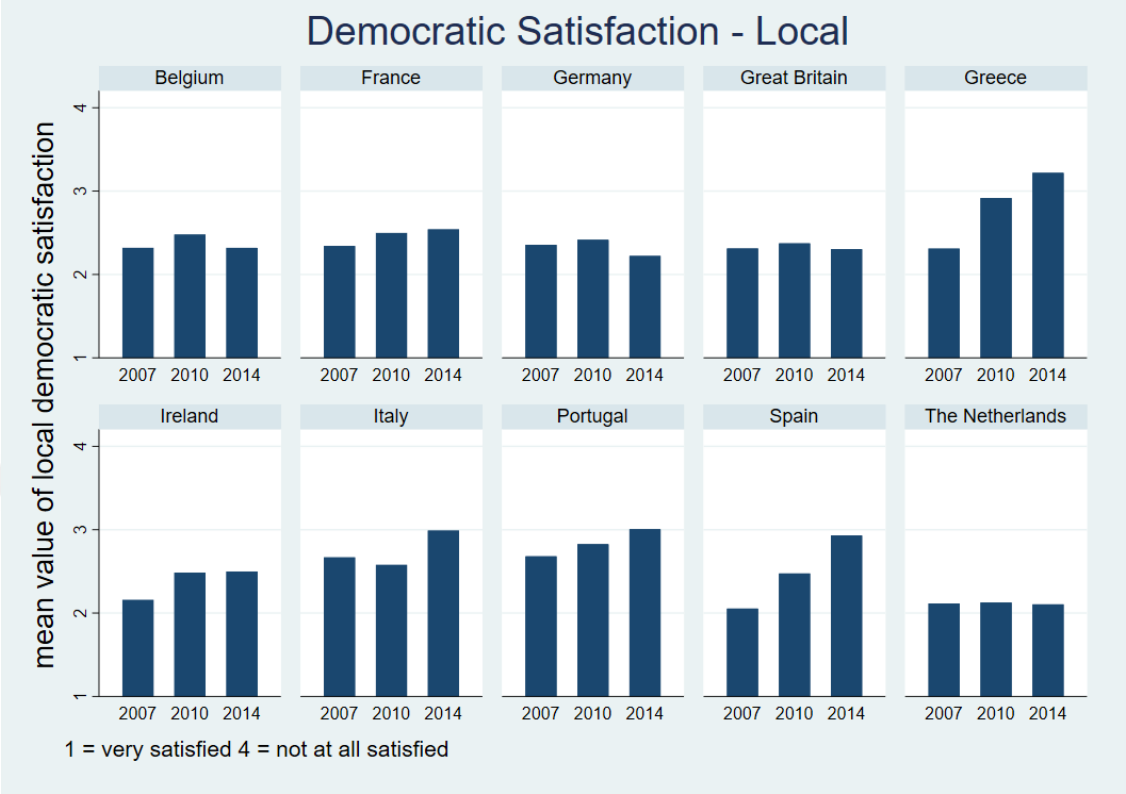



Figure 17. Local democratic satisfaction a country-based examination

The satisfaction level of democracy in the Union is different from the local ones. According to the Figure 18, creditor countries, except Great Britain and the Netherlands, experienced a decrease and this diminishing has continued in the post-crisis period as opposed to satisfaction levels with local ones. Therefore, creditor countries' satisfaction levels decreased during the crisis at both the national level and also at the Union level. This situation reversed at the national level and satisfaction level of creditor countries with national increased in the post-crisis period when it is compared with 2010. However, the satisfaction level of creditor countries with the Union continues to decrease. Debtor countries, on the other hand, experienced a decrease in the satisfaction level of democracy in the Union during the crisis except

for Italy. They also experienced a decrease in the post-crisis period without an exception.

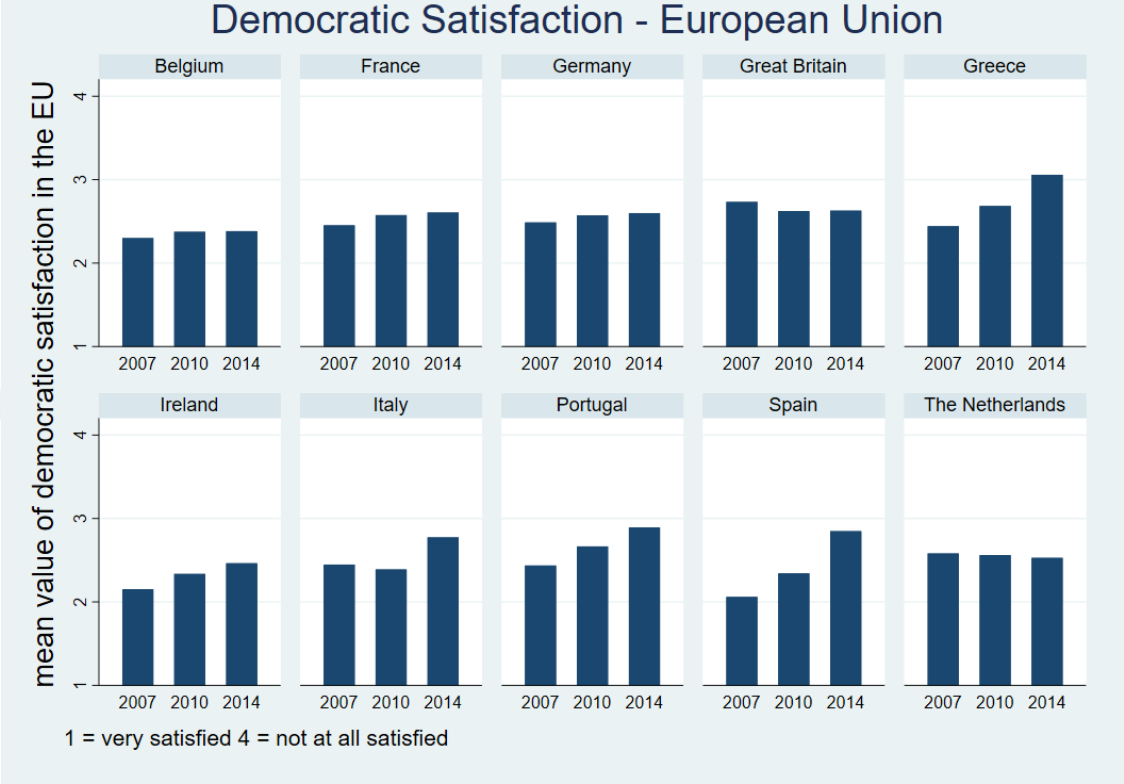



Figure 18. Eu-level democratic satisfaction a country-based examination

According to the Figure 19, creditor countries' satisfaction with local democracy has changed negatively from the pre-crisis to the time of the crisis. However, debtor countries' satisfaction with local democracy has consistently changed negatively before, during, and after the crisis. Although there is not much difference between creditors and debtors at the beginning, there is a wide gap between them in the post-crisis period.

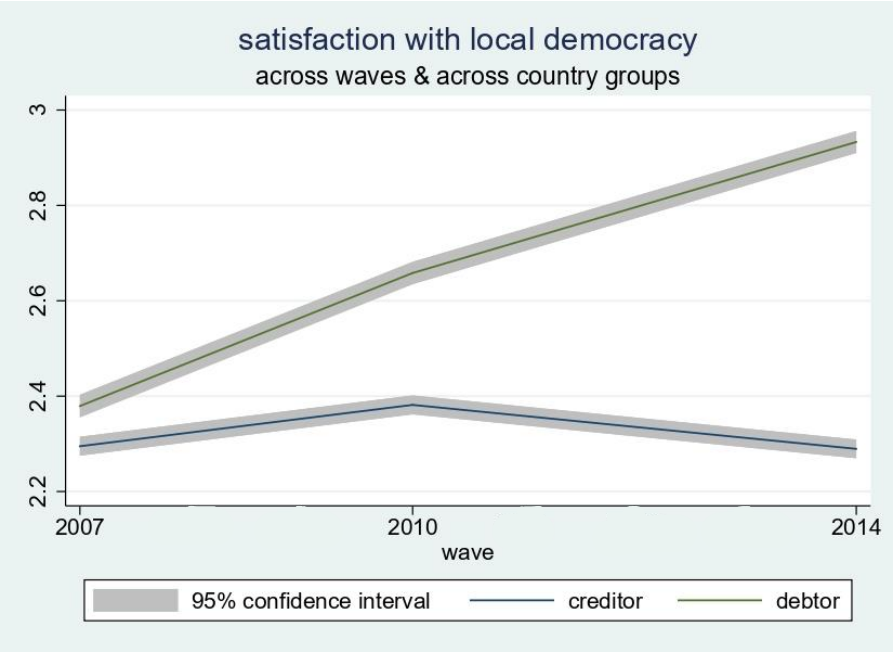



Figure 19. Two-way graph of the local democratic satisfaction

While the satisfaction of the creditor countries with democracy in the European Union is more stable, the debtor countries were more affected by the crisis as it can be seen from the Figure 20. Debtor countries were satisfied with the democracy in the EU in the beginning, a negative change is observed in the post-crisis period.

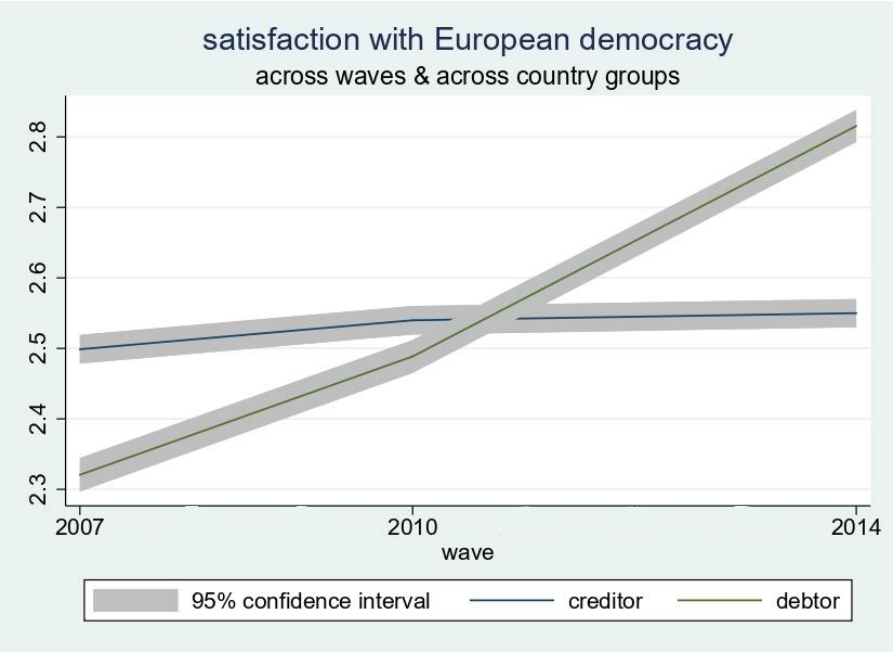



Figure 20. Two-way graph of the EU-level democratic satisfaction

Regression analyses for satisfaction levels with local democracy and European democracy are provided below. According to the Table 4, individuals from debtor countries appear to be less satisfied with local democracy but it is not statistically significant.

For creditors, local democracies' level of satisfaction decreased in 2010, compared to 2007, and this difference is statistically significant. Then it increase in 2014, but it is statistically insignificant. Debtors are more dissatisfied with local democratic structures in 2010 than that was in 2007, but the difference is statistically insignificant. In 2014, they became even more dissatisfied, which is found to be statistically significant. Therefore, creditors and debtors react to local democracy at different times. Creditors respond negatively during the crisis period, whereas debtors respond negatively after the crisis period.

When compared to the centrists, people on the left and right polars are more dissatisfied with the way local democracy works. When compared to middle-aged people, the youngest and oldest are more satisfied with local democracy. Females are

more dissatisfied with local democracies than males, and this difference is statistically significant at the 0.05 level. People are more dissatisfied with local democracy if their expectations for the employment situation are poor. When compared to individuals who have spouses, single people are more dissatisfied with the way that local democracy works. People's satisfaction with local democracy does not vary according to where they live, and this variable is statistically insignificant.

Table 4. Regression Analysis of the Satisfaction with the Local Democracy

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | democcntry | democcntry | democcntry | democcntry | democcntry | democcntry | democcntry |
| 2010.wave | 0.225*** | 0.212*** | 0.215*** | 0.215*** | 0.194*** | 0.228*** | 0.229*** |
| | (0.058) | (0.049) | (0.049) | (0.049) | (0.053) | (0.055) | (0.055) |
| 2014.wave | -0.014 | -0.032 | -0.028 | -0.027 | -0.173 | -0.209 | -0.210 |
| | (0.126) | (0.119) | (0.119) | (0.119) | (0.132) | (0.140) | (0.141) |
| country_gr.debtors | 0.222 | 0.167 | 0.167 | 0.165 | 0.143 | 0.149 | 0.158 |
| | (0.337) | (0.335) | (0.338) | (0.338) | (0.329) | (0.327) | (0.331) |
| 2010wave#country_gr.debtors | 0.442 | 0.451* | 0.448* | 0.450* | 0.417* | 0.415* | 0.407* |
| | (0.285) | (0.262) | (0.261) | (0.262) | (0.242) | (0.236) | (0.239) |
| 2014wave#country_gr.debtors | 1.282*** | 1.288*** | 1.284*** | 1.286*** | 1.085*** | 1.098*** | 1.095*** |
| | (0.339) | (0.339) | (0.338) | (0.339) | (0.328) | (0.313) | (0.313) |
| left_right | | -0.347*** | -0.347*** | -0.350*** | -0.326*** | -0.313*** | -0.314*** |
| | | (0.073) | (0.073) | (0.074) | (0.076) | (0.085) | (0.086) |
| left_right#left_right | | 0.028*** | 0.028*** | 0.028*** | 0.026*** | 0.025*** | 0.025*** |
| | | (0.006) | (0.006) | (0.006) | (0.006) | (0.007) | (0.007) |
| age | | | 0.154*** | 0.152*** | 0.064* | 0.076 | 0.076 |
| | | | (0.041) | (0.040) | (0.038) | (0.050) | (0.051) |
| age#age | | | -0.020*** | -0.020*** | -0.009 | -0.010 | -0.010 |
| | | | (0.007) | (0.007) | (0.007) | (0.008) | (0.008) |
| gender.women | | | | 0.072** | 0.062 | 0.044 | 0.042 |
| | | | | (0.035) | (0.039) | (0.042) | (0.041) |
| sit_job | | | | | 0.250*** | 0.287*** | 0.285*** |
| | | | | | (0.063) | (0.068) | (0.069) |
| sit_mar.single | | | | | | 0.163*** | 0.166*** |
| | | | | | | (0.044) | (0.044) |
| community | | | | | | | -0.039 |
| | | | | | | | (0.049) |
| Observations | 31,511 | 26,498 | 26,498 | 26,498 | 22,421 | 20,249 | 20,225 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

People from debtors are more satisfied with the way of European Union's democracy work and it is statistically significant at 0.10 level, according to the Table 5. Debtors replied far more adversely, despite seeming satisfied with the democracy of the European Union. According to table 2, there has been no change between 2007 and 2010, and 2014 in the degree to which creditors are satisfied with the EU's democratic system. Debtors, on the other hand, are quite receptive to the EU's

democratic system. People from debtor countries are more dissatisfied in 2010 compared to 2007. Additionally, they expressed substantially greater dissatisfaction with democracy in 2014 compared to 2007. At the 0.01 level, both are statistically significant.

For the control variable, gender and community do not have any impact on the satisfaction level of the way democracy Works in the EU. However, political ideology, age, expectations for employment situation, and marital status have. For instance, people on the left and right polars are more dissatisfied with the Union's democracy than the centrists are. The young and old are happier with EU democracy compared to middle-aged individuals. If people's expectations for the work situation are low, their dissatisfaction with EU democracy will be higher. Single people are more unsatisfied with the EU democracy than ones who are coupled.

Table 5. Regression Analysis of the Satisfaction with the EU Democracy

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | democEU | democEU | democEU | democEU | democEU | democEU | democEU |
| 2010.wave | 0.100 | 0.090 | 0.092 | 0.091 | 0.080 | 0.107 | 0.107 |
| | (0.086) | (0.085) | (0.082) | (0.082) | (0.081) | (0.080) | (0.082) |
| 2014.wave | 0.127 | 0.121 | 0.112 | 0.112 | -0.028 | -0.021 | -0.021 |
| | (0.103) | (0.098) | (0.098) | (0.098) | (0.092) | (0.078) | (0.078) |
| country_gr.debtors | -0.476* | -0.551** | -0.535* | -0.534* | -0.540** | -0.533** | -0.532** |
| | (0.265) | (0.276) | (0.276) | (0.275) | (0.271) | (0.268) | (0.270) |
| 2010wave#country_gr.debtors | 0.363** | 0.345* | 0.340* | 0.340* | 0.313* | 0.309* | 0.309* |
| | (0.184) | (0.182) | (0.182) | (0.182) | (0.178) | (0.174) | (0.177) |
| 2014wave#country_gr.debtors | 1.117*** | 1.122*** | 1.124*** | 1.123*** | 0.953*** | 0.901*** | 0.899*** |
| | (0.242) | (0.254) | (0.258) | (0.257) | (0.277) | (0.266) | (0.268) |
| left_right | | -0.334*** | -0.329*** | -0.328*** | -0.275*** | -0.266*** | -0.266*** |
| | | (0.048) | (0.048) | (0.048) | (0.051) | (0.058) | (0.059) |
| left_right#left_right | | 0.028*** | 0.027*** | 0.027*** | 0.023*** | 0.022*** | 0.022*** |
| | | (0.004) | (0.004) | (0.004) | (0.004) | (0.005) | (0.005) |
| age | | | 0.255*** | 0.256*** | 0.178** | 0.207** | 0.210** |
| | | | (0.074) | (0.074) | (0.083) | (0.093) | (0.093) |
| age#age | | | -0.025** | -0.025** | -0.016 | -0.020 | -0.020 |
| | | | (0.010) | (0.010) | (0.011) | (0.012) | (0.012) |
| gender.women | | | | -0.022 | -0.049 | -0.076* | -0.075* |
| | | | | (0.044) | (0.041) | (0.042) | (0.042) |
| sit_job | | | | | 0.219*** | 0.253*** | 0.252*** |
| | | | | | (0.060) | (0.070) | (0.069) |
| sit_mar.single | | | | | | 0.155*** | 0.154*** |
| | | | | | | (0.030) | (0.030) |
| community | | | | | | | 0.008 |
| | | | | | | | (0.039) |
| Observations | 28,050 | 23,981 | 23,981 | 23,981 | 20,404 | 18,407 | 18,388 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

## 4.3 Hypothesis 3: rewarding anti-establishment & populist parties

As much as Troika intervention has increased, punishment for the mainstream parties is increased as well. As a result of this, mainstream support decreased, and challenging parties such as radical right and radical left were raised in both creditor and debtor countries. Although the majority remained loyal to the mainstream parties, challenger parties are the important components of party systems in the

aftermath of the economic crisis. It is the era of the beginning of a new type of party politics in Western Europe. To test the H3, the trust ratio for political parties is used. As trust in mainstream parties decreased, challenging parties increased. It is expected that trust decrease in both creditor and debtor countries.

In the Figure 21, the trust of all countries in political parties is compared based on waves. In 2007, more than 20% percent of people tended to trust political parties whereas the majority of the people tended not to trust political parties. In the following years, trust tendency decreased and less than 20% of the people tended to trust political parties. Although there are no dramatic changes, it can be said that there is a decrease in trust in political parties accordingly. In accordance with the T-Test, P-value is 0.0000 at the T-test for the difference between the values of trust in political parties in 2007 vs. 2010. The P-value is 0.0168 for the differences between 2010 vs. 2014 and it is 0.0000 for the difference between 2007 vs. 2014. So, during the crisis, it is significant at a 0.001 level between 2007 and 2014.

