

**The Changing Relevance of Europe in Times of Crisis:
Parties, Party Systems, and Voting**

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PhD Dissertation

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Madrid, November 2016

Disce quasi semper victurus, vive quasi cras moriturus
Attributed to St. Edmund of Abingdon

*To my family...
For always believing in me, for their never-ending support and for teaching me how
to stay strong...*

*Sevgili aileme...
Bana her zaman inandıkları, destek oldukları ve ne olursa olsun savařmayı
öğrettikleri için...*

Abstract

The European Union has faced a multitude of phases, challenges, and crises in the integration process. In every one of these steps, important regulations have been discussed and implemented, increasing the policy reach of the Union. In the last decade there has been an accumulation of both difficult and controversial topics connected to the Eurozone crisis, the refugee issue, terrorism, and xenophobia, culminating in unprecedented situations such as the *Brexit*. These dynamics trigger the question: Does the politicisation of European integration increase in times of crises? This thesis aims to shed light on the changing relevance of European integration on parties, party systems and voting behaviour. Does Europe matter more for the evolution of national parties and party systems today? Does it have an impact on electoral choices of European citizens?

This thesis investigates the last decade of changes in parties, party systems, and voting behaviour in Europe, giving a special focus to economically troubled countries—Greece, Italy, Portugal, and Spain—as well as Ireland. In this regard, a chapter focusing on the story of the economic crisis will follow the introduction and theoretical background. The fourth chapter analyses changes in Western European party systems, and the fifth focuses on voting behaviour in European Parliament elections. The final chapter provides conclusions and a future roadmap. For these analyses, individual-level survey data (European Elections Studies), expert surveys (Chapel Hill Expert Survey), and party manifesto data (Manifesto Project) have been used. The results suggest that Europe matters more in electoral dynamics today; however, this impact is still limited. This thesis finds

that EU polarisation has a significant impact on volatility as well as EU distance on the vote. These findings open up new avenues for future research, which should concentrate on specific party families, variations of Euroscepticism, and populism.

Resumen

La Unión Europea (UE) se ha enfrentado a multitud de retos y a numerosas crisis en su proceso de integración. En cada uno de estos episodios se han discutido y aprobado regulaciones importantes que han incrementado el alcance de las políticas de la UE. La última década se ha caracterizado por un cúmulo de cuestiones controvertidas y de soluciones complejas, todas ellas conectadas con la crisis financiera de la eurozona, el terrorismo yihadista, el problema de los refugiados y la xenofobia y antieropeísmo de nuevos partidos populistas que han culminado en situaciones sin precedentes como el Brexit. Estos nuevos procesos vienen acompañados de muchas preguntas relevantes, algunas de las cuales justifican la realización de esta tesis doctoral. ¿Se ha incrementado la politización de la UE en tiempos de crisis? ¿Tiene mayor impacto la UE en estas circunstancias sobre los partidos nacionales y los sistemas de partidos? ¿En qué medida ambas cuestiones repercuten en el comportamiento electoral de los ciudadanos europeos?

Esta tesis analiza desde el punto de vista europeo, entendido este en sentido amplio, los cambios en los partidos, los sistemas de partidos y el voto a lo largo de la última década, prestando especial atención a los países especialmente castigados por la Gran Recesión como Grecia, Italia, Portugal y España – así como, en menor medida, Irlanda. Tras sendos capítulos dedicados a la introducción de la tesis y a los principales enfoques teóricos utilizados, el capítulo tres examina la crisis económica y financiera, el cuarto discute los cambios de sistemas de partidos europeos desde el punto de vista de la integración europea y el quinto se centra en

el impacto de la UE entendida como un *issue* en el voto de los ciudadanos para el Parlamento Europeo. Para la realización de estos análisis, se han utilizado datos de encuestas a nivel individual (procedentes del *European Election Studies*), encuestas de expertos (integradas por la *Chapel Hill Expert Survey*) y datos de los programas electorales de los partidos (gracias al *Manifesto Comparative Project*). Los resultados sugieren que el tema Europa está ganando en presencia e intensidad en los recientes procesos electorales, bien que este impacto sea todavía limitado. Además, la polarización existente en torno a la UE tiene un impacto significativo en la volatilidad electoral agregada, así como es mayor la relevancia del *issue* europeo en el voto. Estos resultados abren nuevas vías para futuras investigaciones que se deberían concentrar en las familias de partidos específicos, en las variaciones de euroescepticismo y en la creciente presencia del populismo en las agendas políticas y entre los partidos de los países europeos.

Acknowledgements

Most of the important decisions in life have a story, including mine for pursuing a PhD degree in Spain. I first came to Spain – as a professional – in 2010 thanks to a project we were running with Elcano Royal Institute. It was designed for Spanish Presidency of the Council of the European Union. I stayed in Madrid for three months and it was more than enough to fall in love with this city. Ignacio Molina has been the first person that welcomed me to Spanish academy. He guided me in every step of the way to the master program titled “Democracy and Government” of the Autonomous University of Madrid. It was a great opportunity of learning Spanish and Political Science at the same time. As an economist, I didn’t miss the chance. After being my MA thesis supervisor, Ignacio also led me to my scholarship for the PhD, for which I am very thankful to Autonomous University of Madrid. If he didn’t fight for me, I wouldn’t be here today. I will always be grateful to him.

Then, I met Jose Ramon Montero and he accepted to become my PhD supervisor. I know I was very lucky since the very beginning because of his fame; however, I got the chance to understand the reasons behind it and experience it personally. He is an advisor that you can trust for everything. He is not only understanding and hardworking, but also one of the most inspiring brilliant minds of Spain – and the world academy, of course. He thought me how to be a good researcher, sometimes with encouragement, sometimes with punishment. I will always remember the lessons. I am deeply proud for being a member of his “*école*”.

During my PhD, I got to realize two Visiting Scholar positions that changed the direction of my thesis and my academic thinking. The first one was in European University Institute under the supervision of Aleksander Trechsel. I am grateful to him not only for accepting me for the position, but also for directing me to the idea of revisiting Peter Mair. Thanks to him, Chapter 4 has been written. While I was in beautiful Florence, I very much benefited from meetings with Hanspeter Kriesi, Lorenzo de Sio and Takis Pappas. I would like to thank them all for their generosity with their time and also for commenting earlier versions of this work.

My second *Visiting Scholar* position was in *Mannheimer Zentrum für Europäische Sozialforschung* (MZES) in University of Mannheim under the supervision of Hermann Schmitt. This has been a cornerstone in my academic career. I met my future co-supervisor and also became a member of European Elections Studies (EES) core preparation team thanks to him. He trusted me, he made me believe in myself and convinced me that my ideas are worth discussing, thinking, writing, and also publishing. The magnitude of literature and theory I learned thanks to him is just immense, in addition to the importance of self-discipline in writing. It has been a great honour for me to talk about second order European Parliament elections with the person who co-invented the theory, yet again to co-author with him! I will always feel extremely lucky and proudly name him as my supervisor. I am extremely grateful to him. While I was in Mannheim, I had various chances of discussing my work with Cees van der Eijk. There are no words to explain how lucky it felt. I am thankful to him for his extreme generosity in supporting the academics of the future.

One of the biggest challenges I have ever faced while I was writing my dissertation was dealing with the level of quantitative methods in electoral studies. I needed to learn not only how to use different statistical programs, but also how to apply various methods to my analyses. I also needed many datasets, I would like to thank TNS Opinion for providing me some of the data that I needed in my thesis. On this rocky road of quantitative methodology, great scholars accompanied me. Julia Partheymüller has been my mentor in Mannheim and thought me how to deal with time series cross-section analysis, in addition to many more things. Daniel Stegmüller not only helped me with conditional logit discrete choice models, but also advised me to look for logic in any kind of STATA command. Sebastian Popa and Federico Vegetti always answered my questions related to EES datasets. And lastly... Pedro Riera was always there, every time I had a puzzle, he was there to help me solve it. I will always be grateful to all of them.

I am sure there are many other scholars that I crossed paths during all these years. Some of them became very good friends that I shared laughter, conference drinks (and many more outside) and also the miserable moments of PhD. I would like to heartfully thank Marta, Paula, Pedro, Ivan, Juan, Aleksandra, Chiara, Julia, Anne, Stefi, Yannis, Mona, Sebi and Will Lowe for everything we shared. I would also like to thank Nerea, Elsa and Carlos, *mis Madrileños* out of academia, for their very special place in my life. Without them Madrid would have been very different, and maybe, I wouldn't be here.

Finally, the last words are reserved for my family. I am a very lucky woman that has been supported by her family all life-long, encouraged in every step and be loved unconditionally. Without my family, I would have never achieved all this. Furthermore, I was also way too lucky to find Berkin in life, when expecting the least. His never-ending love, care and support have been with me in every step of the way since we met, and hopefully we will always share this journey called life together for the coming decades.

Last words... PhD has been quite an adventure!

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Chapter 1.

Introduction: Does Europe matter more?

Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements, which first create a de facto solidarity.

Robert Schuman, 9 May 1950

Introduction

European integration is one of the biggest multi-governance projects this world has ever seen. Jean Monnet, aka the “Father of Europe”, and his colleagues dreamed of a united Europe. For them, this unification process would secure peace, prevent further wars on the continent and contribute to welfare and stability. The plan for further integration was ready. It started with only six countries, but soon there were new members in the club. Until the late 1980s, the process of integration went rather smoothly, since it was perceived as an elite driven process. With the signing of the Treaty of Maastricht in 1992, the character of integration changed and brought many existential discussions with it. With the completion of the Single European Market in 1993 and with the agreement on an Economic and Monetary Union (EMU) in 1999 - which involved the creation of a European Central Bank (ECB) and a common currency (the euro) - the policy influence of the European Union was magnified. As already stated with the Maastricht Treaty, political integration moved an important step forward “from creating a market to

regulating it” (Marks 2004). It was far reaching, not only on economic integration but also on a range of areas, including employment, the environment, and foreign and security policy. Furthermore, with enlargement waves, different regions of the European continent have been covered under the umbrella of the Union; more countries were involved within the common market while it was economically and socially changing. As Stefano Bartolini suggested in his book, European integration reversed a centuries long national boundary construction to a European project (Bartolini 2005). Many challenges came with it.

After the Maastricht Treaty, the electorate started to voice its discontent. The main reasons behind the critics were the intensification of budgetary regulations, mostly from protectionist left wing voters, and the changing nature of integration from just an economic project to a political entity. This constituted a threat to the nation-state, which attracted reactions from right wing voters as well. In short, citizens started to differentiate between a supranational community and their nation-states (Hooghe and Marks 2009). All these reactions to European integration led to many public debates on key elements. This meant that the “permissive consensus” on European integration was over (Hooghe and Marks 2006) and there was the possibility of the politicisation of Europe for electoral gain. Afterwards, the politicisation of Europe on different steps of integration was on the scholarly agenda. In the meantime, the differences between regions – as a combination of nations of the same neighbourhood - also mark the level of politicisation of European integration and the future of the project (Kriesi 2016). To be more concrete, the European Union, as it is today, is mainly divided into three subgroups (Western, Eastern and Southern Europe). Each of these regions has its own conditions that affect the level

of politicisation of European integration, the structure of party competition and voting behaviour. For this reason, it is important to discriminate between regions of the European Union while analysing integration and its politicisation. This thesis aims to underline these differences, even for the countries that are grouped together.

A clear discontent has been witnessed with the European Union as a whole, or at least regarding some of its policies, since the beginning of the 2000s. Although there have been ups and downs in support for European integration (Eichenberg and Dalton 2007), it is clear that today there are stronger sentiments and diversions about the issue. As a result, not only are objections to European integration voiced further, but also there are more political entrepreneurs who are exploiting these ideas in elections. This situation, both the vocalisation of anti-European integration ideas and their exploitation by political entrepreneurs, has been catalysed by the economic crisis and had an impact on election results (Hernandez and Kriesi 2015). Additionally, the role that the *Troika* played in the economic crisis has changed the understanding of the European Union for some of its citizens. The increasing importance of the EU and the impact of its decisions on the daily lives of European citizens have increased the level of interaction between supranational authorities and the voters. This also prompted national governments to shift the blame for the economic crisis from themselves to the EU. For all these reasons, the visibility of European integration and possibility of further politicisation increased with the economic crisis. This thesis claims that this impact requires further attention for economically troubled countries of the Union. The next sections conceptualise this idea even further.

Conceptualisation of the idea

The global financial crisis and its implications significantly marked the last years of political science research. Most of the scholars take the beginning of the economic crisis as September 2008 with the collapse of Lehman Brothers. However, the fall of Bear Stearns in spring was a clear early warning of what was going to happen. Then, this economic turmoil spread to Europe and converted into a sovereign debt crisis. Members of the EU (Cyprus, Greece, Hungary, Ireland, Latvia, Portugal, Romania and Spain) had to receive financial help, some in the form of bailout packages, some others as a softer touch. All these developments increased the level of politicisation of European integration and led to certain changes in the party systems of many countries. Even if it is important to underline all the changes Western European democracies have been going through in times of crisis, any work should be aware of the fact that all these changes in party systems and voting behaviour also date back to decades before. According to Kriesi (1999), both the left and the right wing of the political spectrum have been transformed by the new social movements of the 1960s and 1970s (Kriesi 1999). This means that Western European countries were facing certain changes for decades and major steps of European integration, including the crisis management of the Union, have been catalysts in this process. In short, even if the implications of the economic crisis are very important for Western democracies and European integration, all these changes should be analysed with a long-term perspective.

All that being said, this work focuses on party system changes in Western European countries, while combining that with analysis regarding the voting behaviour of citizens in economically troubled member states. It aims to measure the changes Europe has been

going through regarding the party systems and voting behaviour in times of further politicisation (Kriesi, Grande et al. 2006, Hooghe and Marks 2009) of the European Union. The economic crisis will be taken as a catalyst in this process. In short, this work is trying to see the big picture of representation and its relationship with European integration.

As has been investigated repeatedly, years of economic and financial crisis created many questions regarding European integration, and even put the “euro”, the common currency, at risk. In addition, they created a visible division between debtor and creditor countries. For this reason, this work aims to add value to the literature by measuring the change of relevance of Europe in electoral dynamics. The most innovative part of the work is twofold: First of all, it replicates the analysis of Peter Mair claiming that Europe has a very limited impact on Western European party systems (Mair 2000) using recent data. Secondly, it contributes to the already growing literature of EU issue voting with an analysis of the economically troubled countries of Southern Europe and Ireland. As an additional contribution to empirical chapters, this work includes a detailed summary of the economic crisis that underlines certain differences between countries.

Analysing the impact of European integration: Not that limited anymore?

For decades it was claimed that citizens also focus on national issues to cast their votes in the European arena. In other words, domestic politics define voters’ behaviour in the supranational arena as well. These affirmations became questionable with every further step in European integration. With the economic crisis, or way before, with the common currency Euro, the policy outreach of the European Union had increased significantly.

Today, not only because of the economic crisis, but also with the increasing level of integration, the EU has been implementing further constraints on national governments' economic policies. Especially for the bailout countries, economic policy depends more on decisions of the *Troika*¹ than the internal dynamics of the country. With the realisation of a “threat” to the common currency, the EU decided to “cure” these countries with its own formula. Keeping all this in mind, this work claims that Europe matters more in electoral dynamics today. For this analysis, both the supply side and the demand side of the electoral equation will be introduced, aiming to measure the changing impact of Europe. Party system polarisation and voting in European Parliament elections will be examined with the specific idea of measuring the impact of European integration on these dynamics.

The supply side: Party systems in Western Europe

Peter Mair claimed that Europe has a limited impact on national party systems (Mair 2000). He checked the format and mechanics of party systems, providing country specific information about parties and their vote distribution in national elections. He classified them regarding their position on European integration. He concluded that Europe has a limited impact on national party systems. Peter Mair himself re-questioned and re-discussed the same issue after the consequences of the economic crisis became more visible in Ireland (Mair 2011). This has been a starting point for this work as well; with all the changes Europe has been going through catalysed by the economic crisis, his conclusions of 2000 need to be revisited. Chapter IV replicates the analysis of Peter Mair and moves it one step further, establishing the link between volatility, which is an

¹ Troika is the governing body of the public debt crisis of the Eurozone countries consisting of the European Commission (EC), the European Central Bank (ECB), and the International Monetary Fund (IMF).

important indicator of party system change, and issue polarisation of European integration.

Following the literature, the following hypotheses will be tested:

H1.1: The number of political parties is expected to increase in Western Europe in times of economic crisis.

H1.2: The number of political parties is expected to increase in Western Europe in a period of politicisation of European integration.

H2: In Western Europe, the volatility will increase, if the national party system is more polarised on European integration.

The demand side: Voting behaviour in economically troubled countries

Many studies concluded that voting decisions in European Parliament elections until 2009 have been focused on national politics (van der Eijk and Franklin 1996, Schmitt 2005, Hix and Marsh 2007, Hix and Marsh 2011) and that political parties have failed to campaign over European issues (Weber 2007). They are mostly called second order national elections (Reif and Schmitt 1980). The 2014 election, being the post-crisis electoral contest, was expected to be different. However, the recent paper of Schmitt and Toygür demonstrated that European Parliament elections are still second order, qualifying the main assumptions of the model (Schmitt and Toygür 2016). Still, even if they proved to be second order, the main argument of this work is whether EU issue voting exists in the

economically troubled countries of Southern Europe and Ireland. When casting a vote, if preferences related to European integration play a role, this process can be called EU issue voting. The research shows that the degree of influence of voters' positions on their vote varies cross-nationally depending both on the issue salience and on the availability of viable offers from the supply side (Tillman 2004, de Vries 2007, de Vries and Edwards 2009). This work claims that with the certain catalysing impact of the economic crisis, Europe matters more and should play a significant role while casting a vote, at least for some member states of the European Union.

So, the main question stands: Is voting behaviour in European Parliament elections decided by voters' attitudes towards European integration (the EU issue-voting)? This work builds on the existing literature, mainly testing the following hypotheses:

H1: The distance between voters and parties on the EU integration scale is expected to have a greater impact on the EP vote during the crisis and in the post-crisis period than before.

H2: The distance between voters and parties on the LR scale is expected to have a smaller impact on the EP vote during the crisis and in the post-crisis period than before.

Case selection, research design and data

The societal context, which includes the current economic situation as well, mostly defines the voting behaviour as a common denominator in many countries. On the other hand, the reasons behind the supply side mobilisation of potential anti-European

integration sentiments differ among member states. These differences can be mainly rooted to the existing structure of the national party systems and their recent changes (dealignment and realignment structures), the rise of new and challenger parties inside this system, the interaction between these parties and already existing mainstream parties, and finally, the permissiveness of the system for this competition, which is defined by the electoral system of the country. Having all this in mind, several choices regarding this work require further clarification. These elements include geographical case selection, the time span covered by the study and the data sets used for the analyses.

Geographical case selection for this work has been quite a journey. It started as pan-European research, and ended up as a Western/Southern European project. The main reason behind this transformation is the awareness of each of these regions, cleavage structures, and that economic and cultural contexts differ, and matter. For this reason, Eastern European countries are left out, since their history of democratisation and party system change differs in a significant way from the other regions of the European Union. Western European countries are taken for the party system change chapter, while economically troubled countries of Southern Europe and Ireland have been taken for the voting behaviour chapter.

The time span covered by this work is twofold: The party system analysis dates back to World War II (WWII) for 15 Western European countries, while the voting behaviour chapter covers elections from the 2004, 2009 and 2014 waves of European Parliament elections. The main reason behind all the selections for the party system chapter is the idea of replicating the analysis of Peter Mair, so the time span of his paper has been taken

as the criterion of the starting point. The idea for the selection of the time span for the voting behaviour chapter has been the following: 2004 elections were taken as the pre-crisis elections, and 2009 elections were the “post-crisis” elections; however, for the citizens the economic conditions and their political implications had barely started to kick-in. The 2014 elections, on the other hand, were clearly post-crisis with certain consequences. Having all three waves of elections provides the possibility of comparison for the reader.

The data sets used in this thesis cover an important part of the available data in electoral studies and public opinion. For these analyses, individual-level survey data (European Election Studies)², expert surveys (Chapel Hill Expert Surveys)³, and party manifesto data (Manifesto Project)⁴ have been used. For testing the format and mechanics of party systems in Western Europe, Gallagher indices⁵ have been used. This work also includes the related data from Eurostat⁶ and Eurobarometer surveys⁷ to demonstrate the economic crisis with variables and also its political consequences for different member

² European Election Studies (EES) are pan-European data sets that are about electoral participation and voting behaviour in the European Parliament elections. The data have been collected since the 1979 elections (with the exception of 1984). The studies have post-electoral surveys in addition to other components of Euromanifestos, elite surveys, and content analyses of news and social media. For more information, please visit: <http://eeshomepage.net>

³ Chapel Hill expert surveys estimate party positioning on European integration, ideology and policy issues for national parties in a variety of European countries since 1999. The number of countries increased from 14 Western European countries in 1999 to 24 current or prospective EU members in 2006, and to 31 countries in 2014, including the cases of this thesis as well. For more information, please visit: <http://chesdata.eu>

⁴ Manifesto Project provides parties’ policy positions derived from a content analysis of parties’ electoral manifestos. It covers over 1000 parties from 1945 until today in over 50 countries on five continents. For more information, please visit: <https://manifesto-project.wzb.eu>

⁵ Gallagher indices are the least square index (LSq), the effective number of parties (ENEP) and the effective number of parties at the parliamentary or legislative level (ENPP) calculated for all the cases that are included in this work. For more information, please visit Michael Gallagher’s website: http://www.tcd.ie/Political_Science/staff/michael_gallagher/EISystems/

⁶ Eurostat is the statistical unit of the European Commission. For more information, please visit: <http://ec.europa.eu/eurostat>

⁷ Eurobarometer surveys are the public opinion analyses of the European Commission. The “Standard Eurobarometer” was established in 1974. Each survey consists of approximately 1000 face-to-face interviews per country. Reports are published twice yearly. For more information, please visit: <http://ec.europa.eu/COMMFfrontOffice/PublicOpinion/>

states. All these data sets enrich the quantitative analysis of this work in different chapters, using different methods. The reasons for method selection will be explained in the related chapters.

Plan of the study

This work investigates the last decade of changes in parties, party systems, and voting behaviour in Western Europe, giving a special focus to economically troubled countries—Greece, Italy, Portugal, and Spain—as well as Ireland. Keeping all this in mind, the *first chapter* presents the introduction and conceptualises the idea around the question “*Does Europe matter more?*” In *chapter 2*, the theoretical background for this research is presented. To investigate the impact of European integration on electoral dynamics, politicisation literature has been used. On the other hand, EU issue voting literature has been revisited for the analysis of voting behaviour in economically troubled countries. In addition to two main pillars of the theoretical framework, integration theories are also revisited, together with all the related literature of party system change.

The main objective of *chapter 3* is to put the discussion related to the economic crisis into context and perspective. In order to understand the policy influence of the European Union in general, and the introduction of the Economic and Monetary Union in particular, on electoral dynamics, European sovereign debt crisis is a major incident in the history of European integration that is worth analysing. Chapter 3 serves this purpose. It starts by introducing the concepts of the government debt crisis and banking crisis, and discusses the causes of the crisis in Europe with a specific focus on how a banking crisis became a government (public) crisis. It then acknowledges that although the causes of the

crisis were the same for the European countries in general, there were additional causes and diverse consequences for periphery countries, namely Greece, Ireland, Spain, Portugal and Italy. Therefore, the situation in these countries is analysed with a case-by-case review for each of them. Even though the cases were all distinct for each of these countries, one thing was common: They all suffered from the austerity measures imposed on them, leading to a reduction in public sector employment and wages, cuts in pensions, increases in taxes, etc.

