

Re-InVEST Policy Brief

10/2017

Economic crisis, social disinvestment and trust in political institutions

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Introduction

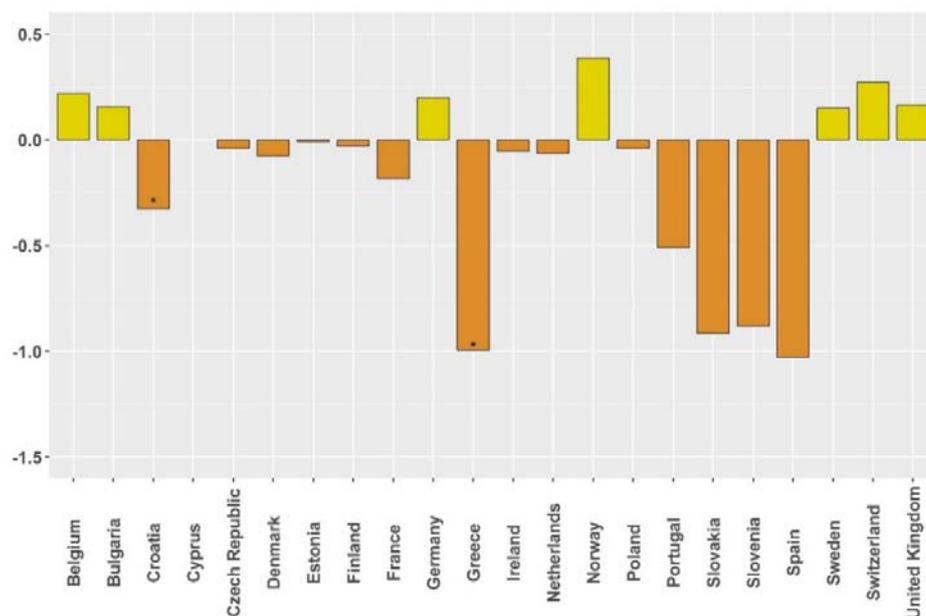
Trust in political institutions is an integral component of societal cohesion. Institutional trust is essential to maintaining legitimacy of the democratic institutions and support for political reforms across European societies. The recent economic and financial crisis of 2008-2009 and the austerity policies that followed have contributed to the rising inequality within and between European countries. Although some European societies have proven to be more resilient to the effects of the crisis, many others have experienced rapid economic and social decline. Furthermore, policy responses adopted by a number of countries to counteract the consequences of the crisis have resulted in severe cuts in social expenditures further contributing to the decline in well-being and trust of their citizens. This policy brief summarizes the main findings of the RE-InVEST report titled “Economic crisis, vulnerability and institutional trust”. All the analyses were based on the individual survey data from the European Social Survey (ESS) covering the period from 2002 to 2012.

Findings and Evidence

1. Changes in average trust in public political institutions between 2008 and 2012

Figure 1 presents the changes in the composite index measuring average level of trust in five domestic institutions (national parliament, politicians, political parties, police, and the legal system) between 2008 and 2012, for the selected European countries. Trust in institutions is measured on eleven-point scale ranging from 0 (“having no trust at all”) to 10 (“having complete trust”). A change in trust is calculated by subtracting the average trust value for 2012 from the average trust value of 2008. As can be observed from Figure 1, the overall balance in trust in political institutions tends to be negative. In other words, in most European countries, citizens tend to trust their political institutions less in 2012 than they did in 2008. It is notable that the countries with the largest change in public trust are those countries most severely affected by the economic crisis. In particular, the largest decline in average trust is noticeable in Greece, Spain, Slovakia, Slovenia, and Portugal. In these countries, the change in institutional trust ranges from -0.58 points on average in Portugal to -1.03 in Spain. In Spain, the average trust value for 2008 was 4.38 (on an eleven-point scale). In 2012 this value had decreased to 3.35, indicating a substantial drop in public trust. In contrast, a number of more affluent countries, including Norway, Sweden, Switzerland, and Belgium, experienced a slight increase in public trust over the recession period 2008-2012.

Figure 1 Average change in public trust across European countries over the period 2008-2012