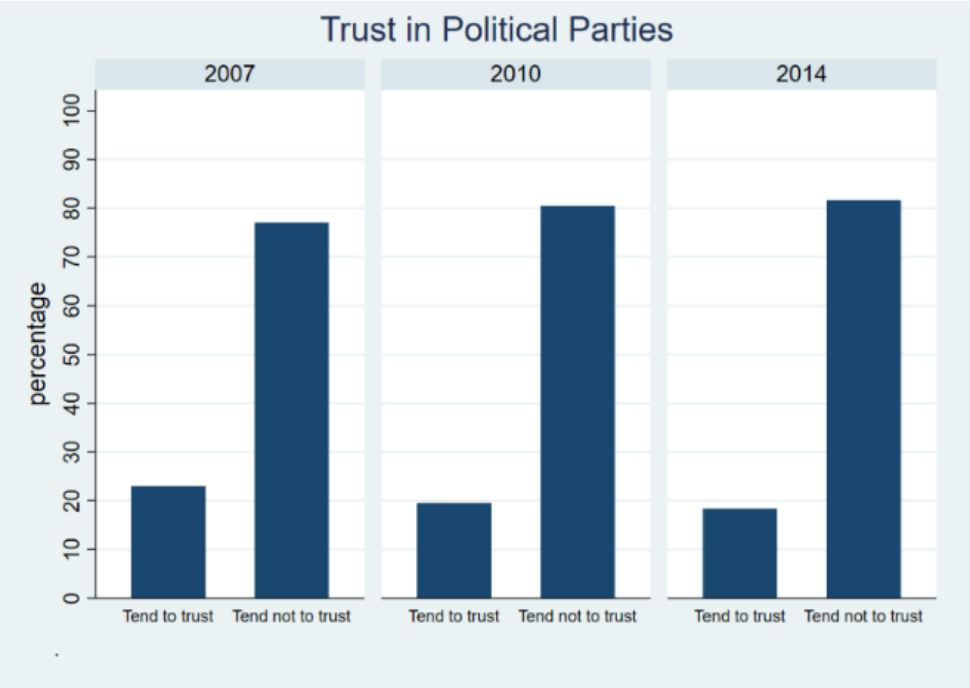



Figure 21. Trust in political parties based on waves

Creditor states and debtor states are affected differently in terms of trust in political parties. As can be seen from the Figure 22, creditor states' trust ratio remained similar in pre-crisis and the crisis period. Even trust ratio increased slightly in the post-crisis period. However, the debtor states' trust ratio decreased incrementally as they experienced a crisis. Before a crisis is experienced, 20 % of people from creditor states trust political parties. However, the trust of people from debtor states decreased to 10%. According to T-Test, P-value is 0.1711 at the T-test for the difference between the values of trust in political parties for creditors vs. debtors in 2007. It is also 0.0000 for the differences between creditors vs. debtors in 2010. P value is 0.0000 for the differences between creditors vs. debtors in 2014 as well. So debtors tend to trust political parties less than creditors'.

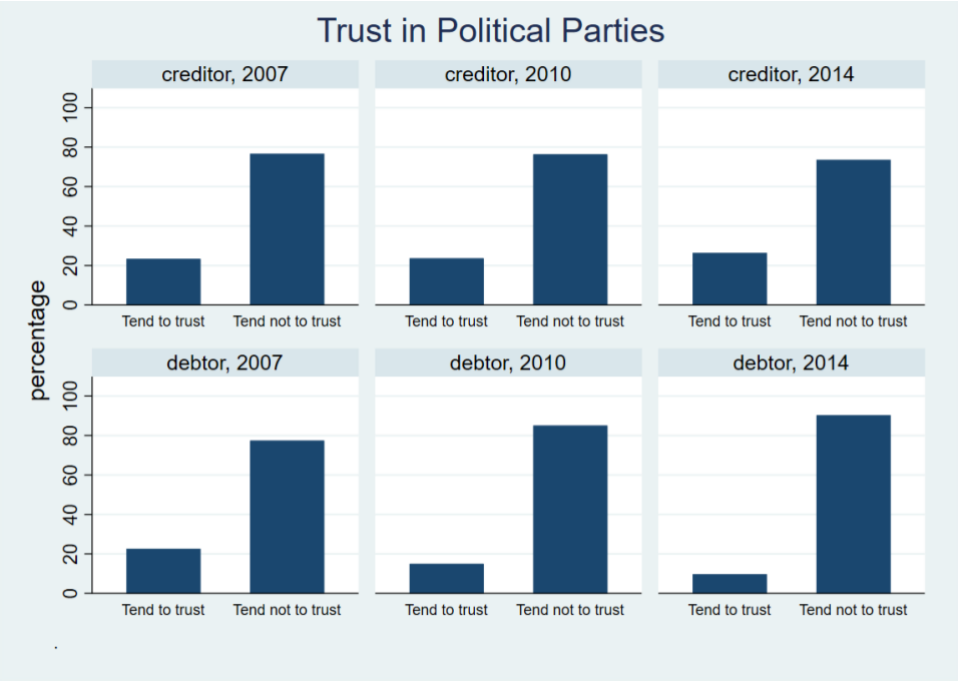



Figure 22. Trust in political parties creditor & debtor comparison

According to the Figure 23, except for Great Britain, Italy, and the Netherlands, each country experienced a decrease in trust in political parties when pre-crisis and post-crisis are compared. Except for Belgium, and Germany, all countries experienced a decrease in trust in political parties when 2010 and 2014 are compared. In the post-crisis period, there is a huge tendency not to trust political parties, the ratio almost reached more than 90% in Greece, Ireland, Italy, Portugal, and, Spain. It can be also inferred that the majority of people from each case country tend not to trust political parties except the Netherlands.

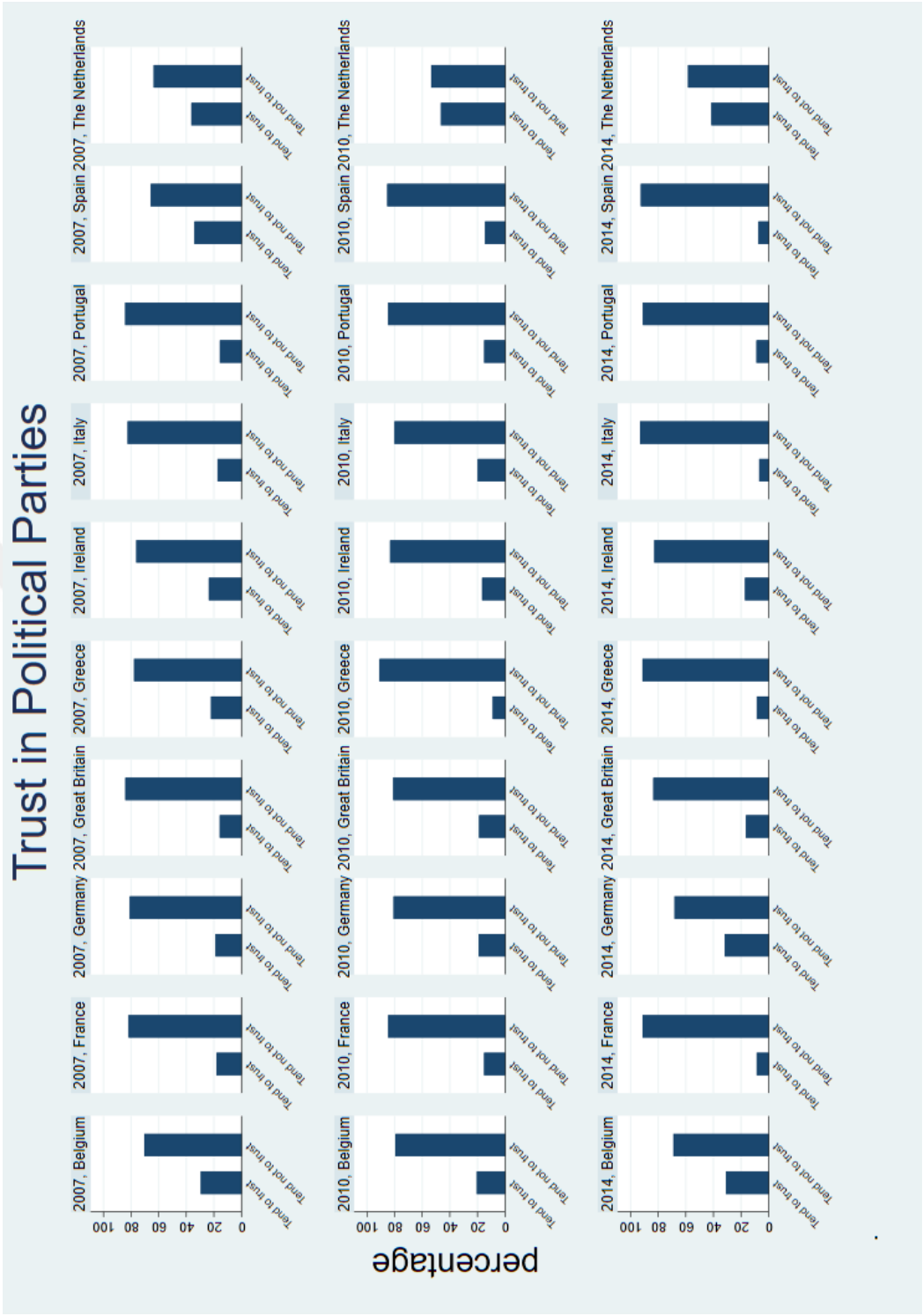



Figure 23. Trust in political parties a country-based examination

In the pre-crisis period, while creditor and debtor countries' trust in political parties was at the same level, the gap widened as the crisis was experienced. While the creditor countries started to trust more, the confidence of the debtor countries changed negatively as it can be seen from Figure 24.

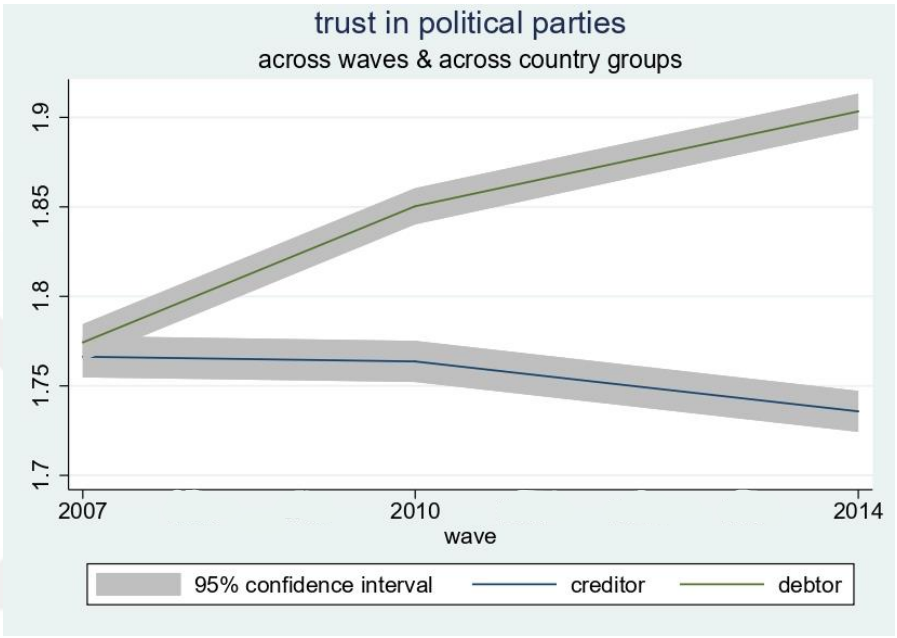



Figure 24. Two-way graph of the trust in political parties

According to the Table 6, there is no significant difference between debtors and creditors in terms of trust in political parties. Creditors tend to have more trust in political parties in 2010 and 2014 when compared to 2007. However, it is not found to be statistically significant. On the other hand, debtors lost their trust in political parties in 2010 and it is statistically significant at 0.10 level. They also lost more trust in 2014 when compared to 2007 and it is statistically significant at 0.01. When control variables are considered, people's political position, marital situation, and whether they live in urban or rural areas do not have an impact on their trust in political parties. When compared to middle-aged individuals, the youngest and oldest have a tendency to trust political parties more and it is statistically significant at 0.05

level. Women tend to have greater political party mistrust than males, and this difference is statistically significant at the 0.05 level. If their predictions for the work situation are negative, people will distrust political parties more.

Table 6. Regression Analysis of the Political Party Trust Ratio

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | trustpolp | trustpolp | trustpolp | trustpolp | trustpolp | trustpolp | trustpolp |
| 2010.wave | -0.015 | -0.032 | -0.029 | -0.028 | -0.040 | -0.038 | -0.037 |
| | (0.154) | (0.148) | (0.149) | (0.149) | (0.144) | (0.149) | (0.149) |
| 2014.wave | -0.163 | -0.185 | -0.173 | -0.171 | -0.321* | -0.347* | -0.348* |
| | (0.193) | (0.188) | (0.188) | (0.188) | (0.183) | (0.185) | (0.185) |
| country_gr.debtors | 0.045 | 0.034 | 0.021 | 0.018 | -0.011 | -0.012 | -0.007 |
| | (0.262) | (0.264) | (0.270) | (0.270) | (0.283) | (0.284) | (0.286) |
| 2010wave#country_gr.debtors | 0.519* | 0.504* | 0.501* | 0.503* | 0.474* | 0.473* | 0.471* |
| | (0.284) | (0.267) | (0.264) | (0.265) | (0.260) | (0.260) | (0.261) |
| 2014wave#country_gr.debtors | 1.166*** | 1.113*** | 1.108*** | 1.110*** | 1.034*** | 1.022*** | 1.020*** |
| | (0.322) | (0.331) | (0.330) | (0.331) | (0.328) | (0.340) | (0.341) |
| left_right | | 0.013 | 0.009 | 0.007 | 0.032 | 0.034 | 0.032 |
| | | (0.082) | (0.081) | (0.082) | (0.075) | (0.076) | (0.077) |
| left_right#left_right | | -0.004 | -0.003 | -0.003 | -0.006 | -0.006 | -0.006 |
| | | (0.006) | (0.006) | (0.006) | (0.006) | (0.006) | (0.006) |
| age | | | 0.247** | 0.244** | 0.161 | 0.143 | 0.146 |
| | | | (0.112) | (0.111) | (0.117) | (0.126) | (0.127) |
| age#age | | | -0.037** | -0.037** | -0.027 | -0.024 | -0.024 |
| | | | (0.016) | (0.016) | (0.017) | (0.018) | (0.018) |
| gender.women | | | | 0.081** | 0.067* | 0.044 | 0.043 |
| | | | | (0.035) | (0.040) | (0.042) | (0.042) |
| sit_job | | | | | 0.216*** | 0.241*** | 0.240*** |
| | | | | | (0.064) | (0.066) | (0.066) |
| sit_mar.single | | | | | | 0.024 | 0.025 |
| | | | | | | (0.038) | (0.039) |
| community | | | | | | | -0.018 |
| | | | | | | | (0.042) |
| Observations | 30,698 | 25,868 | 25,868 | 25,868 | 21,895 | 19,789 | 19,765 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

## 4.4 Hypothesis 4: institutional distrust

Lastly, citizens in both debtor and creditor states are faced with some degree of distrust against national (government and parliament) and supranational organizations (European Union, European Parliament, European Commission, European Central Bank and United Nations). It is expected that debtors' distrust of the supranational organization decreased more as a consequence of the crisis. First, national branches such as government and parliament are examined to see how the trust ratio is affected by the crisis at the national level.

According to the Figure 25, before the crisis, 40 % of the people trust their national governments. However, this ratio decreased as the impacts of the crisis increased. During the crisis period, 30 % of the people trust their national governments. In the post-crisis period, this situation remained similar 30 % of the people trusted their governments whereas 70 % of the people did not trust their national governments. P-value is 0.0000 at the T-test for the difference between the values of the trust in national governments in 2007 vs. 2010. P-value is 0.8357 for the difference between 2010 vs. 2014 and it is 0.0000 for the difference between 2007 vs. 2014. So during the crisis, it is significant at a 0.001 level. The tendency to trust the national government decreased from 2007 to 2010. However, it does not change in the post-crisis period, to compare with the crisis period.

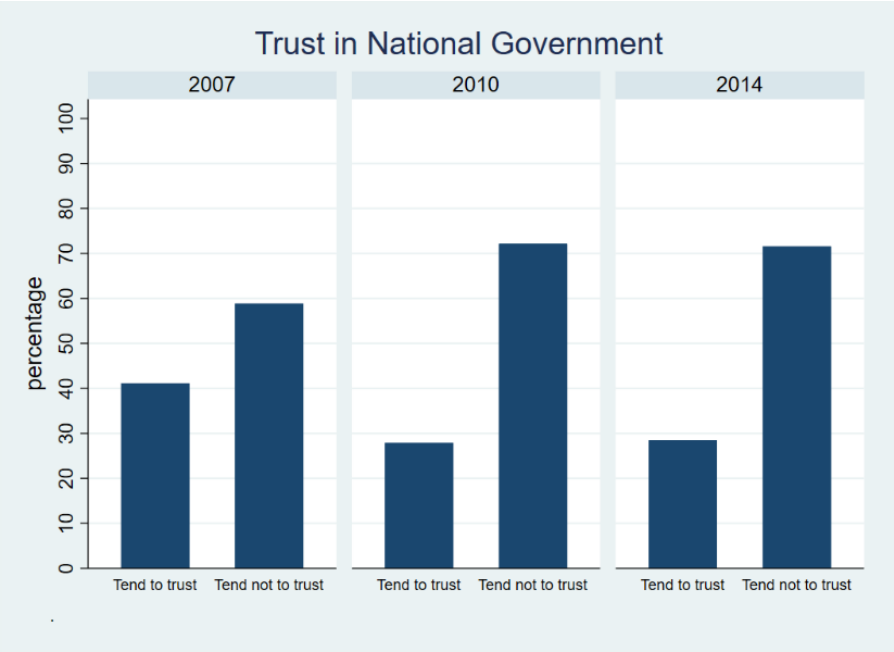



Figure 25. Trust in national government based on waves

Secondly, the trust ratio of national parliaments is examined in the Figure 26. National parliaments are also affected by the crisis. In accordance with the below graph, trust decreased incrementally based on waves. Before the crisis, 45 % of people from case countries tend to trust their national parliaments. During the crisis, the trust ratio dropped more and slightly more than 30% of people trusted national parliaments. In the post-crisis period, it decreased and the trust ratio dropped to 30 %. The P-value is 0.0000 for the difference between the values of trust in the national parliaments in 2007 vs. 2010. The P-value is 0.0002 for the differences between 2010 vs. 2014. It is also 0.000 for the differences between 2007 vs. 2014. So those are significant at a 0.001 level. Incrementally, people's trust in the national central banks decreased.