Chapter 4 analyses changes in Western European party systems, replicating the analysis of Peter Mair. This means re-analysing the format and mechanics of party systems and providing all the information regarding individual parties in recent elections. In addition to the replication of his 2000 paper with up-to-date data, Chapter 4 continues with a time series cross-section (TSCS) analysis establishing the link between volatility and issue polarisation of European integration for Western European Member States, and all elections since WWII.

Chapter 5 focuses on individual voting behaviour in Southern European countries and Ireland. The main hypothesis behind all the analyses is that the impact of European integration distance on the vote has increased in the post-crisis period. In other words, European integration matters more when citizens cast their vote. For this analysis EU issue voting theory has been applied to economically troubled countries using conditional logit. The hypotheses have been tested using European Election Studies data. The main findings suggest that there are certain differences between countries in the explanatory power of the EU distance variable when it is related to the vote. The left/right dimension

continues to be the principal explanatory power; however, in some countries it is possible to see the impact of European integration in an increasing manner.

The final chapter provides conclusions, remarks and an agenda for the future. To better understand the impact of European integration on electoral dynamics, it is important to go through all member states and their unique dynamics. A case expansion would be useful for comparative reasons, in addition to a conceptual widening to include Euroscepticism and populism in the discussion.

Chapter 2.

Theoretical framework

Europe's nations should be guided towards the superstate without their people understanding what is happening. This can be accomplished by successive steps, each disguised as having an economic purpose, but which will eventually and irreversibly lead to federation.

Attributed to Jean Monnet

Introduction

The European Union project in a globalising world has been in the research agenda of scholars for decades. Summing up with the implications of globalisation, European Union became a new channel of political representation, also controlling free movement for goods, services, capital, and most importantly, people. Since it was introduced, the process of European integration has been going through major changes. From the 1950s to the 1990s, it was perceived as a peace building process driven by elites, together with the economic cooperation between countries, in which public opinion was mostly irrelevant. After the signing of the Maastricht Treaty and once the European Single Market was completed in 1993, the agreement on Economic and Monetary Union (EMU) was reached in 1999 – which involved the creation of common currency and the European Central Bank (ECB) – and the policy reach of the European Union increased

significantly (Eichenberg and Dalton 2007). It was no longer just an economic collaboration and a peace-protector, but also a political entity. With the economic crisis shaking European project to its core, all these discussions reached to a whole new level. Austerity measures and bailout packages became very important items on the agenda, together with anti-immigrant sentiments related to the recent refugee flows to Europe. With this increase in politicisation and rising popular dispute over European integration, further research has been done on the electoral consequences, both on the demand – voter – side, as well as the supply – party – side. What is once called *permissive consensus* turned into a *constraining dissensus*, and elites faced public contestation over European integration. A new era has begun (Hooghe and Marks 2006). Reflections of this change in national political space have been two-folded. On one side, it has created political mobilization among citizens; while on the other side destabilized European party systems. The traditional dimensions of national political space have been reshaped. New cleavages have appeared or already-existing issues have been reshuffled between dimensions.

On the party side, a certain division between mainstream parties and non-mainstream ones became visible in Western European countries. Extreme left and right, non-mainstream, challenging parties took their place in the political scene. Traditional party families - the socialists, Christian democrats and liberals, mainly lost their structural roots and representative power that are coming from the traditional cleavage structure. Dealignment became an important concept, also questioning the representative capacity of political parties. Indicators of this trend, such as decreasing party membership, declining party identification, decreasing turnout, and increasing volatility became visible both in national elections and in European Parliament elections. Social movements

mobilized new cleavage structures for party competition. Issues related to environment, women rights, LGBTI rights, and so on triggered the establishment of green parties in some countries.

On the demand side, critics towards European integration increased steadily for the last decades. Public opinion manifested itself in referendums, for example in France, the Netherlands, Denmark – and most recently - in the United Kingdom. Eurosceptic political parties made it to both national Parliaments, and to the European one. Ideas against European integration have been taking different forms for different sides of the ideological spectrum. Left wing voters are mostly concerned about the neo-liberal character of the European project and its impact on the welfare state, while right wingers are mostly preoccupied about the social and cultural threat (van Elsas and van der Brug 2015). Various researches showed that citizens' support for the European Union is responsive to both economic benefits from further integration and its threat to social and cultural entity (Gabel 1998, Carey 2002, Tillman 2004, de Vries 2007). This situation shed light to further research on the impact of European integration on voting behaviour, also known as “EU issue voting” (de Vries 2007).

This work investigates politicisation of European integration for the last decade and the impact of it on party systems, and voting behaviour in Western Europe, with a special focus on Southern European countries - Greece, Italy, Portugal, and Spain—as well as Ireland. For this reason, the process of politicisation of European integration will be one of the most important theoretical pillars of this work. Still, in order to fully understand the relationship between European integration and electoral dynamics, different

frameworks are necessary. For this reason, this chapter will go through integration theories as a starting point for the discussion on permissive consensus/constraining dissensus, continue with the literature on politicisation of European integration, and finally go through party system change and EU issue voting theories. The conclusion will connect pieces for the necessary analysis throughout this thesis.

Revisiting integration theories

The phases European Union has been going through also changed the level of its policy impact. After the Maastricht Treaty was signed and sealed, the elite driven process of European integration started to have greater impact on the daily lives of European citizens. Partisan entrepreneurs have taken the issue of European integration and converted it into a discourse that is relevant to the electorate – which started the discussion of Euroscepticism, both on the left and the right side of the political spectrum. Eurosceptics have been the main drivers of the politicisation of European integration within party competition (Hooghe and Marks 2009, Grande and Kriesi 2016). Before going further with the current situation, it is important to have a quick look at changing theoretical explanations of European integration. This will provide the necessary perspective for a better understanding of the issue through decades. It is always necessary to underline the challenges European integration faced throughout years to understand that this economic crisis is not the first one, and most probably, it will not be the last one.

The regional integration theories have been going through phases as well. Functionalism shaped the idea of political integration for some decades after the First World War. David Mitrany, the principal functionalist thinker, believed in the relationship between territorial

scale and the need for political authority (Mitrany 1965). Neofunctionalists on the other hand, have been defending that the required jurisdictional reforms should be initiated and driven by supranational institutions (Haas 1958, Schmitter 1969, Schmitter 2005, Niemann and Schmitter 2009). After the “Empty Chair Crisis” of 1965-66 caused by Charles de Gaulle, boycotting meetings in European institutions, neofunctionalist predictions of integration left their place for intergovernmentalist thinking – which is explaining integration as a bargaining process among member states (Milward 1992, Moravcsik 1993, Moravcsik 1998). Theories of neofunctionalism and intergovernmentalism have been engaging in a long-term debate about the impetus of regional integration: national governments or supranational institutions. Their main focus has always been economic benefits as an explanatory variable for further integration. They became less useful for explaining the situation once European integration went beyond economic preferences. For this reason, new theoretical explanations have been needed. In this line, Hooghe and Marks claimed that the main theories of European integration, namely neofunctionalism and intergovernmentalism, mostly focusing on functional and rational economic integration is less useful for the research on the European Union (Hooghe and Marks 2009). In their cornerstone article titled “A Postfunctionalist Theory of European Integration: From Permissive Consensus to Constraining Dissensus”, they “first theorized public and party preferences over European integration. Secondly, they theorized the conditions under which public and party preferences matter. Thirdly, they concluded by hypothesizing the consequences of politicisation for the substantive character of European integration” (Hooghe and Marks, 2009, p.3). This theoretical framework has also been investigated by other scholars at the time (Kriesi 2009, Schmitter 2009) and also has been challenged afterwards, specifically in times of Euro crisis

(Schimmelfennig 2014). Taking it from there, the literature on politicisation of European integration, which is the key framework behind this work, has been established. All in all, once classical theories of integration started not to cover current developments in the Union, mostly because of the increasing policy outreach of the EU, new explanations and frameworks became a requirement.

The end of permissive consensus and politicisation of European integration

As it was already discussed above, once all the decisions regarding integration were given by elites and there was almost no dispute over public opinion, it was called *permissive consensus*. However, the 1990s are the turning point for a *constraining dissensus* among European citizens (Hooghe and Marks 2006, Hooghe and Marks 2009). As the phenomenon “states monopolize the representation of their citizens in international relations” has been challenged (Marks, Hooghe et al. 1996), national and European arenas became much more related. With the end of permissive consensus, a concept turned into a very important framework in European integration studies: *Politicisation*. Once European integration extended into the domain of national politics, it became way more salient and also contested.

One of the earliest definitions of “something like politicisation” came from Philippe Schmitter (Schmitter 1969). He defined it as “a process whereby the controversiality of joint decision-making goes up” (Schmitter, 1969, p.166). Since the mid-2000s, politicisation has become a key concept in European integration (Marks and Steenbergen 2004, Kriesi 2007, Hooghe and Marks 2009, Koopmans and Statham 2010, de Wilde 2011, de Wilde and Zürn 2012, Hooghe and Marks 2012, de Wilde, Leupold et al. 2016).

These scholars underlined that the public opinion on European integration is more contested due to current challenges the integration process has been going through. According to Hooghe and Marks, politicisation is a negative consequence of authority transfer after the Maastricht Treaty. On the other hand, other scholars claimed that increase in politicisation is a result of particular events in time like ratification of a constitutional treaty, membership talks with Turkey or introduction of the common currency (Börzel and Risse 2009). There are also some authors defining politicisation as a necessary precondition for further integration (Delanty and Rumford 2005, Hix 2008, Habermas 2012). De Wilde and Zürn refer to politicisation as “making a matter a subject of public regulation and/or a subject of public discussion” (de Wilde and Zürn, 2012, p.139). Anna Leupold also revisited the concept with a structural approach in times of Eurozone crisis (Leupold 2016). On the other hand, it is important to underline that politicisation of European integration not necessarily means that the society is more Eurosceptic, it means that its impact on voting behaviour becomes significantly more important (Hooghe and Marks 2009).

All in all, at this point there is an important question to ask: In terms of this dissertation, how do we define and conceptualise politicisation? Here one point should be emphasised: a topic is “politicised” if it is introduced in public debates by actors. This is also the case for the issue of European integration. If this is not the case, the “sleeping giant” claim will continue to be valid (van der Eijk and Franklin 2004). In their work, van der Eijk and Franklin underlined that full potential of the issue of European integration is not exploited because political parties tried not to publicise it. If they did so, its salience would have increased, also including a variety of other actors into the debate. According to

Green-Pedersen, salience is the most basic dimension of politicisation (Green-Pedersen 2012). However, it is not the only dimension to research for. Grande and Hutter define important questions about the concept itself (Grande and Hutter 2016). They focus on three main conceptual dimensions of politicisation: *issue salience*, *actor expansion* and *actor polarisation* (Grande and Hutter, 2016, p.8). Still, salience deserves further attention for deepening the theoretical framework of politicisation.

Issue salience and Euroscepticism

Salience has always been an important concept in the political science literature. A prerequisite for contestation in any issue, including European integration, is political actors' willingness to debate (Steenbergen and Scott 2004). Derived from the salience theory (Budge and Farlie 1983, Klingemann, Hoffebert et al. 1994, Budge, Klingemann et al. 2001), it is known that parties strategically manipulate issue salience. They do so for various reasons: agenda setting, electoral success and also for inter-party balances. They strategically emphasize some issues while de-emphasize others. It is also known that parties compete by changing their positions on issues (Downs 1957). The main reason to compete over another issue (which is not left/right) is the necessity to find an alternative to beat the current winner (Riker 1982). In their paper, Hobolt and de Vries research on the subject, "how do issues enter the political arena and come to affect party competition?" by taking the literature on issue evolution from the US context and claiming that political parties mostly become entrepreneurs for a different issue rather than the basis of political competition in the country when they are losers on the dominant dimension of contestation (Hobolt and de Vries 2015). The main question to ask regarding this work is whether European integration could be such an issue that

entrepreneurs would want to exploit. De Vries answers this question with a “yes”, claiming that Euroscepticism is ideologically consistent with the criticism of the political – economic status quo and public opinion is mainly more Eurosceptic than elites’ opinion (de Vries 2007). For example, in case of Greece and Portugal, Freire et al. showed that there has been a strong growth in Euroscepticism due to the economic crisis and the political response of the EU to it (Freire, Teperoglou et al. 2014). Hobolt and de Vries researched on the impact of the crisis on the Eurosceptic vote in the 2014 European Parliament using the economic voting literature to explain electoral behaviour (Hobolt and de Vries 2016). All in all, this voter potential has been waiting for entrepreneurs to exploit. However, not every party’s electoral fortune will change positively with EU issue voting. Parties’ positions towards European integration and their strategy will play a key role regarding the benefit they will receive from this issue (Kopecky and Mudde 2002, de Vries 2010). In the end, issue manipulation converts to issue ownership (Petrocik 1996). Eurosceptic parties generally play the issue very well, giving it a central importance. In case of mainstream political parties, they are repositioning and realigning themselves with new conflicts as well (Kriesi, Grande et al. 2008). It is important to investigate how parties position themselves. Following section will go through this question.

How do parties position themselves?

Parties’ positions vary between countries since they are not only depending on the course of European integration, but also on specific contextualization of their own countries. Nevertheless, it is known that the mainstream parties mainly do not play the EU issue, since they are mostly pro-European integration, with a certain exception of British parties. Generally, mainstream parties are perceived as the “owners and sellers” of the European

project in Western Europe, which makes them responsible. At least, this has been the case until the 2000s. According to the study of Simon Hix between 1976 and 1994, three main party families – the Christian democrats, social democrats and liberals – converged on moderate pro-European integration positions (Hix 1999). Further research on general preferences of mainstream political parties regarding European integration supported this claim (Hooghe, Marks et al. 2002, van der Eijk and Franklin 2004). Marks et al. also demonstrated that ideological location of a party in a party family is a powerful predictor of its position on European integration (Marks, Wilson et al. 2002). Following this logic, Eurosceptic parties have the incentive to play the EU issue (Taggart 1998, van der Eijk and Franklin 2004). Bonnie Meguid, in her paper on electoral success of niche parties, highlights the importance of partisan conflict and issue salience. She claims that niche parties are more likely to succeed when mainstream parties compete over their favourite issue, increasing its salience (Meguid 2005). Maurits Meijers, on the other hand, claims that Eurosceptic challenger party support has the capacity to influence mainstream party positions on European integration (Meijers 2015). For this reason, even if it deserves further empirical proof, it is safe to claim that political parties have been competing over the issue of European integration both on the left and the right side of the political spectrum.

Euroscepticism, both for the extreme left and right, has the roots of its partisan ideology coming from the left/right dimension. Radical right parties have been opposing the European integration with national sovereignty and identity arguments and with anti-immigration sentiments. The radical left, in contrast, resists it with its neo-liberal character (Hooghe, Marks et al. 2002, Kopecky and Muddle 2002). Van Elsas et al. questioned this

situation in their paper asking the question: if both left wing and right wing citizens are “united against the common foe?” (van Elsas, Hakhverdian et al. 2016). For the last years with the economic crisis, the leftist parties mostly present themselves with anti-austerity rhetoric, while the right wingers mainly use the anti-immigrant rhetoric. On the other hand, the recent work of Christopher Posser demonstrates that the relationship between ideology and European integration has changed substantially over the history of European integration (Posser 2015).

As it is stated above, issue salience is very important for party competition. It is also crucial to keep an eye on the issue salience for voters, which can be traditionally measured by the survey question asking the most important issue/problem of the country.⁸ As it can be seen in Appendix in Chapter 3, the most important issues for the voter are all related to the economy. The answers are mostly concentrated on “unemployment” and “economic situation”, which are indirectly related to the economic governance of the European Union. Even if it is a long shot, it can be claimed that issues related to European integration also play an important role.

The impact of European integration on party systems

Lipset and Rokkan once claimed that party systems are frozen and also defined the classical cleavages in European political space (Lipset and Rokkan 1967). Following this, centre/periphery, rural/urban, state/church and owner/worker cleavages mostly shaped Western democracies for a long time (Rokkan 1999). Marks and Wilson claimed that political parties respond to the issue of European integration through the traditional

⁸ The exact wording of the question being “What do you think are the two most important issues facing your country at the moment?”

cleavages of Western democracies (Marks and Wilson 2000). Since then, there have been restructuring among cleavages and various changes that can be called “new politics” (Franklin, Mackie et al. 1992). Not only the economic dimension, but also the cultural one has been re-shaped. Kriesi et al. claimed that the political space remained two dimensional, socio-economic and cultural, and demarcation/integration dimensions are embedded in this basic structure (Kriesi, Grande et al. 2006). The authors claimed that new political establishments rising from the conflict between “integration” and “demarcation”, and re-positioning of the existing ones could definitely be expected. As old conflicts leave their places to the new ones, new political actors emerge, while older ones either adapt or disappear. In the meantime, voting patterns can change leading to a certain transformation in the party system. Teperoglou and Tsatsanis confirmed the transformation of the cultural axis, underlining the differences between the cases the paper focused on, namely Germany, United Kingdom, Greece and Germany (Teperoglou and Tsatsanis 2011).

One of the most important indicators of party system change, in addition to long-term dealignment and realignment, is electoral change, which can be measured by volatility. The literature suggests that an increase in volatility is mostly the result of voters’ dealignment and the decline of party affiliation and membership (Dalton, Flanagan et al. 1984, van Biezen, Mair et al. 2012). With the decrease of social cleavages, voters started to feel free to move from one party to another and they take longer time to decide on their vote (Dalton 2002). Franklin et al. also explained this phenomenon with decreasing importance of social cleavages – like religion and class for example - in voting, at the same time with an increasing importance of issue voting (Franklin, Mackie et al. 1992). Chapter

4 tries to establish the link between volatility and polarization on European integration. Following the logic, countries with strong cleavages are expected to have more polarised party systems in comparison to countries with weak cleavages. In addition, the larger the number of political parties; in other words, the more permissive the electoral system is, the possibility of issue polarisation also increases.

As a general rule, in proportional systems (PR), the number of political parties tends to be higher than in majoritarian systems (Riera 2015). The main reason is that majoritarian systems discourage the establishment of new political parties by restraining the number to a certain limit. For this reason, political parties are more heterogeneous than they would be if they were in a PR system, which means that mainstream parties should adapt and restructure themselves much more because of the certain division inside. Electoral systems deserve further attention with their relation to party system change.

All has been said; the European economic crisis can be taken as an extraordinary “critical juncture” which may catalyse the already existing dealignment process, while punishing all mainstream political parties. At this point, it is useful to remember the economic voting theory in which voters punish the incumbent depending on their overall perception of the economy (Duch and Stevenson 2008). Since the situation in times of crisis is beyond a bad management of the economy for a short period of time, the process of punishment may lead to a party system change.

In addition to all the changes political parties have been going through, it is crucial to keep an eye on the demand side of the equation as well. Voters also go through a

transformation with the impact of globalization, and their preferences change as well along the way. Kriesi et al. defined the winners of globalization as “entrepreneurs and qualified employees in sectors open to international competition as well as all kinds of cosmopolitan citizens”, while the losers are defined as “entrepreneurs and qualified employees in traditionally protected sectors, unqualified employees and citizens who strongly identify themselves with their national community” (Kriesi, Grande et al. 2006). For this reason, not only the party side but also the voter side is needed to complete the understanding of politicisation of European integration in times of crisis. Therefore, this chapter continues with conceptualisation of EU issue voting, which will be the main pillar of the theoretical framework in Chapter 5.

Conceptualisation of EU issue voting

The concept of EU issue voting has been developed for measuring the impact of European integration on the vote. In other words, issue-voting approach suggests that what drives voting primarily is voters’ opinions on European integration. Since the European integration became more visible in member states in the post-Maastricht era, concretely with the creation of the common currency Euro together with the European Central Bank (ECB), the EU issue voting literature started to grow in line with these developments. European publics have seen the destruction of their national currency and a wider policy impact coming from the EU, which made them question further integration. Citizens became more divided on the issue and widely dispersed ideas came into the stage (Down and Wilson 2008).

When casting a vote, if preferences related to European integration play a role, this process can be called as EU issue voting. The research shows that the degree of influence of voters' positions on their vote varies cross-nationally depending both on the issue salience and the availability of viable offers from the supply side (Tillman 2004, de Vries 2007, de Vries and Edwards 2009). While conceptualising EU issue voting, de Vries investigates four countries' national elections (UK, Denmark, the Netherlands and Germany), concluding the existence of EU issue voting in Denmark and the United Kingdom (de Vries 2007). In her paper, she claims that EU issue voting is conditional on the degree of salience of European integration among voters and the extent of partisan conflict over Europe. Later, she revisits the idea from the supply side this time and investigates the impact of EU issue voting on parties' electoral success (de Vries 2010).

Once, it was asked for which parties EU issue voting is an asset and for which others a liability? Analysing political parties, Taggart found that mostly the peripheral parties of the political spectrum tend to mobilise Euroscepticism, compared to mainstream parties of the centre (Taggart 1998). Different scholars also confirmed what is called "inverted U-shape" characterisation of the left-right dimension and the European integration dimension (Hooghe, Marks et al. 2002, van der Eijk and Franklin 2004). De Vries and Edwards proved with a two-level hierarchical model that the growing debate on European integration politicised by Eurosceptical elites of both right wing and left wing extremes (de Vries and Edwards 2009). When the same question has been asked for geographical comparison of the East and the West, de Vries and Tillman found evidence of EU issue voting across all countries, while the effect of the EU issue on party preference being stronger in East-Central Europe (de Vries and Tillman 2011). Chapter 4

and 5 will revisit all these theoretical frameworks before going further with the empirical analysis. As it is suggested in the conclusion of this thesis, it is quite beneficial to use the framework of politicisation with the literature of Euroscepticism and for different party families separately.

Concluding remarks

The relationship between Euroscepticism and left/right ideology has been evolving through years. Since the Maastricht Treaty, Euroscepticism has been increasing (Eichenberg and Dalton 2007) and citizens became divided as supporters and opponents of further integration. The main reasons behind this change can be grouped in two categories (van Elsas and van der Brug 2015). The first one is the change of definition of left and right, while the second one is the changing nature of the European Union and the coverage of Euroscepticism. Economically protectionist way of Euroscepticism, which is based on the socio-economic dimension – very recently also including austerity measures, locates itself mostly on the left hand side of the political spectrum while the nationalist Euroscepticism, mostly relying on the cultural dimension, locates itself on the right. The left wing reaction to the neoliberal character of the EU has been combined with the right wing reaction to integration as a perceived threat to national interests and identity. As the European Union became more diverse and its reach got widened, so did the amount of opposition. This opposition or better-said contestation could be explained further with the framework of politicisation of European integration.

According to “postfunctionalist theory of European integration” that was developed by Liesbet Hooghe and Gary Marks in 2009, politicisation is a key concept that became

important in the post-Maastricht epoch. In their opinion, the steps in European integration became controversial and started to be contested in public opinion. This can easily be connected to the “sleeping giant” claim of van der Eijk and Franklin (van der Eijk and Franklin 2004), assuming that once triggered, the issue will move both public debates and political entrepreneurs. This thesis, using politicisation of European integration as the main pillar of its theoretical explanation, empirically tests its impact on party system change and voting behaviour. Even if the Euroscepticism has been used various times throughout this chapter, politicisation has more explanatory power. The main reason behind this conclusion is, politicisation covers both Eurosceptic opinions and all the other not-necessarily-Eurosceptic opinions on European integration. As a final remark, the duration of the impacts of politicisation is open to discussion. In other words, the discussion of if the politicisation will have the power to “structure” political conflict in Western Europe (Bartolini 2005) and if so, what will be the impact of this on the future of European integration remains.

Chapter 3.

The story of the economic and financial crisis in Europe

The aftermath of financial crises tends to be nasty, brutish, and long. That is, financial crises are typically followed by deep recessions, and these recessions are followed by slow, disappointing recoveries.