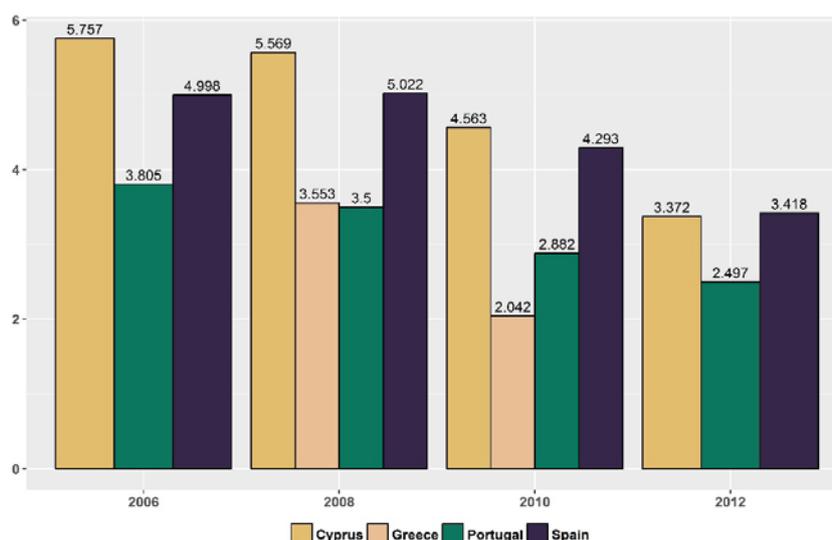
Source: ESS 2008-2012.

* For Greece and Croatia, the reference year is 2010.

2. Trust in national parliaments has declined substantially in the countries severely affected by the economic crisis

Figure 2 presents the changes in trust in national parliaments for the four countries severely affected by the economic crisis: Cyprus, Greece, Portugal and Spain. In Cyprus, the level of institutional trust in 2012 reveals a staggering drop of 41% from its initial trust level in 2006. Similarly, in Greece in 2010, the level of trust in the national parliament is 42.5% lower than it was in 2008. Spain and Portugal have also experienced a dramatic decline in trust levels (31.6% and 34.3% respectively). The declining trends are less prominent in the Western European countries, compared to the countries of the Southern and Eastern Europe, although even in the Western European region the level of trust in national governments has somewhat decreased compared to the pre-crisis period over the period of the economic crisis.

Figure 2 The dynamics of trust in national parliaments for the selected countries, 2006-2012



Source: ESS 2002-2012.

3. The economic crisis also appears to contribute to the decline in trust in the European Parliament

Further analysis confirms that the changes in economic conditions across Europe since the onset of the crisis in 2008 have contributed to weakened public trust in the European Parliament, particularly in countries most adversely affected by the economic recession. Figure 3 zooms in on the changes in trust in the European Parliament in five selected countries: Cyprus, Greece, Ireland, Portugal, and Spain. The decline in trust is substantial in all five countries. In Greece, in particular, trust in the EU Parliament decreased rapidly from 4.43 in 2008 to 2.57 in 2010. Among the selected countries, only in Ireland the level of trust in the European Parliament began to recover in 2012. It has not, however, returned to its pre-crisis level.

4. Decline in trust is especially evident among vulnerable groups

The findings of a more detailed multilevel statistical analysis indicate that individuals with a lower socioeconomic status tend to be more distrustful of both their domestic parliaments and the European Parliament, compared to the respondents with a higher socioeconomic status. In particular, the less-educated respondents and those with a low subjective position on the income ladder tend to have a higher level of distrust in domestic parliaments and the EU Parliament. The effect of unemployment on the level of political trust is equally telling. The status of being unemployed for more than three months and being unemployed for more than twelve months have a significant negative effect on trust in domestic parliaments and the EU Parliament. In other words, the unemployed individuals have less trust in these political institutions than those who are employed.

5. Worsening economic conditions had a prominent impact on the decline in political trust

The results of our analyses indicate that increases in unemployment rates and declining GDP growth rates have significantly impacted public trust in national parliaments: when the GDP growth rate is decreasing and unemployment rate is on the rise, the level of distrust in national parliaments among European citizens tends to increase. In addition, across the European countries, the higher the

unemployment rate, the less trust in the European Parliament is present. These results confirm the significant impact of the effects of the economic crisis on institutional trust across European countries.

Conclusions

Our findings suggest that the recent economic crisis had not only economic but also political and social costs to the European societies. As a consequence of the crisis, institutional trust in Southern European countries has fallen to dramatic levels. In Greece, Portugal and Spain, the effect of the economic crisis on public trust in political institutions is prominent. Trust in political institutions tends to be the lowest among the disadvantaged groups in the population. In particular, the respondents with low subjective incomes, a low level of education, and those who are unemployed report significantly lower trust in national parliaments and the European Parliament. More established European welfare states tend to have higher levels of trust in political institutions. The results of the analyses indicate the need to consider the impact of the economic crisis not only in reference to economic costs but also in reference to declining levels of political trust and social cohesion of European societies. In this context, social investment in well-being and capabilities of the European residents with a special focus on vulnerable groups is an essential strategy to improve both social cohesion and trust in political institutions. One can only hope that the EU's shift from harsh austerity policies to a 'social triple A' strategy, including the Social Investment Package and the European Pillar of Social Rights, will restore trust among the population in general, and among its most vulnerable citizens in particular.

Anna Ruelens and Ides Nicaise (2016), *Economic crisis, vulnerability and institutional trust*, Leuven: HIVA (KU Leuven), 32p.

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