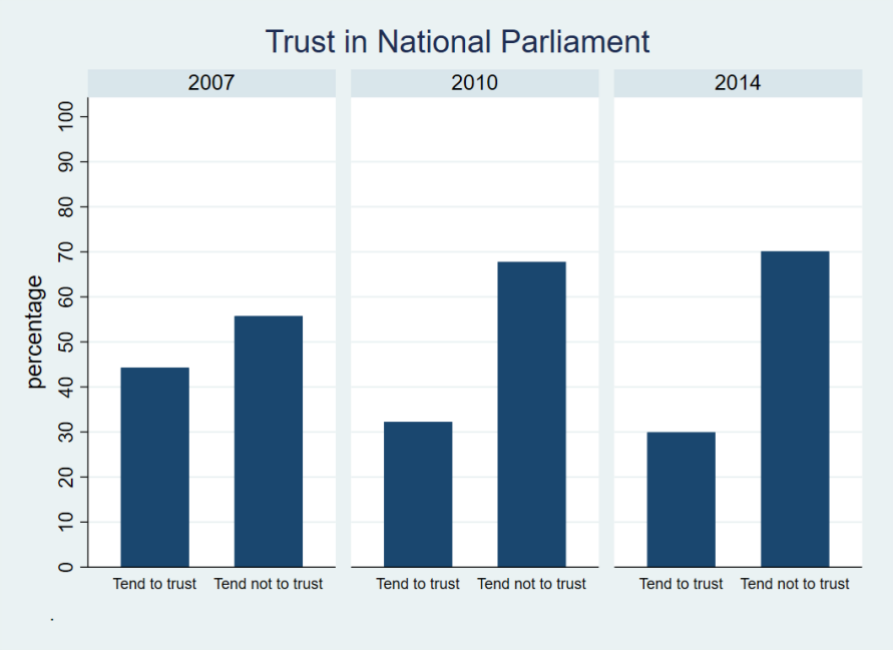



Figure 26. Trust in national parliament based on waves

People from creditors and debtors have responded to crises differently in terms of trust in national institutions in accordance with the Figure 27. For each period, the debtors' trust in the national government is less than in the creditor countries. During the crisis, both debtors and creditors experienced a decrease in the trust ratio. However, creditors' trust ratio for their governments increased in the post-crisis period whereas debtors' continued to decrease. The P-value is 0.0000 at the T-test for the difference between the values of trust in the governments for creditors vs. debtors in 2007. It is also 0.0000 for the differences between creditors vs. debtors in 2010. P value is 0.0000 for the differences between creditors vs. debtors in 2014. Creditors' tendency to trust is always higher.

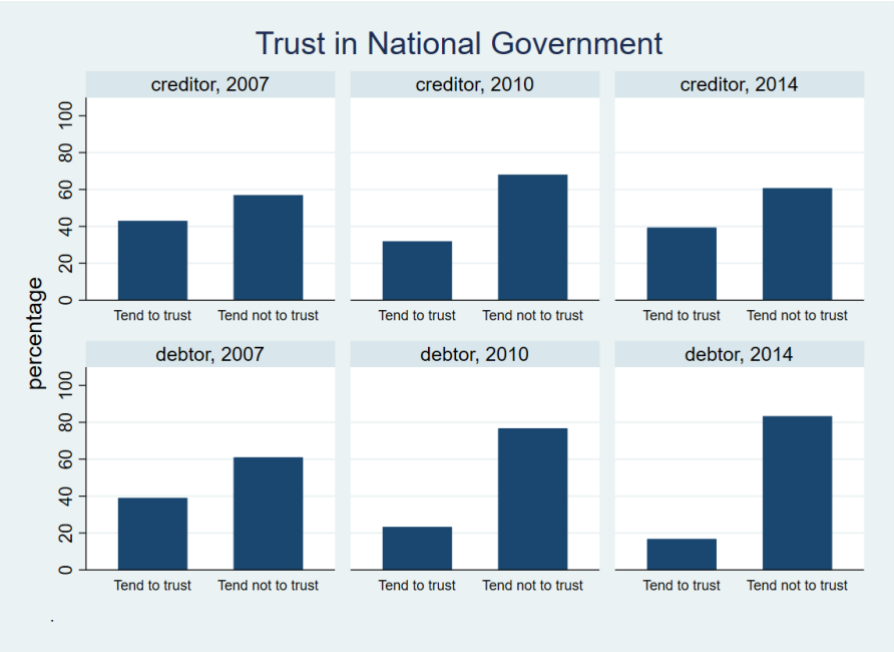



Figure 27. Trust in national government creditor & debtor comparison

The trust of the people from creditors and debtors in the national parliament is also different from each other. For each wave, people from debtor countries have a tendency not to trust their national parliament more than people from creditor countries. According to the Figure 28, at the beginning of the crisis, 45% of the people from creditor states tended to trust the national parliament, and 40% of the people from debtor states tended to trust the national parliament. During the crisis trust tendency of both parties dropped but the debtors were affected more. However, in the post-crisis period, this situation changed. People from creditor countries re-gained trust and the ratio increased to the pre-crisis period whereas the trust ratio in debtor countries continued to drop and it decreased to below 20%. The P-value is 0.0000 at the T-test for the difference between the values of trust in the national governments for creditors vs. debtors in 2007. It is also 0.0000 for the differences between creditors vs. debtors in 2010. P value is 0.0000 for the differences between creditors vs. debtors in 2014. Creditors' tendency to trust is always higher.

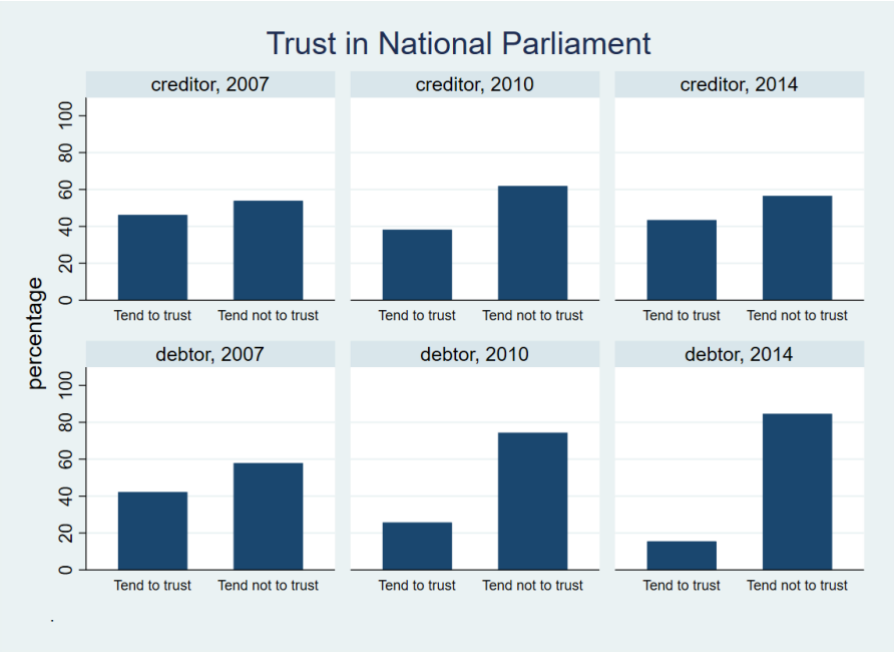



Figure 28. Trust in national parliament creditor & debtor comparison

Before the crisis started, the general tendency is not to trust in governments except for Spain and the Netherlands as it is indicated in the Figure 29. During the crisis, all case countries' tendency not to trust in the national government increased without exception. 80 % of people tend not to trust national governments except for the Netherlands. In terms of creditors, the trust ratio of people from Belgium, Germany, and the Netherlands increased in the post-crisis but France and Great Britain experienced an increase in distrust during this period. In terms of debtors, Greece, Ireland, Italy, Portugal, and Spain experienced an increase in distrust in the post-crisis.

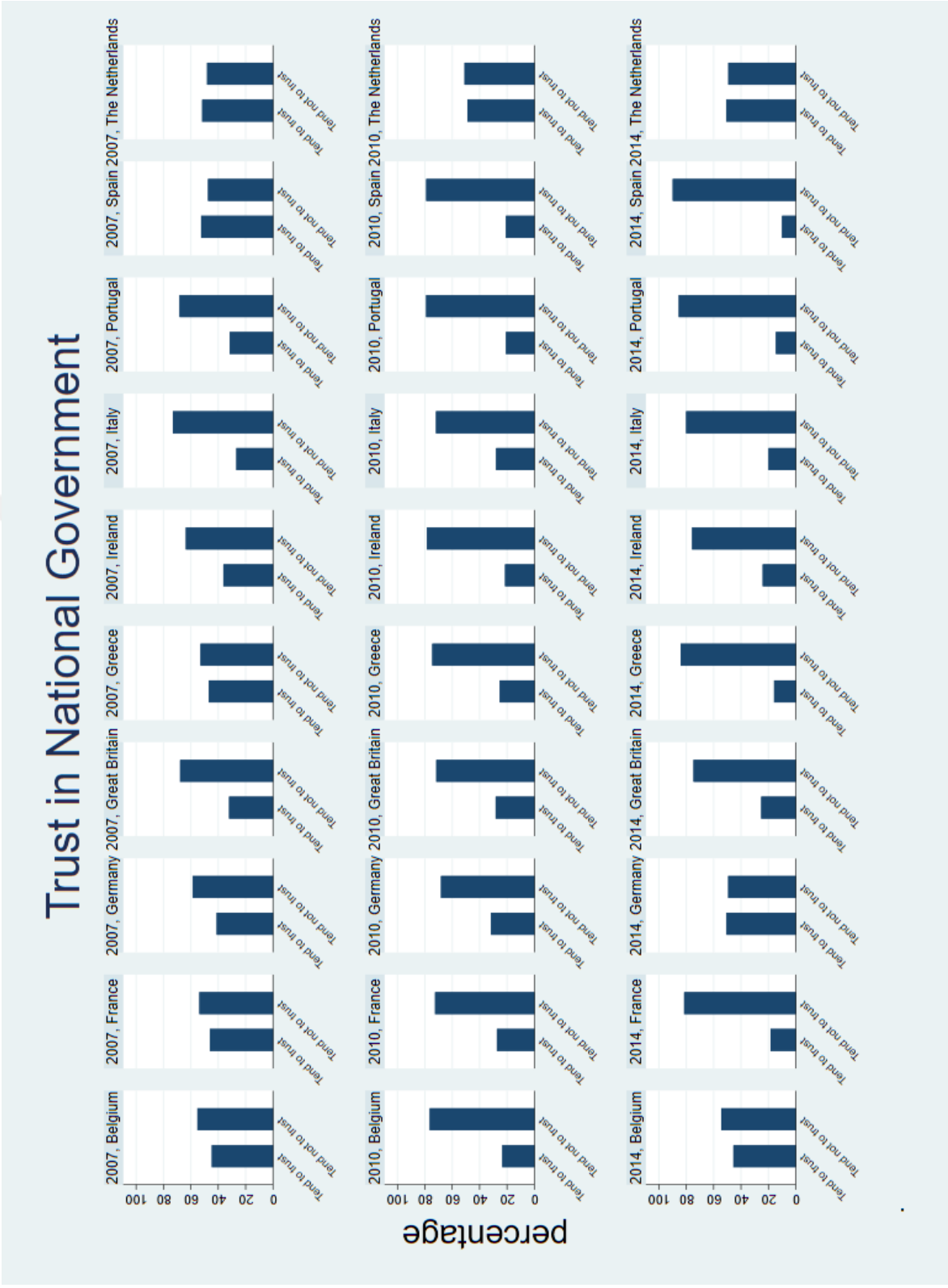



Figure 29. Trust in national government a country based-examination

The country-based examination for the trust in national parliament is provided in the Figure 30, in terms of creditors; Belgium, France, Germany, and Great Britain experienced a decrease in trust ratio whereas the Netherlands did not when the pre-crisis and the crisis period are examined. Belgium and Germany regained trust. Even the majority of the German people started to trust their national parliament in the post-crisis period. On the other hand, people from France, and Great Britain experienced a decrease in trust in the national parliament. In terms of debtors; the majority of the people from Greece and Spain tend to trust their national parliament before the crisis, and they experienced a decrease in the ratio during the crisis and post-crisis period. The majority of the people from Ireland, Italy, and Portugal have a tendency not to trust their national parliament and they experienced a decrease in both the crisis and the post-crisis period.

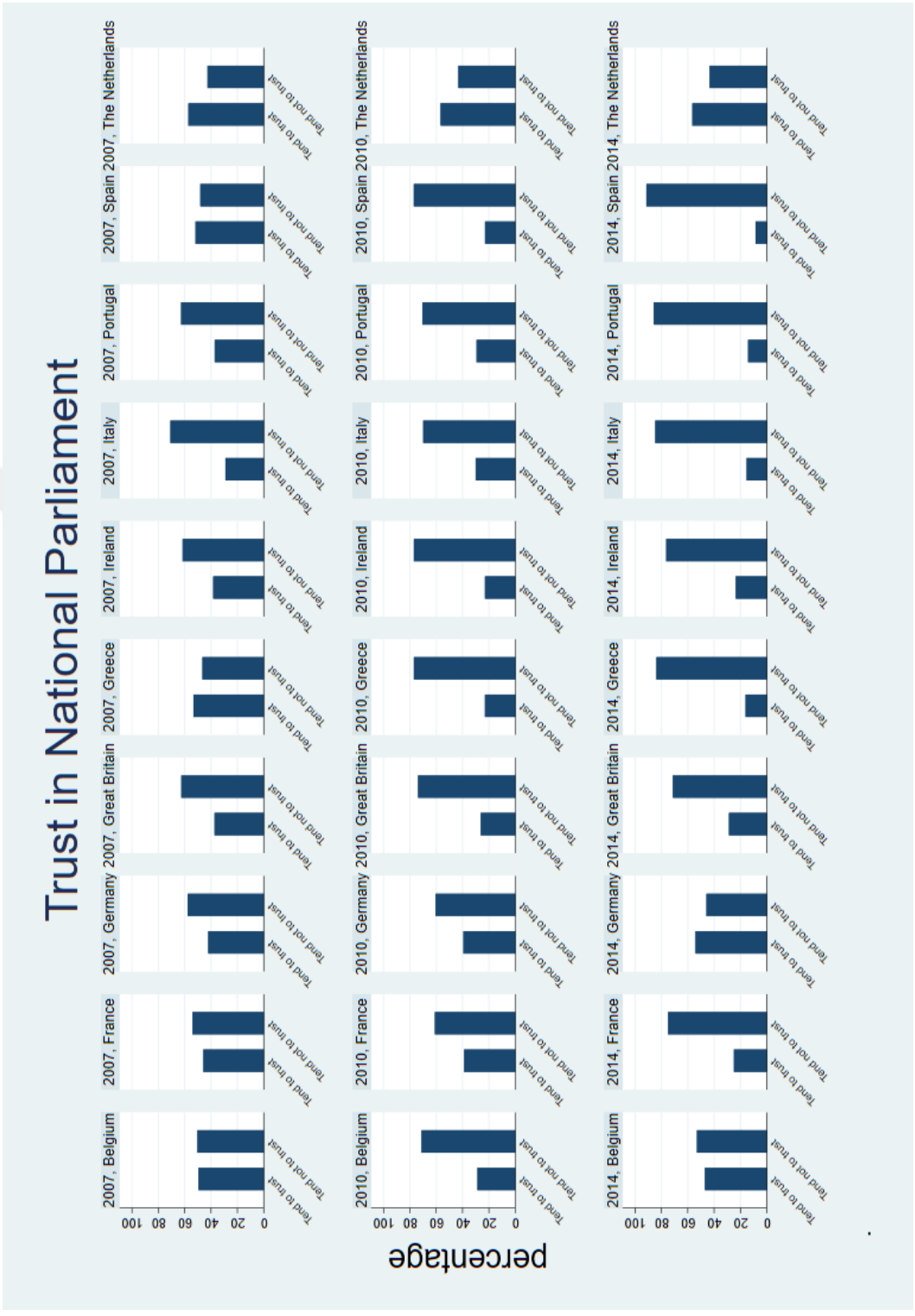



Figure 30. Trust in national parliament a country based-examination

Before supranational institutions are examined, two-way graphs of the national government, the national parliament, and central banks are provided in the Figure 31 and the Figure 32.

From pre-crisis to the crisis, both creditor and debtor countries experienced diminishing trust in their governments. After the crisis, this situation continued for debtors, but creditors' trust in governments increased and even returned to the pre-crisis situation. The ratio, which was almost the same in the pre-crisis period, has widened for debtors and creditors in the post-crisis period.

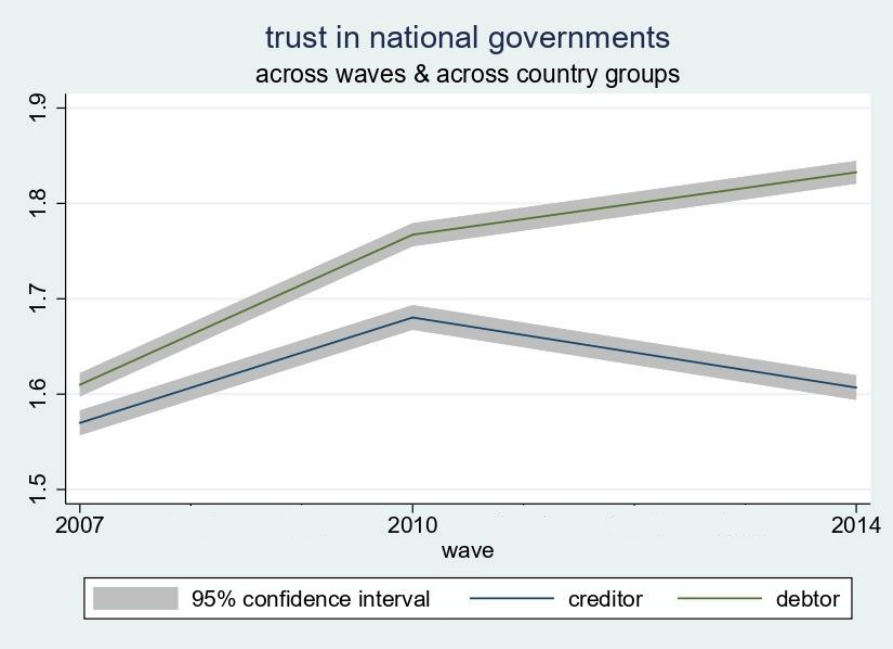



Figure 31. Two-way graph of the trust in national government

Trust in parliaments has changed at similar rates as trust in governments which is explained above. While the creditor countries started to trust again after the crisis, the trust ratio decreased as the debtor countries experienced the crisis.

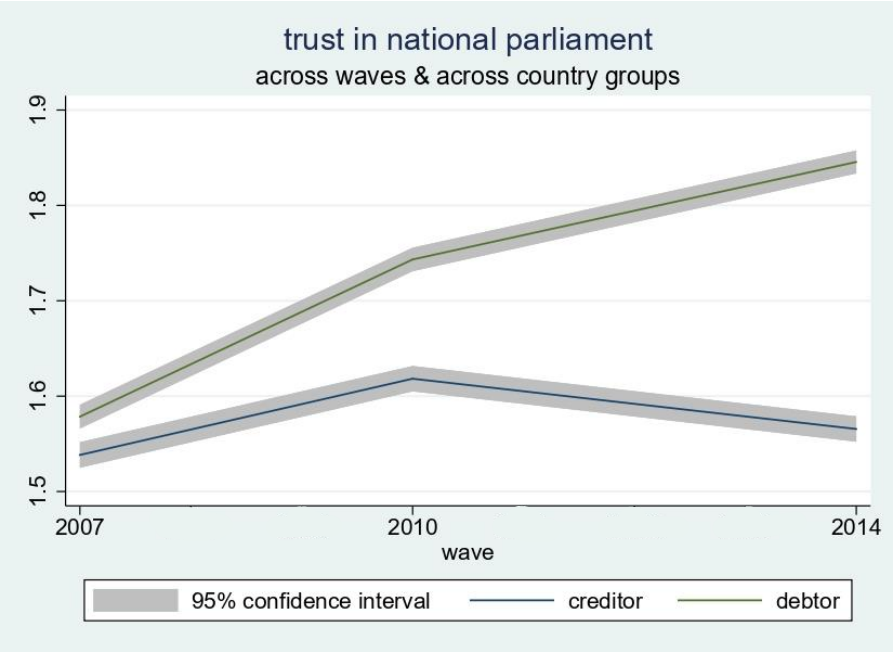



Figure 32. Two-way graph of the trust in national parliament

According to the Table 7, there is a trend of higher trust in government among people from debtor countries compared to creditors, but it is not statistically significant. Trust in government decreased significantly for creditors in 2010 compared to 2007. On the other hand, debtors experienced a more significant decrease in trust in the post-crisis period, specifically in 2014 compared to 2007. Age, gender, employment situation, and marital status are statistically significant. Both the youngest and oldest age groups tend to have higher levels of trust, and this difference is statistically significant at the 0.01 level. Women exhibit greater mistrust of the government compared to men, which is statistically significant at the 0.05 level. Negative predictions regarding the employment lead to higher levels of distrust in the government, and this relationship is statistically significant at the 0.01 level. Single individuals tend to have higher levels of distrust compared to those in a partnership, and this difference is statistically significant at the 0.01 level. Political position and place of residence do not significantly affect the trust in government.