Paul Krugman & Robin Wells

Introduction

European integration has been going through major changes for the last decades. Almost all major integration steps came with economic consequences, the most historical being the common currency Euro. For this reason, politicisation of European integration has close ties with economic integration. For understanding the political implications of the economic crisis, the process behind it should be analysed further.⁹ Although European sovereign debt crisis has its own dynamics, it has been triggered by the subprime mortgage crisis in the United States; therefore, it is worth reviewing how this crisis started and then turned into a global crisis that also severely affected European nations. The spark of the subprime mortgage crisis was the large decline of home prices after the burst of a housing bubble in 2006-2007. This situation led to the devaluation of mortgage-backed securities, including subprime mortgages that offered attractive interest rates when

⁹ I would like to thank Federico Steinberg, *Real Instituto Elcano* and *Universidad Autonoma Madrid*, for his detailed comments on this chapter.

the housing market was booming. Major global institutions had bought these securities. After the housing bubble collapsed, these institutions reported significant losses, and soon the losses and defaults spread to other loan types in other parts of the economy as the crisis expanded.

First signs of the crisis appeared in February 2007 when Freddie Mac announced that it will no longer buy mortgage-backed securities and risky subprime mortgages. It became more apparent in July of the same year after the declaration of the investment bank Bear Stearns that two of its hedge funds had imploded. On March 2008, Bear Stearns had liquidity problems that were beyond its capacity, so it was sold to JPMorgan Chase. The cornerstone of the crisis took place in September 2008. On 14 September, Merrill Lynch failed and agreed to be acquired by Bank of America. One day later, Lehman Brothers, the fourth-largest investment bank of the United States at the time, filed for bankruptcy. This was the biggest bankruptcy in the US history. After these key events, the credit markets froze and the American subprime mortgage crisis turned into a global crisis. Since the European markets were also dependent on those credit markets, this situation triggered a banking crisis, which became the sovereign debt crisis in Europe. Since the political impact of this economic situation proved itself important, it is beneficial to go through the key concepts and main arguments related to the crisis.

This chapter is organized as follows. Section 2 discusses the causes of the crisis, while section 3 analyses the situation with a special focus on Greece, Ireland, Spain, Portugal, and Italy. Section 4 presents the austerity measures implemented by Southern European

countries, the impact of these measures on citizens, and the accompanying political landscape. Finally, section 5 concludes.

What went wrong? Economic and political crises in Europe

First of all, it is important to underline that the economic crisis in Europe is both a debt crisis and a banking crisis. What is a debt crisis and how does it happen? How banking crisis is different than a government debt crisis? Debt burden is commonly measured by the debt-to-GDP ratio, and debt is considered to be sustainable when this ratio is not always in a rising trend. It means that either the debt should be controlled or GDP must grow in line with the debt stock. When investors that are borrowing government bonds start to lose their confidence in the country's ability to pay its debts, they may decide to sell these bonds to avoid future losses. When that happens, markets increase the interest rates to attract investors and this increases the borrowing costs (Baldwin and Gros 2010). This is how the debt vortex begins. If markets suspect that government will have funding difficulties, they may ask for even higher interest rates to compensate for the higher default risk. The government then has to cut its spending (mainly on public sector, health and education, in addition to defence expenses) and has to raise taxes to improve its budget deficit and to overcome the vortex. However, this attempt might slow down the growth of the country and decrease the denominator of the debt-to-GDP ratio, and thus increase the debt burden again. The vortex gets stronger as the risk of the country and so the interest rates gets higher, which then leads to further cuts and rises in taxes. However, this situation is not sustainable. In the end, there are two ways for the government to stop this vortex without a complete bankruptcy. The country might partially default by rescheduling its debt or a lender of last resort might hold the debt that private lenders

want to leave – in that case the bailout mechanism (Baldwin and Gros 2010). This is how the market expectations, in this case suspicions, become a self-fulfilling prophecy and lead the country to a default or a bailout in the best case. In the Eurozone, the situation was even more complex since European Central Bank (ECB) did not want to perform the role of lender of last resort, like Federal Reserve (FED) or Bank of England (BoE) did, until the last phase of the crisis, when Mario Draghi gave his famous “whatever it takes” speech in July 2012.¹⁰

The same vortex conditions are also valid for the banking system with the exception that the magnitude of the debt stock is many times larger than governments’ debt stock. For example, as average, governments in Eurozone had a debt stock of 64.9 per cent of their GDP in the beginning of the crisis in 2007 (Eurostat). In order to compare this number with the debt stock in the banking system, the following examples can be given. The bank assets as percentage of GDP in 2007, just before the crisis, were between 200-300 per cent for Portugal, Italy, Spain; between 300-400 per cent for Germany, France, Austria, Netherlands; and 705 per cent for Ireland (Baldwin and Gros 2010). These figures mean that banks are too big to bail by only their own nations. This situation is even magnified with the fact that banks borrow over the short-term and make long-term loans, which means that they can go bankrupt if their short-term funders refuse to continue funding them in a crisis situation. For instance, a Eurozone government may need to find new loans to cover 10 per cent of its total debt per year, in average; however, a typical bank in the Eurozone should be able to find new loans to cover the same percentage of its total debt each day. This means that banks need billions of euros on a daily basis. Once market

¹⁰ The verbatim of the remarks made by Mario Draghi can be found in the following link: <https://www.ecb.europa.eu/press/key/date/2012/html/sp120726.en.html>

expectations go worse and the vortex starts spinning, financial markets might collapse very fast (Baldwin, Beck et al. 2015).

Keeping this introduction to debt crisis in mind, the causes of European economic crisis can be listed under three main headings: First, entry into a monetary union with a single common currency (without a fiscal union) which leads to big capital flows from Eurozone core countries to periphery countries (Blyth 2013); secondly, the massive current account imbalances between the Eurozone countries along with close links between banks and national governments and the sudden stop of cross-border lending; and thirdly, policy failures and lack of coordinated adjustment mechanisms to deal with this kind of crisis at the supranational level (Baldwin, Beck et al. 2015). In this section the main causes of the debt crisis will be discussed with a specific focus on how an almost entirely banking system (private sector) problem has been transformed into a sovereign (public sector) crisis.

Entry into a monetary union

Before there was a monetary union in Europe, nations had different currencies and thus different exchange rates. This was difficult for people and firms that had to change currencies; and it was also difficult for states that had to deal with the currency volatility. There were two ways to handle this. First, defending it with foreign exchange reserves so that when the currency loses value, the state could sell its foreign currency reserves to maintain the desired rate. However, the amount of foreign currency that a national bank could hold was limited. The second way was through internal devaluation, which means deflating the prices and wages to improve their own competitiveness in the market against

their stronger trade partners. The problem with this approach was that it leads to high inflation and impoverish the country. One of the targets of the monetary union was to solve these problems. In addition, it aimed to converge less integrated economies by using a single common currency and making them become more similar and more efficient. For this reason, a new independent supranational central bank has been created with the sole authority to print money. The Article 127(1) of the Treaty defined the primary objective of the European System of Central Banks (ESCB) as:

" The primary objective of the European System of Central Banks (ESCB) shall be to maintain price stability. Without prejudice to the objective of price stability, the ESCB shall support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union [...]".¹¹

What happened after Euro became the single currency is that all countries' interest rates converged to Germany's interest rates by 2001. For example, ten-year bond yields in Greece was 25 per cent in 1993 and by 2001 it became 5.5 per cent, half per cent more than German bond yields (Phillips 2015). The same thing happened for Italy, Spain, Portugal and Ireland as well. The introduction of ECB and its anti-inflationary approach gave markets a good reason to believe that exchange rate risk and inflation risk would no longer be a problem. Hence, European banks swapped their low yield German or Dutch bonds with Southern periphery bonds, which had a small but significant difference in yield compared to Northern European sovereigns' bonds. This meant that credit conditions turned to be dramatically easier for Southern periphery countries. Therefore,

¹¹ The full text of the Treaty can be found online at: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=EN>

Northern European banks became full of periphery sovereign debt that was indeed a good deal since the yields were higher and, ECB, national governments, or both would cover the risk.

Another reason of how European Monetary Union (EMU) accelerated the flow of cheap credit to Southern periphery countries was related to the growth strategies that European nations pursued. Northern countries that adopted the export-led growth strategy depended on the world demand for their economic growth (Hall 2012). This strategy's success lays on national firms' capacity to remain competitive in international markets. In order to be able to pursue this growth strategy, countries should be able to hold their labour costs down, produce high value-added goods, and progressively increase their productivity and quality over time. The classic example country that followed this strategy is Germany, along with Netherlands, Austria, Belgium, and Finland (Collignon and Esposito 2014). For these countries, entry into a monetary union has facilitated export to other countries by removing the exchange rate volatility risk and decreasing transaction costs. The alternative strategy could be growth led by domestic demand. Since in this strategy growth primarily depends on national demand, it requires macroeconomic expansion that in turn leads to higher inflation levels. In order for this strategy to be successful, currency exchange rate should be periodically devaluated for counteracting the effects of inflation and staying competitive in the export markets, while also increasing the price of imported goods to balance the budget. Southern European countries pursued this growth strategy since the majority of their firms rely on low-cost labour and lack high value-added production and progressive improvement capacities (Hall 2012). Since these countries have no longer the option to devalue their currency, the entry into monetary

union made them disadvantaged against Northern European economies in terms of competition in the market. Southern European countries, including Greece, Spain, Portugal, and Italy, continued to apply expansionary policies without being able to devalue their currencies. This resulted in higher inflation rates for Southern countries than for their Northern counterparts. Also, the real cost of borrowing got lower for them over time. Meanwhile, Northern countries, which were following export-led growth strategy, were generating budget surpluses; it was therefore convenient for Northern banks to lend this surplus to Southern countries. This situation also contributed to the cheap credit flow from north to south.

Sudden stop of cross-border lending

While creating the Eurozone, the assumption was that markets were capable of allocating capital efficiently and that capital flows would serve to provide growth through investments enhancing productivity. This assumption has been proved to be wrong. The large capital inflows from north to south increased growth by generating investment on non-traded sectors like construction as in the case of Spain (Matthijs and Blyth 2015). This meant that capital flows were used to generate money for banks instead of increasing productivity or efficiency. In addition, capital inflows raised wages and costs resulting in competitiveness loss in the trade market and export earnings. All of these circumstances, in turn, led to the creation of bubble-like conditions that will be analysed case-by-case for Southern periphery countries and Ireland in the next section.

To summarize, when the Eurozone crisis started, there were massive current account imbalances due to large capital flows from Northern European countries to Southern

periphery countries. This situation created interconnectedness between all countries in the Eurozone and fragility in the banking sector. Moreover, the capital inflows were used in non-traded sectors in Southern countries, which further deteriorated the current accounts balance. When first the United States subprime mortgage crisis and then the Eurozone crisis hit, investors became reluctant to make investments, especially to banks or governments in other countries. This led to a sudden stop in cross-border capital flows, which meant higher risk premiums and lower growth rates for countries depending on foreign lending. This sudden stop of capital flow also raised concerns on how the countries running current account deficits would be able to finance themselves. The doubts over Eurozone nations relying on foreign capital and rising risk premiums along with falling growth rates started a debt vortex, this time in Europe. Funding became increasingly difficult for countries that are having current account deficits, and classic responses to crisis like devaluation or borrowing from a lender of last resort were not possible in this case due to the rules and policies of the monetary union. When the debt vortex got deeper, governments had to step up and some of them took over banks' debt burden. Considering how high the assets of banks as a percentage of GDP, taking over banks' debt made the national debt ratios even more unsustainable. This is how the banking system crisis became sovereigns' problem and a private debt crisis has been transformed into a public debt crisis. The interconnectedness between countries through lending and borrowing relationships also deserves to be underlined since it made possible that one failure in a country could trigger other failures and threaten the whole banking system in Europe.

Policy failures and lack of coordinated adjustment mechanisms

To begin with, due to the reasons discussed, there was below-average inflation rate in the Eurozone core countries and above-average inflation rate in the Southern periphery countries. Since ECB had to have a single common monetary policy, it was impossible to reduce the inflation in the periphery without affecting growth in the core countries. This is understandable; however, there were no supranational mechanisms or policies to monitor and control the amount of capital flow between Eurozone countries. Intra-Eurozone money transfer was cross-border; yet, bailout, supervision and bank resolution responsibilities were in the hands of nations (Kouretas and Vlamis 2010). This made excessive amounts of current account imbalances and usage of massive bank leverage possible; and increased the risk of a crisis a great deal. Additionally, although ECB was the central bank of all member states, its responsibility was mostly centred on controlling inflation. It did not have the authority to purchase sovereign debt in the primary markets or monetize deficits. Therefore, periphery countries could not rely on ECB to stabilize their debt markets in case they did not have enough liquidity (Pickford, Steinberg et al. 2014).

Secondly, there were no coordinated adjustment mechanisms to overcome a crisis in EMU. EMU could not respond to the unexpected events in the crisis in a credible, fast and efficient way. The decisions taken were often perceived as doing “too little and too late” by the markets (Pickford, Steinberg et al. 2014). For example, when it became certain that Greece would not be able to cover its banks’ debts alone, European Union failed to move fast and take a corrective action, because there were some ambiguities in the policy regarding whether bailouts were legal or not, or whether ECB was allowed to

buy Greek government bonds to provide liquidity to Greece. Furthermore, it was difficult to take collective action because since all Eurozone countries had their own economic policies, there were political conflicts of interest in the actions to be taken. In addition, in the Council of the European Union most decisions need to be taken by unanimity. Given this fact, the decisions made by conflicting parties became short-sighted, only managed to resolve short-term troubles without addressing long-term structural problems on time and could not prevent the crisis from becoming a contagion.

A case-by-case review

Although the crisis hit the Southern periphery countries that were having an important amount of current account deficit, the causes of how they got there, how the capital inflows were used, and the consequences they suffered were all distinct. That is why; it is worth to have a special focus on the economically troubled countries case-by-case.

Greece

After seven years of dictatorship, the Third Republic has been established in Greece in 1974 as a stable two-party system. The left wing party Panhellenic Socialist Movement (PASOK) and the right wing New Democracy (ND) took their place in the political scene of the country, structuring the competition and governing for years in alternation. There have been some short-term coalitions; however, it was mainly one party or the other with their charismatic leaders, like Papandreu, Simitis, Mitsotakis and Karamanlis, for decades. Until the early 2000s, these two mainstream parties got more than 80 per cent of the votes. In 1980s and 1990s, the socialist government dominated Greek politics and implemented expansionary policies that intended to increase the average household

income and the public consumption. As with other periphery countries, Greece's high borrowing costs fell after the entry to the European Union, and this helped Greece to borrow money more easily and enjoy high growth rates. The spending for the expansionary policies was made possible in this way until the emergence of the crisis. Surely, consistently rising debts and budget deficits along with the declining competitiveness was an important factor leading to the crisis. However, Greece had its own structural problems as well. The country had a weak tax collection capacity that made tax evasion possible and there was a weak political will to enforce political reforms to enhance the fiscal stance and avoid corruption. Moreover, throughout years, parties embraced a clientelistic approach. The state budget has been used to recruit new workers in order to attract votes for the forthcoming elections. With the economic crisis, this mechanism collapsed since the control of the state budget passed to the *Troika* - European Commission, European Central Bank, and International Monetary Fund. With measures enforced by the EU and IMF, the country faced public spending cuts while taxes were increasing. This situation damaged the patronage relations political parties had since the very beginning of the Third Republic.

Furthermore, Greek government's credibility was heavily undermined after the newly elected government announced that the real budget deficit for 2009 was actually estimated to be 12.7 per cent of GDP, instead of previously reported 6.7 per cent, (Nelson, Belkin et al. 2010). This situation has contributed to repeated downgrade of Greek bonds' ratings from A to BBB- by rating agencies (Smith and Seager 2009), which aggravated the debt burden and pushed the country further in the debt vortex. Table 3.1 shows the economic indicators in Greece. In 2009 when the crisis hit and its impacts started to be seen, all the

economic indicators, especially government debt-to-GDP ratio and GDP growth rate, have significantly deteriorated and almost all indicators were still much worse than the pre-crisis period in 2015.

Table 3.1: Economic indicators in Greece in times of crisis

Greece	Unemployment	Youth Unemployment	Government debt-to-GDP	GDP Growth Rate	Government deficit-surplus	Gini Coefficient
2004	10.6	26.5	102.9	5.1	-8.8	33.0
2005	10	25.8	107.4	0.6	-6.2	33.2
2006	9	25.0	103.6	5.7	-5.9	34.3
2007	8.4	22.7	103.1	3.3	-6.7	34.3
2008	7.8	21.9	109.4	-0.3	-10.2	33.4
2009	9.6	25.7	126.7	-4.3	-15.2	33.1
2010	12.7	33.0	146.2	-5.5	-11.2	32.9
2011	17.9	44.7	172.1	-9.1	-10.2	33.5
2012	24.5	55.3	159.6	-7.3	-8.8	34.3
2013	27.5	58.3	177.7	-3.2	-13.0	34.4
2014	26.5	52.4	180.1	0.7	-3.6	34.5
2015	24.9	49.8	176.9	-0.2	-7.2	34.2

Source: Eurostat

In four years period, between May 2010 and May 2014, this debt vortex resulted in two bailout packages and nine austerity packages. In these turbulent years a new party, SYRIZA, gained power and brought an end to the two-party dominance in Greece in January 2015 elections. Neither the bailout and austerity packages nor the new party SYRIZA were solutions to economic issues and structural problems in the country. The possibility of being forced to exit, or to do so voluntarily, the Eurozone (the so-called *Grexit*) which has been discussed since 2012, increased considerably in 2015. Another bailout and numerous austerity measures occurred thereafter. The problems are not fully resolved yet. There are on-going talks related to the current situation and further rescue packages are on the table.

Ireland

In the period before the crisis, Ireland's debts and budget deficits were sustainable. They could even be considered as in good condition with a debt-to-GDP ratio of only 23.9 per cent in 2007 (Eurostat). The main reason of this was its exports to other countries and its highly qualified English-speaking workforce that were attracting multinational corporations along with low corporate tax rates (Blyth 2013). As a result, wages, consumption, and in parallel tax revenues have all increased during 1990s and attracted many investors looking for a property in Ireland.

In Ireland's case, the cheap credit flow with low interest rates created a bubble by increasing prices in the property market. Between 2002 and 2006, property prices in Ireland rose over 64 per cent (O'Sullivan, Vincent et al. 2011). To be able to continue funding the increasing debt, Irish banks kept borrowing money from the wholesale funding markets in United States. These were overnight loans, and Irish banks were using these loans to fund mortgages over tens of years. When the subprime mortgage crisis in the US hit the global markets after the Lehman Brothers' collapse, short-term funding for international markets froze and Irish banks could not continue refinancing themselves. This led to the devaluation of Irish property prices and the collapse of the entire banking system that were depending on it. In 2008, the Irish government bailed these banks worrying that the whole financial system would halt. This action pushed Ireland closer to the debt vortex and led to increasingly higher borrowing costs and a bailout agreement in 2010. It also made the Irish banks' private debt problem become Irish public's problem.

In line with the developments in Ireland in 2008, Table 2 shows that economic indicators in Ireland started to get worse in 2008. After five difficult years involving harsh austerity measures and a bailout agreement, economic indicators started to get better after 2013. Yet, it seems Ireland needs more time to reach its pre-crisis figures.

Table 3.2: Economic indicators in Ireland in times of crisis

Ireland	Unemployment	Youth Unemployment	Government debt-to-GDP	GDP Growth Rate	Government deficit-surplus	Gini Coefficient
2004	4.5	8.7	28.2	6.7	1.3	31.5
2005	4.4	8.7	26.1	5.8	1.6	31.9
2006	4.5	8.7	23.6	5.9	2.8	31.9
2007	4.7	9.1	23.9	3.8	0.3	31.3
2008	6.4	13.3	42.4	-4.4	-7.0	29.9
2009	12.0	24.0	61.8	-4.6	-13.8	28.8
2010	13.9	27.6	86.8	2.0	-32.3	30.7
2011	14.7	29.1	109.1	0.0	-12.6	29.8
2012	14.7	30.4	120.1	-1.1	-8.0	29.9
2013	13.1	26.8	120.0	1.1	-5.7	30.0
2014	11.3	23.9	107.5	8.5	-3.8	30.8
2015	9.4	20.9	93.8	26.3	-2.3	NA

Source: Eurostat

Note: NA means data is not available

Spain

The case of Spain resembles to Irish case. Before the crisis, Spain also had a small debt-to-GDP ratio with a government surplus for three years between 2005 and 2007. Similarly, the growth was dependent on the real estate. When the crisis froze the interbank capital flow, the bubble in the real estate market burst and threatened the stability of the entire banking system, considering both Spain and Ireland had huge current account deficits. Apart from these similarities, there are of course other conditions that are specific to Spain. Firstly, the magnitude of the bubble in real estate sector is not comparable with Ireland's case since Spanish GDP was nearly six times

larger than the Irish GDP.¹² The property market is a very important element of Spanish economy. Construction sector generated 14 per cent of employment and 16 per cent of GDP in Spain. With the related sectors included, these numbers become almost 25 per cent of employment and GDP (Blyth 2013). When the crisis made borrowing more difficult, property prices started to fall and the construction activity slowed down. As seen in Table 3, in just three years, unemployment rose from 8.2 per cent to 19.9 per cent and public debt-to-GDP ratio increased from 35.5 per cent to 60.1 per cent between 2007 and 2010. By 2013, 1.7 million construction workers out of 2.7 million have lost their jobs (Buck 2013).

Table 3.3: Economic indicators in Spain in times of crisis

Spain	Unemployment	Youth Unemployment	Government debt-to-GDP	GDP Growth Rate	Government deficit-surplus	Gini Coefficient
2004	11.0	22.0	45.3	3.2	0.0	31.0
2005	9.2	19.6	42.3	3.7	1.2	32.2
2006	8.5	17.9	38.9	4.2	2.2	31.9
2007	8.2	18.1	35.5	3.8	2.0	31.9
2008	11.3	24.5	39.4	1.1	-4.4	32.4
2009	17.9	37.7	52.7	-3.6	-11.0	32.9
2010	19.9	41.5	60.1	0.0	-9.4	33.5
2011	21.4	46.2	69.5	-1.0	-9.6	34.0
2012	24.8	52.9	85.4	-2.6	-10.4	34.2
2013	26.1	55.5	93.7	-1.7	-6.9	33.7
2014	24.5	53.2	99.3	1.4	-5.9	34.7
2015	22.1	48.3	99.2	3.2	-5.1	34.6

Source: Eurostat

The other condition specific to Spain was that, unlike Irish case, the biggest banks in Spain were internationalized and thus protected against domestic instability. However, in Spain there was another financial institution, the regional savings banks (*cajas de ahorros*),

¹² According to Eurostat data, in 2008 before the property bubble burst, the GDP of Spain was 1,116,207 and Ireland's GDP was 187,547, the unit of measure being million euro.

which constituted almost half of the domestic banking loans. The loans of these regional savings banks were non-transparent, like subprime loans in the US. After the real estate bubble exploded and property prices started to fall down, the resulting non-performing loans were particularly high in the assets of these banks. In the end *Bankia*, the union of seven regional savings banks and the third largest lender of Spain, went bust in 2012 and the Spanish government had to nationalize it in May 2012. This was another example of banking sector debt becoming government's (public) problem.

Portugal

Unlike Greece, Ireland and Spain, that were having high growth rates prior to the crisis, Portugal has had a low growth and low productivity economy, already implementing austerity measures to counter these problems. Table 3.4 also shows that Portugal had higher government debt-to-GDP ratio and higher deficits compared to Ireland and Spain, which were having sustainable debts and deficits.

Table 3.4: Economic indicators in Portugal in times of crisis

Portugal	Unemployment	Youth Unemployment	Government debt-to-GDP	GDP Growth Rate	Government deficit-surplus	Gini Coefficient
2004	7.8	19.7	62.0	1.8	-6.2	37.8
2005	8.8	20.8	67.4	0.8	-6.2	38.1
2006	8.9	21.2	69.2	1.6	-4.3	37.7
2007	9.1	21.4	68.4	2.5	-3.0	36.8
2008	8.8	21.6	71.7	0.2	-3.8	35.8
2009	10.7	25.3	83.6	-3.0	-9.8	35.4
2010	12.0	28.2	96.2	1.9	-11.2	33.7
2011	12.9	30.2	111.4	-1.8	-7.4	34.2
2012	15.8	38.0	126.2	-4.0	-5.7	34.5
2013	16.4	38.1	129.0	-1.1	-4.8	34.2
2014	14.1	34.7	130.2	0.9	-7.2	34.5
2015	12.6	32.0	129.0	1.5	-4.4	34.0

Source: Eurostat

There are two main reasons why the increase in capital flows in the period before the crisis caused recession in Portugal. First, the credit inflows created a rapid domestic growth in the internal market; however, since the credit markets were underdeveloped in Portugal, the foreign capital was used in unproductive firms in the services (non-tradable) sector instead of investing it to the manufacturing (tradable) sector (Reis 2013). This contributed to the low productivity growth of the country. On the other hand, increasing investments in the services sector due to the capital inflows raised wages, meaning that unit labour costs also increased.

The second reason is that the human capital investments and available skills in the labour market were very limited due to under-investment (Portugal 2015). The main export industry in the tradable sector in Portugal was manufacturing. However, in the second half of the 1990s low cost economies like China and India entered into the world market competing in the same labour intensive areas of specialisation as Portugal. In addition, enlargement of the EU led to the integration of Eastern European countries into the economic system, a change that harmed Portugal's competitiveness in the same way. Due to these reasons, Portugal was already doing structural reforms in 2000s regarding labour regulations and implementing austerity programs intended to freezing wages and increasing taxes. The crisis hit Portugal under these conditions and at the end led to the Portuguese bailout in May 2011.

Italy

Like Portugal, prior to crisis Italy was also a low productivity, low growth country. However, Italy was a giant version of Portugal in terms of the size of its economy and its

government debt. It had the third largest bond market after US and Japan (Lauricella, Phillips et al. 2011). As seen in Table 3.5, Italy had a massive debt with a debt-to-GDP ratio of 102.4 per cent in 2008, being equal to over €1.6 trillion (Eurostat). Additionally, similar to Portugal, it had low GDP growth rate and chronic government deficit problem.

Table 3.5: Economic indicators in Italy in times of crisis

Italy	Unemployment	Youth Unemployment	Government debt-to-GDP	GDP Growth Rate	Government deficit-surplus	Gini Coefficient
2004	8.0	23.5	100.1	1.6	-3.6	32.9
2005	7.7	24.1	101.9	0.9	-4.2	32.7
2006	6.8	21.8	102.6	2.0	-3.6	32.1
2007	6.1	20.4	99.8	1.5	-1.5	32.0
2008	6.7	21.2	102.4	-1.1	-2.7	31.2
2009	7.7	25.3	112.5	-5.5	-5.3	31.8
2010	8.4	27.9	115.4	1.7	-4.2	31.7
2011	8.4	29.2	116.5	0.6	-3.5	32.5
2012	10.7	35.3	123.3	-2.8	-2.9	32.4
2013	12.1	40.0	129.0	-1.7	-2.9	32.8
2014	12.7	42.7	132.5	-0.3	-3.0	32.4
2015	11.9	40.3	132.7	0.8	-2.6	Not Available

Source: Eurostat

One of the reasons why Italy is a low growth country with a huge debt ratio is that it is economically divided into two regions. The Northern part is very industrialized and produces high income, competitive commodities in the export market; whereas, in South of Italy there is low productivity, small/family firms, and mostly agricultural producers. According to the Italian statistics agency ISTAT report, published in September 2015, the difference in the level of GDP per capita between South and Centre-north of Italy was so sharp that it reaches to 43.7 per cent being lower in the South.¹³ Therefore, Italian governments have to transfer resources from north to south to make up the deficits.

¹³ For more information, please visit ISTAT's report retrieved at <http://www.istat.it/en/archive/174771>

Another reason of Italy's high debt is the tradition of tax evasion and underground economy in the country. In order to understand the dimensions of tax evasions in Italy, it is sufficient to look at the reports of ISTAT, claiming that one out of four Italian citizens, meaning approximately 15 million citizens, did not report any taxable income in 2011. Even the former Prime Minister Silvio Berlusconi was accused of tax dodging and famously said "evasion of high taxes is a God-given right" (Bhatti, Apostolou et al. 2012). In parallel to this, the same trend can be observed more clearly in Italy's underground economy statistics. According to ISTAT, the underground economy in Italy was valued between 16.3 and 17.5 per cent of GDP, totalling to €275 billion in 2008. This value was 11.9 per cent, amounting to €190 billion in 2013. The total non-observed economy (underground and illegal economy) in the same year was 12.9 per cent of GDP, which amounted to €206 billion (ISTAT 2015).

Demography is an additional problem on top of all these issues Italy has an aging population. In 2010, 20.4 per cent of the country's population was over 65 years old as compared to 17.5 per cent of EU28 countries. The projected old-age ratio (between the projected number of persons aged over 65 and the projected number of persons aged between 15 and 64) was 31.2 in the same year and is projected to be 49.9 by 2040 (Eurostat). This problem raised questions on how Italy will pay the interests of its long-term bonds when the economically active proportion of the population gets smaller and the ratio of the economically dependent population gets increasingly bigger.

As a summary, before the crisis, Italy's massive debt load was perceived as sustainable since Italian governments were traditionally able to reimburse the interest payments.

However, with the contagion risk of the crisis from other periphery countries, markets reassessed Italy's internal problems. Markets' perception of the risk changed due to the fear of Italy's lack of potential growth in near and long term to cover its debts. In 2011, Italian 10-year bond yields reached above 7 per cent. That was the same borrowing cost that triggered bailouts in Greece, Portugal and Ireland (Henningsen 2012). In Italy's case, it produced a turbulent political environment that resulted in a government change encouraged by the European Union to make the necessary policy reforms. The technocratic leader, Mario Monti, was assumed to be a "guarantee in a political system characterised by high polarisation and hyper-partisanship" (Verney and Bosco 2013).

Austerity measures and their political consequences

Mark Blyth (2013) in his book *Austerity: the history of a dangerous idea* claims that the history of austerity thinking dates back to 17th century, to the theories and ideas of John Locke, David Hume, and Adam Smith. As states became larger budgetary entities, austerity emerged after as a doctrine of neoliberalism in the 20th century. Was austerity really needed in the Eurozone crisis? As explained before, the entry into a monetary union created conditions that generated large capital flows from Northern to Southern European countries and enabled the development of a system of interconnected banks that became too large in relation to the GDP of their own countries. These banks became so big and so interconnected that sovereigns could not cover the risks generated by their own banks. Additionally, sovereign nations, which are members of a monetary union, do not have their own printing mechanisms to generate money in order to deal with a possible liquidity crisis and they also cannot devalue their currency. In such a system, there cannot be any bailouts big enough to save the system and the failure of one of the

rings in the chain might trigger other failures and create a systemic failure risk in the banking system. The main reasoning behind austerity is that the system cannot be allowed to fail; that is why, sovereign budgets should be kept under control and austerity measures should be implemented (Blyth 2013). Another economic rationale of austerity is recuperating confidence in international financial markets so that investors don't become reluctant to make investments and there would be no liquidity problem in the financial markets. The discussion whether austerity measures succeed in ameliorating the economic situation in the nation or just work for recuperating confidence in markets is beyond the scope of this chapter.

All in all, Greece, Ireland, and Portugal got bailed out with economic adjustment programmes that imposed them severe austerity policies. Not only these countries, but also Spain and Italy, implemented austerity measures to reduce government budget deficits. Typical measures included reduction in public sector wages and employment, increase in all kinds of taxation, cuts in public sector's expenses, extension in working hours, facilitation of employee dismissals, cuts in pensions, and increase in the retirement age.

Citizens' attitudes towards political institutions

Citizens' political trust on representative institutions, including their national government, political parties, and national parliament, has decreased significantly during the crisis in Southern periphery countries. According to Eurobarometer data in 2013, the ratio of citizens who tend not to trust in political parties in their own countries was 84 per cent in Ireland, 87 per cent in Italy, 88 per cent in Portugal, 94 per cent in Spain, and 95 per cent

in Greece as shown in Table 3.6. All the other tables related to trust can be found in the Appendix.

Table 3.6: Citizens' trust in their political parties (in percentages)

	EB76 2011	EB77-78 2012	EB79-80 2013	EB81.2-81-82 2014	EB83-84 2015
Ireland					
Tend to trust	13	15	12	14	16
Tend not to trust	80	80	84	79	78
Greece					
Tend to trust	5	6	4	8	8
Tend not to trust	94	93	95	92	91
Spain					
Tend to trust	12	8	6	7	7
Tend not to trust	84	89	94	91	89
Italy					
Tend to trust	9	6	7	7	9
Tend not to trust	84	88	87	88	83
Portugal					
Tend to trust	14	15	11	10	12
Tend not to trust	79	81	88	88	86

Source: Eurobarometer surveys, European Commission Public Opinion Unit

One reason of the political distrust in representative institutions is citizens' negative evaluations of the current economic conditions as they undergo economic recession (Torcal 2014). Countries that needed bailout packages, Greece, Ireland, and Portugal, were the ones that suffered the most from the cuts austerity measures brought in. In 2011, the average household income was reduced by 14 per cent in Greece and nearly 7 per cent both in Ireland and Portugal. Spain and Italy followed by reductions of around 5 per cent and 3 per cent, respectively (Zamora-Kapoor and Collier 2014).

Table 3.7: Citizens' agreement with the following statement: "My voice counts in the EU" (in percentages)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Greece												
Total 'Agree'	36	31	33	26	30	27	22	14	14	12	24	18
Spain												
Total 'Agree'	43	33	31	34	40	44	36	28	23	18	27	32
Ireland												
Total 'Agree'	36	33	37	28	32	39	35	25	31	29	38	47
Italy												
Total 'Agree'	33	30	27	21	17	25	28	18	22	17	21	25
Portugal												
Total 'Agree'	31	31	32	26	26	37	32	24	18	17	31	39

Source: Eurobarometer surveys, European Commission Public Opinion Unit

Note: Averages have been taken for existing data points for each year.

The other reason for institutional distrust, which is a more important and robust indicator, is citizens' perceived lack of political responsiveness by political representatives. Trust in national political institutions has decreased since citizens' perception was that these institutions appeared to be responding more to the demands of the European Union directives and regulations, and other international institutions like IMF, instead of addressing their needs and demands as citizens. According to Eurobarometer surveys in which citizens are asked whether they agree or disagree with the statement that "my voice counts in the EU", the percentage of citizens who agreed was only 14 per cent of the respondents in Greece, 28 per cent in Spain, 25 per cent in Ireland, 18 per cent in Italy, and 24 per cent in Portugal in 2011. Table 3.7 illustrates the sharp decrease in the percentage of citizens who agree with the mentioned statement.

Another factor that amplified this perception is the prevalence of corruption in the political system of Southern European nations. According to the 2013 Transparency International Global Corruption Barometer, in Greece 90 per cent of respondents felt

that political parties were corrupt/extremely corrupt and 83 per cent of respondents felt that Parliament was corrupt/extremely corrupt. The same question was responded as 89 and 77 per cent respectively in Italy, 83 and 67 per cent respectively in Spain, and 73 and 66 per cent respectively in Portugal. The percentage of respondents who said that the level of corruption has increased in their country over the past two years is 55 per cent in Greece, 64 per cent in Italy, 67 per cent in Spain and 78 per cent in Portugal (International 2013).

Street protests

The loss of confidence in political institutions, corruption, growing economic and political uncertainty, along with the increasingly harming austerity measures have increased disaffection towards political parties, and fuelled protest mobilizations in the public. Ireland was one of the countries that entered into recession in the Eurozone. The Irish government officially declared that the country was in recession in September 2008. The protests began in October of the same year. In February 2009, 100,000 people who were opposing the pension cuts affecting 350,000 public workers have joined the mass protests in Dublin (News 2009). The protests accelerated in 2011 after the government had to sign a bailout deal with the *Troika* on the condition of implementing austerity measures. The protests continued in the next years although the government that signed the deal collapsed in the 2011 general election.

In Greece, as a reaction to cuts in public spending and tax raises as austerity measures, a nationwide strike was called for May 5, 2010. All the measures of transport, flights, ferries, and trains in and out of the country, were stopped. Schools, hospitals, and many private

businesses were shut. There were also protest marches in Athens and Thessaloniki supported by labour unions, the communist party, other left-wing parties, and angry citizens who are opposing to the austerity measures. It is estimated that 100,000 people marched through Athens in protests in May 2010 (Smith 2010). The protests and strikes continued through 2011 and 2012 with more participation, and spread to other major Greek cities as a response to deteriorating economic conditions and austerity measures. As in the case of Greek protests, the movement continued in 2012 and 2013; reaching to a participation of 1 million people across 40 cities and towns in March 2, 2013 protests (Carvalho, Almeida Alves et al. 2013).

The anti-austerity movement in Portugal has been characterised by *Movimento 12 de Março* (12 March Movement) that took place in more than ten cities in Portugal in 2010, mainly against the freezing of public sector wages. The protests that started in March 12, 2011 have been the largest public mobilization since the revolution of April 25, 1974 against the dictatorial regime, and have been organised without the support of political parties and labour unions. Around 300,000 people attended the demonstrations only in Lisbon (Relea 2011).

In Spain, the anti-austerity movement is referred as *Movimiento 15-M* (15-M Movement) since it started on May 15, 2011. The political movement was sparked by *¡Democracia Real Ya!* (Real Democracy Now!), a citizens' organization, calling thousands of people to protest against the economic conditions including high unemployment, in addition to current political system and corruption among politicians. The aim was to give a voice to ordinary people who are angry about the political, economic and social outlook, and to

make the political process more responsive to their needs. The movement gained widespread support with the participation of civilian platforms and about 200 small associations. Demonstrations happened in more than 50 cities throughout Spain (Alcaide 2011). Protesters occupied the main square of Madrid, *Puerta del Sol*, and formed camps. The 15-M Movement continued throughout the year; however, as the large scale demonstrations were not sustainable at a longer period of time, the movement continued to manifest itself in the form of “*Asambleas de Barrios*” holding weekly meetings in public spaces to deal with local problems and act on them.

The case of Italy was also similar to the other ones. After Monti government enforced severe austerity measures, mass protests started modelling other demonstrations happening in different parts of Europe. In October 15, 2011, along with many other countries, tens of thousands of people gathered in Rome in Occupy Rome demonstrations and protested against the austerity measures and the political influence of the Troika. Demonstrations carried on in the following years. Some examples are “*No Monti Day*” in October 2012, with reference to the unpopular measures implemented by Mario Monti, and Italian students’ protests against austerity cuts in education funding in November 2012.

All the protest movements in each country mentioned, share some characteristic properties. In all cases, the target of the mobilizations was the government and politicians since they were the ones to blame for accepting the austerity measures imposed by the *Troika*. All the mobilization movements used social media to communicate and organise demonstrations. The protesters were ordinary people of all educational backgrounds and

ages, and they were generally not considering themselves belonging to a traditional party. And finally, citizens became more active in this political process and new actors that express their opinions and demands in their collective actions have emerged in the political sphere. Chapter V will deepen the understanding of politicisation of European integration in times of crisis on the vote further.

The impact on party systems

The street protests challenged the incumbent governments and at the same time gave way to new and different political representations calling for a radical change in the economic and political system. 2011 became a turning point for Ireland, Portugal, Greece, Italy, and Spain as they have all changed their governments before their period of legislation ended. Irish and Portuguese governments resigned. Spanish government called for snap elections. In Greece and Italy, Georgios Papandreu and Silvio Berlusconi were led to resign and got replaced by caretaker Prime Ministers, Loucas Papademos and Mario Monti, respectively. According to Hanspeter Kriesi (2012), depending on the party system, dissatisfied voters might have three different options. Firstly, they may choose to vote for existing opposition parties that blame the government for the current economic situation. In Ireland, the election was in February 2011, three months after the bailout. The incumbent party, *Fianna Fáil*, gained only 17.4 per cent vote share and 20 seats compared to the 2007 elections where it had gained 41.56 per cent and 78 seats in the parliament. On the contrary, the opposition party, *Fine Gael*, increased its vote share by almost 9 per cent. A similar situation happened in Portugal. The Portuguese election took place in June 2011, one month after a bailout agreement was reached between the government and the Troika. The incumbent party, *Partido Socialista*, gained 28.1 per cent

of the vote and 74 seats in the parliament compared to the 2009 elections where it had gained 36.6 per cent and 97 seats (Nordsieck 2016). In both cases the incumbents got punished and the main alternatives were rewarded; however, the crisis did not change the electoral landscape in these countries. In the next national elections (October 2015 in Portugal and February 2016 in Ireland) both parties have increased their vote shares again.

Secondly, dissatisfied voters may turn their back to all mainstream parties and choose to vote for newly established populist parties if such challengers exist in the party system. In Greece, before the crisis PASOK and New Democracy were the two pillars of the Greek two-party system. They together had 80 per cent of the total votes in 2007 and 77.4 per cent in 2009 general election. However, with the empowering of a new political actor, SYRIZA, which is a coalition of the left wing in the political system, their total vote share dramatically decreased to 32.1 per cent in the election of May 2012 (Nordsieck 2016). SYRIZA, in the beginning, has refused all austerity measures imposed by the *Troika* and indicated that it will never form a coalition government with the parties that accept them. Its ideology was depending on a fair model of wealth production and distribution, and citizens' participation to the policy-making process. In 2012 election, SYRIZA became the second party by gaining 16.8 per cent of the votes. In 2015 its vote share increased to 36.3 per cent and 35.5 per cent respectively in January and September elections, surpassing the sum of total vote share of PASOK and New Democracy together in both elections. Dealignment and de-legitimation of the party system in Greece, as stated by Teperoglou and Tsatsanis, is the most clear case among Southern European countries (Teperoglou and Tsatsanis 2014). After the impact of the economic crisis became visible,

Verney defined the situation of the Greek party system as “broken and can’t be fixed” (Verney 2014).

As in Greece, Spain was also characterised by its two-party system, *Partido Popular* (PP) being the centre-right party and *Partido Socialista Obrero Español* (PSOE) being the centre-left party, governing interchangeably since 1982 (Nordsieck 2016). After PSOE lost in 2011 elections and got the worst results ever in a national election (Martín and Urquiza-Sancho 2012), it was becoming clear that there was room for competition on the left hand side of the political spectrum. *Podemos*, being a more extreme left wing party, was founded in March 2014, right before the European Parliament elections, with the objective of converting the anger that gave rise to 15-M Movement into political change. It attacked the traditional mainstream parties, calling them *la casta* (the cast), and addressed them as political elites who are corrupt and incapable of solving Spain’s problems. In Spain, in 2008 and 2011 elections PP and PSOE together got the 83.8 per cent and 73.4 per cent of the votes respectively. In 2015 national election, *Podemos* gained 20.7 per cent of the votes and became the third party in the election after PP (28.7 per cent) and PSOE (22 per cent). None of the parties won majority to be able to form a government by themselves and Spain’s two-party system has been severely challenged. After the election, months of negotiations for forming a governing coalition between the parties did not bear any fruits and none of the coalition possibilities securing a majority became real, which then led to another election in June 2016. In 2016 election, *Podemos* joined forces with *Izquierda Unida* along with several other small left-wing parties and formed the *Unidos Podemos* alliance. The alliance got 21.1 per cent of the votes, following the social democrat PSOE with 22.7

per cent. PP increased its vote share to 33 per cent and also the number of seats. The negotiations are still ongoing, a third election is also on the horizon.

Finally, the third option for the disaffected voters is that they can turn against all existing political parties and support independents or anti-parties. In Italy, the *Movimento Cinque Stelle* (M5S) has been founded in October 2009 by the popular comedian and blogger Beppe Grillo. M5S rejects the ideological labels and claims to be neither on the left or the right hand side of the political spectrum. It advocates direct democracy since it claims that the state is disengaged from its citizens and the party supports the idea of free internet access and online participation to public meetings to make the debate available to all citizens as an alternative to representative democracy. In that sense, M5S identifies itself as a people's movement and not as a political party that claims to function as an intermediary between citizens and political elites. Italian party system was characterised by the traditional coalitions of the left wing, *Partito Democratico* (PD), and the right wing, *Il Popolo della Libertà* (PdL) until the entry of M5S into the political arena. These two parties together got 70.6 per cent of the total votes in 2008 election. In February 2013 election, their total vote share decreased to 47 per cent. M5S became the first party with 25.6 per cent in front of PD with 25.4 per cent and Forza Italia (formerly PdL) with 21.6 per cent (Nordsieck 2016). An important reason behind M5S's success as an anti-establishment party in the political system might be that both PD and PdL supported Monti's technocratic government when it was implementing unpopular reforms and austerity measures in the months before the election. As a result, Italian voters might have decided that the two main alternatives in Italy's political system, regardless of their ideology, both were sharing the responsibility and they were equally defenceless in front of an economic

crisis. Thus, the importance of ideological considerations might have been reduced when voters were evaluating parties and this might have helped M5S since it distanced itself from the ideological labels (Vegetti, Poletti et al. 2013).

Concluding remarks

As a summary, the main reasons behind the European sovereign debt crisis were entry into the monetary union, the sudden stop of cross-border lending and borrowing, the failure of EU policies and lack of coordinated adjustment mechanisms. The entry into a monetary union made huge amounts of capital flow possible from Northern European countries to Southern periphery. This cheap credit flow generated massive current account imbalances for Southern countries and at the same time created interconnectedness between European countries through lending and borrowing relationships. In such a fragile situation, when the cross-border market suddenly froze due to the crisis in the US and deteriorated economic situation in Eurozone, doubts over how Southern periphery countries depending on foreign capital will continue to finance themselves got raised and the debt vortex started to spin. The policy failures and the lack of supranational mechanisms to deal with these problems aggravated the crisis and could not prevent it from spreading to other countries in the Eurozone. Although the main causes are valid for all Eurozone countries, there are also some additional specific causes of the crisis for the periphery countries, which were affected from the crisis the most. Greece had structural problems involving high budget deficits, tax evasion, political corruption, and clientelism. Both Ireland and Spain experienced the burst of property bubbles and the collapse of the banking system depending on it. Portugal and Italy were both characterised as low productivity and low growth countries for different reasons.

What has been perceived as sustainable once, turned into being perceived very risky and triggered turbulence in economic and political conditions.

As a consequence of the economic deterioration due to the crisis, both the countries that requested bailouts, namely Greece, Portugal, and Ireland, and the rest of the countries, Spain, Ireland and Italy, had to implement severe austerity measures comprising of tax increases, cuts in government spending showing itself as cuts in jobs, wages, pensions, and social welfare programmes. The harsh consequences of austerity measures that came on top of the worsening economic conditions and the prevalence of corruption among politicians became the last drop for citizens in these countries. The amount of street protests and demonstrations increased as people lost their trust in their governments and/or the whole political system. In some countries, like Ireland and Portugal, the incumbents were punished; however, basic patterns of electoral behaviour and the political landscape stayed stable. In others like Greece, Spain, and Italy, the fundamental features of party systems were massively challenged and transformed with the emergence of new movements and parties in the political system (Magalhães 2014). All in all, the economic crises had various severe consequences for these countries, as well as for European integration itself. Chapter 4 and 5 will profoundly investigate the implications of politicisation of European integration in times of economic crisis on parties, party systems and the vote.