Table 7. Regression Analysis of the Government Trust Ratio

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | trustgov | trustgov | trustgov | trustgov | trustgov | trustgov | trustgov |
| 2010.wave | 0.474*** | 0.465*** | 0.468*** | 0.469*** | 0.445*** | 0.475*** | 0.477*** |
| | (0.149) | (0.137) | (0.140) | (0.140) | (0.146) | (0.145) | (0.146) |
| 2014.wave | 0.153 | 0.144 | 0.160 | 0.161 | -0.014 | -0.102 | -0.104 |
| | (0.252) | (0.241) | (0.241) | (0.241) | (0.227) | (0.230) | (0.233) |
| country_gr.debtors | 0.165 | 0.163 | 0.146 | 0.143 | 0.109 | 0.119 | 0.127 |
| | (0.223) | (0.204) | (0.203) | (0.202) | (0.203) | (0.201) | (0.204) |
| 2010wave#country_gr.debtors | 0.272 | 0.276 | 0.274 | 0.275 | 0.283 | 0.277 | 0.272 |
| | (0.271) | (0.233) | (0.231) | (0.231) | (0.236) | (0.230) | (0.230) |
| 2014wave#country_gr.debtors | 1.005** | 0.934** | 0.930** | 0.932** | 0.851** | 0.857** | 0.858** |
| | (0.402) | (0.389) | (0.386) | (0.386) | (0.378) | (0.376) | (0.375) |
| left_right | | -0.196** | -0.202** | -0.205** | -0.164* | -0.152 | -0.154 |
| | | (0.100) | (0.101) | (0.101) | (0.099) | (0.106) | (0.106) |
| left_right#left_right | | 0.012 | 0.012 | 0.013 | 0.009 | 0.008 | 0.008 |
| | | (0.008) | (0.008) | (0.008) | (0.008) | (0.008) | (0.008) |
| age | | | 0.181** | 0.179** | 0.108 | 0.149* | 0.148* |
| | | | (0.086) | (0.086) | (0.079) | (0.086) | (0.085) |
| age#age | | | -0.032*** | -0.031*** | -0.023** | -0.028** | -0.028** |
| | | | (0.012) | (0.012) | (0.011) | (0.011) | (0.011) |
| gender.women | | | | 0.078** | 0.059 | 0.033 | 0.032 |
| | | | | (0.036) | (0.040) | (0.040) | (0.040) |
| sit_job | | | | | 0.247*** | 0.278*** | 0.277*** |
| | | | | | (0.065) | (0.059) | (0.060) |
| sit_mar.single | | | | | | 0.122*** | 0.126*** |
| | | | | | | (0.034) | (0.035) |
| community | | | | | | | -0.053 |
| | | | | | | | (0.037) |
| Observations | 30,556 | 25,752 | 25,752 | 25,752 | 21,782 | 19,674 | 19,649 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

According to the Table 8, when compared to 2007, creditors' trust in the national parliament fell in 2010, and this decline was statistically significant. However, when compared to 2007. However, when compared to 2007, the decline in debtors' trust was greater during the post-crisis period in 2014, and it was statistically significant. This situation is parallel to the trust in government.

In terms of the control variables, gender, employment situation, and marital situation

are important when trust in government is discussed. However, people's political position, age, and where people live do not affect the trust ratio of the national parliament. Women are more likely than men to distrust the government, and this difference is statistically significant at the 0.01 level. People will distrust the government more if their expectations for employment are adverse, and this is found to be statistically significant at the 0.01 level. It is statistically significant at the 0.01 level that single persons tend to have greater levels of mistrust for the government than people having partners.

Table 8. Regression Analysis of the Parliament Trust Ratio

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | trustparl | trustparl | trustparl | trustparl | trustparl | trustparl | trustparl |
| 2010.wave | 0.329** | 0.325** | 0.327** | 0.327** | 0.294* | 0.318** | 0.319** |
| | (0.143) | (0.144) | (0.144) | (0.144) | (0.153) | (0.152) | (0.152) |
| 2014.wave | 0.110 | 0.103 | 0.111 | 0.113 | -0.068 | -0.149 | -0.150 |
| | (0.227) | (0.228) | (0.226) | (0.226) | (0.225) | (0.214) | (0.216) |
| country_gr.debtors | 0.163 | 0.139 | 0.131 | 0.127 | 0.086 | 0.086 | 0.095 |
| | (0.219) | (0.204) | (0.205) | (0.205) | (0.207) | (0.206) | (0.209) |
| 2010wave#country_gr.debtors | 0.418 | 0.404 | 0.402 | 0.405 | 0.423 | 0.424* | 0.421 |
| | (0.289) | (0.258) | (0.255) | (0.256) | (0.261) | (0.257) | (0.259) |
| 2014wave#country_gr.debtors | 1.274*** | 1.244*** | 1.240*** | 1.244*** | 1.195*** | 1.218*** | 1.218*** |
| | (0.368) | (0.366) | (0.364) | (0.364) | (0.358) | (0.356) | (0.355) |
| left_right | | -0.130* | -0.132* | -0.136* | -0.121* | -0.118 | -0.120 |
| | | (0.074) | (0.074) | (0.075) | (0.073) | (0.077) | (0.078) |
| left_right#left_right | | 0.009 | 0.009 | 0.010 | 0.008 | 0.008 | 0.008 |
| | | (0.006) | (0.006) | (0.006) | (0.006) | (0.006) | (0.006) |
| age | | | 0.119 | 0.115 | 0.017 | 0.056 | 0.053 |
| | | | (0.098) | (0.097) | (0.097) | (0.097) | (0.096) |
| age#age | | | -0.019 | -0.019 | -0.007 | -0.013 | -0.012 |
| | | | (0.014) | (0.014) | (0.014) | (0.014) | (0.014) |
| gender.women | | | | 0.105*** | 0.080* | 0.047 | 0.045 |
| | | | | (0.039) | (0.042) | (0.041) | (0.041) |
| sit_job | | | | | 0.258*** | 0.288*** | 0.285*** |
| | | | | | (0.059) | (0.054) | (0.054) |
| sit_mar.single | | | | | | 0.105*** | 0.109*** |
| | | | | | | (0.039) | (0.040) |
| community | | | | | | | -0.053 |
| | | | | | | | (0.040) |
| Observations | 30,060 | 25,384 | 25,384 | 25,384 | 21,496 | 19,420 | 19,395 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

In terms of supranational organization, the European Union, the European Parliament, the European Commission, European Central Bank the United Nations are examined. First waves are described then debtors and creditors are examined. Lastly, each country is provided. Trust in European Union, Parliament, the Commission and ECB has been affected by the crisis since the duties of these institutions became more visible especially during the crisis.

In accordance with the Figure 33, the majority of people have a tendency to trust European Union before the crisis. However, this situation changed during the crisis and post-crisis period. During the crisis, almost 60% of people did not trust European Union and it reached 70% in the post-crisis period as well. P-value is 0.0000 at the T-test for the difference between the values of trust in the European Union in 2007 vs. 2010. P-value is 0.0000 for the differences between 2010 vs. 2014 and 2007 vs. 2014 as well. So those are significant at a 0.001 level. Incrementally, people's trust in European Union decreased.

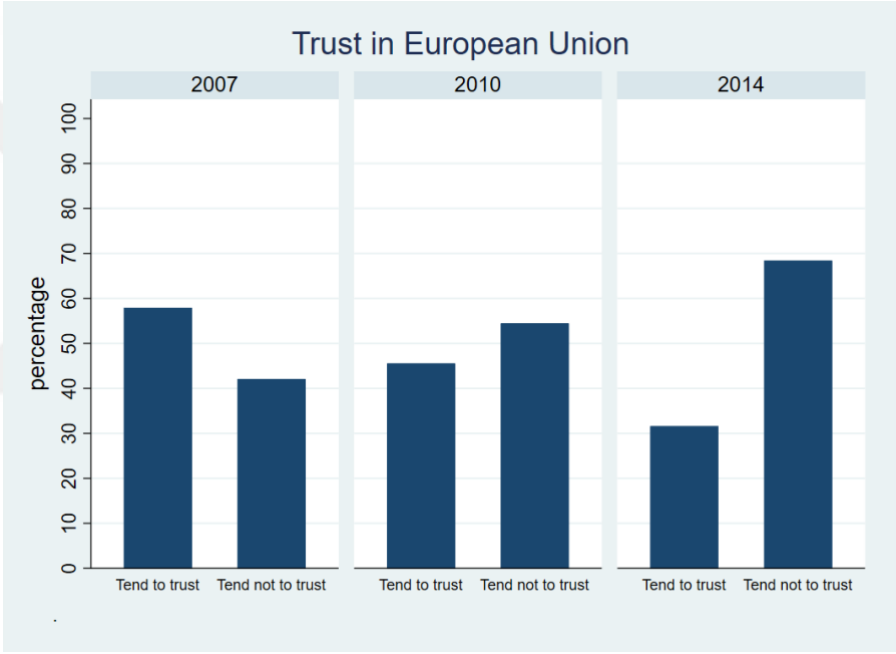



Figure 33. Trust in European Union based on waves

The situation is quite similar for the European Parliament, the institution has also been affected by the crisis as it can be seen from the Figure 34. Almost 70 % of the people trust in European Parliament at the beginning of the crisis. It decreased to 55 % during the crisis. At the end of the crisis, the majority of the people, 60%, have a tendency not to trust in European Parliament. P-value is 0.0000 at the T-test for the difference between the values of trust in the European Parliament in 2007 vs. 2010. P-value is 0.0000 for the differences between in 2010 vs. 2014 and in 2007 vs. 2014

as well. So those are significant at a 0.001 level. Incrementally, people's trust in the European Parliament decreased.

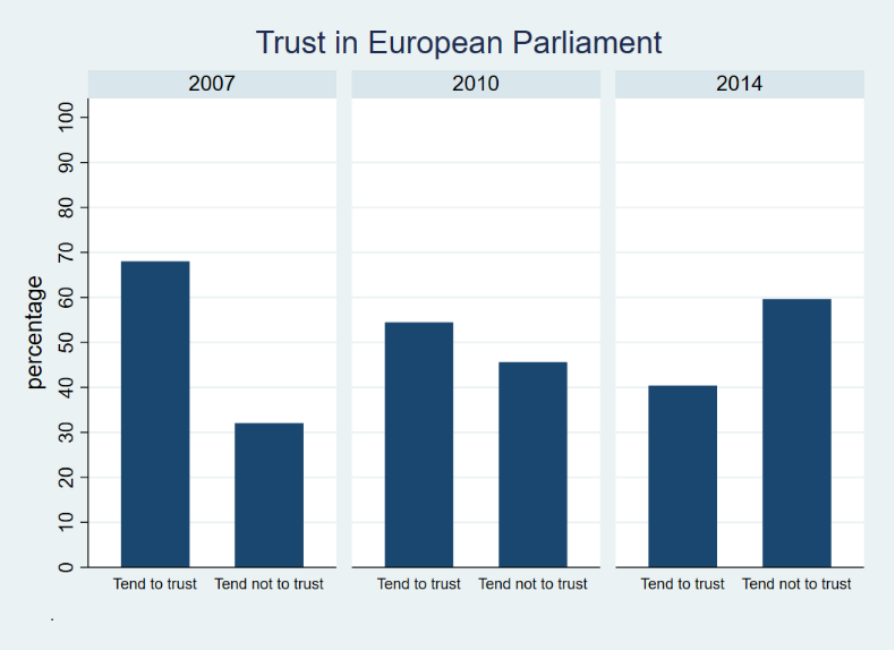



Figure 34. Trust in European Parliament based on waves

People's trust tendency in European Commission is quite similar to European Parliament. According to the Figure 35, before the crisis, almost 70% of people trusted the Commission then it decreased to 55%. After the crisis, 40% of people tend to trust the European Commission. The P-value is 0.0000 at the T-test for the difference between the values of trust in the European Commission in 2007 vs. 2010. The P-value is 0.0000 for the differences between 2010 vs. 2014 and 2007 vs. 2014 as well. So those are significant at a 0.001 level. Incrementally, people's trust in the European Commission decreased.

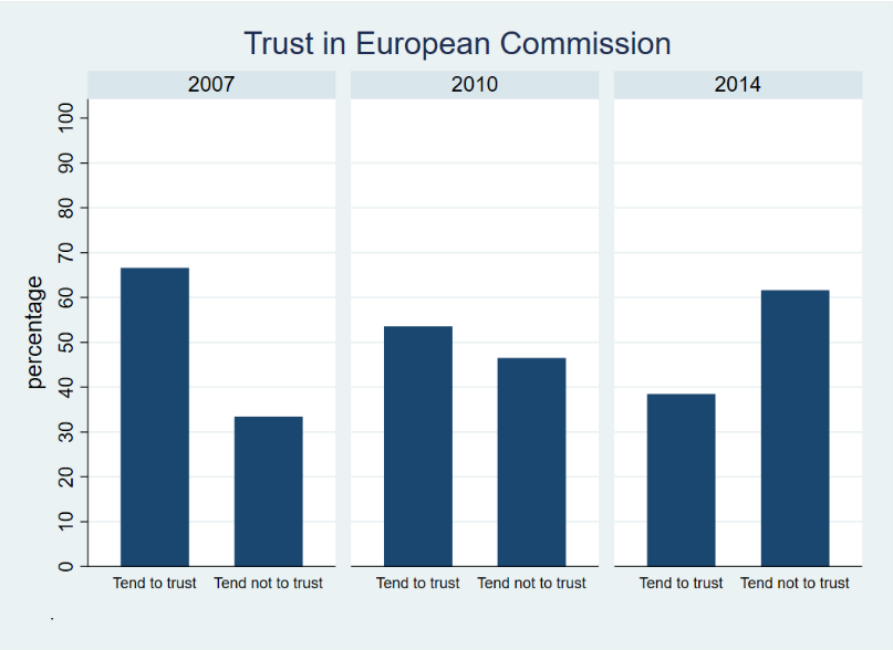



Figure 35. Trust in European Commission based on waves

Since one of the most significant institution is the European Central Bank during the crisis, people's trust in the ECB might be affected by the crisis. In accordance with the Figure 36, almost 70% of the people tended to trust in ECB before the crisis. However, it dropped to 50% and people lost their trust in ECB during the crisis. This situation continued to drop in the post-crisis period and less than 40% of people trust ECB in 2014. The P-value is 0.0000 at the T-test for the difference between the values of trust in ECB in 2007 vs. 2010. The P-value is 0.0000 for the differences between 2010 vs. 2014 and 2007 vs. 2014 as well. So those are significant at a 0.001 level. Incrementally, people's trust in the national central banks decreased.

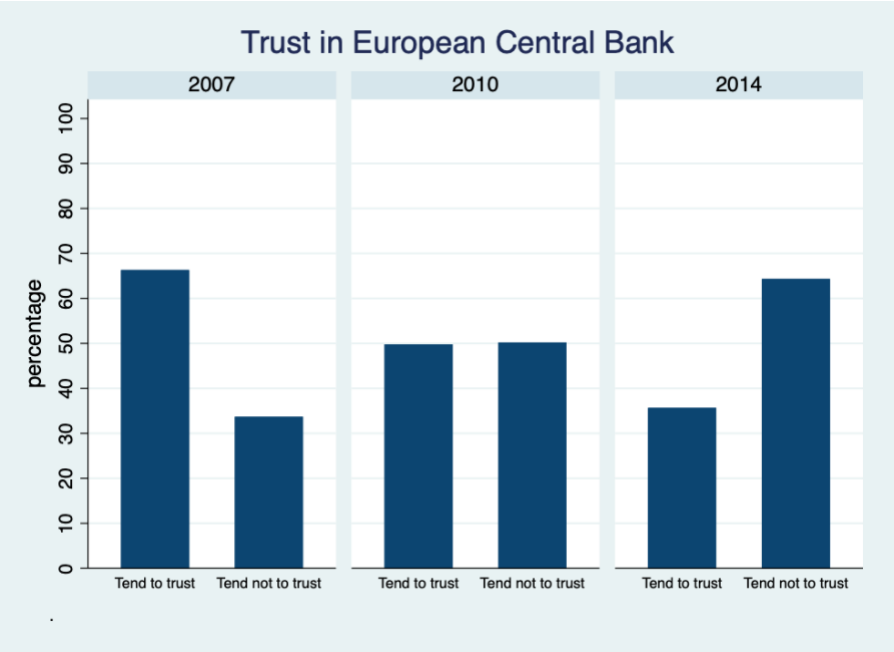



Figure 36. Trust in European Central Bank based on waves

In addition to European institutions, United Nations has also been affected by the crisis. People tend to trust before the crisis started, according to the Figure 37. However, at the end of the crisis, less than half of the people tend to trust in United Nations. The P-value is 0.0000 at the T-test for the difference between the values of trust in the United Nations in 2007 vs. 2010. The P-value is 0.0000 for the differences between 2010 vs. 2014 and 2007 vs. 2014 as well. So those are significant at a 0.001 level. Incrementally, people's trust in the United Nations decreased.

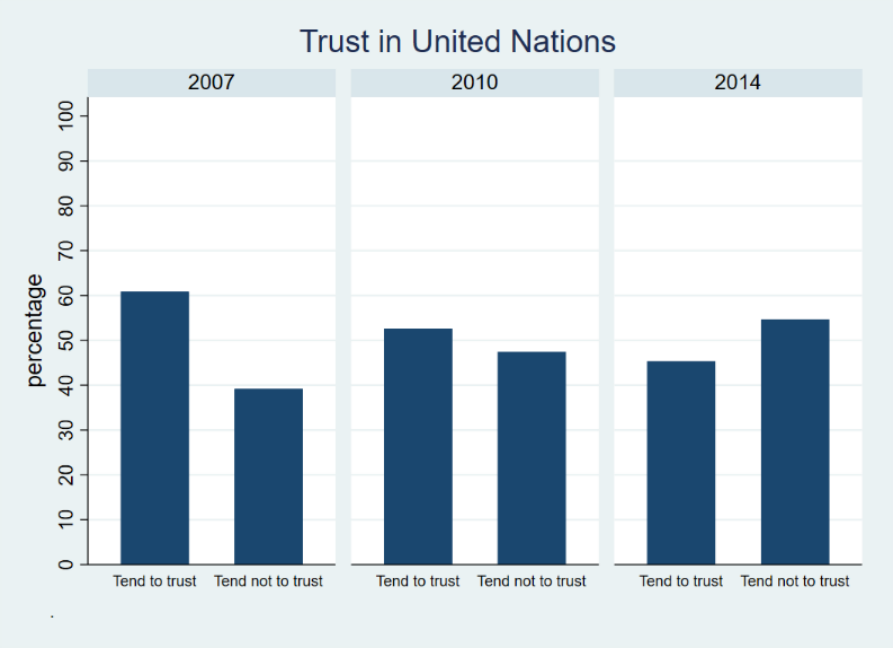



Figure 37. Trust in United Nations based on waves

In terms of trust in supranational institutions, debtors and creditors are compared. Trust in the European Union ratio decreased in both debtors and creditors as it can be seen in the Figure 38. At the beginning of the crisis, the debtor countries' trust ratio was more than the creditor countries' trust. During the crisis, both creditors and debtors have been affected and the ratio of creditors decreased less than debtors. When the crisis and the post-crisis periods are compared, debtors also lost trust more than creditors. The P-value is 0.0000 at the T-test for the difference between the values of trust in the European Union for debtors vs. creditors in 2007. It is also 0.0000 for the differences between debtors vs. creditors in 2010. P value is 0.0000 for the differences between creditors vs. debtors in 2014.