Appendix

Appendix Table 3.1: Citizens' trust in their national parliament (in percentages)

	EB62 2004	EB63-64 2005	EB65-66 2006	EB67-68 2007	EB69-70 2008	EB71-72 2009	EB73-74 2010	EB75-76 2011	EB77-78 2012	EB79-80 2013	EB81.2-81-82 2014	EB83-84 2015
Belgium												
Tend to trust	46	49	53	58	44	40	32	44	43	48	42	43
Tend not to trust	49	48	45	40	54	57	66	55	54	50	53	52
Denmark												
Tend to trust	70	74	74	80	76	75	69	65	64	59	60	62
Tend not to trust	24	23	24	18	23	23	28	33	35	39	37	33
Germany												
Tend to trust	39	36	36	46	41	46	40	44	46	46	49	48
Tend not to trust	54	59	58	48	53	47	53	50	48	47	43	46
Greece												
Tend to trust	61	52	55	53	41	40	24	15	11	11	13	20
Tend not to trust	36	47	45	48	60	60	75	84	88	88	86	78
Spain												
Tend to trust	48	39	39	50	47	31	22	20	10	8	9	12
Tend not to trust	43	49	47	40	41	64	70	72	84	89	86	80
France												
Tend to trust	38	31	29	42	36	31	32	29	37	22	23	21
Tend not to trust	53	58	62	49	56	61	61	63	53	71	69	71
Ireland												
Tend to trust	40	40	40	38	39	21	17	30	21	18	22	28
Tend not to trust	48	50	49	49	51	69	76	60	72	76	71	64

Italy												
Tend to trust	31	36	36	32	22	27	26	20	10	11	14	18
Tend not to trust	59	55	52	57	69	64	64	70	83	81	79	73
Netherlands												
Tend to trust	49	52	54	66	60	54	55	57	51	45	54	54
Tend not to trust	47	45	41	31	37	42	41	40	45	52	41	40
Austria												
Tend to trust	51	51	54	56	50	57	51	55	49	54	47	42
Tend not to trust	33	40	36	36	41	37	44	39	46	41	45	52
Portugal												
Tend to trust	43	41	42	42	39	39	28	24	22	14	16	22
Tend not to trust	49	52	52	51	54	53	68	70	75	84	82	75
Finland												
Tend to trust	68	65	67	71	69	57	55	62	63	60	63	63
Tend not to trust	30	33	31	27	30	41	43	35	35	37	33	29
Sweden												
Tend to trust	56	48	59	64	62	64	69	72	69	70	69	68
Tend not to trust	37	46	35	31	33	33	28	25	29	28	27	28
United Kingdom												
Tend to trust	37	37	33	38	29	18	26	27	25	25	30	36
Tend not to trust	54	53	57	54	63	75	68	67	70	68	63	58

Source: Eurobarometer surveys, European Commission Public Opinion Unit

Note: Averages have been taken for existing data points for each year. The numbers sum up to 100 when "Don't know" option is included

Appendix Table 3.2: Citizens' trust in the European Union (in percentages)

	EB61-62 2004	EB63-64 2005	EB65-66 2006	EB67-68 2007	EB69-70 2008	EB71.1-71-72 2009	EB73-74 2010	EB75-76 2011	EB77-78 2012	EB79-80 2013	EB81-82 2014	EB83-84 2015
Belgium												
Tend to trust	56	58	61	69	65	59	58	56	48	49	44	44
Tend not to trust	36	40	36	28	33	38	39	42	50	50	49	50
Denmark												
Tend to trust	43	45	53	62	60	60	59	51	49	48	48	52
Tend not to trust	47	47	41	31	35	34	36	42	46	46	44	37
Germany												
Tend to trust	41	39	40	48	43	45	37	33	30	29	32	34
Tend not to trust	44	52	50	42	45	43	53	56	60	60	56	56
Greece												
Tend to trust	66	60	64	64	59	57	40	31	19	20	24	22
Tend not to trust	29	38	35	36	42	42	58	68	80	79	76	77
Spain												
Tend to trust	60	49	51	62	61	54	43	35	21	19	23	30
Tend not to trust	30	37	31	25	26	35	44	56	72	73	70	58
France												
Tend to trust	46	40	41	51	48	44	39	35	36	31	35	29
Tend not to trust	42	50	49	38	43	46	51	55	56	60	54	57
Ireland												
Tend to trust	57	51	56	55	56	46	42	34	31	32	35	39
Tend not to trust	22	28	25	24	27	34	43	50	57	58	51	46
Italy												
Tend to trust	55	56	52	51	41	47	45	37	27	24	27	34
Tend not to trust	27	33	32	30	42	37	40	45	58	62	55	48

Netherlands												
Tend to trust	44	42	46	61	62	61	53	46	41	38	44	45
Tend not to trust	44	52	45	32	30	30	38	46	52	57	47	44
Austria												
Tend to trust	38	42	43	46	40	45	40	40	35	37	37	29
Tend not to trust	48	49	46	43	48	46	54	55	58	54	55	62
Portugal												
Tend to trust	62	60	58	61	54	55	48	38	33	25	34	45
Tend not to trust	25	28	29	27	32	30	44	51	61	70	59	46
Finland												
Tend to trust	43	40	43	52	51	54	50	49	44	44	51	51
Tend not to trust	50	55	52	43	45	40	45	47	52	51	38	35
Sweden												
Tend to trust	31	31	39	48	49	46	45	45	35	38	43	47
Tend not to trust	60	60	49	40	44	44	48	49	61	58	45	42
United Kingdom												
Tend to trust	27	26	29	31	27	23	20	21	18	20	21	26
Tend not to trust	51	54	52	51	57	60	66	68	72	68	61	59

Source: Eurobarometer surveys, European Commission Public Opinion Unit

Note: Averages have been taken for existing data points for each year. The numbers sum up to 100 when "Don't know" option is included

Appendix Table 3.3: Citizens' opinion concerning "European economic and monetary union with one single currency, the euro" (in percentages)

	EB62 2004	EB63-64 2005	EB65-66 2006	EB67-68 2007	EB69-70 2008	EB71-72 2009	EB73-74 2010	EB75-76 2011	EB77-78 2012	EB79-80 2013	EB81-82 2014	EB83-84 2015
Belgium												
For	89	84	84	83	83	81	79	81	72	75	77	77
Against	10	16	16	16	17	17	20	19	26	24	21	20
Denmark												
For	50	50	52	53	51	53	43	35	29	33	32	31
Against	45	45	44	44	46	44	54	62	68	66	64	64
Germany												
For	69	63	65	71	70	68	65	65	67	69	75	75
Against	27	34	32	25	27	28	31	31	28	27	22	22
Greece												
For	62	48	50	49	55	63	64	68	70	61	66	70
Against	36	51	49	51	46	37	33	28	26	36	32	28
Spain												
For	69	60	62	68	67	64	63	63	59	54	63	64
Against	26	30	28	24	27	30	31	29	33	37	31	29
France												
For	78	77	73	73	72	71	67	66	69	63	68	68
Against	19	20	24	23	25	26	29	30	28	33	27	27
Ireland												
For	85	87	86	88	87	86	82	78	73	70	75	78
Against	10	10	10	9	9	9	13	14	18	22	17	14
Italy												
For	62	66	65	65	60	62	66	62	55	56	54	57

Against	28	27	26	25	30	30	24	28	32	33	31	32
Netherlands												
For	72	71	72	79	82	81	74	73	74	70	76	75
Against	26	27	26	20	17	17	24	25	24	28	21	21
Austria												
For	73	66	64	68	70	71	66	61	66	65	68	63
Against	20	28	26	26	25	24	29	34	29	29	27	33
Portugal												
For	67	66	60	62	54	58	55	52	57	51	59	65
Against	26	27	31	26	33	28	34	36	35	40	35	30
Finland												
For	79	78	77	79	81	82	78	74	75	75	76	76
Against	20	21	23	20	17	17	19	24	23	22	20	21
Sweden												
For	46	46	51	45	48	52	36	29	25	21	21	24
Against	48	51	46	50	47	44	62	68	74	77	75	72
United Kingdom												
For	31	28	29	27	27	28	18	18	15	17	18	20
Against	62	64	63	66	65	66	74	77	80	77	72	73

Source: Eurobarometer surveys, European Commission Public Opinion Unit

Note: Averages have been taken for existing data points for each year. The numbers sum up to 100 when "Don't know" option is included

Appendix Table 3.4: Citizens' answers to the following question: "What do you think are the two most important issues facing your country at the moment?" (in percentages)

	EB62 2004	EB63-64 2005	EB65-66 2006	EB67-68 2007	EB69-70 2008	EB71.1-71-72 2009	EB73-74 2010	EB75-76 2011	EB77-78 2012	EB79-80 2013	EB81-82 2014	EB83-84 2015
Ireland												
Crime	39	47	55	52	37	21	16	12	13	15	17	18
Economic situation	7	5	6	9	27	50	57	53	49	39	28	15
Rising prices\ inflation\ cost of living	30	32	24	25	25	14	11	13	15	15	13	17
Taxation	5	6	5	4	5	6	6	8	8	13	18	11
Unemployment	10	9	7	9	25	59	64	66	64	66	50	38
Terrorism	6	5	6	4	2	1	1	1	0	1	1	3
Housing	13	12	16	15	8	3	3	3	3	4	13	29
Government debt	0	0	0	0	0	0	12	13	22	16	17	12
Immigration	7	11	12	13	5	3	3	6	8	8	8	9
Health and social security	58	50	45	48	46	26	20	17	10	13	19	30
The education system	7	4	5	5	6	5	5	4	4	4	6	7
Pensions	4	5	3	4	3	3	3	3	2	2	3	5
The environment, climate and energy issues	4	5	5	5	3	1	1	1	1	1	3	3
Greece												
Crime	19	16	18	18	17	26	16	17	12	12	8	3
Economic situation	39	42	42	36	46	56	67	69	61	51	47	48
Rising prices\ inflation\ cost of living	23	35	32	31	37	25	21	12	11	9	9	11
Taxation	3	8	4	6	7	6	12	10	13	19	21	17
Unemployment	69	62	62	47	38	43	51	58	58	65	62	56
Terrorism	2	2	3	3	1	5	1	1	1	2	2	1
Housing	1	0	1	0	1	0	0	0	0	1	0	1

Government debt	0	0	0	0	0	0	11	17	20	17	20	25
Immigration	7	5	4	5	5	9	6	5	7	6	6	16
Health and social security	14	8	11	14	12	8	4	3	6	8	12	10
The education system	8	6	7	15	10	8	3	3	3	4	6	4
Pensions	9	10	9	16	15	5	6	4	4	4	5	7
The environment, climate and energy issues	2	1	2	7	6	3	1	1	0	0	1	1
Spain												
Crime	16	15	22	18	12	11	10	7	4	5	6	6
Economic situation	12	10	8	9	31	49	57	56	58	49	43	32
Rising prices\ inflation\ cost of living	11	13	9	15	27	14	9	8	9	8	6	9
Taxation	2	3	4	3	5	6	5	5	6	6	6	6
Unemployment	30	28	23	20	36	64	77	78	77	77	79	72
Terrorism	59	39	33	42	23	14	9	6	1	1	1	5
Housing	15	21	19	25	23	9	6	6	6	6	5	6
Government debt	0	0	0	0	0	0	3	10	11	7	9	8
Immigration	24	33	49	30	16	8	8	6	2	2	4	8
Health and social security	3	3	4	4	3	3	2	5	11	12	12	13
The education system	3	3	5	5	4	3	3	3	5	7	8	9
Pensions	5	5	6	6	5	3	6	4	3	5	4	6
The environment, climate and energy issues	2	3	3	3	2	2	1	1	0	1	1	2
Italy												
Crime	23	24	24	31	16	17	15	9	5	6	7	10
Economic situation	31	34	33	27	36	43	39	47	44	42	40	28
Rising prices\ inflation\ cost of living	29	32	26	28	44	33	24	27	27	22	12	9
Taxation	16	13	15	21	20	14	13	13	29	25	25	18

Unemployment	31	34	35	28	28	41	50	45	50	57	63	49
Terrorism	17	9	12	8	3	4	4	2	2	1	3	8
Housing	1	1	2	3	2	3	2	3	2	2	2	2
Government debt	0	0	0	0	0	0	8	11	15	12	12	12
Immigration	17	15	18	15	9	12	12	14	3	6	17	31
Health and social security	5	6	6	7	7	5	7	5	4	3	5	6
The education system	3	3	2	2	3	3	5	2	2	2	2	4
Pensions	9	9	8	10	7	5	6	6	5	5	8	14
The environment, climate and energy issues	1	3	3	4	2	3	4	3	1	1	2	3
Portugal												
Crime	18	15	14	11	13	15	7	7	6	3	5	4
Economic situation	34	42	39	27	30	34	46	44	40	40	35	32
Rising prices\ inflation\ cost of living	24	29	35	33	43	33	35	31	25	23	21	22
Taxation	7	12	10	14	12	9	15	9	12	14	15	13
Unemployment	58	64	63	54	46	61	57	64	63	72	68	63
Terrorism	4	2	3	2	2	2	1	2	2	1	1	1
Housing	1	1	1	3	4	2	2	5	8	1	1	2
Government debt	0	0	0	0	0	0	7	13	16	16	20	20
Immigration	1	4	3	2	2	1	1	1	1	1	2	4
Health and social security	23	13	14	23	14	11	7	6	9	8	12	13
The education system	11	2	4	8	6	3	2	2	2	3	4	5
Pensions	11	10	10	11	9	11	8	7	6	8	9	12
The environment, climate and energy issues	1	1	1	1	1	1	0	0	1	0	1	1

Source: Eurobarometer surveys, European Commission Public Opinion Unit

Note: Averages have been taken for existing data points for each year. The numbers sum up to 100 when "Other (Spontaneous)", "None (Spontaneous)" and "Don't know" options are included

Chapter 4.

The impact of Europe on parties and party systems

Party system change occurs when a party system is transformed from one class or type of party system into another... such an approach also enjoys the advantage of enabling us to relate party change to party system change...

Peter Mair, Party System Change, 1997

Introduction

Since Lipset and Rokkan claimed that party systems are frozen in Europe (Lipset and Rokkan 1967) and then gradually eroded over time, with new parties, coalitions and new party families, various questions have been asked both for the demand-electorate-side and for the supply-party-side. When Peter Mair questioned changes in Western European party systems (Mair 1989), the reasons behind this phenomenon required further investigation. European integration, as an economic and political project, became a candidate as a reason behind these changes, and for its possible impact on party system change. At the beginning of the 21st century, an important work was published focusing on the issue. Peter Mair claimed that Europe has had a very limited direct impact on national party systems (Mair 2000). In his paper, Mair looked at the format and mechanics of

party systems of fifteen Western European member states using the party positioning data of Leonard Ray (Ray 1999). He provided party specific information, including their vote distribution in national elections. In addition, Mair discussed the limits of a spillover mechanism, the absence of a European party system and competences of different arenas, the European and the national arena, as important reasons behind the limited impact. These dimensions will be discussed further in the conclusion. Since then, the European Union admitted thirteen new members (while one decided to leave), went through Treaty changes and suffered eight years of economic and financial crisis – and is still suffering. Since last year the refugee crisis has also been on the agenda, being another significant test for European integration. In short, there have been various important challenges that led to certain changes in the European project.

Peter Mair himself, in his EUI Working Paper in 2011, stated that the national level no longer has the adequate resources to deal with the financial crisis, using the Irish example (Mair 2011). This gave the reader signals of a possible change of his opinion on the impact of Europe on national party systems. In this paper, the most important point to underline was that the rules of the game have changed with the economic crisis and the EU has been more involved in national economies and politics. Clearly, he was not the only one discussing this topic. Bartolini was not totally convinced of the limited impact of Europe, and brought the topic to the table for deeper analysis (Bartolini 2005). He looked for the possible impact of European integration both on parties and voters. At the same time, van der Eijk and Franklin were calling the issue a “sleeping giant”, claiming

that there is a conflict potential on European integration among voters, which is not fully exploited by any entrepreneur yet, and may lead to the creation of new parties (van der Eijk and Franklin 2004). There is also relatively new literature on globalisation and its effects on national electoral dynamics, establishing the concept of the politicisation of European integration, namely the post-functional theory (Kriesi, Grande et al. 2008, Hooghe and Marks 2009, Kriesi, Grande et al. 2012). Recent work has already started to compare the economic crisis to other challenges of the European project asking if the crisis has been a “boost” to the politicisation of European integration (Kriesi and Grande 2016). All in all, there have been various scholars asking the same question: Does Europe matter more?

This chapter focuses on the impact of “Europe” on national parties and party systems. Following the distinction between party change and party system change (Mair 1989, Mair 1997), the chapter mostly takes into consideration the national party system dynamics. It claims that today Europe has more impact on national politics, thanks to further politicisation of European integration. In addition to replicating Mair’s analysis, which is checking the format and mechanics of party systems, and providing country specific information about parties and their vote distribution in national elections, this work is also establishing the link between volatility, which is an important indicator of party system change, and issue polarisation of European integration, while testing it with an up-to-date volatility data set. The results establish a significant relationship between volatility and party polarisation on the European integration dimension.

This chapter proceeds as follows in order to examine these arguments more systematically. The next section will go through the literature on the impact of Europe, establishing the research question and the hypotheses. Afterwards, the data and its operationalisation will be explored. Then, Mair's analyses on the format and mechanics of party systems will be replicated with up-to-date data. Later, it will continue with a time series cross-section (TSCS) analysis for Western European Member States and all elections since World War II (WWII), to establish the relationship between volatility and polarisation of European integration. The final section will provide the concluding remarks.

Does Europe matter more today?

Since the beginning of European integration and more specifically, since the first direct elections to the European Parliament (EP) in 1979, there have been various discussions related to the interaction between Europe, national politics and votes cast by citizens in different arenas. Many questions related to the effect of European issues on party positioning and voting behaviour both in national and European Parliament elections have been asked since then. Starting with the second-order national elections claim for EP elections (Reif and Schmitt 1980, Reif 1984), literature on both voting in the EP and in national elections has been growing rapidly (Gabel 2000, Hix and Marsh 2007, Hobolt, Spoon et al. 2009, de Vries 2010, de Vries, van der Brug et al. 2011, Hix and Marsh 2011). For over thirty years, various methods have been used to model voting behaviour, including experimental methods (Hobolt and Wittrock 2011). Some scholars also

established a relationship between EP elections and national elections (Marsh and Franklin 1996, Clark and Rohrschneider 2009, Somer-Topcu and Zar 2014).

In the meantime, the effect of Europe on national parties and party systems stayed comparably less explored. Rohrschneider and Whitefield researched it using an original expert survey dataset questioning the response of political parties to the growing European Union-scepticism (Rohrschneider and Whitefield 2016), which is another important question related to this problem. The supply side of the equation, political parties, found themselves a place in the literature mostly in party manifestos and expert survey research (Castles and Mair 1984, Laver, Benoit et al. 2003, Pennings 2006, Bakker, de Vries et al. 2012, Spoon 2012). When looking at the research on party systems and the effect of European integration on them, it can be stated that the subject is still less explored. As already mentioned at the beginning, Lipset and Rokkan claimed that party systems are frozen (Lipset and Rokkan 1967). A few years later, Rose and Urwin supported this argument for Western European countries since WWII (Rose and Urwin 1970). Pedersen, on the other hand, defined an increase in volatility in five Western European countries in his 1979 paper, which led to the creation of his famous Pedersen Index in 1980 (Pedersen 1979, Pedersen 1980). Even if his concept of volatility was to be used so frequently in the literature in future, authors like Maguire also challenged Pedersen (Maguire 1983), claiming that party systems are still stable based on her analysis, at least until the 1960s, but later there were some visible changes. All in all, even if the party systems are claimed to be stable until the

1960s, afterwards there were different scholars trying to prove that there are certain changes.

Before going further, there are two questions that should be asked at this point: i) How do we measure party system change? What are the party system indicators to measure it? ii) What are the reasons behind this change? Can we identify them? There is a significant amount of literature on the description of the main elements and types of party systems. Duverger (Duverger 1954) identified two-party and multiparty systems as the major types, while Blondel (Blondel 1968) introduced new categories. Following that, Rokkan (Rokkan 1970) has shifted the party system classification from vote share to seat share, focusing analysis on relative strengths of parties instead of absolute strengths. According to the well-known definition of Sartori, a party system is a “system of interactions resulting from inter-party competition” (Sartori, 1976: 43). Following various descriptions, Laakso and Taagepera (Laakso and Taagepera 1979) offered the effective number of parties calculations and Pedersen (Pedersen 1980) proposed various indicators (the Gini-coefficient, the index of fractionalisation, the fragmentation index etc.). Including Mair as well (Bardi and Mair 2008), there has been a certain effort to define the parameters of party systems. The book of Gallagher and Mitchell (Gallagher and Mitchell 2008)¹⁴ and the data set of Gallagher (Gallagher 2015) also provide us with widely used party system indices. For the purposes of this chapter, ENEP, the effective number of parties at the electoral level, will be used

¹⁴ The calculation of the indices and further information can be found in the book.

to measure how fragmented the system is. Appendix Table 4.1 provides all the election indices for Western European countries before and after the crisis.

Following the literature, the following hypotheses will be tested:

H1.1: The number of political parties is expected to increase in Western Europe in times of economic crisis.

H1.2: The number of political parties is expected to increase in Western Europe in a period of politicisation of European integration.

As already stated, party system change can be defined as an increase in the number of political parties. These newly established parties could mobilise voters in some countries and change the distribution of the votes between elections. The other way is also possible. Electoral change can cause party system change, shifting the system from one type to another (Mair 1997). In other words, increasing volatility could lead to party system change as well. The literature suggests that an increase in volatility is mostly the result of voters' dealignment and the decline of party affiliation and membership (Dalton, Flanagan et al. 1984, van Biezen, Mair et al. 2012). With the decrease of social cleavages, voters started to feel free to move from one party to another, they take longer time to decide their vote (Dalton 2002) or they start not to vote at all (Franklin, Lyons et al. 2004). The important link that needs to be established here is between polarisation

of an issue and volatility. This work is trying to test that link with the following hypothesis using a time series cross-section (TSCS) model.

H2: In Western Europe, the volatility will increase if the national party system is more polarised on European integration.

Data, operationalisation and methods

Does Europe have an impact on national political parties and party systems today? To test this argument, this chapter will follow Peter Mair, checking *format*, operationalised as ENEP as already stated as an indicator of party system change, and the *mechanics* of party systems. The first stage uses Gallagher (Gallagher 2015) indices. In addition, the percentages of votes received by newly established parties and Eurosceptic parties are also provided for deepening the descriptive analysis, using the Parties and Elections Database (Nordsieck 2016). For defining parties' positions on the pro-/anti-European integration dimension, the 2014 Chapel Hill data set has been used (Bakker, Edwards et al. 2015), since Mair also used a similar dataset (Ray 1999). This part will provide an exact replica of Peter Mair's analysis, regarding the format and mechanics of party systems.

Secondly, moving the analysis one step further, there will be a TSCS estimation of electoral volatility in Western Europe. Traditionally, the Pedersen Index (Pedersen 1979) has been used in volatility calculations while studying Western democracies (Bartolini and Mair 1990, Elff 2007) and also Eastern Europe (Lewis 2000, Rose and Munro 2003, Tavits 2005, Powell and Tucker 2014). Recent work

discriminated between different types of volatility (Type A and B). Volatility that is caused by the entry/exit of parties on one side is named as Type A volatility, while vote switching between the existing stable ones is called Type B (Powell and Tucker 2014, Chiamonte and Emanuele 2015). This chapter will follow the literature, measuring electoral volatility by calculating the Pedersen index.

The Pedersen Index is:

$$volatility = \frac{\sum_{i=1}^n |p_{i(t+1)} - p_{it}|}{2}$$

where n is the number of parties in the system and P_i is the electoral support in percentage for a party i at time t and (t+1). For this work, a new volatility dataset will be used (Emanuele 2015). This dataset provides data on electoral volatility in nineteen Western European countries for the period 1945 – 2015.¹⁵

To test hypothesis 2, polarisation on the left/right dimension and the European integration dimension have been calculated from the Comparative Manifesto Project Database (Volgens, Lehmann et al. 2015).¹⁶ Dalton’s formula of polarisation index has been used for left/right and has also been adapted to the European integration dimension (Dalton 2008). Then, these indexes are used as dependent variables in the models.

¹⁵ Data for Greece, Portugal and Spain have been collected after their democratisation in the 1970s.

¹⁶ For this part of the analysis, MARPOR data are used. The left/right scale for each party is already available in the data set. The position on Europe is also computed with a similar methodology. The dataset includes “Europe is positive” and “Europe is negative” for each party. The position on Europe is calculated by subtracting these two.

$$\begin{aligned} \text{EU Score} &= \text{Europe Positive} - \text{Europe Negative} \\ \text{L/R Score} &= \text{RILE} \\ \text{PI} &= \text{SQRT}\{\Sigma (\text{party vote share}_i) * ([\text{party L/R score}_i - \text{party system} \\ &\quad \text{average L/R score}]/100)^2\} \\ \text{PI} &= \text{SQRT}\{\Sigma (\text{party vote share}_i) * ([\text{party EU score}_i - \text{party system} \\ &\quad \text{average EU score}]/100)^2\} \end{aligned}$$

where i represents individual parties. The second part, which brings a new approach to the question, will estimate volatility using TSCS modelling. This is the innovative additional part after replicating Peter Mair's analysis regarding the format and mechanics of a party system.

Europe and national party systems: Format and Mechanics

This section analyses the direct impact of European integration on the *format* and *mechanics* of national party systems. *Format* of a party system can be described as the number of relevant parties in the electoral arena. The *mechanics* of a party system on the other hand is concerned with the modes of interaction between the related parties. Format and mechanics have been key elements of party systems since Sartori (Sartori 1976). For this reason, Peter Mair used them to measure party system change, as will this work.

Format

This chapter claims that further politicisation of European integration catalysed by the economic crisis might have an effect on the *format* of party systems, which is the number of political parties in the national arena. Table 4.1 shows the newly established political parties, their positions on the pro-/anti- European integration

dimension and their vote share in national elections.¹⁷ For this purpose, data have been derived from the 2014 Chapel Hill Expert Survey (CHES) (Bakker, Edwards et al. 2015).

Table 4.1: Newly established political parties in Western Europe (2008-2014)

Country	Newly Established Political Parties in the National Arena	Year	Placement Pro-/Anti-European Integration Dimension	% of the Votes in the last National Election (before 2014)
Austria	Team Frank Stronach (FRANK)	2012	2.90	5.7
	The New Austria and Liberal Forum (NEOS)	2012	6.30	5
Belgium	People's Party (PP)	2009	2.50	1.5
Denmark	-	-	-	-
Finland	-	-	-	-
France	Centrist Alliance (AC)	2009	6.60	0.6
Germany	Alternative for Germany (AfD)	2013	1.62	4.7
Greece	Coalition of the Radical Left (SYRIZA)	2012	3.44	26.9
	Independent Greeks (ANEL)	2012	2.22	7.5
	Democratic Left (DIMAR)	2010	5.78	6.3
Ireland	-	-	-	-
Italy	Five Star Movement (M5S)	2009	1.43	25.6
	Civic Choice (SC)	2012	6.86	8.3
	Brothers of Italy / National Alliance (FDI-AN)	2012	2.17	2
	Civic Revolution (RC)	2012	2	2.2
	Democratic Centre (CD)	2012	5.80	0.5
Luxembourg	-	-	-	-
Netherlands	Party for the Animals (PvdD)	2009	4.80	1.9
Portugal	-	-	-	-
Spain	Amaiur	2011	4.71	1.4
	Podemos	2014	4.44	-
Sweden	-	-	-	-
United Kingdom	-	-	-	-

Source: Chapel Hill Expert Survey and Parties and Elections Database for the percentages of votes

Note: Parties established after 2010 are taken into consideration. The Chapel Hill scale ranging from 1 (strongly opposed) to 7 (strongly in favour) has been used. For the purposes of this table, parties scoring 1 or 2 on this scale (rounded figures) are categorized as Group 1 (anti-European integration), parties scoring 3, 4 and 5 on this scale (rounded figures) are categorised as Group 2 (neither pro nor anti-European integration) and parties scoring 6 and 7 (rounded figures) are categorised as Group 3 (pro-European integration). This categorisation is in line with Mair (2000) for comparative purposes.

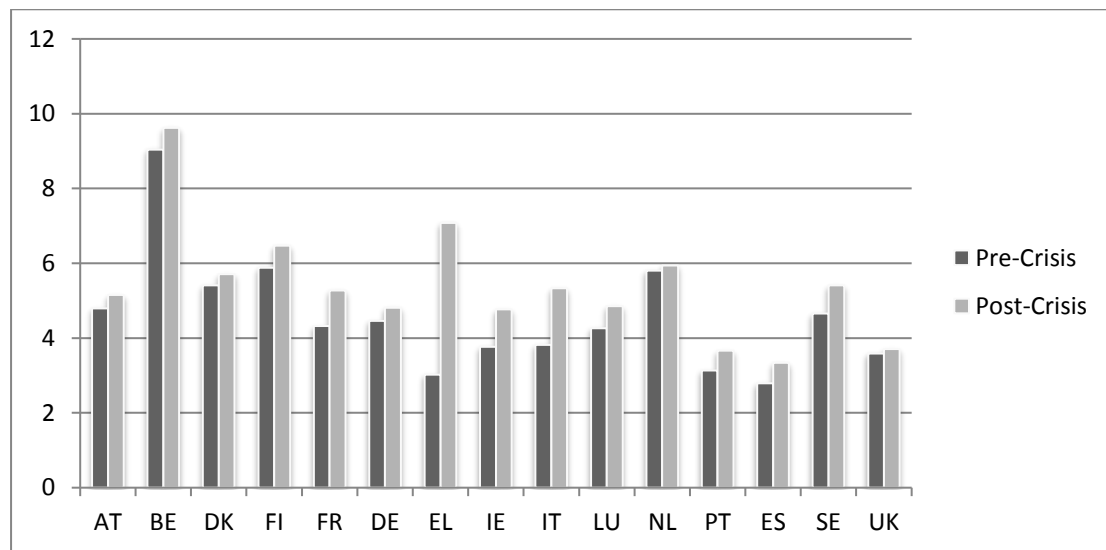
¹⁷ 2014 Chapel Hill Expert Survey has been used for the positioning of the political parties on the pro-/anti-European integration scale. Since the time scope of this entire work is limited to 2014 European Parliament elections, national elections before that date are taken into consideration. This means that some of the cases here might have more recent elections.

The dataset provides expert data on the positioning of 268 political parties on European integration and other policy positions in 31 countries. The dataset of Ray, which was used by Peter Mair to run the same analysis, can be named as the ancestor of Chapel Hill. Looking at Table 4.1, it can be seen that there are fifteen new political parties founded in the 2008-2014 period, which can be counted as the post crisis term. According to the criteria established by Peter Mair (parties scoring 1 and 2 on this scale (rounded figures) are categorised as Group 1 - anti-European integration), five of these parties are strongly anti-European integration. The most important party in this group is the Five Star Movement (M5S) initiated by Beppe Grillo, a famous comedian in Italy, with 25.6 per cent of the votes. An important point to underline here is that M5S shares the same group – Europe of Freedom and Democracy - in the European Parliament with UK Independence Party (UKIP), which has been a solid defender of Brexit. M5S and UKIP co-chair the group, which is the most Eurosceptic group in the EP. It should also be underlined that Italy is the country with the highest number of newly established parties in the union and three out of five newly established Eurosceptic parties belong to this country. In the case of Germany, Alternative for Germany (AfD) is clearly an anti-European party; however, with 4.7 per cent of the votes in 2013 elections, they are not represented in the Bundestag because of the five per cent threshold in the German system. Contrary to the tradition of Germany, which is mostly a Europhile country - the main political parties in Germany are pro-European as a certain heritage from the past - AfD gained power because of the current situation in Europe. The party received seven per cent of the votes in the European Parliament elections of May 2014 that led to its representation in

Brussels and Strasbourg. In addition, the state elections of March and September 2016 promised them further success in the forthcoming national elections of 2017. Nowadays, German citizens feel like they are paying for the mistakes of other Europeans. Therefore, they feel like “Europeanisation losers” in times of crisis.¹⁸ This feeling also became visible with the current refugee crisis.

The following comparison here is from the ENEP indices before and “after” the crisis – even if it is open to discussion whether the crisis is over yet or not. Looking at Figure 1, this index is used to see how the number of parties changed through the years. An increase, in some members a small one while for some others a very significant one, can be observed for all Western European countries.

Figure 4.1: ENEP indices for the Western European member states



Source: Author's Self Evaluation from Gallagher (2015)

¹⁸ The analogy is created from Kriesi's description of “globalisation losers” (Kriesi et. al 2008, 2012).

When focused on the ones that had specific bailout agreements and/or austerity measures implemented by the Troika, one should start with the most severe case of all: Greece. The ENEP index of Greece rises to 7.08 in 2012, while it was 3.02 before the crisis. Ireland shows a one-point increase, from 3.77 to 4.77. Portugal and Spain demonstrate slight increases from 3.13 to 3.66 and from 2.79 to 3.34, respectively. The same case is also correct for Italy; ENEP rises to 5.33 in 2013, while it was 3.82 before the crisis. In Ireland the index rises from 3.77 to 4.77. It should be kept in mind that it is also hard to comment on changes on party system indicators without knowing each country's electoral law. Depending on how permissive the system is, or how easy to access, there are certain differences in the format of party systems.

Mechanics

The second way Europe might have affected the party systems is the mechanics of a party system, which is basically the interaction between the relevant political parties. The most important indicator of a possible impact of European integration is a competition over the pro-/anti-European integration dimension. According to Peter Mair, this can be observed from “new clustering of party blocs or camps” (Mair, 2000: 31). For this reason, political parties in national arenas will be investigated to see how they locate themselves in the pro-/anti-European integration dimension. This will provide us with the opportunity to observe the possible existence of a new clustering. If any new clustering can be observed, this can be taken as an indication of the effect of Europe. As in the section above, the Chapel Hill expert survey has been used to run these analyses. As already

explained in Table 4.1, the Chapel Hill dataset includes scores from 1 to 7 in the European integration dimension, 1 being strong opposition while 7 indicates strong support. Following Peter Mair, parties scoring 1 or 2 on this scale (rounded figures) are categorised as Group 1 (anti-European integration), parties scoring 3, 4 and 5 on this scale (rounded figures) are categorised as Group 2 (neither pro- nor anti-European integration) and parties scoring 6 and 7 (rounded figures) are categorised as Group 3 (pro-European integration).

Table 4.2: Vote in the most recent national election (before 2014), by position on European integration

Country	National Election (Year)	Percentage Votes for Strongly Pro-European Integration Parties (N of Parties)	Percentage Votes for Strongly Anti-European Integration Parties (N of Parties)	Percentage Votes for Parties Neither Strongly Pro Nor Strongly Anti-European Integration (N of Parties)
Austria	2013	68.2 (4)	20.5 (1)	9.2 (2)
Belgium	2014	66.9 (9)	0 (0)	29.2 (4)
Denmark	2011	66 (4)	19 (2)	14.2 (2)
Finland	2011	51 (4)	19 (1)	27.9 (3)
France	2012	40.1 (5)	15.3 (2)	34 (2)
Germany	2013	73 (4)	4.7 (1)	16 (2)
Greece	2012 (II)	48.3 (3)	18.9 (3)	26.9 (1)
Ireland	2011	72.9 (3)	2.2 (2)	11.7 (2)
Italy	2013	35.5 (3)	33.9 (4)	24.8 (2)
Luxembourg	2013	82.4 (4)	0 (0)	11.5 (2)
Netherlands	2012	18.8 (3)	19.7 (2)	60.2 (6)
Portugal	2011	78.5 (3)	7.9 (1)	5.2 (1)
Spain	2011	84.6 (6)	0 (0)	8.3 (2)
Sweden	2014	33.3 (3)	18.6 (2)	44 (3)
United Kingdom	2010	53.7 (3)	3.1 (1)	36.1 (1)

Source: 2014 Chapel Hill Expert Survey and Parties & Elections Database

Note: United Kingdom Independence Party (UKIP) is located in the table even if they didn't win any chairs after 2010 elections.

Table 4.2 provides this data. The results demonstrate that in Western Europe there are way more political parties that are supporting European integration

compared to opposing it. Among 118 political parties, the experts named 61 of them as pro-European integration, 22 were considered to be strongly opposing and the rest (35 political parties) were named as neither pro- nor anti-European integration. Here the contribution of right wing extreme movements in the Eurosceptic vote should be underlined. In France *Front National (FN)* increased its votes from 4.3 to 13.6 per cent in the last elections. Because of the electoral system in France, the party only has two seats in the Parliament. In the case of Greece, the strongly anti-European party Golden Dawn should be mentioned. It was established in 1993; however, in 2012 it took 6.9 per cent of the votes and won 18 seats in the Parliament. The situation got even more severe in 2015II, when the party got seven per cent of the votes and 18 seats. In addition to Golden Dawn, ANEL also got 3.7 per cent of the votes in the latest elections. Therefore, the Greek contribution to the Eurosceptic vote has also been important. Italy, on the other hand, has a very *sui generis* case. There are five new parties since 2008 and their vote shares are summing up to 40.5 per cent, which is an important sign of party system change. The success of the Five Star Movement needs to be emphasised. This party, the main leftist Eurosceptic party, and an anti-establishment movement advocated a referendum to withdraw Italy from the Eurozone. On the right hand side of the political spectrum, the main Eurosceptic party is the older *Lega Nord*, which is regionalist and right wing populist. *Scelta Civica*, for its part, is a new party strongly pro-European and founded by the former Prime Minister Mario Monti, who has been the technocrat governing Italy delegated by the European Union. Austria is the country with the second highest Eurosceptic vote. This vote rate belongs to the Freedom Party of Austria (FPÖ),

which ended up as the third force in Austrian elections. Looking at the Northern European countries, Denmark, Finland and Sweden, they all have around 19 per cent Eurosceptic vote and an increase compared to the 2000s. Since Peter Mair has done the same analysis, Table 4.3 demonstrates the comparative results of political parties and their vote shares with his 2000 article.

Table 4.3: Support for parties in national elections, by position on European integration

Country	Percentage Votes for Strongly Pro-European Integration Parties (N of Parties)		Percentage Votes for Strongly Anti-European Integration Parties (N of Parties)		Percentage Votes for Parties Neither Strongly Pro Nor Strongly Anti-European Integration (N of Parties)	
	2000 (Mair)	2016 (Toygur)	2000 (Mair)	2016 (Toygur)	2000 (Mair)	2016 (Toygur)
Austria	71.9 (3)	68.2 (4)	22.2 (2)	20.5 (1)	4.8 (1)	9.2 (2)
Belgium	72.8 (7)	66.9 (9)	0(0)	0 (0)	21.0 (5)	29.2 (4)
Denmark	77.1 (5)	66 (4)	12.5 (3)	19 (2)	10.0 (2)	14.2 (2)
Finland	49.0 (3)	51 (4)	6.0 (2)	19 (1)	40.6 (3)	27.9 (3)
France	49.3 (4)	40.1 (5)	16.1 (2)	15.3 (2)	20.2 (2)	34 (2)
Germany	75.5 (3)	73 (4)	1.8 (1)	4.7 (1)	18.5 (3)	16 (2)
Greece	92.0 (4)	48.3 (3)	5.6 (1)	18.9 (3)	0 (0)	26.9 (1)
Ireland	32.7 (2)	72.9 (3)	0(0)	2.2 (2)	58.0 (6)	11.7 (2)
Italy	39.9 (4)	35.5 (3)	24.3 (2)	33.9 (4)	28.9 (3)	24.8 (2)
Luxembourg	75 (3)	82.4 (4)	2.6 (1)	0 (0)	19.9 (3)	11.5 (2)
Netherlands	56.4 (3)	18.8 (3)	0.6 (1)	19.7 (2)	37.1 (5)	60.2 (6)
Portugal	79.6 (3)	78.5 (3)	9.9 (3)	7.9 (1)	9.3 (2)	5.2 (1)
Spain	85.9 (10)	84.6 (6)	0(0)	0 (0)	10.7 (1)	8.3 (2)
Sweden	75.8 (4)	33.3 (3)	16.5 (2)	18.6 (2)	5.1 (1)	44 (3)
United Kingdom	63.3 (5)	53.7 (3)	2.6 (1)	3.1 (1)	30.7 (1)	36.1 (1)

Source: Author's self-evaluation from the Chapel Hill Expert Survey and Parties & Elections Database, Mair (2000)

Looking at the results, there are some points that deserve special attention. Nine out of fifteen countries show an increase in the vote share of the anti-European

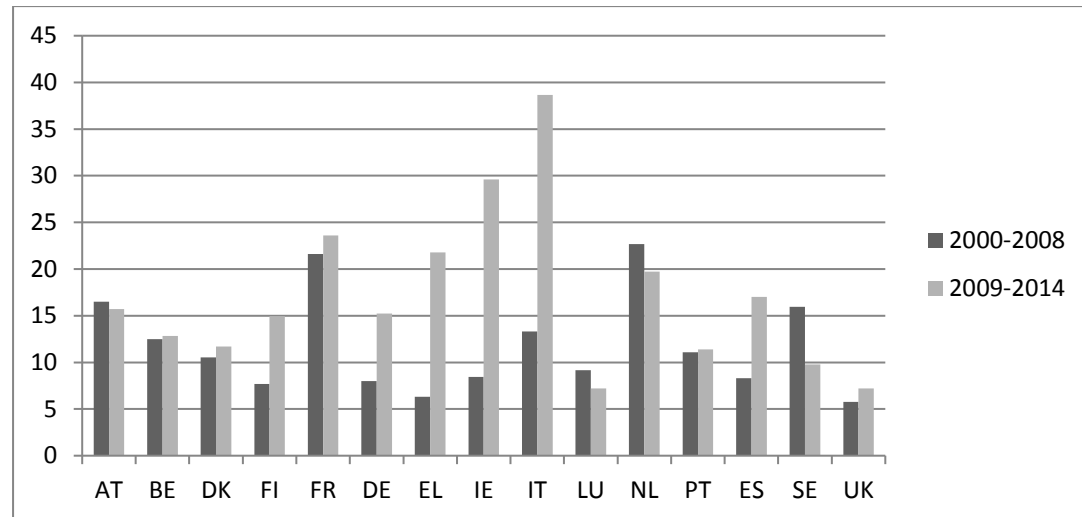
integration group. The sharpest increase has been noticed in the case of the Netherlands. Two anti-EU integration parties got 19.7 per cent of the votes. In the case of Greece, which has already been repeated various times in this work, political parties are competing over various issues. Austerity measures and immigration are in the lead and these issues are very much related to European integration. There are political parties that are not against the EU integration as a whole, but certainly against the austerity measures. The third extreme increase is in Finland, thanks to the success of True Finns. The party keeps on being the third electoral force, very closely following the two leading parties. All in all, there is a visible change in Western European countries regarding their parties and party systems. The reasons behind this momentum are open to discussion. This work suggests that further polarisation of European integration can be the explanatory factor. The next section aims to establish the relationship between volatility and polarisation of European integration using a time series cross-section model, taking into consideration all time periods since World War II.

Volatility and polarisation over Europe: Time series cross-section analysis

As already explained above, electoral change measured with volatility can be taken as an indicator of party system change. For this reason, volatility rates in Europe have been calculated. Before moving to the model, here are some descriptive statistics. Figure 2 shows the volatility rates for Western European countries for two periods, 2000-2008 and 2009-2014, which can be named as the post-crisis period. Eleven out of fifteen countries show a certain increase in the level of

volatility.¹⁹ In the case of Austria and Luxembourg there is a slight decrease, while in the case of Netherlands and Sweden the decrease is more visible.

Figure 4.2: Comparative volatility index (Pedersen) for Western Europe



Source: Author's calculations from the Emanuele (2015) dataset

The most visible increases can be seen when Southern European countries are observed. Italy is the most extreme case, as already underlined various times in previous sections. It is followed by Ireland, Greece and Spain, as the highest increases in volatility among their Western European counterparts. To better explain the relationship between volatility and European integration, a time series cross-section analysis (TSCS; country fixed effects) is used. Here, the dependent variable (DV) volatility is explained with two main independent variables (IVs), which are EU polarisation and LR polarisation. The time interval covers

¹⁹ Appendix Figure 1 demonstrates the trend of volatility for each country separately.

democratic elections in Western Europe after the Second World War.²⁰ The voter turnout is used as the control variable.²¹

Table 4.4: Establishing the link between EU polarization and volatility

Parameters	Model I	Model II	Model III
EU Polarization	13.79*** (3.14)	13.83*** (3.14)	10.24** (3.20)
Left/Right Polarization		-0.25 (0.59)	0.12 (0.58)
Voter Turnout			-0.26*** (0.070)
Constant	8.33*** (0.64)	8.76*** (1.18)	30.46*** (5.82)
R2	0.0772	0.0779	0.13
F-Test	19.32***	9.72***	11.67***
N of obs.	246	246	246
N of groups	15	15	15

Notes: Cell entries are TSCS estimates with country fixed effects. Standard errors are given in parenthesis. F-test provides the results for all country effects being zero.

*** significant at $p \leq 0.001$, ** significant at $p \leq 0.01$, * significant at $p \leq 0.05$

The main advantage of the country fixed effects model is that cross-sectional variance between countries disappears and volatility can be explained with the independent variables, following Beck and Katz (Beck and Katz 1995). With this analysis, a certain relation between volatility and EU polarisation is found. If the polarisation on European integration increases, the volatility also increases. While

²⁰ As expected, all member states run their elections in different years. Depending on the electoral system and the current situation in the country, election intervals show variety as well. All the dataset is available upon request.

²¹ The voter turnouts for the latest national elections are collected from Parties & Elections Database <http://www.parties-and-elections.eu/countries.html>.

this is the case, there is no significant relation between the Left/Right polarisation and volatility. The main reason is that if an issue is mainly already polarised and parties have their positions on the issue, further increase in volatility wouldn't be expected. However, if there are new parties entering the system and mobilising the electorate on another issue, the case would be different. To sum up, it is claimed that there are new parties in Europe that are mobilising the electorate on the pro-/anti-European integration dimension and increasing the volatility.

Concluding remarks

This paper looks at the impact of European integration on national parties and party systems. It mainly revisits the analyses of Peter Mair (2000) using the same sequence of logic that has been used for comparison. The paper revisited the format and mechanics of party systems using the 2014 Chapel Hill Expert Survey and Parties and Elections database. All parties are categorised among strongly pro-European integration, strongly anti-European integration and neither anti- nor pro-European integration groups. In addition, a new volatility dataset and Manifesto project dataset have been used for the analysis related to the polarisation of the European integration dimension.

This chapter claims that today Europe has more impact on national politics and government agendas; hence, more impact on party systems. This is not only because of the economic crisis but also thanks to further politicisation of Europe. There are certain countries that are affected more by the Troika decisions. Southern Europe has been going through an epoch of direct interaction with EU

(and IMF) officials and with their austerity measures. Changes their party systems are going through deserve special attention.