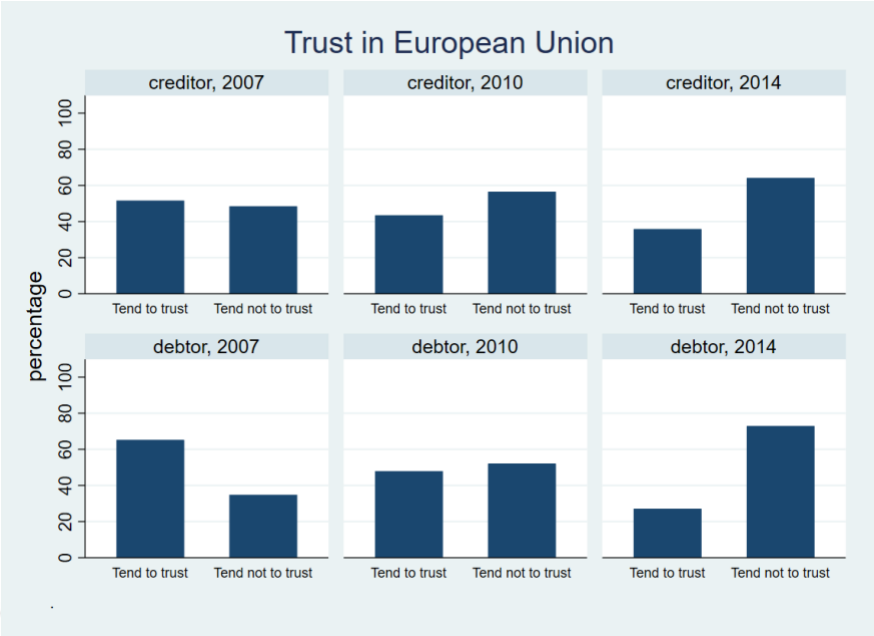



Figure 38. Trust in European Union creditor & debtor comparison

According to the Figure 39, before the crisis started, more than 60 % of people from creditors and more than 75 % of people from debtor states tend to trust the European Parliament. During a crisis, both parties lost their trust tendency. However, more than 50% of people tend to trust European Parliament during the crisis. After the crisis, the majority of the people have a tendency not to trust European Parliament. In addition, debtors experienced more decline. The P-value is 0.0000 at the T-test for the difference between the values of trust in the European Parliament for debtors vs. creditors in 2007. It is also 0.0000 for the differences between debtors vs. creditors in 2010. P value is 0.0000 for the differences between creditors vs. debtors in 2014.

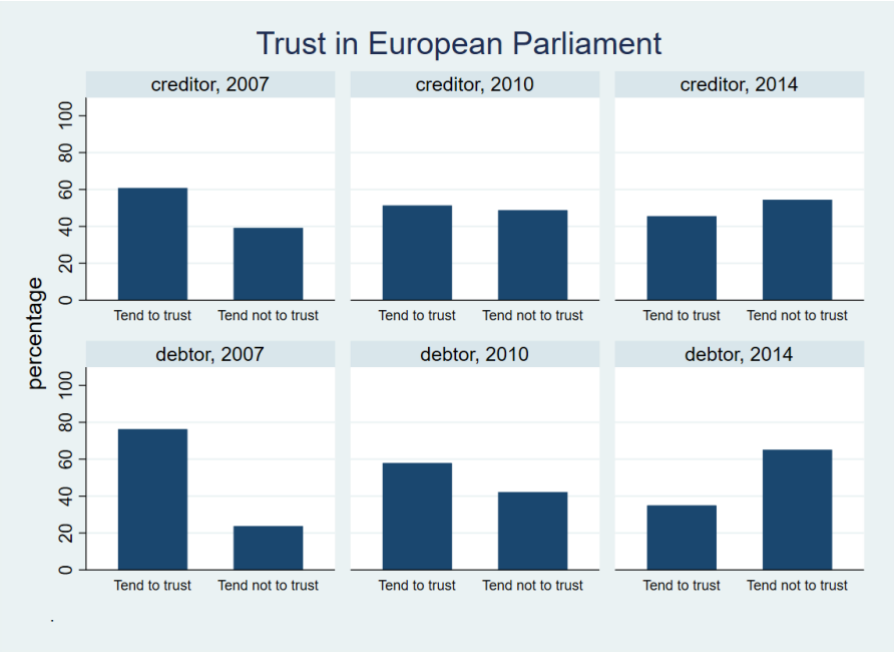



Figure 39. Trust in European Parliament creditor & debtor comparison

The commission is also quite similar to the European Parliament, according to the Figure 40. In the beginning, the majority of the people from creditors and debtors have a tendency to trust the European Commission. However, during the crisis people from both creditors and debtors lost trust steadily. Although people experienced trust loss, more people tend to trust European Commission during the crisis. In the post-crisis period, the situation changed. The majority of both creditors and debtors have a tendency not to trust in European Commission. It can also be said that people from debtor countries lost more trust than creditors. The P-value is 0.0000 at the T-test for the difference between the values of trust in the European Commission for debtors vs. creditors in 2007. It is also 0.0000 for the differences between debtors vs. creditors in 2010. P value is 0.0000 for the differences between creditors vs. debtors in 2014.

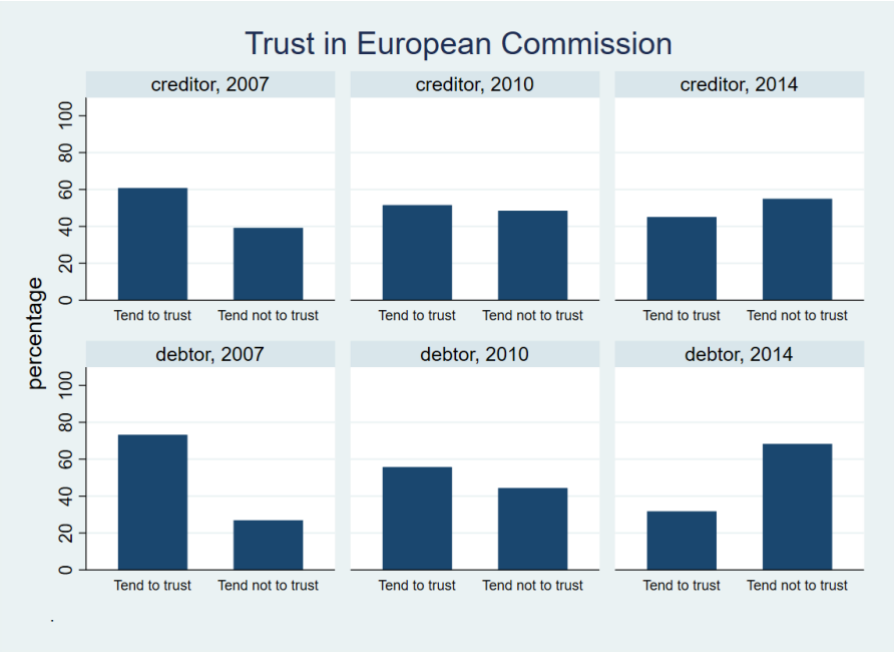



Figure 40. Trust in European Commission creditor & debtor comparison

People from both creditor and debtor states lost their trust in ECB in each wave, according to the Figure 41. However, the ratio is different. Before the crisis period, creditors tended to trust more than debtors. Although both of them lost trust in central banks during the crisis, creditor countries lost trust more than debtors. In the post-crisis period, debtors lost trust more than creditors. The P-value is 0.0000 at the T-test for the difference between the values of trust in the central banks for creditors vs. debtors in 2007. It is also 0.0842 for the differences between debtors vs. creditors in 2010. P value is 0.0000 for the differences between creditors vs. debtors in 2014. Creditors' tendency to trust ECB in the pre-crisis and post-crisis periods is higher than debtors', but it decreased during a crisis. Debtors' tendency is higher in the crisis period.

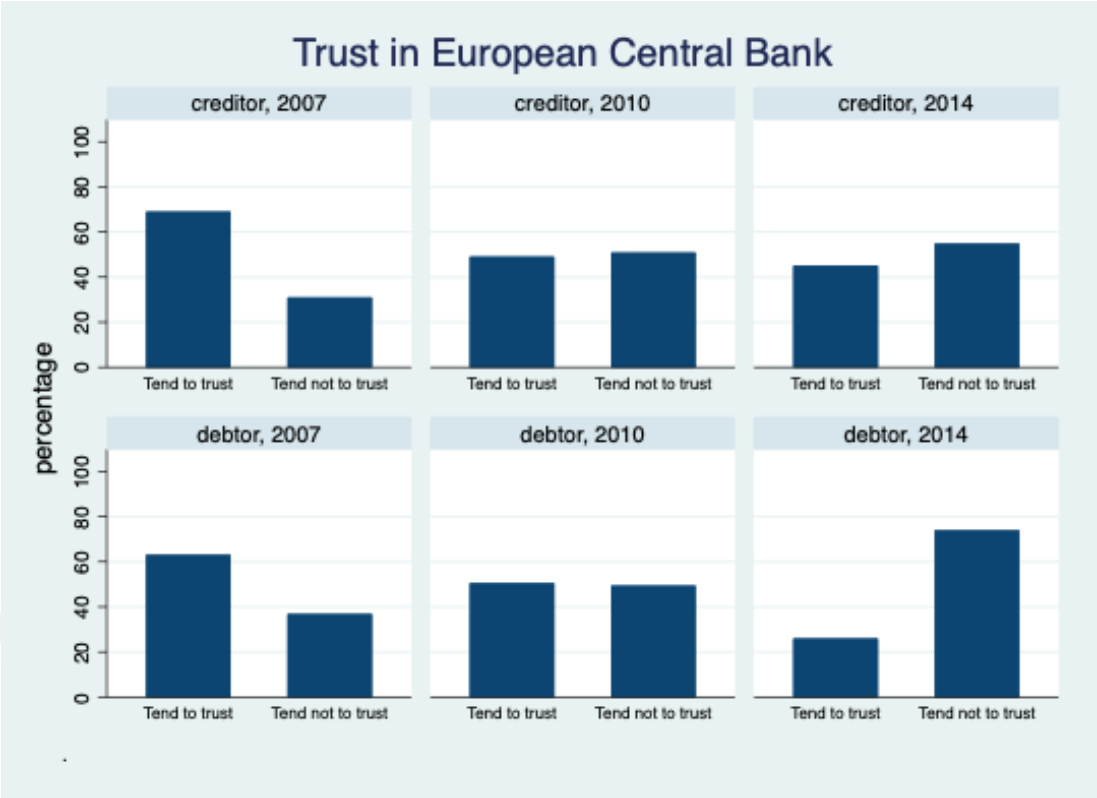



Figure 41. Trust in European Central Bank creditor & debtor comparison

Debtors and creditors are compared in terms of the United Nations in the Figure 42. Before the crisis started, the majority of the people both creditors and debtors tend to trust the United Nations. Then, during the crisis, the trust ratio decreased slightly in creditor states whereas the trust ratio decreased more in debtor states. In the post-crisis period, the trust ratio remained almost similar in creditor states whereas it continued to decrease in debtors. Therefore, the Eurozone crisis has not changed the creditor countries' view of the United Nations much. While creditors' trust in the European Union institutions tended to decrease in the crisis period and post-crisis period, trust in the United Nations decreased only in the crisis period but remained the same in the post-crisis period. The P-value is 0.3238 at the T-test for the difference between the values of trust in the United Nations for creditors vs. debtors in 2007. It is also 0.0000 for the differences between creditors vs. debtors in 2010. P value is 0.0000 for the differences between creditors vs. debtors in 2014. For pre-

crisis and during the crisis, debtors' tendency to trust the UN is less than creditors. However, it is insignificant in the pre-crisis period.

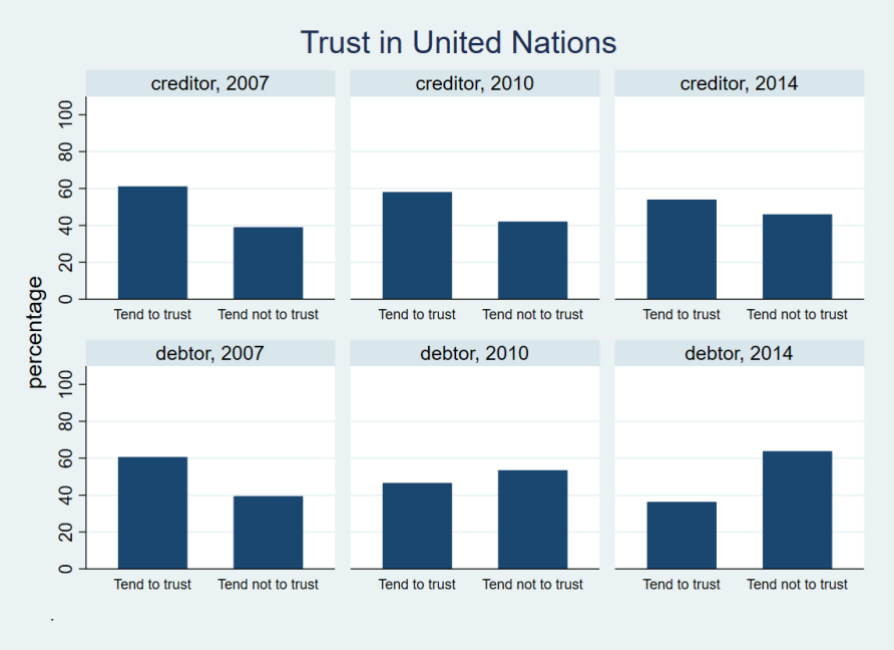



Figure 42. Trust in United Nations creditor & debtor comparison

Country-based examinations related to supranational institutions. In terms of trust in the European Union, creditors tended to trust in European Union except for Germany and Great Britain before the crisis started, according to the Figure 43. The trust ratio decreased during the crisis and the majority of the people from Germany started to distrust in European Union. In the post-crisis period, this trend continued and the majority of the people from creditor countries have a tendency not to trust in European Union without exception. For debtor countries, Greece, Ireland, Italy, Portugal, and Spain had a tendency to trust in European Union before the crisis started. During the crisis, each debtor state experienced a considerable decrease in the trust ratio without any exception. More than half of the people in Greece, Portugal, and Spain have a tendency not to trust in European Union. In the post-crisis period, the majority of the people from each debtor state, have a tendency not to trust in European Union. Therefore, both creditors and debtors experience a decrease in

the trust ratio in European Union. It can be said that debtor countries which have a tendency to trust more than creditors before the crisis started. However, in the post-crisis period, the situation reversed. The majority of people in debtor countries, approximately 70%, and 80%, do not trust the European Union. So, the crisis affected all people's view of the European Union in both creditor and debtor countries, but debtor countries were more affected.

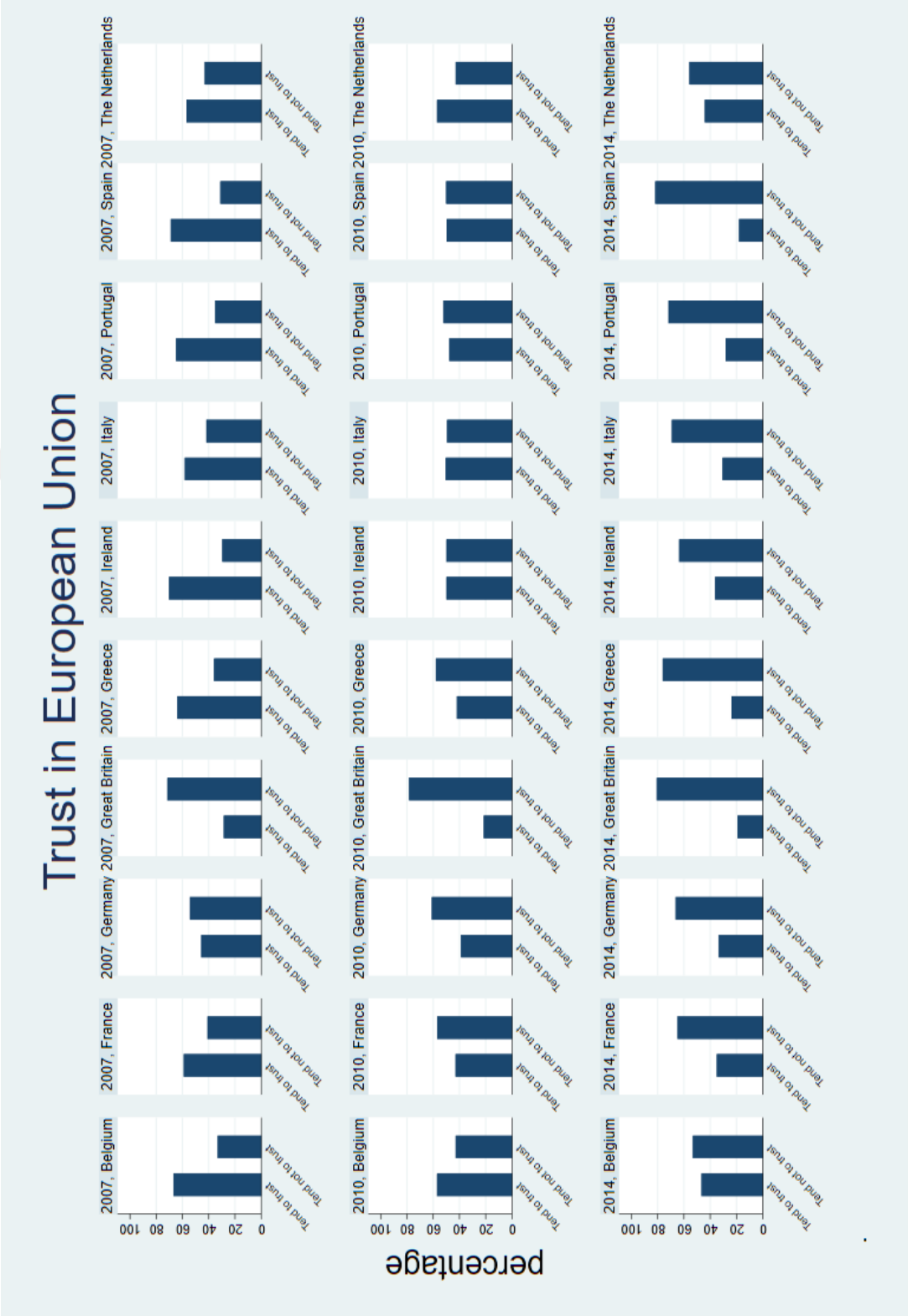



Figure 43. Trust in European Union a country-based examination

Except for Great Britain, each case country tends to trust in European Parliament according to the Figure 44. Especially, the majority of the people from debtor countries trust the institutions. During the crisis, both creditors and debtors experienced a decrease in the trust ratio. In terms of creditors, Germany's situation reversed and more than half of the people started to distrust European Parliament. In terms of debtors, more than half of the people from each country still have a tendency to trust in European Parliament despite the ratio of trust decreasing in each country. However, Greece is the exception, during the crisis, slightly more than half of the people from Greece tend to distrust in European Parliament. In the post-crisis period, France's situation is also reversed and more than half of the French people have a tendency not to trust European Parliament. From debtors, each country experiences a significant decrease in trust ratio when compared with creditors. Thus, the opinion of people from both debtors and creditors regarding the European Parliament has changed negatively since the crisis started.

This change is more stable in creditors than in debtors. However, the trust ratio of people in debtor countries has dropped considerably.