Also, the link between the national arena and the European arena deserves more focus. The eighth European Parliament elections, which were the first elections held under the Lisbon Treaty, played an important role. With the mentioned Treaty, the legislative power of the EP increased significantly. Today, Europe has certain effects on the daily lives of its citizens. By electing the President of the European Commission, the will of the European citizens has been reflected in the decision-making. Even if it is not the case today, this can play a significant role in the future.

Furthermore, immigration is a very important issue in Europe, and is deeply connected to integration. Anti-immigration sentiments are direct reactions to European integration. This parameter should also be included more directly in the EU integration dimension calculations. In other words, measured in a different way, the importance of the EU integration dimension can be more visible.

Appendix

Appendix Table 4.1: Comparative election indices (pre-/post-economic crisis)

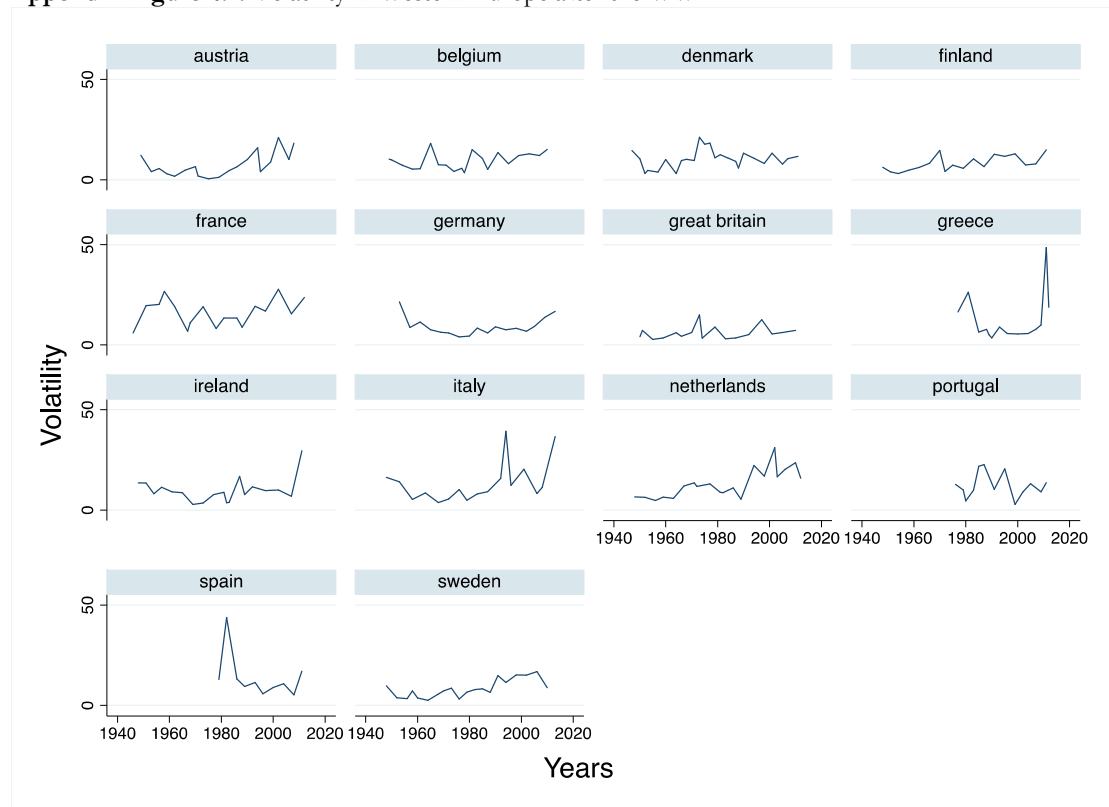
	Country	LSq		Eff N _v (ENEP)		Eff N _s (ENPP)	
		Pre-Crisis	Post-Crisis	Pre-Crisis	Post-Crisis	Pre-Crisis	Post-Crisis
1	Austria	2.92	3.31	4.79	5.15	4.24	4.59
2	Belgium	3.37	4.6	9.04	9.62	7.91	7.82
3	Denmark	0.72	0.73	5.41	5.71	5.33	5.61
4	Finland	3.2	2.95	5.88	6.47	5.13	5.83
5	France	13.58	17.66	4.32	5.27	2.49	2.83
6	Germany	2.16	7.83	4.46	4.81	4.05	3.51
7	Greece	6.99	11.42	3.02	7.08	2.62	4.3
8	Ireland	5.85	8.69	3.77	4.77	3.03	3.52
9	Italy	5.73	17.34	3.82	5.33	3.07	3.47
10	Luxembourg	3.36	5.2	4.26	4.85	3.81	3.93
11	Netherlands	1.03	0.99	5.8	5.94	5.54	5.7
12	Portugal	5.75	5.68	3.13	3.66	2.56	2.93
13	Spain	4.49	6.93	2.79	3.34	2.36	2.6
14	Sweden	3.02	2.64	4.66	5.41	4.15	4.99
15	United Kingdom	16.73	15.1	3.59	3.71	2.46	2.57

Source: Author's self calculation from Gallager (2014).

Note: Austria (2008, 2013), Belgium (2007, 2014), Denmark (2007, 2011), Finland (2007, 2011), France (2007, 2012), Germany (2005, 2013), Greece (2007, 2012 I&II), Ireland (2007, 2011), Italy (2008, 2013), Luxembourg (2004, 2013), Netherlands (2006, 2012), Portugal (2005, 2011), Spain (2008, 2011), Sweden (2006, 2014), United Kingdom (2005, 2010).

Note: Even if there is a discussion on the starting time of the crisis, mainly the elections before 2008 (including 2008) are taken as pre-crisis, while the latest ones afterwards are taken as post-crisis, even if the crisis is not over yet. When there are two elections, the arithmetic average is taken.

Appendix Figure 4.1: Volatility in Western Europe after the WWII



Source: Emanuele (2015) Dataset

Appendix Table 4.2: Support for parties in national elections, by position on European integration

Country	Party Name	Party Abb.	EU		Vote (%)
			Integration Score (1 to 7)	Group	
Austria	Social Democratic Party of Austria	SPÖ	6	3	26.8
	Austrian People's Party	ÖVP	6.70	3	24
	Freedom Party of Austria	FPÖ	1.90	1	20.5
	The Greens - The Green Alternative	GRÜNE	6.50	3	12.4
	Team Frank Stronach	FRANK	2.90	2	5.7
	The New Austria and Liberal Forum	NEOS	6.30	3	5
	Alliance Future Austria	BZÖ	2.70	2	3.5
Belgium	New Flemish Alliance	N-VA	5	2	20.3
	Christian-Democratic & Flemish	CD&V	6.60	3	11.6
	Open Flemish Liberals and Democrats	Open VLD	6.60	3	9.8
	Socialist Party. Different	SPA	6	3	8.8
	The Flemish Greens	GROEN	6.20	3	5.3
	Flemish Interest	VB	2.60	2	3.7
	Socialist Party	PS	6	3	11.7
	Reformist Movement	MR	6.40	3	9.6
	Humanist Democratic Centre	CDH	6.40	3	5
	Ecologists	ECOLO	6.25	3	3.3
	Democratic Federalist Independent	DéFI	6.40	3	1.8
	People's Party	PP	2.5	2	1.5
	Workers' Party of Belgium	PTB-PvdA	3.40	2	3.7
Denmark	Left - Denmark's Liberal Party	V	5.82	3	26.7
	Social Democracy	S	6	3	24.9
	Danish People's Party	DF	1.91	1	12.3
	Radical Left	RV	7	3	9.5
	Socialist People's Party	SF	4.64	2	9.2
	Unity List - The Red-Greens	EL	1.82	1	6.7
	Liberal Alliance	LA	3.80	2	5
	Conservative People's Party	KF	5.5	3	4.9
Finland	National Coalition Party	KOK	6.60	3	20.4
	Social Democratic Party of Finland	SDP	5.60	3	19.1
	True Finns	PS	1.60	1	19
	Centre of Finland	KESK	4.5	2	15.8
	Left Alliance	VAS	4.30	2	8.1
	Green Alliance	VIHR	5.90	3	7.2
	Swedish People's Party in Finland	SFP	6.40	3	4.3
	Christian Democrats of Finland	KD	3.90	2	4
France	Socialist Party	PS	5.76	3	29.4
	Union for a Popular Movement (The Republicans)	UMP (LR)	5.43	2	27.1
	National Front	FN	1.21	1	13.6
	Left Front	FG	2.64	2	6.9
	Europe Ecology The Greens	EELV	6.21	3	5.5

	New Centre	NC	6.18	3	2.2
	Democratic Movement	MoDem	6.62	3	1.8
	Radical Party of the Left	PRG	2.08	1	1.7
	Radical Party	PR	6	3	1.2
Germany	Christian Democratic Union of Germany	CDU	6.38	3	34.1
	Social Democratic Party of Germany	SPD	6.38	3	25.7
	The Left	DIE LINKE	3	2	8.6
	Alliance 90 / The Greens	GRÜNE	6.23	3	8.4
	Christian Social Union in Bavaria	CSU	4.84	2	7.4
	Free Democratic Party	FDP	5.69	3	4.8
	Alternative for Germany	AfD	1.61	1	4.7
Greece	New Democracy	ND	6.55	3	29.7
	Coalition of the Radical Left	SYRIZA	3.44	2	26.9
	Panhellenic Socialist Movement	PASOK	6.55	3	12.3
	Independent Greeks	ANEL	2.22	1	7.5
	Golden Dawn	XA	1.11	1	6.9
	Democratic Left	DIMAR	5.77	3	6.3
	Communist Party of Greece	KKE	1.11	1	4.5
Ireland	Fine Gael (Family of the Irish)	FG	6.44	3	36.1
	Labour Party	LAB	5.89	3	19.4
	Fianna Fail (Soldiers of Destiny)	FF	5.56	3	17.4
	Sinn Féin (We ourselves)	SF	2.78	2	9.9
	Green Party	GP	4.38	2	1.8
	Socialist Party	SP	2.22	1	1.2
	People Before Profit Alliance	PBP	2.25	1	1
Italy	Five Star Movement	M5S	1.43	1	25.6
	Democratic Party	PD	6.57	3	25.4
	Forza Italia	FI	3.43	2	21.6
	Civic Choice	SC	6.86	3	8.3
	North League	LN	1.14	1	4.1
	Left Ecology Freedom	SEL	3.14	2	3.2
	Italy of Values	IDV	2	1	2.2
	Brothers of Italy – National Alliance	FDI-AN	2.17	1	2
	Union of the Centre	UdC	6.14	3	1.8
Luxembourg	Christian Social People's Party	CSV	7	3	33.7
	Luxembourg Socialist Workers' Party	LSAP	6.33	3	20.3
	Democratic Party	DP	6.33	3	18.3
	The Greens	GRÉNG	6.33	3	10.1
	Alternative Democratic Reform Party	ADR	3	2	6.6
	The Left	LÉNK	3.67	2	4.9
Netherlands	People's Party for Freedom and Democracy	VVD	5.18	2	26.5
	Labour Party	PvdA	5.45	2	24.7
	Freedom Party	PVV	1.09	1	10.1
	Socialist Party	SP	2.10	1	9.6

	Christian Democratic Appeal	CDA	5.55	3	8.5
	Democrats 66	D66	6.82	3	8
	Christian Union	CU	3.44	2	3.1
	Green Left	GL	6.55	3	2.3
	Reformed Political Party	SGP	2.56	2	2.1
	50 Plus	50+	4.80	2	1.9
	Party for the Animals	PvdD	3.71	2	1.9
Portugal	Social Democratic Party	PSD	6.88	3	38.7
	Socialist Party	PS	6.38	3	28.1
	People's Party	CDS-PP	6.13	3	11.7
	Democratic Unity Coalition	CDU	1.88	1	7.9
	Left Bloc	BE	3.13	2	5.2
Spain	People's Party	PP	6.80	3	44.6
	Spanish Socialist Workers' Party	PSOE	6.70	3	28.7
	United Left	IU	4.60	2	6.9
	Union, Progress and Democracy	UPyD	6.67	3	4.7
	Convergence and Union	CiU	6.30	3	4.2
	Amaiur	AMAIUR	4.71	2	1.4
	Basque National Party	EAJ-PNV	6.44	3	1.3
	Republican Left of Catalonia	ERC	5.56	3	1.1
Sweden	Social Democratic Workers' Party	S	5.27	2	31
	Moderate Coalition Party	M	6.36	3	23.3
	Sweden Democrats	SD	1.27	1	12.9
	Environment Party The Greens	MP	4.41	2	6.9
	Centre Party	C	5.41	2	6.1
	Left Party	V	2.14	1	5.7
	Liberals	L (FP)	6.91	3	5.4
	Christian Democrats	KD	5.86	3	4.6
United Kingdom	Conservative and Unionist Party	CON	3.14	2	36.1
	Labour Party	LAB	5.57	3	29
	Liberal Democrats	LD	6.71	3	23
	United Kingdom Independence Party	UKIP	1.14	1	3.1
	Scottish National Party	SNP	6.29	3	1.7

Source: 2014 Chapel Hill Expert Survey and Parties & Elections Database

Chapter 5.

Did economic crisis boost the politicisation of European integration?

Analysing EU issue voting in European Parliament elections

The pro-/anti-EU orientation constitutes something of a “sleeping giant” that has the potential, if awakened, to impel voters to political behaviour that undercuts the bases for party mobilisation in many, if not most, European polities.

Cees van der Eijk & Mark Franklin, 2004

Introduction

Does Europe matter more? Do attitudes towards European integration have an impact on voters' choices in European Parliament elections? This time is different? Or better said, were European Parliament elections different in the 21st century? Have voting patterns changed in some countries with the recent economic crisis? The European Union has been going through various changes over the last decades. When the Maastricht Treaty was signed and sealed, both economic and political integration within the European Union had deepened significantly. The most important items in the Treaty, also the most relevant ones for this paper, are related to the economy. Since the Single European Act (SEA)

founded a single market on 31 December 1992, including an agreement on Economic and Monetary Union (EMU) in 1999 that established the creation of the common currency “Euro” and the European Central Bank (ECB), the policy impact of the EU has been magnified. With the expansion of the EU’s authority over various new policy areas, European integration reached a whole new level. However, not all citizens approved of the increasing involvement of the European Union in various policy areas. This situation created the potential for the politicisation of European integration. Cees van der Eijk and Mark Franklin described the situation as a “sleeping giant” and underlined the potential for public Euroscepticism that could be converted into electoral gains by political entrepreneurs (van der Eijk and Franklin 2004). The Eurozone crisis has been the final catalyst for politicisation of European integration and all the electoral consequences that come with it. The crisis itself has been one of the most important items on the European agenda for years. Its implications have received a lot of attention over the last decade. Since the beginning of the crisis, representation dynamics, party competition, and electoral behaviour have been researched frequently. As many consider this crisis to be one of the most important challenges that European integration has ever faced, it is important to understand its outcomes in relation to political behaviour. In this context, what has happened specifically in each country, whether a country has received some form of financial aid, can have relevant political ramifications. These repercussions are valid not only for the national electoral arena, but also for the European one. It is important to underline that European Parliament elections are

the only way that citizens can directly elect their representatives in the European Union.

Various research established in the EU issue voting literature has demonstrated that attitudes towards European integration have an impact on national elections (Evans 1998, Gabel 2000, Tillman 2004, de Vries 2007, de Vries and Edwards 2009). Since the first elections in 1979, European Parliament elections have been often described as second-order national elections (Reif and Schmitt 1980). Many studies prior to the 2009 elections concluded that voting decisions are primarily based on national politics (Schmitt 2005, Hix and Marsh 2007, Hix and Marsh 2011). There is a certain expectation that the impact of the crisis and the EU institutions' involvement affected the vote choice in the 2014 European elections. However, the complex nature of multi-level governance makes it very hard for ordinary citizens to attribute responsibility for economic and social policies. In other words, citizens may punish the incumbent for increasing taxes and cutting social expenditures while the true actors behind these outcomes may be the European Union level; it is indeed complicated for citizens to hold political actors accountable. Various studies show that the complex institutional structure in the European Union makes it very hard to define those who in the final account are *the responsables* (de Vries, Edwards et al. 2011). However, recent work suggests a much stronger relation between European integration (Euro crisis and austerity measures most frequently) and voting behaviour (Hobolt, Spoon et al. 2009, de Vries, van der Brug et al. 2011, Hobolt and Spoon 2012). This has been explained by the fact that voters shifted the perceived responsibility for the economic

outcome and a part of the blame to the European Union due to the involvement of EU institutions in national politics during the most recent economic crisis (Hobolt and Tilley 2014).

Looking at Southern European countries, a similar tendency can be seen. Maria Costa Lobo and Michael Lewis-Beck show that the interaction between the attribution of responsibility to the EU and economic perception has a significant impact on the vote in Southern European countries (Costa Lobo and Lewis-Beck 2012). It could be assumed that the voters are likely to attribute responsibility to the EU for the “deterioration of their individual and national economic conditions” (Freire, Teperoglou et al. 2014). The utilitarian theory (Gabel 1998) claims that voters’ support for European integration is positively correlated to their “gains” from integration (Eichenberg and Dalton 1993). With the economic crisis, this phenomenon became even more important. This means that citizens, to some extent, hold the EU responsible for economic policies. For this reason, it is expected that citizens’ position regarding European integration will have an impact on their political choices.

All these considerations raise the following question: Does one’s position on European integration influence his or her vote choice? In this paper, this question will be assessed using cross-national post-electoral data from the European Election Studies (2004, 2009, and 2014). Further information regarding the data set will be provided in the following sections. The most economically troubled countries of the European Union (Greece, Italy, Ireland, Portugal, and Spain) are

taken as case studies. The main reason behind the case selection is twofold: Firstly, these countries are the most effected by the economic crisis and the regulations set by the *Troika*. Secondly, research relating attitudes towards European integration and the vote in Southern European countries is rather limited since there is no major Eurosceptic tendency in this part of the continent. For these reasons, five economically troubled countries are taken as case studies in this work.

A theoretical conceptualization of the politicisation of European integration and EU issue voting will be provided in the next section in order to establish the grounds for the research. Then, a short summary of the data used will be given, which will be followed by the analysis of the estimations of the models. The findings suggest that there are certain differences between countries in the explanatory power of the EU distance variable when related to the vote. The left/right dimension continues to be the principal explanatory power. However, in some countries it is possible to detect the increasing impact of European integration. In 2004, the only significant effect can be observed in Italy. However, after the crisis began in 2008, the impact became visible in Greece as well. In the 2014 elections, European integration was a powerful explanatory variable both in Greece and Italy. In Portugal the coefficient became borderline significant, thus making further research necessary. Spain has remained immune to the impact of the EU distance variable, or the impact has been invisible.

The economic crisis and the vote

As a summary of the economic and financial crisis in Europe, most scholars consider the collapse of the Lehman Brothers in September 2008 as the beginning of the economic crisis. However, the fall of Bear Stearns in spring was a clear early warning of what was to come. The economic turmoil came to Europe and spiralled into a sovereign debt crisis. Some members of the European Union (Cyprus, Greece, Hungary, Ireland, Latvia, Portugal, Romania, and Spain) received financial help. Greece, Ireland, Portugal, and Cyprus had signed bailout agreements, Memorandums of Understanding (MoU), with the *Troika*.²² The name “Troika” – which is the governing body of the public debt crisis of the Eurozone countries consisting of the European Commission (EC), the European Central Bank (ECB), and the International Monetary Fund (IMF) – began to be heard in daily news all around Europe.

Table 5.1: Citizens' trust in their national parliament (in percentages)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Greece												
Tend to trust	61	52	55	53	41	40	24	15	11	11	13	20
Ireland												
Tend to trust	40	40	40	38	39	21	17	30	21	18	22	28
Italy												
Tend to trust	31	36	36	32	22	27	26	20	10	11	14	18
Portugal												
Tend to trust	43	41	42	42	39	39	28	24	22	14	16	22
Spain												
Tend to trust	48	39	39	50	47	31	22	20	10	8	9	12

Source: Eurobarometer surveys, European Commission Public Opinion Unit

Note: Averages have been taken for existing data points for each year.

²² Greece signed the first MoU in May 2010; the Irish one was signed in November 2010, followed by the Portuguese in June 2011. Greece had other one activated in March 2012, followed by the agreement with Cyprus in March 2013. As a final step Greece was rescued again in the summer of 2015.

Table 5.1 and Table 5.2 demonstrate the trust levels for economically troubled countries. Citizens' trust in both national and European institutions reached an alarmingly low level. The stories of the economic crisis in Southern European countries are often linked together because of their similarities. These commonalities range from high unemployment rates (especially among young people) and high levels of government debt leading to increasing the tax burden on citizens and salary cuts on civil servants and pensioners. When the 2014 European Parliament elections were held, the unemployment level in Southern European countries reached a record high in the post-war era. For example, in Greece and Spain, unemployment was around 25 per cent, and youth unemployment was above 50 per cent.

Table 5.2: Citizens' trust in The European Union (in percentages)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Greece												
Tend to trust	66	60	64	64	59	57	40	31	19	20	24	22
Ireland												
Tend to trust	57	51	56	55	56	46	42	34	31	32	35	39
Italy												
Tend to trust	55	56	52	51	41	47	45	37	27	24	27	34
Portugal												
Tend to trust	62	60	58	61	54	55	48	38	33	25	34	45
Spain												
Tend to trust	60	49	51	62	61	54	43	35	21	19	23	30

Source: Eurobarometer surveys, European Commission Public Opinion Unit

Note: Averages have been taken for existing data points for each year.

This environment has led to a rise in the Eurosceptic vote in many countries (Treib 2014)²³, in addition to voters' dealignment.. This type of vote is not only, or perhaps not primarily, Eurosceptic in its character. Leftist Eurosceptic voters are

²³ A list of Eurosceptic parties in Western Europe can be found in the Appendix. Parties with pro-/anti-integration scores less than five are considered as Eurosceptics.

motivated by economic concerns and anti-austerity sentiments, while the right-wing voters' position focuses on nationalism and anti-immigration. Even if this is the case, there has been a surge of Euroscepticism within some of the most Europhile members of the Union (Clements, Nanou et al. 2014).

To provide some examples of this situation, in the 2014 European Parliament elections the National Front (FN) in France obtained 24.9 per cent of the vote and became the leading party in the EP from France, while the United Kingdom Independence Party (UKIP) received 26.8 per cent of the UK vote. *Alternative für Deutschland* (AfD) in Germany gained 7.1 per cent of German votes and entered the EP, even though it could not make it into its own national parliament because of the 5 per cent threshold. In the meantime, Southern Europe has received lots of attention thanks not only to its economic figures but also to its political developments. In Greece, the Coalition of the Radical Left (*Syriza*) gained 26.6 per cent of the vote in EP elections and continued its success in the 2015 Greek national elections, obtaining 36.3 and 35.5 per cent, respectively, in January and September. It is crucial to underline that European integration held particular importance for Greece due to the danger of leaving the Union, a danger that is often referred to as “*Grexit*.” A “*Grexit*” could have been a new step in European (dis)integration. As a final remark, Greece has been the country with the highest number of elections in the last decade.

Table 5.3 shows the electoral calendar in Western Europe. As it can be seen there is a certain difference between Greece and all other Western European countries.

As it can be seen from the table, all Southern European countries had snap elections. Why is the number of elections or the existence of snap elections important? The number of elections and the electoral change in those elections (volatility, to be concrete) are significant indicators of instability in the political scene of the country.²⁴ Greece is followed by Spain in terms of number of elections.