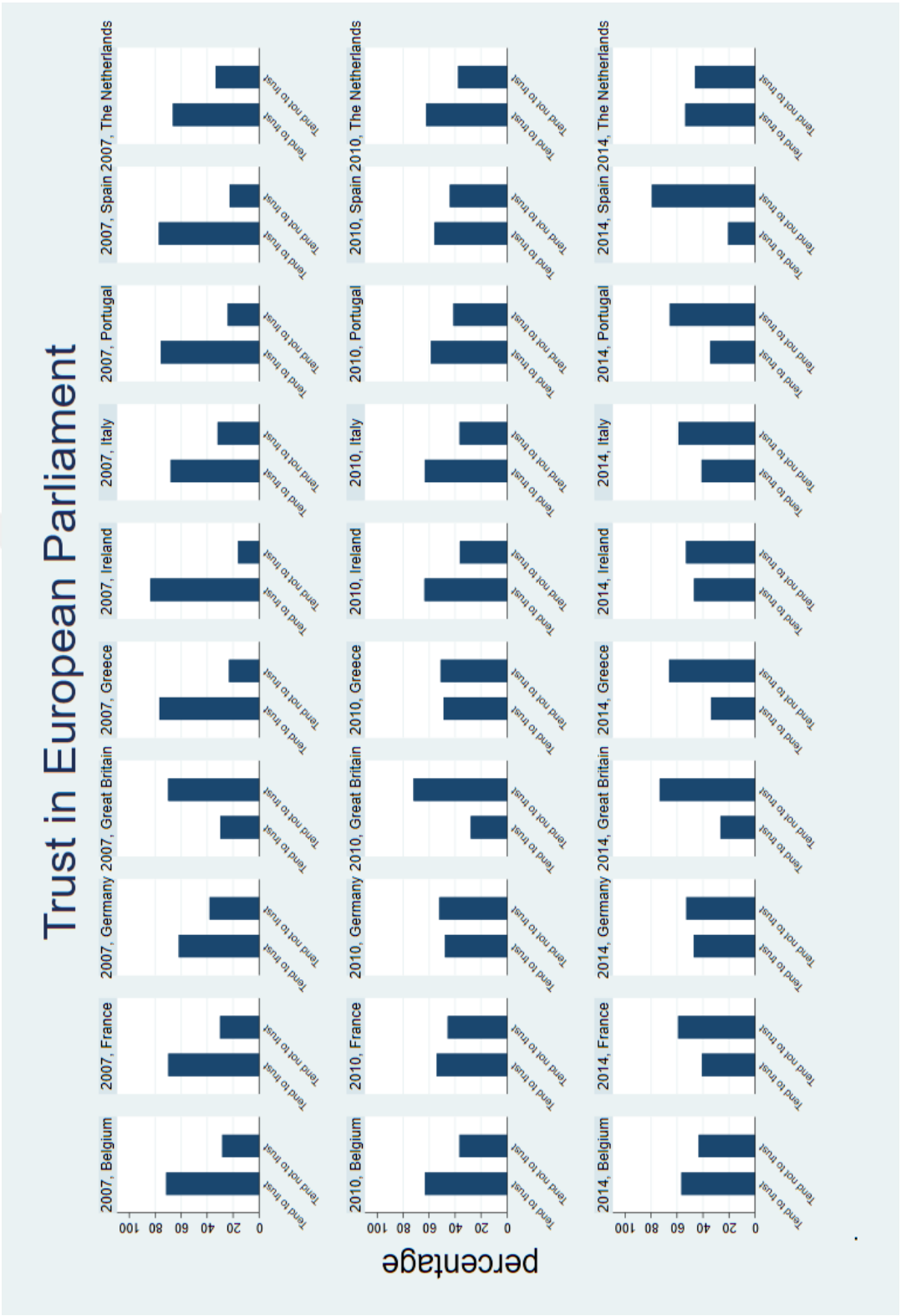



Figure 44. Trust in European Parliament a country-based examination

The situation for the European Commission is quite similar to the European Parliament. In accordance with the Figure 45. Since the commencement of the crisis, the perception of the European Commission among both debtors and creditors has shifted negatively. Compared to debtors, this shift is more stable in creditors. People's trust levels in debtor nations have, nevertheless, significantly declined.

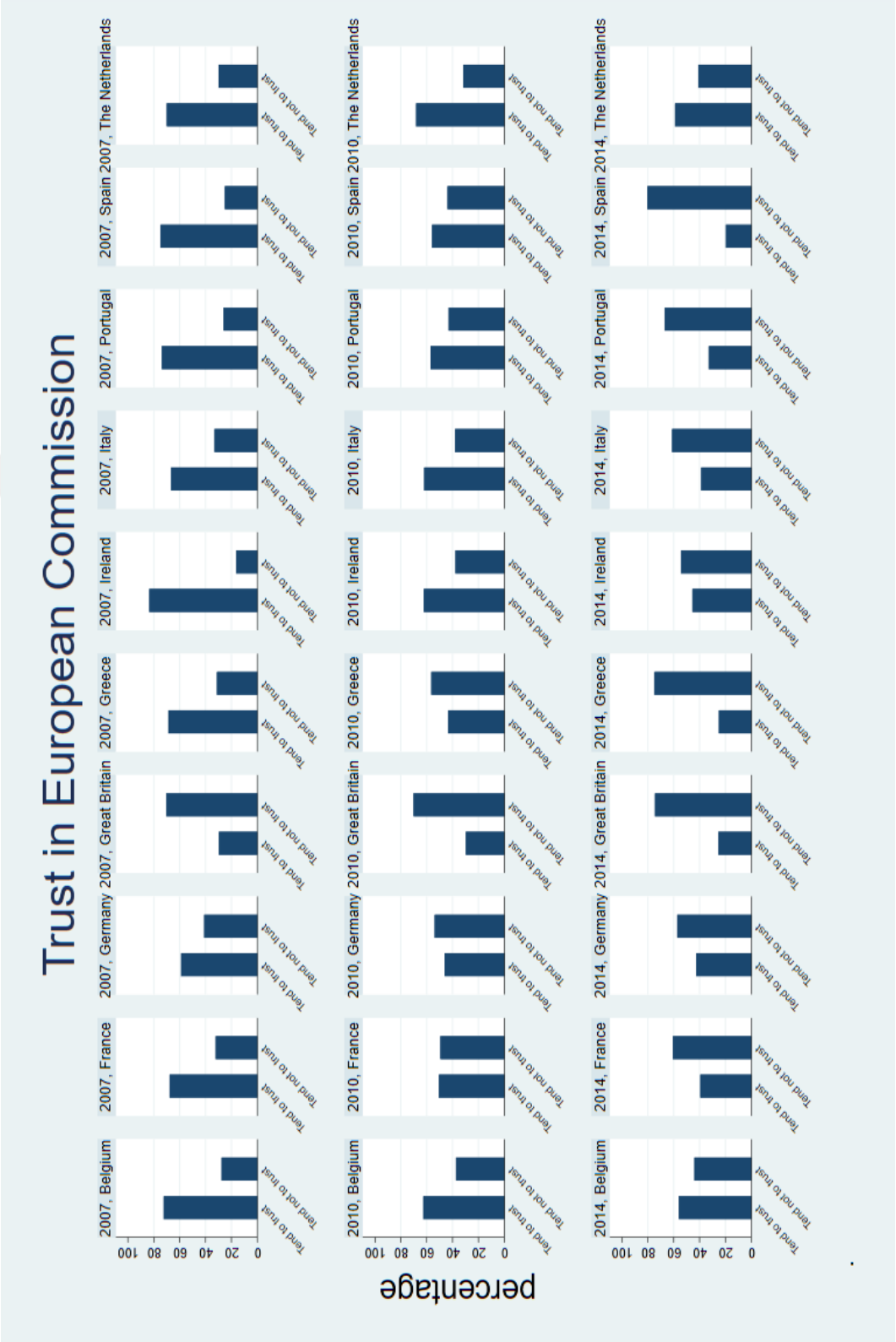



Figure 45. Trust in European Commission a country-based examination

Without any exception, each country experienced a decrease in trust ECB as it can be seen in the Figure 46. In terms of creditors, the majority of the people from Belgium, France, Germany, and the Netherlands tend to trust before the crisis. However, the majority of the people from France, and Germany have a tendency not to trust ECB in the post-crisis period. The majority of the people from Belgium and the Netherlands on the other hand, tend to trust ECB during the crisis and in the post-crisis period. Debtors, the majority of the people from Greece, Ireland, Italy, Portugal, and Spain tend to trust ECB before the crisis started. Despite the ratio decreasing during the crisis, the majority of the people have a tendency not to trust ECB only in Greece. In Ireland, Italy, Portugal, and Spain, more than half of the people tend to trust ECB during the crisis. In the post-crisis period, the majority of the people from each debtor country tend to not trust ECB without any exception.

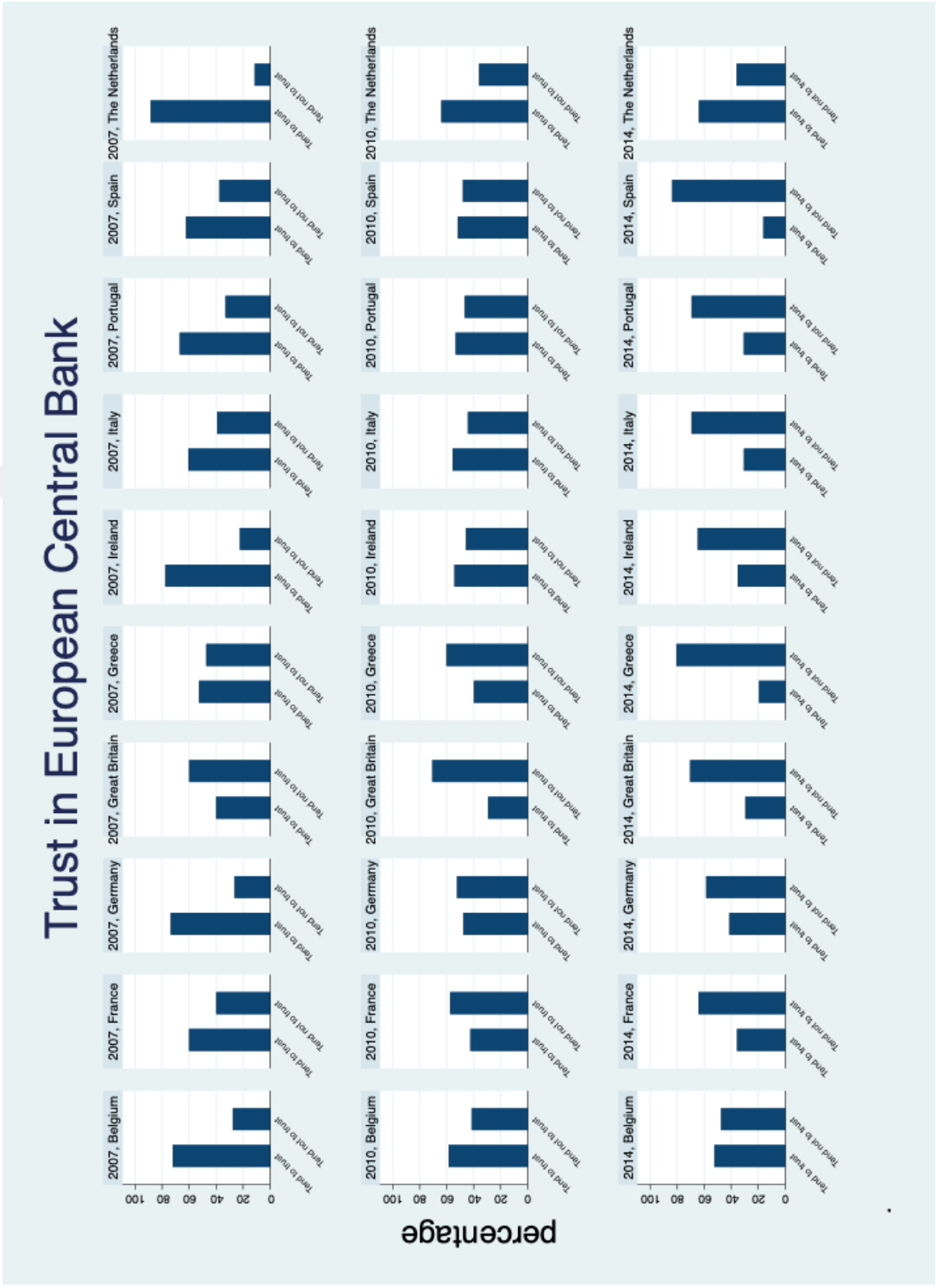



Figure 46. Trust in European Central Bank a country-based examination

In terms of trust in the United Nations, all case countries tend to trust in United Nations except Greece, according to the Figure 47. Compared to the Figure 43 Figure 44 Figure 45 Figure 46. The number of countries that trust the United Nations is much higher than the number of those that trust the institutions of the European Union. During the Eurozone crisis, even though the rate of trust fell in all countries except for Belgium and the Netherlands, still more than half of the people in each case country tend to trust the United Nations. Greece is also an exception and only 20 % of Greek have a tendency to trust in United Nations. In the post-crisis period, creditors and debtors are affected differently. More than half of people in creditor countries trust the United Nations. As an exception, just over half of the people in Germany do not trust the United Nations. But most of the people in the debtor country have lost trust in the United Nations, except for Ireland. More than half of the118eoplee in these countries do not trust the United Nations. This decline may be a result of the crisis.

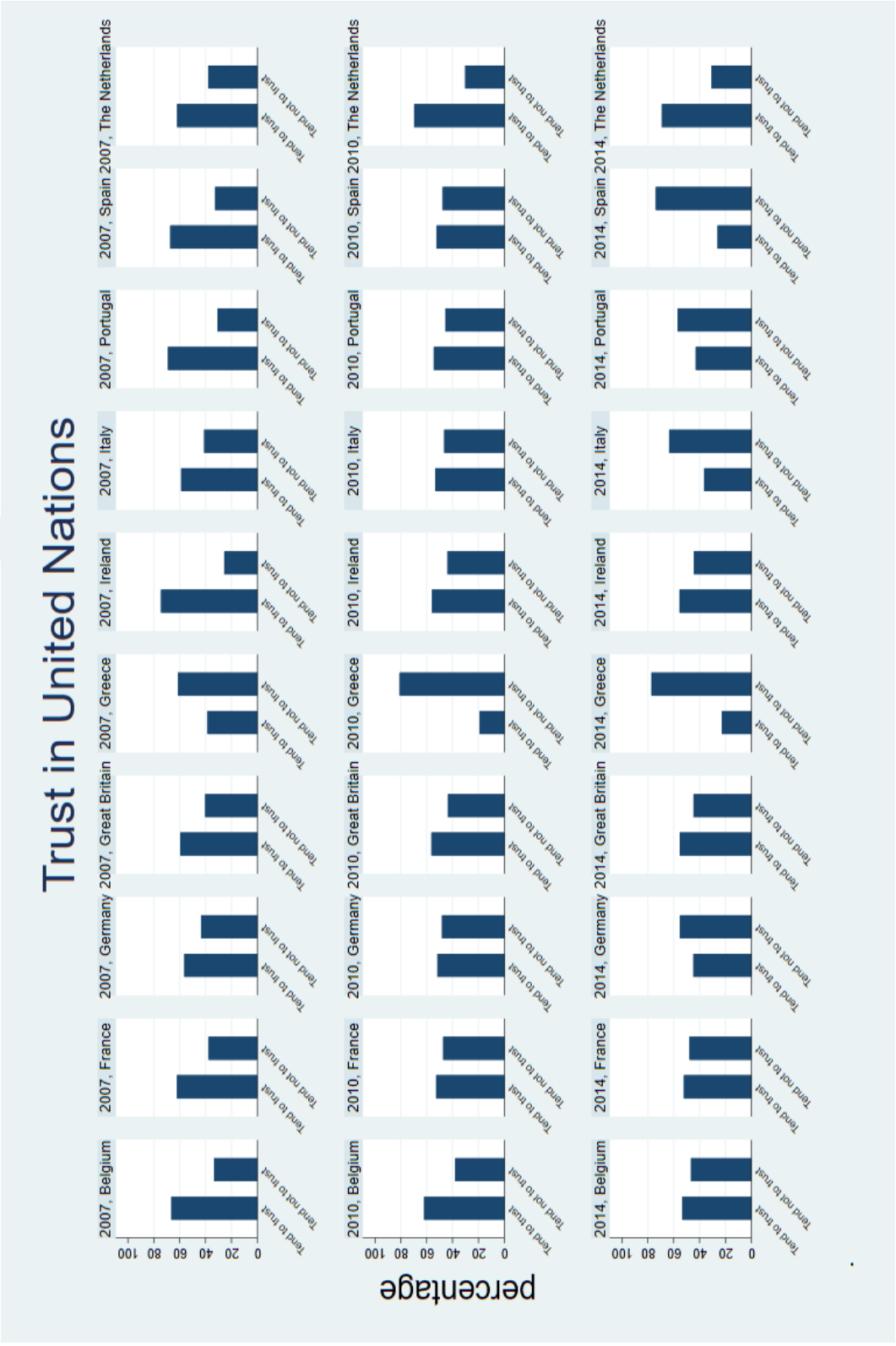



Figure 47. Trust in United Nations a country-based examination

The crisis influences the behavior of both creditors and debtors towards supranational institutions. Trust in the European Union, the European Parliament and the Commission, Central Bank the United Nations are discussed in the Figure 48, Figure 49, Figure 50, Figure 51, and Figure 52.

Trust in the European Union has changed negatively in both creditor and debtor countries as a crisis has been experienced. At the beginning of the crisis, the debtor countries trust the European Union more, but at the end of the crisis, they trust less than the creditor countries. The slope of debtors' are also sharper.

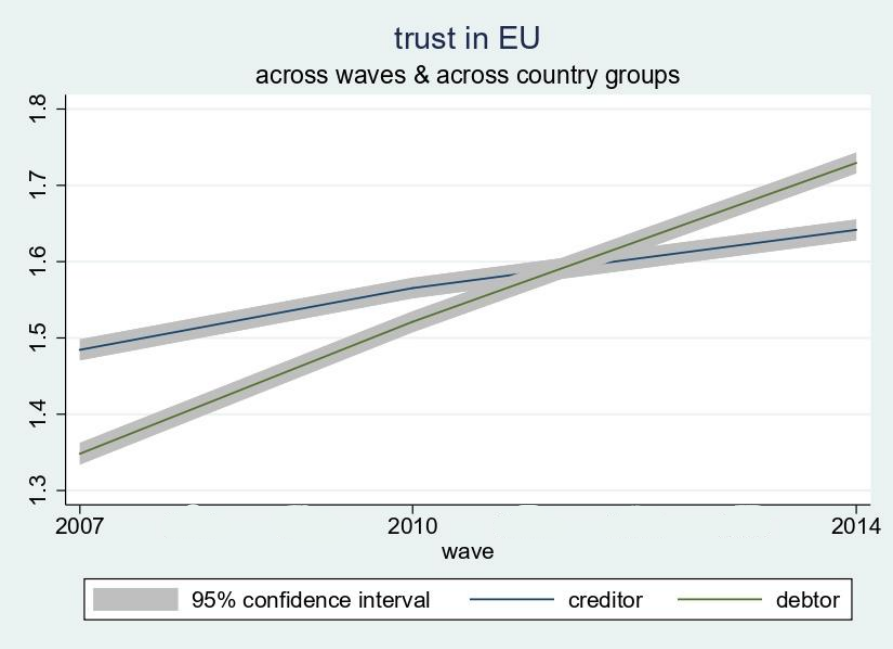



Figure 48. Two-way graph of the trust in European Union

Trust in the European Parliament which is shown Figure 49 is almost the same as in the Figure 48. Both of them experience a decrease in trust. While debtors have more trust in the beginning, creditors have more trust in the post-crisis period.

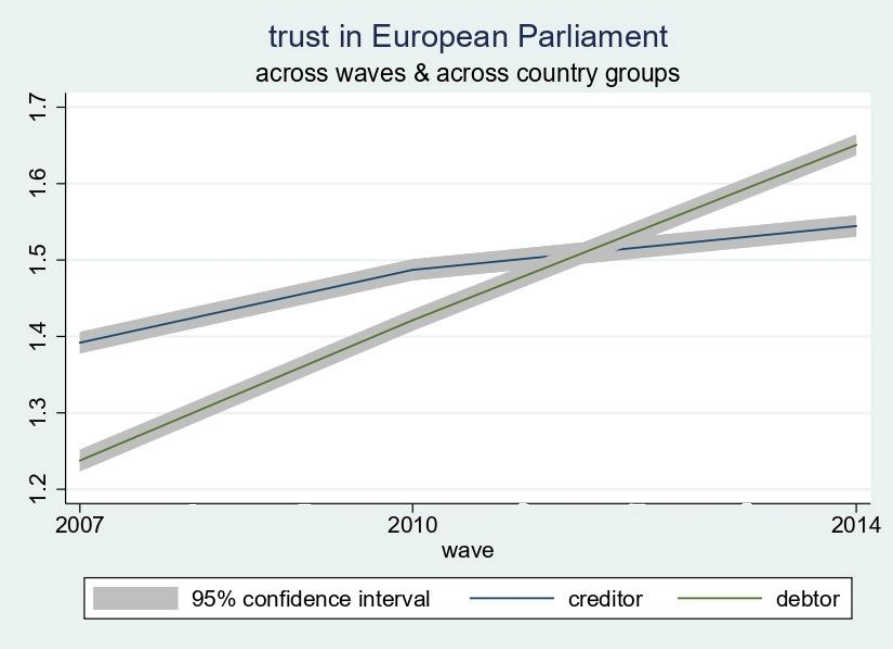



Figure 49. Two-way graph of the trust in European Parliament

Nearly equal amounts of people have trust in the European Union, the European Parliament, and the European Commission. Trends for the three institutions which are shown in Figure 48, Figure 49, Figure 50 are quite similar. In the beginning, debtors have more trust than creditors; nevertheless, creditors' trust increases as the crisis ends when it is compared with debtors'.

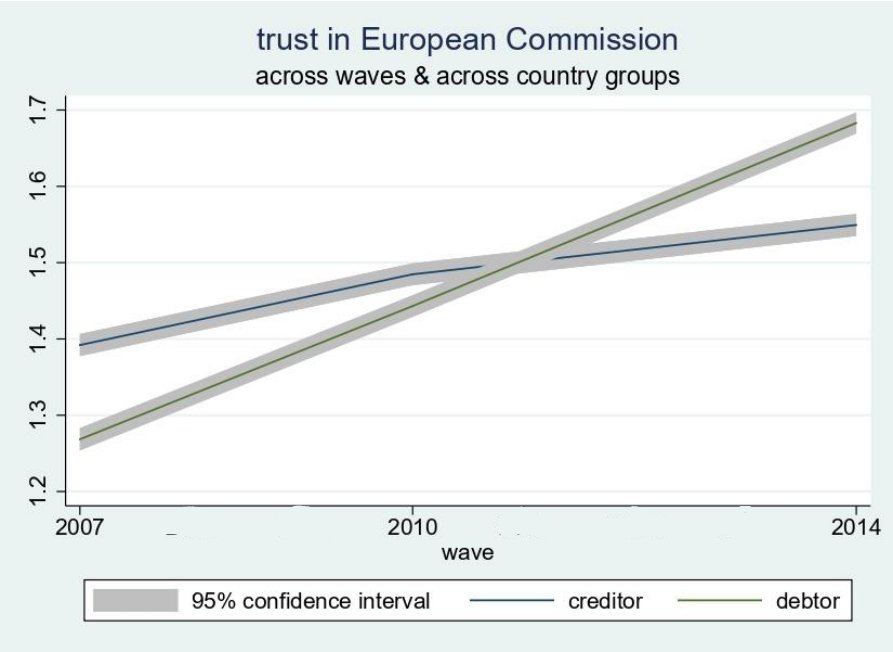



Figure 50. Two-way graph of the trust in European Commission

Trust in ECB decreased more sharply for creditors from the pre-crisis period to the crisis period, with a slower curve from the crisis period to the post-crisis period. Debtor countries, on the other hand, experienced a continuous decrease in trust in the pre-crisis, crisis and post-crisis periods.

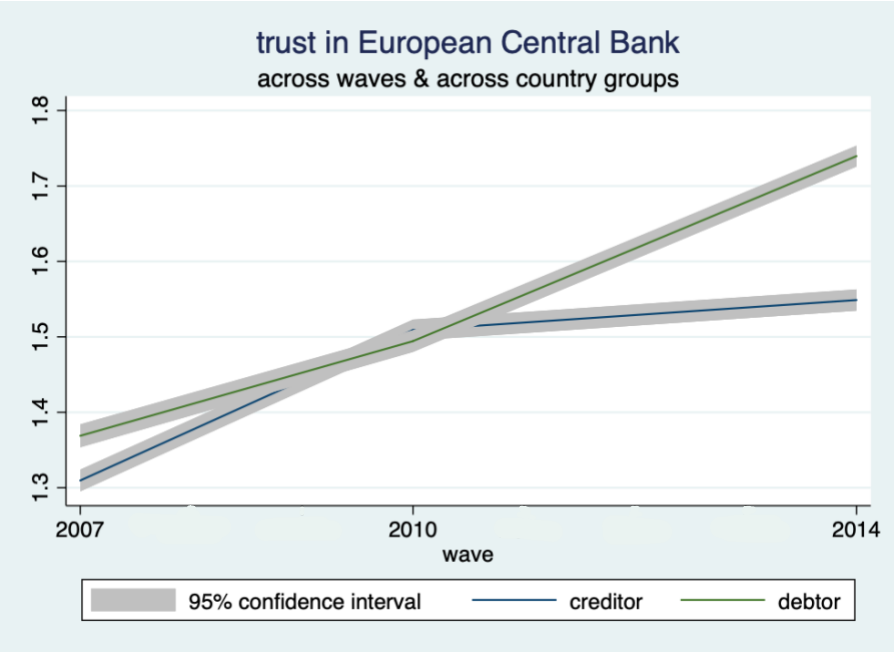



Figure 51. Two-way graph of the trust in European Central Bank

The trend of trust in the United Nations that is shown in the Figure 52 is different from the Figure 48, the Figure 49, the Figure 50, and the Figure 51. In the period of pre-crisis, the trust of both creditors and debtors is higher. Although trust in both groups decreases, debtors' confidence diminishes more rapidly. The change in the creditor country might be negligible.

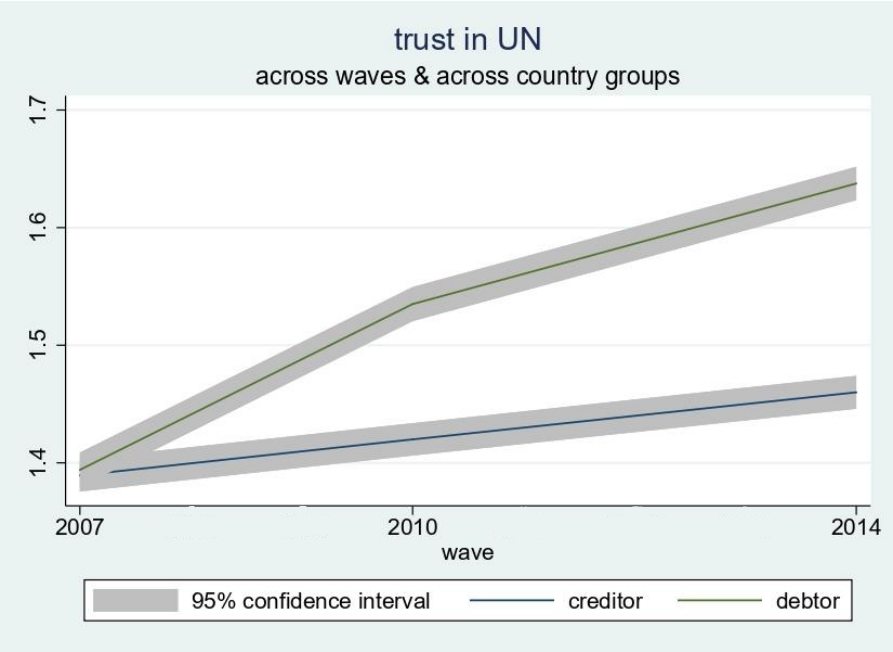



Figure 52. Two-way graph of the trust in United Nations

According to the Table 9, when it is compared to creditors, debtors have more trust in the European Union than creditors and it is found as statistically significant at 0.01 level. Both creditors and debtors are responsive in terms of trust in the European Union. Creditors experience a decrease in trust ratio both in 2010 and 2014 when it is compared to 2007. In the post-crisis period, they experience more distrust. Debtors also experience a decrease in trust ratio in both 2010 and 2014 when it is compared pre-crisis period and they lost trust more in 2014.

Except for where people live, all control variables are found statistically significant for the trust in European Union. People on the left and the right polar distrust European Union compared with the centrist. The youngest and oldest citizens have more trust in European Union compared with the middle-aged. In comparison with men, women have more distrust of the European Union and it is statistically significant. If people's projections for the employment situation are negative, they will distrust the European Union even more. Singles have greater mistrust of the Union than people with partners.

Table 9. Regression Analysis of the EU Trust Ratio

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | trustEU | trustEU | trustEU | trustEU | trustEU | trustEU | trustEU |
| 2010.wave | 0.325*** | 0.304*** | 0.307*** | 0.307*** | 0.308*** | 0.326*** | 0.326*** |
| | (0.092) | (0.093) | (0.090) | (0.090) | (0.100) | (0.097) | (0.097) |
| 2014.wave | 0.645*** | 0.627*** | 0.621*** | 0.622*** | 0.469*** | 0.434*** | 0.434*** |
| | (0.092) | (0.089) | (0.089) | (0.089) | (0.086) | (0.087) | (0.087) |
| country_gr.debtors | -0.565** | -0.631*** | -0.615*** | -0.619*** | -0.648*** | -0.646*** | -0.643*** |
| | (0.243) | (0.233) | (0.233) | (0.234) | (0.238) | (0.238) | (0.239) |
| 2010wave#country_gr.debtors | 0.386*** | 0.363*** | 0.360*** | 0.363*** | 0.340*** | 0.335*** | 0.331*** |
| | (0.134) | (0.121) | (0.120) | (0.120) | (0.124) | (0.121) | (0.121) |
| 2014wave#country_gr.debtors | 0.973*** | 0.969*** | 0.975*** | 0.978*** | 0.899*** | 0.865*** | 0.862*** |
| | (0.196) | (0.176) | (0.180) | (0.181) | (0.185) | (0.196) | (0.196) |
| left_right | | -0.201*** | -0.194*** | -0.198*** | -0.168*** | -0.169*** | -0.169*** |
| | | (0.040) | (0.041) | (0.042) | (0.046) | (0.047) | (0.048) |
| left_right#left_right | | 0.017*** | 0.016*** | 0.016*** | 0.014*** | 0.014*** | 0.014*** |
| | | (0.002) | (0.002) | (0.002) | (0.002) | (0.002) | (0.002) |
| age | | | 0.372*** | 0.369*** | 0.258*** | 0.263*** | 0.266*** |
| | | | (0.069) | (0.069) | (0.083) | (0.083) | (0.084) |
| age#age | | | -0.038*** | -0.038*** | -0.024** | -0.025*** | -0.026*** |
| | | | (0.009) | (0.009) | (0.010) | (0.010) | (0.010) |
| gender.women | | | | 0.084*** | 0.075** | 0.051* | 0.050* |
| | | | | (0.025) | (0.030) | (0.027) | (0.027) |
| sit_job | | | | | 0.223*** | 0.263*** | 0.262*** |
| | | | | | (0.060) | (0.062) | (0.062) |
| sit_mar.single | | | | | | 0.096*** | 0.095*** |
| | | | | | | (0.028) | (0.028) |
| community | | | | | | | 0.004 |
| | | | | | | | (0.036) |
| Observations | 28,444 | 24,150 | 24,150 | 24,150 | 20,504 | 18,546 | 18,524 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

According to the Table 10, debtor states trust in European Parliament more than creditor states and it is statistically significant at 0.05 level. Both creditors and debtors are responsive to crisis and their trust ratio for European Parliament changed accordingly. Creditor states experienced a loss in trust ratio in 2010 and also experienced more loss in 2014 compared to 2007 and this is statistically significant. Debtors have also a similar tendency and they lost trust in 2010, much more in 2014,

compared to 2007.

Apart from community, all control variables have an impact on trust in European Parliament.

People on the left and right polars have lower levels of trust in the European Parliament than centrists, and this difference is statistically significant. The youngest and oldest people tend to have higher levels of trust in the European Parliament when compared to people in the middle of their life, and this tendency is statistically significant at the 0.05 level. The European Parliament is seen with greater mistrust by women than by men, and this difference is statistically significant at the 0.05 level. If people's expectations for employment are negative, they are more likely to distrust the European Parliament, and this is found to be statistically significant at the 0.01 level. Additionally, singles mistrust the European Parliament more than those with partners.

Table 10. Regression Analysis of the European Parliament Trust Ratio

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | trustEUparl | trustEUparl | trustEUparl | trustEUparl | trustEUparl | trustEUparl | trustEUparl |
| 2010.wave | 0.388*** | 0.380*** | 0.382*** | 0.382*** | 0.374*** | 0.401*** | 0.401*** |
| | (0.100) | (0.102) | (0.099) | (0.099) | (0.097) | (0.094) | (0.095) |
| 2014.wave | 0.618*** | 0.607*** | 0.600*** | 0.601*** | 0.480*** | 0.509*** | 0.508*** |
| | (0.140) | (0.126) | (0.127) | (0.127) | (0.111) | (0.089) | (0.089) |
| country_gr.debtors | -0.727** | -0.826*** | -0.811*** | -0.815*** | -0.842*** | -0.845*** | -0.842*** |
| | (0.290) | (0.271) | (0.267) | (0.267) | (0.266) | (0.265) | (0.270) |
| 2010wave#country_gr.debtors | 0.460** | 0.438** | 0.435** | 0.437** | 0.415** | 0.417** | 0.416** |
| | (0.201) | (0.192) | (0.194) | (0.195) | (0.189) | (0.183) | (0.185) |
| 2014wave#country_gr.debtors | 1.170*** | 1.187*** | 1.190*** | 1.192*** | 1.085*** | 1.050*** | 1.050*** |
| | (0.251) | (0.234) | (0.238) | (0.239) | (0.251) | (0.233) | (0.233) |
| left_right | | -0.280*** | -0.275*** | -0.278*** | -0.253*** | -0.249*** | -0.250*** |
| | | (0.047) | (0.049) | (0.049) | (0.050) | (0.047) | (0.048) |
| left_right#left_right | | 0.025*** | 0.025*** | 0.025*** | 0.023*** | 0.022*** | 0.023*** |
| | | (0.003) | (0.003) | (0.003) | (0.003) | (0.003) | (0.003) |
| age | | | 0.206*** | 0.204*** | 0.134* | 0.155* | 0.156* |
| | | | (0.063) | (0.064) | (0.073) | (0.082) | (0.082) |
| age#age | | | -0.019** | -0.019** | -0.010 | -0.012 | -0.013 |
| | | | (0.009) | (0.009) | (0.010) | (0.011) | (0.011) |
| gender.women | | | | 0.079** | 0.068 | 0.061 | 0.061 |
| | | | | (0.040) | (0.043) | (0.046) | (0.046) |
| sit_job | | | | | 0.167*** | 0.197*** | 0.197*** |
| | | | | | (0.059) | (0.060) | (0.061) |
| sit_mar.single | | | | | | 0.147*** | 0.148*** |
| | | | | | | (0.030) | (0.031) |
| community | | | | | | | -0.018 |
| | | | | | | | (0.042) |
| Observations | 27,746 | 23,709 | 23,709 | 23,709 | 20,146 | 18,226 | 18,203 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

According to the Table 11, The Commission's findings and those of the European Parliament are remarkably similar. Trust in the European Commission is higher in debtor states than in creditor ones, and this difference is statistically significant at the 0.10 level. Both creditors and debtors react to crises, and as a result, their level of trust in the European Commission has shifted. Creditor states saw a decline in their trust ratio in 2010, and they saw an even greater decline in 2014 compared to 2007.

Debtors also demonstrate a similar tendency, and they lost trust in commission far more in 2014 than they did in 2007.

All control variables, except community, affect trust in the European Commission and are shown to be statistically significant at the 0.01 level.

The Commission is more trusted by centrists than those on the left and right of the political spectrum. When compared to people in the middle of their lives, the youngest and oldest people often show higher levels of faith in the Commission. Women are more likely than men to express mistrust in the Commission. Individuals have a greater tendency to mistrust the European Commission if they have low employment expectations. Furthermore, singles have a greater mistrust of the European Commission than those having partners.

Table 11. Regression Analysis of the European Commission Trust Ratio

| VARIABLES | (1) trustEUcom | (2) trustEUcom | (3) trustEUcom | (4) trustEUcom | (5) trustEUcom | (6) trustEUcom | (7) trustEUcom |
|---|---|---|---|---|---|---|---|
| 2010.wave | 0.378*** | 0.354*** | 0.354*** | 0.354*** | 0.340*** | 0.363*** | 0.361*** |
| | (0.110) | (0.105) | (0.102) | (0.103) | (0.101) | (0.100) | (0.101) |
| 2014.wave | 0.637*** | 0.618*** | 0.607*** | 0.608*** | 0.466*** | 0.458*** | 0.457*** |
| | (0.138) | (0.121) | (0.121) | (0.122) | (0.110) | (0.102) | (0.102) |
| country_gr.debtors | -0.563* | -0.643** | -0.628** | -0.632** | -0.665** | -0.666** | -0.668** |
| | (0.297) | (0.282) | (0.278) | (0.278) | (0.280) | (0.279) | (0.283) |
| 2010wave#country_gr.debtors | 0.396** | 0.379** | 0.377** | 0.380** | 0.356** | 0.355** | 0.358** |
| | (0.179) | (0.166) | (0.167) | (0.168) | (0.161) | (0.158) | (0.161) |
| 2014wave#country_gr.debtors | 1.133*** | 1.163*** | 1.168*** | 1.171*** | 1.049*** | 1.019*** | 1.021*** |
| | (0.233) | (0.211) | (0.214) | (0.215) | (0.224) | (0.226) | (0.226) |
| left_right | | -0.315*** | -0.310*** | -0.313*** | -0.286*** | -0.290*** | -0.291*** |
| | | (0.050) | (0.050) | (0.050) | (0.056) | (0.053) | (0.054) |
| left_right#left_right | | 0.027*** | 0.026*** | 0.026*** | 0.024*** | 0.024*** | 0.024*** |
| | | (0.003) | (0.003) | (0.003) | (0.004) | (0.004) | (0.004) |
| age | | | 0.163*** | 0.162*** | 0.071 | 0.090 | 0.092* |
| | | | (0.058) | (0.058) | (0.060) | (0.057) | (0.056) |
| age#age | | | -0.014 | -0.014 | -0.002 | -0.004 | -0.005 |
| | | | (0.009) | (0.009) | (0.009) | (0.008) | (0.008) |
| gender.women | | | | 0.084*** | 0.058** | 0.044 | 0.044 |
| | | | | (0.028) | (0.027) | (0.031) | (0.031) |
| sit_job | | | | | 0.184*** | 0.224*** | 0.224*** |
| | | | | | (0.050) | (0.051) | (0.051) |
| sit_mar.single | | | | | | 0.138*** | 0.137*** |
| | | | | | | (0.024) | (0.025) |
| community | | | | | | | 0.007 |
| | | | | | | | (0.043) |
| Observations | 26,189 | 22,403 | 22,403 | 22,403 | 19,074 | 17,306 | 17,285 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

According to the Table 12, In comparison with 2007, the trust ratio of the creditors for the European Central Bank decreased in 2010 and 2014 and it is statistically significant. For debtors, their trust ratio increased in 2010 and it is statistically significant at 0.10 level. However, they experience a decrease in 2014 compared to 2007 and it is statistically significant at 0.01 level.

In terms of control variables, people's political positions, gender, employment

expectations, and marital status have an impact on trust in ECB. The trust ratio for ECB of the people on the left and the right polar is less when it is compared with the centrist and it is statistically significant. In comparison with males, females have more distrust in ECB. People will mistrust ECB more if their predictions for the employment situation are adverse, and this finding is statistically significant at the 0.01 level. It is statistically significant at the 0.01 level that single people have a greater tendency to distrust ECB than people with spouses.

Table 12. Regression Analysis of the European Central Bank Trust Ratio

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | trustECB | trustECB | trustECB | trustECB | trustECB | trustECB | trustECB |
| 2010.wave | 0.838*** | 0.850*** | 0.849*** | 0.850*** | 0.825*** | 0.846*** | 0.845*** |
| | (0.141) | (0.142) | (0.143) | (0.143) | (0.134) | (0.137) | (0.138) |
| 2014.wave | 0.998*** | 0.984*** | 0.978*** | 0.985*** | 0.870*** | 0.843*** | 0.842*** |
| | (0.165) | (0.154) | (0.156) | (0.157) | (0.154) | (0.168) | (0.167) |
| country_gr.debtors | 0.265 | 0.229 | 0.238 | 0.228 | 0.202 | 0.205 | 0.202 |
| | (0.348) | (0.347) | (0.343) | (0.341) | (0.340) | (0.339) | (0.341) |
| 2010wave#country_gr.debtors | -0.323* | -0.414** | -0.414** | -0.407** | -0.432** | -0.433** | -0.431** |
| | (0.180) | (0.178) | (0.177) | (0.176) | (0.176) | (0.176) | (0.178) |
| 2014wave#country_gr.debtors | 0.583*** | 0.573*** | 0.575*** | 0.583*** | 0.452** | 0.465** | 0.466* |
| | (0.216) | (0.192) | (0.192) | (0.193) | (0.227) | (0.237) | (0.238) |
| left_right | | -0.320*** | -0.318*** | -0.329*** | -0.311*** | -0.292*** | -0.293*** |
| | | (0.056) | (0.056) | (0.055) | (0.064) | (0.064) | (0.065) |
| left_right#left_right | | 0.025*** | 0.025*** | 0.026*** | 0.024*** | 0.023*** | 0.023*** |
| | | (0.005) | (0.005) | (0.005) | (0.005) | (0.006) | (0.006) |
| age | | | 0.044 | 0.035 | -0.053 | -0.034 | -0.030 |
| | | | (0.056) | (0.056) | (0.062) | (0.058) | (0.058) |
| age#age | | | -0.002 | -0.000 | 0.011 | 0.008 | 0.007 |
| | | | (0.008) | (0.008) | (0.009) | (0.008) | (0.008) |
| gender.women | | | | 0.269*** | 0.240*** | 0.224*** | 0.224*** |
| | | | | (0.055) | (0.055) | (0.054) | (0.054) |
| sit_job | | | | | 0.151*** | 0.168*** | 0.168*** |
| | | | | | (0.055) | (0.051) | (0.051) |
| sit_mar.single | | | | | | 0.119*** | 0.117*** |
| | | | | | | (0.032) | (0.034) |
| community | | | | | | | 0.010 |
| | | | | | | | (0.059) |
| Observations | 26,040 | 22,359 | 22,359 | 22,359 | 19,015 | 17,196 | 17,175 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

Lastly, the United Nations trust ratio is examined after EU branches in the Table 13. The trust ratio of the UN has also been changed. There is no significant difference between creditors and debtors in terms of trust in the United Nations. However, both debtors and creditors are responsive to the crisis, and their trust ratio is affected. Creditor states experienced a decline in their trust ratio in 2014 compared to 2007 and it is statistically significant at 0.05. Debtors also demonstrate a decrease in 2010, and they lost trust in United Nations far more in 2014 than they did in 2007.

Therefore, the countries feeling the impact of the crisis more, their trust ratio against the supranational organization is affected more.

Except for age, and community, all control variables have an impact on trust ratio of the United Nations and significant at 0.01 level. Centrists are more likely to trust the UN than people on the political left and right. The youngest and oldest individuals usually show higher levels of trust in the UN as compared to people in the middle of their lives. Compared to males, women are more likely to express their mistrust of the UN. People with low employment expectations are more likely to distrust the UN. In addition, singles distrust the UN more than those with spouses.

Table 13. Regression Analysis of the UN Trust Ratio

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| VARIABLES | trustUN | trustUN | trustUN | trustUN | trustUN | trustUN | trustUN |
| 2010.wave | 0.127 | 0.111 | 0.113 | 0.113 | 0.115 | 0.128 | 0.127 |
| | (0.101) | (0.108) | (0.106) | (0.106) | (0.099) | (0.100) | (0.101) |
| 2014.wave | 0.289** | 0.269* | 0.262* | 0.264* | 0.151 | 0.088 | 0.088 |
| | (0.136) | (0.144) | (0.145) | (0.147) | (0.141) | (0.151) | (0.152) |
| country_gr.debtors | 0.020 | -0.020 | -0.006 | -0.009 | -0.022 | -0.024 | -0.024 |
| | (0.280) | (0.289) | (0.286) | (0.286) | (0.296) | (0.296) | (0.286) |
| 2010wave#country_gr.debtors | 0.444*** | 0.411*** | 0.409*** | 0.412*** | 0.368*** | 0.369*** | 0.367*** |
| | (0.132) | (0.133) | (0.133) | (0.133) | (0.122) | (0.122) | (0.122) |
| 2014wave#country_gr.debtors | 0.706*** | 0.668*** | 0.670*** | 0.672*** | 0.537** | 0.594** | 0.592** |
| | (0.231) | (0.243) | (0.244) | (0.244) | (0.260) | (0.269) | (0.270) |
| left_right | | -0.189*** | -0.185*** | -0.188*** | -0.183*** | -0.170*** | -0.170*** |
| | | (0.037) | (0.037) | (0.037) | (0.045) | (0.048) | (0.049) |
| left_right#left_right | | 0.016*** | 0.015*** | 0.015*** | 0.014*** | 0.013*** | 0.013*** |
| | | (0.003) | (0.003) | (0.003) | (0.003) | (0.004) | (0.004) |
| age | | | 0.150** | 0.147** | 0.033 | 0.012 | 0.015 |
| | | | (0.067) | (0.068) | (0.079) | (0.087) | (0.087) |
| age#age | | | -0.012 | -0.012 | 0.002 | 0.005 | 0.004 |
| | | | (0.008) | (0.009) | (0.010) | (0.011) | (0.011) |
| gender.women | | | | 0.096*** | 0.090** | 0.076** | 0.077** |
| | | | | (0.030) | (0.037) | (0.036) | (0.036) |
| sit_job | | | | | 0.215*** | 0.234*** | 0.234*** |
| | | | | | (0.050) | (0.058) | (0.058) |
| sit_mar.single | | | | | | 0.081*** | 0.079*** |
| | | | | | | (0.027) | (0.028) |
| community | | | | | | | 0.017 |
| | | | | | | | (0.051) |
| Observations | 27,804 | 23,611 | 23,611 | 23,611 | 20,111 | 18,210 | 18,189 |

Note: Results of ordered logit estimations. Robust standard errors in parentheses; significant levels are presented as follows: *** p<0.01, ** p<0.05, * p<0.10.

# CHAPTER 5

# DISCUSSION & CONCLUSION

In this part, the conclusion of the hypotheses is summarized. Differences among country groups and waves are provided for dependent variables and control variables. The Eurozone crisis is not only a financial crisis because it makes differences between creditors and debtors visible.

Firstly, Eurosceptic sentiments increased in society while the Eurozone crisis has been experienced obviously. Among the European continent, both European Union's image changed negatively and people have been more pessimistic about the European Union's future. Since those changed negatively, it can be said that Euroscepticism increased. For these two variables, 2010 is a turning point because the solid consequences of the crisis became more visible. Trends have changed in 2010. Before the crisis, people are fairly positive and fairly optimistic about both European Union and its future. However, they got neutral in the post-crisis area. In terms of country groups, creditors were more negative before the crisis than debtors. However, in the post-crisis period, debtors were more negative.

The common tendency during the crisis goes through negatively except for Germany since the country sees itself as a leader of the crisis according to the literature. Opinions about being against Euro have also increased among two country groups but this dependent variable is not affected as much as the previous two variables. In spite of the harsh sanctions, the majority of the people from Greece turned to for in 2010.

For all control variables, people who have located themselves in the middle of the political spectrum, youngest and oldest people, people who have partners, and males are less Eurosceptic.

As a result, the European Union's image has suffered more in debtor countries that have faced harsh Troika sanctions. The more a country is affected by the crisis, the more negative the European Union's image becomes among citizens. Furthermore, countries that face Troika sanctions become more pessimistic about the European Union's future. Debtors are more skeptical about both the Union and its future after 2010.

Secondly, none of the countries in the European Union experienced a democratic backsliding during the crisis. However, the satisfaction level of the individual is affected by the crisis at both local and European levels and decreased to a not-very-satisfied direction based on the years. According to the literature review, it is expected that anti-democratic tendencies increased in the debtor countries that faced sanctions. As they face sanctions, people vote for anti-democratic and populist political parties to change the governing way of the crisis. 2010 is a turning point as well for those dependent variables.

During the crisis, debtors' satisfaction levels are affected more in terms of both local and European democratic satisfaction. In the post-crisis period, creditors' satisfaction levels increased whereas debtors' satisfaction levels continued to decrease and it almost reached a level that is not-very-satisfied with the local democracy. So debtors are always more dissatisfied with the country's democracy when compared with the creditors.

The crisis has had less of an impact on creditors' satisfaction with European democracy than it has on debtors. They have always been relatively satisfied.

However, debtor countries have responded to the crisis, and their level of satisfaction has risen as a result. Before the crisis, debtors were more satisfied than creditors. Despite the crisis, they were generally satisfied with the European Union's democracy. However, in the post-crisis period, debtors' satisfaction with the European Union's democracy decreased more and reached fairly-satisfied levels. For all control variables, people who have located themselves in the middle of the political spectrum, young and old people, people who have partners, and males are more satisfied with local democracies, results are similar with European democracy as well except for gender.

As a result, creditor and debtor countries' satisfaction levels decreased at the national level during the crisis, while debtors' satisfaction levels decreased at the European level. This situation reversed at the national level for creditors, and creditor countries' satisfaction with local democracy improved in the post-crisis period. However, debtor countries' satisfaction with local and European democracy is declining.

Thirdly, as the Troika's intervention has increased, so has the punishment for the mainstream parties. As a result, mainstream support fell, and challenging parties such as the radical right and radical left emerged in both creditor and debtor countries, though primarily in debtors. This hypothesis is tested by the variable of trust in political parties. For this dependent variable, 2010 is once again a turning point. From 2007 to that point, both creditors and debtors experienced a decline in the trust ratio of political parties. Then creditors experienced an increase of tend to trust whereas debtors' trust ratio continued to decrease in the post-crisis period. For example, there is a huge tendency not to trust political parties, the ratio almost reached more than 90% in Greece, Ireland, Italy, Portugal, and, Spain in the post-crisis period. This is the area that also populist parties became more visible. For

control variables, only age and gender are found statistically significant. Young and old Europeans and males trust more.

All in all, debtors who feel the crisis more and face Troika, are more responsive to the trust ratio of political parties. This explains why they tend to vote for anti-establishment parties.

Last hypothesis includes both national and supranational organizations.

For the national institutions, the majority from both debtors and creditors have a tendency to trust in national organizations. 2010 is a turning point for the tendency to trust in national governments and parliaments. After that point creditors regain trust in national governments and parliaments whereas debtors do not. For example, debtors' tendency not to trust in parliament increased dramatically in 2014 and their trust has decreased in the post-crisis period without an exception. Therefore, creditors were questioning the government during crisis whereas debtors were questioning the government in the post crisis period.

For control variables, gender, employment expectations and marital situation are statistically significant for all institutions. Men, individuals who have better expectations for employment and individuals with partners trust in national organizations more.

For the supranational organizations, before crisis, both creditors and debtors trusted the European Union, its branches and the United Nations. However, the majority of the people from the sample countries started to tend not to trust in European Union in 2010. For the European Parliament, European Commission, European Central Bank, and the United Nations, this increasement was experienced in 2014. Creditors' tendency to trust has been responsive toward the Union whereas debtor's tendency has been responsive to its branches. For the United Nations, although both groups'

level of trust erode over time, debtors' trust increase more. The creditors' change may negligible.

Therefore, as crisis experienced, creditors and debtors' distrust increase but debtors' distrust in both national and supranational institutions increase more. National institutions regain creditors' trust in the post crisis period but internationals cannot. Tendency to trust of debtors in national and international organizations have been negatively affected during crisis and post-crisis period without an exception.

The European Union is an institution that learns from past experiences and prepares for possible situations and even crises that it may encounter in the future. Since 1993, when it was established with the Maastricht Treaty, it has not only continuously updated itself as an institution and its political bodies against potential future problems, but also makes the member states legally binding by making regulations accordingly.

The Eurozone crisis was also huge and far-reaching, comparable to the Great Depression, which the European Union faced unexpectedly. It divided the Union into creditors and debtors and resulted in Euroscepticism, democratic backsliding, political parties with populist rhetoric and distrust of domestic and international institutions. Nevertheless, the European Union has learned from this crisis and has taken measures to prevent future crises. The measures it took allowed it to create a buffer against the economic impact of the more recent Covid-19 crisis.

In this thesis, the impact of crises on individuals' political preferences is measured. Specifically, I focus on the Eurozone crisis and analyze five creditor countries, Germany, France, the United Kingdom, Belgium, and the Netherlands, and five debtor countries, Italy, Portugal, Greece, Spain, and Ireland in this thesis. Individuals

in these two groups were compared at 3 different times: pre-crisis 2007, crisis 2010 and post-crisis 2014 by using microdata from Eurobarometer.

2010 can be considered as a turning point for both debtor and creditor countries. While people in creditor countries were highly responsive to each hypothesis when the crisis first started, the trends returned to the pre-crisis period after 2010 for creditors. However, debtors were responsive from 2010 onwards and they continued to be more responsive for each hypothesis after 2010. As a conclusion, some political attitudes of individuals such as satisfaction with democracy, and trust in both local and international national institutions are affected by the economic crises, especially, when the crises are felt most intense. This situation turns pre-crisis levels if country is well developed. However, if the country's economy is not well developed, changing attitudes remain constant even after crisis.

# APPENDIX A

## QUESTIONS FROM THE EUROBAROMETER

1. "In general, does the European Union conjure up for you a very positive, fairly positive, neutral, fairly negative or very negative image?"

   Responses: very positive, fairly positive, neutral, fairly negative or very negative
2. "Would you say that you are very optimistic, fairly optimistic, fairly pessimistic or very pessimistic about the future of the European Union?"

   Responses: very optimistic, fairly optimistic, fairly pessimistic or very pessimistic
3. "What is your opinion about euro currency?"

   Responses: for, against
4. "On the whole, are you very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the way democracy works in (YOUR COUNTRY)?"

   Responses: very satisfied, fairly satisfied, not very satisfied or not at all satisfied
5. "And how about the way democracy works in the European Union?"

   Responses: very satisfied, fairly satisfied, not very satisfied or not at all satisfied
6. 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. Political Parties

   Responses: Tend to trust, tend not to trust

7. 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 (NATIONALITY) Government

   Responses: Tend to trust, tend not to trust

8. 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 (NATIONALITY) parliament

   Responses: Tend to trust, tend not to trust

9. 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 European Union

   Responses: Tend to trust, tend not to trust

10. For each of the following European bodies, please tell me if you tend to trust it or tend not to trust it. The European Parliament

    Responses: Tend to trust, tend not to trust

11. For each of the following European bodies, please tell me if you tend to trust it or tend not to trust it. European Commission

    Responses: Tend to trust, tend not to trust

12. For each of the following European bodies, please tell me if you tend to trust it or tend not to trust it. European Central Bank

    Responses: Tend to trust, tend not to trust

13. For each of the following European bodies, please tell me if you tend to trust it or tend not to trust it. United Nations

    Responses: Tend to trust, tend not to trust

14. “In political matters people talk of "the left" and "the right". How would you place your views on this scale?”

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Left | | | | | | | | | Right |

15. “Could you give me the letter which corresponds best to your own current situation?”

    Responses: having partner or single

16. Gender.

    Responses: Male or Female

17. “How old are you?”

    Responses: 15-24 years, 25-34 years, 35-44 years, 45-54 years, 55-64 years, 65 years and older

18. “Would you say you live in a...?”

    Responses: rural area, small/middle town, large town

19. “What are your expectations for the next twelve months: will the next twelve months be better, worse or the same, when it comes to...? employment situation in your country”

    Responses: better, same or worse

# APPENDIX B

## TABLE OF VARIABLES

| Eurobarometer | 68.1 | | 73.4 | | 81.4 | | Question | Named after emerged | Hypothesis |
|---|---|---|---|---|---|---|---|---|---|
| Code | 4565 | | 5234 | | 5928 | | | | |
| Year | 2007 | | 2010 | | 2014 | | | | |
| Q#/Variable | QA14 | v181 | QA15 | v276 | QA10 | qa10 | In general, does the European Union conjure up for you a very positive, fairly positive, neutral, fairly negative or very negative image? | imgEU | Hypothesis 1 |
| | QA24 | v398 | QA26 | v363 | QA22 | qa22 | Would you say that you are very optimistic, fairly optimistic, fairly pessimistic or very pessimistic about the future of the European Union? | futEU | |
| | QA22.1 | v391 | QA20.1 | v315 | QA17.1 | qa17_1 | What is your opinion about euro currency | opnEURO | |
| | QA11a | v173 | QA24a | v359 | QA18a | qa18a | On the whole, are you very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the way democracy works in (OUR COUNTRY)? | democcntry | Hypothesis 2 |
| | QA11b | v174 | QA24b | v360 | QA18b | qa18b | And how about the way democracy works in the European Union? | democEU | |
| | qa8 | v149 | QA14 | v270 | QA9.1 | qa9_1 | 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. | trustpolp | Hypothesis 3 |
| | QA8.11 | v150 | QA14.2 | v271 | QA9_2 | qa9_2 | 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 (NATIONALITY) Government | trustgov | Hypothesis 4 |
| | QA8.12 | v151 | QA14.3 | v272 | QA9_3 | qa9_3 | national parliament | trustparl | |
| | QA8.13 | v152 | QA14.4 | v273 | QA9.4 | qa9_4 | 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 European Union | trustEU | |
| | QA16.1 | v191 | QA18.1 | v302 | QA15_1 | qa15_1 | For each of the following European bodies, please tell me if you tend to trust it or tend not to trust it. The European Parliament | trustEUparl | |
| | QA16.2 | v192 | QA18.2 | v303 | QA15_2 | qa15_2 | European Comission | trustEUcom | |
| | QA16.6 | v196 | QA18.4 | v305 | QA15_3 | qa15_3 | European Central bank | trustcb | |
| | QA8.14 | v153 | QA14.5 | v274 | QA9.5 | qa9_5 | United Nations | trustUN | |
| | D1 | v414 | D1 | v548 | D1 | d1 | In political matters people talk of "the left" and "the right". How would you place your views on this scale? | leftright | Control Variables |
| | D7 | v417 | D7 | v551 | D7 | d7 | Could you give me the letter which corresponds best to your own current situation? | sitmar_new2 | |
| | D10 | v420 | D10 | v555 | D10 | d10 | Gender. Male or Female. | gender | |
| | D11 | v423 | D11 | v558 | D11 | d11r2 | How old are you? AGE - RECODED IN SIX GROUPS | age6 | |
| | D25 | v426 | D25 | v561 | D25 | d25 | Would you say you live in a...? | cmmnty | |
| | QA5.5 | v101 | QA4A.6 | v101 | QA3A_4 | qa3a_4 | What are your expectations for the next twelve months: will the next twelve months be better, worse or the same, when it comes to...? employment situation in your country | sitjob_new | |

APPENDIX C

TABLE OF SAMPLE COUNTRIES

| Debtors | Sample Size | Creditors | Sample Size |
|---|---|---|---|
| Italy | 3109 | Germany | 4600 |
| Portugal | 3100 | France | 3060 |
| Greece | 3017 | The United Kingdom | 3113 |
| Spain | 3039 | Belgium | 3047 |
| Ireland | 3024 | The Netherlands | 3034 |
| | | | |
| Total Sample Size | | | 32143 |

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