Table 5.3: National electoral calendar in Western Europe (2004-2016)

Austria	2013	2008	2006				
Belgium	2014	2010	2007				
Denmark	2015	2011	2007	2005			
Finland	2015	2011	2007				
France	2012	2007					
Germany	2013	2009	2005				
Greece	2015II	2015I	2012II	2012I	2009	2007	2004
Ireland	2016	2011	2007				
Italy	2013	2008	2006				
Luxembourg	2013	2009	2004				
Netherlands	2012	2010	2006				
Portugal	2015	2011	2009	2005			
Spain	2016	2015	2011	2008	2004		
Sweden	2014	2010	2006				
United Kingdom	2015	2010	2005				

Source: Parties and Elections Database

In the case of Spain, the newly established party *Podemos* (“We Can”) won 8 per cent of the vote and five seats (among 54) in the 2014 EP elections. The success of this new party continued in local elections, together with a new rival from the right side of the political spectrum, *Ciudadanos* (Citizens), challenging the two-party system in Spain. Today, the mayors of Barcelona and Madrid, as well as some other relevant cities, come from a coalition led by *Podemos*. The results of the

²⁴ For more concrete analysis, the differences in electoral systems of all these countries should be taken into consideration. The analysis related to volatility and party system change can be found Paper 4.

general elections in December 2015 were not so different either. *Podemos* ended up being the third party with 42 seats (12.67 per cent of the vote), followed by *Ciudadanos* with 40 seats (13.93 per cent of the vote), producing the most segmented Spanish Parliament of all time. The country could not manage to form a government after years of bipolar politics and needed to repeat elections in June 2016. Snap election benefited the incumbent and the Popular Party increased both its vote and seat share.

In Italy, *Movimento Cinque Stelle* (M5S) received 21.2 per cent of the vote in the 2014 EP elections. There was a similar situation in the 2013 national elections when the party received 25.6 per cent of the vote and become the most popular party in the country. Today, Democratic Party leader Matteo Renzi governs the country. Back then the case of Italy was even more striking since the EU “forced” a government change by placing excessive pressure on the Silvio Berlusconi government, which finally led to the appointment of a technocrat, Mario Monti, as Prime Minister for the 2011 to 2013 period. While no new elections were called, there was a certain change in the country’s main economic policies. Although Italy seems to be more stable compared to Greece and Spain, it has been on edge for a long while. As an example, a recent article in *The Economist* named Italy’s banks as “Europe’s next crisis,” underlining the extensive loan burden that, apparently, cannot be handled (*Economist* 2016).

Through all these developments in Greece, Italy, and Spain, Portugal and Ireland remained mostly immune. Portugal’s party system remained stable regardless of

the economic turmoil the country has been living. The Social Democratic Party (PSD), together with Christian democrats (CDS-PP), has been governing the country since 2011, keeping the Socialist Party (PS) as the main opposition. These three parties collectively received 64 per cent of the vote in the 2014 EP elections. In October 2015, Portugal held national elections, with the coalition PaF (*Portugal à Frente* – Portugal Ahead), formed by the PSD and CDS-PP, leading with 38.6 per cent of the vote, while the main opposition received 32.3 per cent. Additionally, it is interesting to note that the Left Bloc (*Bloco de Esquerda* – BE) received some attention from the political observers during the election period, who questioned whether Portugal can be grouped among more extreme counterparts in Southern Europe, even if this was far from the reality. The case of Ireland is roughly similar. Fianna Fáil (FF) has governed the country for a long time in alternation with Fine Gael (FG), another conservative political party, in times of crisis. FF faced a dramatic decline in the 2011 elections as a reaction to its poor economic management, although it somewhat recovered in 2016. The Labour Party and Sinn Féin (SF) also benefited from this period, strengthening this multiparty system.

Keeping all these facts in mind, this paper aims to test the impact of European integration on voting behaviour. For understanding this phenomena, there is an ever-growing literature on the politicisation of European integration and EU issue voting, which will be the most helpful to explain this phenomenon. For this reason, the following section will establish the literature related to the research question of this work.

The level of politicisation of European integration in times of crisis

The level of politicisation of European integration in times of economic crisis is an important concept that affects the main arguments behind this work. The cases in this paper, Greece, Italy, Ireland, Portugal, and Spain, have been subject to the economic crisis and received financial aid in different forms. They have faced constant interaction with the *Troika*. The EU intervention in national politics triggered a certain blame shifting (Hobolt and Tilley 2014). Governing parties started to use the European Union as a scapegoat, increasing the salience of the issue. For this reason, further politicisation of European integration is expected. It is important to underline that there has been various integration debates in the history of European integration. The comparative level of politicisation between them is an interesting question to ask for the future. Before going further, it is important to summarize the theoretical background of the politicisation of European integration.

The scholarly literature on the impact of economic crisis on politicisation of European integration varies among different schools of thought. Some scholars claim that the economic crisis has created a ‘cosmopolitan moment’ (Beck 2000) where national debates and European debates have been integrated (Risse 2014). Secondly, it is argued that the Eurozone crisis had led to an extraordinary level of politicisation (Statham and Trenz 2013) since many actors have been involved in the process and also demonstrations against the process. The third argument underlines that the main discussion, which mostly compares the level of politicisation in the economic crisis to previous integration debates, is based on

the conflict over redistribution both within and across member states (Statham and Trenz 2013). Long story short, all theoretical arguments have common ground in claiming that the euro crisis had intensely politicized European integration. A comparative work done by Hanspeter Kriesi shows that European governments, regardless of their ideological stance, have been punished in national elections after the crisis (Kriesi 2014). For this paper the main point is the theoretical connection between politicisation of European integration and EU issue voting. The next section will go through the literature on EU issue voting. It is important to establish the link between further politicisation of European integration and the vote.

Conceptualization of EU issue voting in Southern Europe and Ireland

What is the scope of EU issue voting in Southern Europe? To what extent do attitudes towards European integration influence the vote in European Parliament elections? Even if the vote share of Eurosceptic parties is not as high as in other countries, especially looking at the right side of the political spectrum, the impact of European integration can still be detected? Here it is important to underline that the discussion related to the impact of European integration in electoral dynamics did not start with the economic crisis. In the beginning of the 2000s, the gap between political elites and citizens had been extended, and European societies started to react and push back the elite-driven integration process. The Dutch and French referendums on the European Constitutional Treaty were clear indicators of the end of permissive consensus (Hooghe and Marks 2006, de Vries 2007, Hooghe and Marks 2009). Hooghe and Marks (2006) claimed that this

permissiveness was converted into a “constraining dissensus.” Because the permissive consensus no longer exists, the impact of the EU issue can be investigated to explain electoral competition both in national elections and the EP elections (van der Eijk and Franklin 1996, Tillman 2004, van der Eijk and Franklin 2004, de Vries 2007). According to van der Eijk and Franklin, a number of voters have preferences related to the EU; however, they do not have the platform to express these preferences. In other words, voters think differently about the EU, but there is no suitable choice option supplied by existing political parties. It is also underlined that voters are ready to voice their preferences concerning pro-/anti-European integration; nevertheless, political parties prefer to compete over the left/right dimension since this dichotomy already exists. In short, for the last decade voters were already differentiated in their attitude towards European integration. If preferences related to European integration play a role in casting a vote, this process can be defined as EU issue voting. This approach suggests that voters’ views on European integration drive their vote to some extent. Research demonstrates that the degree of influence of voters’ positions on European integration on their vote varies cross-nationally depending both on the issue salience and on the availability of viable offers from the supply side (Tillman 2004, de Vries 2007, de Vries and Edwards 2009). Various scholars have shown that attitudes towards European integration can influence party choice in national elections (Evans 1998, Gabel 2000, Tillman 2004, de Vries 2007, de Vries and Edwards 2009). In her 2007 article, de Vries investigates EU issue voting in four countries’ national elections (UK, Denmark, Netherlands, and Germany), concluding that EU issue voting is prominent in Denmark and the UK (de Vries

2007). In her paper she argues that EU issue voting is conditional on the degree of EU salience among voters and the extent of partisan conflict over Europe. Later, the same author revisits the idea from the supply side this time and investigates the impact of EU issue voting on parties' electoral success (de Vries 2010). Garry et al. on the other hand, asked the question "are referendums on EU treaties decided by voters' attitudes to Europe (issue-voting) or by voters' attitude to their national government?" opening up the discussion to another theoretical explanation that is used in elections related to Europe (Garry, Marsh et al. 2005)

A different theory to explain voting behaviour in European Parliament elections centers on domestic political dynamics. According to the theory, some elections are perceived as second-order national elections since there is less at stake, including the EP elections. The distinction between important first-order elections (FOEs) and less important second-order elections (SOEs) dates back to Reif and Schmitt in the case of European Parliament elections (Reif and Schmitt 1980). Likewise, the same approach was first proposed and used in the United States for midterm elections. "Surge and decline" theory (Campbell 1960), followed by "referendum theory" (Tufte 1975) and "cyclical model of presidential popularity" (Stimson 1976) were used to explain the first-order theory. In Europe, various scholars amended the second-order theory afterwards (Dinkel 1978, Reif 1984, Norris and Reif 1997, Marsh 1998, Ferrara and Weishaupt 2004, Hix and Marsh 2007). According to Schmitt and Toygür, the 2014 European Parliament elections are still second-order national elections (Schmitt and Toygür 2016). Following this logic, this can be expected to be the case in Southern European elections as well.

Even if this assumption holds, the politicisation of European integration will have an impact on both national and European elections since they have been harmonized in light of current challenges (Risse 2014).

So, the main question stands: Can voting behaviour in European Parliament elections be explained by voters' attitude towards European integration (the EU issue-voting)? This work builds on the existing literature, mainly testing the following hypotheses:

H1: The distance between voters and parties on the EU integration scale is expected to have a greater impact on the EP vote during the crisis and in the post-crisis period than before.

H2: The distance between voters and parties on the left/right scale is expected to have a smaller impact on the EP vote during the crisis and in the post-crisis period than before.

As it is already known from the literature, in every election issues, leaders, and partisan attachments play an important role while casting a vote. In European Parliament elections, leaders do not usually play a significant role.²⁵ For this reason no variable related to leadership was introduced in the model. European Union integration and left/right dimensions are independent and orthogonal, since Hix and Lord claimed the Eurosceptics or Eurocritics exist both on the left

²⁵ With *Spitzenkandidaten*, candidates for the president of the European Commission, this can change in the future. However, for the time being, the impact is limited (Schmitt, H., et al., 2015).

and right side of the ideological spectrum based on the study they conducted on voting behaviour of the Members of the European Parliament (MEPs) (Hix and Lord 1997). For this reason, both left/right and European integration dimensions are included in the model.

Methodology and data

In order to test the relationship between the vote and the distance between voters' positions and average of parties' positions on a European integration, individual-level survey data from the 2004, 2009, and 2014 European Election Studies (EES) will be employed. EES are post-electoral surveys with representative samples in each EU member state (Schmitt, Bartolini et al. 2009, Egmond, van der Brug et al. 2013, Schmitt, Hobolt et al. 2015). The data provides the opportunity to explore the degree of EU issue voting before, during, and after the economic crisis. EES data includes information on voters' self-perceptions and party perceptions of EU positions as well as left/right positions. In addition, it has all the socio-economic control variables that could be needed. In this regard the dataset provides us the opportunity to compare all the cases over time, since it includes more or less the same set of questions for each election.

The empirical analysis examines the existence and extent of EU issue voting in European Parliament elections, employing a conditional logit (CL) regression model. Conditional logit model allows us to use not only case specific independent variables but also alternative specific ones. This models the impact of the distance between voters' self-placement and their mean party placement

regarding European integration on vote choice for 2004, 2009, and 2014. The data set is “stacked,” reshaping the data matrix from wide to long formats for each country separately (Van der Eijk 2002, van der Eijk, van der Brug et al. 2006). The dependent variable is party choice, which is a categorical variable with multiple values. For this reason ordinary least squares (OLS) regression is inappropriate (Alvarez and Nagler 1998, Alvarez and Nagler 2000). As already said, CL regression model allows us to introduce both alternative specific and case specific variables (McFadden 1974). In this model, what is investigated is how the characteristics of political parties (i.e. their positions on European integration relative to voter’s position) can influence the vote choice within a spatial framework. For this reason, a conditional logit is employed instead of a multinomial logit, which focuses on individual voters rather than issue positions of political parties.

Following the literature on voting behaviour, the distance between the voter and the party on a given issue is expected to have an impact on the vote cast in an election if that issue is important for the voter. Table 5.4 provides the descriptions of the variables. For the purpose of this paper, the distance between the self-placement of the voter and average perception of the political party is calculated, both for the left/right dimension and the European integration dimension. These two variables are the main predictors of the model – controlled for socio-economic variables such as age, education and gender. Government approval is also included to the model since previous research suggests that voting behaviour in the European Parliament is based on national considerations (Reif and Schmitt

1980). Perception of the economy is also added to the model since this work claims politicisation of European integration has been increased with the Eurozone crisis.

Table 5.4: Description of dependent and independent variables

Dependent Variable	
Vote choice	Vote choice for a particular party in a given election
Independent Variables	
Left/right distance	Operationalized by subtracting a respondent's self-placement from the average position of the party on an eleven-point ideology scale (where 0 indicates left and 10 indicates right).
EU distance	Operationalized by subtracting a respondent's self-placement from the average position of the party on an eleven-point European integration scale (where 0 stands for "European unification has already gone too far" and 10 stands for "European unification should be pushed further").
Control Variables	
Age	Respondent's age at the time of a specific election
Gender	Respondent's gender (0=male, 1=female)
Religiosity	Respondent's church attendance (0=no church attendance, 3=the most frequent church attendance)
Education	Respondent's level of education (0=low education, 1=high education)
Union membership	Respondent's union membership (0=not union member, 1=union member)
Government approval	Approval of respondent's government (0=disapproval, 1=approval)
Perception of the economy	Retrospective and sociotropic perception of the economy. Operationalized by recoding the responses from the question: "What do you think about the economy? Compared to 12 months ago, do you think that the general economic situation of this country is a lot better (=5) to a lot worse (=1).

The following section will present the empirical results. Appendix two provides a list of all political parties that are included in this analysis for the 2004, 2009, and 2014 elections.

A comparative analysis of voting behaviour in Southern Europe and Ireland

The EU issue voting hypothesis, which claims voters will vote for the party that resembles their attitude towards European integration (i.e. smallest distance) is tested. The existence of EU issue voting can be observed in negative and statistically significant conditional logit coefficients for EU distance. In other words, a smaller distance should indicate a higher probability to vote for that party. Table 5.5 presents the results of full models for three points in time, namely the 2004, 2009, and 2014 elections.

Table 5.5: Exploring the interaction between the vote and EU distance

	Greece			Ireland		
	2004	2009	2014	2004	2009	2014
Left/Right distance	-0.61*** (-0.06)	-0.49*** (0.04)	-0.62*** (0.04)	-0.42*** (-0.05)	-0.25*** (0.07)	-0.53*** (0.06)
EU distance	-0.08 (0.07)	-0.14*** (0.04)	-0.16** (0.06)	-0.06 (0.08)	-0.14* (0.07)	-0.06 (0.31)
	Italy			Portugal		
	2004	2009	2014	2004	2009	2014
Left/Right distance	-0.65*** (0.04)	-0.67*** (0.07)	-0.62*** (0.06)	-0.49*** (0.06)	-0.54*** (0.06)	-0.60*** (0.07)
EU distance	-0.23*** (0.07)	-0.09 (0.11)	-0.38*** (0.10)	-0.001 (0.11)	-0.09 (0.10)	-0.59* (0.19)
	Spain					
	2004	2009	2014			
Left/Right distance	-1.18*** (0.12)	-0.45*** (0.05)	-0.45*** (0.06)			
EU distance	0.17 (0.19)	0.10 (0.13)	0.15 (0.27)			

Source: European Election Studies 2004, 2009 and 2014.

Notes: Table entries are conditional logit regression coefficients with standard errors in parentheses. The dependent variable is respondent's vote choice for a particular party in a given election. The coefficients are estimated with full models that are already described.

*** significant at $p < 0.001$, ** significant at $p < 0.01$, * significant at $p < 0.05$

Due to space limitations, the table will provide only CL estimates for EU distance (main explanatory variable) and left/right distance. Still, the models are fully specified, including socio-economic variables, government approval, and perception of the economy. The results provide clear support for the EU issue voting hypothesis, with negative and statistically significant coefficients in two countries, even when the model is controlled for national considerations, such as government approval or perception of the economy. In the case of Greece, there are significant results supporting the hypothesis during post-crisis elections, while in the case of Italy, EU distance was statistically significant during the 2004 and 2014 elections. On the contrary, any trace of EU issue voting in Spain cannot be found. Ireland and Portugal, both of which only had one election, significantly, even if it is borderline significant, show traces of EU issue voting. In all countries and elections, left/right distance is negative and statistically significant.

Concluding remarks

Until very recently, Southern European countries were identified as pro-European, since the mainstream parties and citizens shared a positive consensus on European integration, while anti-European sentiments were mostly demonstrated by the radical parties of the right and the left. The situation began to be questioned in the post-crisis period since the critical role that the EU played during the crisis, with bailout packages and austerity measures, changed the public perception of the EU. For Southern European radical left parties, anti-austerity positions had positive electoral outcomes. This work questioned this equilibrium from the demand side by asking the following question: Can attitudes towards

European integration shape voting behaviour in European Parliament elections? In this paper this question has been assessed using cross-national data from the European Election Studies (2004, 2009, and 2014). Economically troubled Southern European countries, Spain, Portugal, Italy, and Greece, as well as Ireland have been examined as case studies wherein similarities regarding the economic crisis and the differences in their electoral context have been discussed. This study began with the expectation that party choice in European elections is decided, at least to some extent, by attitudes towards European integration. It has been operationalized measuring the impact of EU distance on vote choice. The expectation was that explanatory power of this variable increased for the post-crisis period. The empirical model, using a condition logit regression model and exploring both case specific and alternative specific variables, demonstrates the existence of EU issue voting, at least in some of the selected countries.

The findings suggest that there are certain differences in the explanatory power of the EU distance variable when it is related it to the vote. In 2004 the only significant impact can be observed in Italy. However, after the crisis began in 2008, the impact became visible in Greece as well. In the 2014 elections, the EU distance was a powerful explanatory variable both in Greece and Italy. In Portugal the CL coefficient became borderline significant, which requires further research. Spain has remained immune to the impact of the EU distance variable, or the impact is invisible throughout these analyses.

So, what can be the reason for this immunity? Here are some possible projections. First of all, it can be assumed that the issues related to the economic crisis or austerity measures were not considered as EU issues but rather left/right issues. To be more concrete, regulations related to the economy fit better in the left/right spectrum. The second explanation fits the second-order theory, which claims that European Parliament elections are second-order national elections, which means that national concerns play a role in voting behaviour. Even if they are more harmonized than ever, it is still national dynamics that play the most important role. For better analysis, issue salience should be introduced.

Appendix

Appendix Table 5.1: Eurosceptic parties in Western Europe (Voters' Average Placed into EP Groups)

Country	Party Abb.	Party Name in English	EU Integration Position	Vote 2014 (%)	Vote 2009 (%)	EP Group (2014)	Seats (2014)
AT	FPÖ	Austrian Freedom Party	3,59	19,72	12,71	NI	4
	BZÖ	Alliance for the Future of Austria	4,06	0,47	4,58	-	-
BE	VB	Flemish Interest	3,96	4,26	9,85	NI	1
	PTB-go!	Workers Party of Belgium	4,67	2	0,43	-	-
DK	Dansk Folkeparti	Danish People's Party	4,06	26,6	14,8	ECR	4
	Folkebevægelsen mod EU	People's Movement against the EU	3,62	8,1	7	GUE/NGL	1
FI	PS	True Finns	3,32	12,9	14 (Coal.)	ECR	2
	VAS	Left Wing Alliance	4,97	9,3	5,9	GUE/NGL	1
FR	FN	National Front	3,65	24,86	6,3	NI	23
	DLR	Arise the Republic	4,61	3,82	1,77	-	-
	NPA	New Anticapitalist Party	4,68	0,3	4,9	-	-
DE	AfD	Alternative for Germany	3,17	7,1	-	ECR	7
	Piraten	Pirates	4,63	1,4	0,9	Greens/EFA	1
EL	XA	Golden Dawn	4,02	9,39	-	NI	3
	KKE	Communist Party of Greece	4,06	6,11	8,35	NI	2
IE	-	-	-	-	-	-	-
IT	M5S	Five Star Movement	4,88	21,15	-	EFDD	17
	Lega Nord	Northern League	4,64	6,15	10,2	NI	5
LU	ADR	Alternative Democratic Reform Party	4,21	7,53	7,37	-	-
NL	PVV	Party of Freedom	2,19	13,32	16,97	NI	4
	SP	Socialist Party	4,71	9,6	7,1	GUE/NGL	2
PT	-	-	-	-	-	-	-
ES	ERC	Catalan Republic Left	4,94	4,01 (Coal.)	-	Greens/EFA	2
SE	SD	Sweden Democrats	2,74	9,67	3,27	EFDD	2
	VP	Left Party	4,12	6,3	5,66	GUE/NGL	1
UK	UKIP	United Kingdom Independence Party	3,83	26,77	16,09	EFDD	24
	Con	Conservative Party	4,99	23,31	27	ECR	19

Source: European Election Study 2014 (for EU integration scores) and EP 2014 official results (for votes, groups and seats).

Appendix Table 5.2: Political parties included in the analysis (2004, 2009 and 2014)

Country	Abb.	Name in English	Party Category	Founded
Greece	ND	New Democracy	Liberal conservatism Christian democracy	1974
	PASOK	Panhellenic Socialist Movement	Social democracy	1974
	KKE	Communist Party of Greece	Communism	1924
	SYN	Coalition of Left	Radical new left	1991
	LAOS	Popular Orthodox Rally	Right wing populism	2000
	SYRIZA	Coalition of the Radical Left	Democratic socialism Anti-globalisation	2004
	OP	Ecologist Greens	Green Politics	2002
	XA	Golden Dawn	Nationalism Far-right politics	1985
	ELIA	Olive Tree	Social democracy	2014
	To Potami	The River	Social liberalism	2014
	ANEL	Independent Greeks	National conservatism Euroscepticism	2012
Italy	L'Ulivo	The Olive Tree	Centre-left	1995
	FI	Forza Italia	Liberal conservatism Christian democracy	1991
	AN	National Alliance	Conservatism	1995
	PRC	Communist Refoundation Party	Communism	1991
	UdC	Union of the Centre	Christian democracy	2002
	LN	North League	Regionalism Euroscepticism	1991
	PdL	The People of Freedom	Christian democracy	2009
	PD	Democratic Party	Social Democracy	2007
	IdV	Italy of Values	Centrism, Anti-corruption	1998
	M5S	Five Star Movement	Anti-establishment Eurosceptic	2009
	NCD	New Centre-Right	Christian democracy	2013
	SEL	Left Ecology Freedom	Democratic socialism	2010
Ireland	FF	Fianna Fail	Conservatism	1926
	FG	Fine Gael	Liberal conservatism Christian democracy	1933
	GP	Green Party	Green politics	1981
	Lab	Labour Party	Social democracy	1912
	SF	Sinn Fein	United Ireland Democratic socialism	1905 (1970)
	SP	Socialist Party	Social democracy	1996
Portugal	PS	Socialist Party	Social democracy	1973
	PSD	Social Democratic Party	Liberal conservatism	1974
	CDS-PP	People's Party	Christian democracy National conservatism	1974
	BE	Left Bloc	Socialism	1999
	CDU	Democratic Unity Coalition	Communism Eco-socialism	1987
	PCP	Portuguese Communist Party	Communism	1921

	PEV	Ecological Party The Greens	Eco-socialism	1982
	MPT	Earth Party	Green politics Centre-right	1993
	PP	People's Party	Christian democracy National conservatism	1989
	PSOE	Spanish Socialist Workers' Party	Social democracy	1979
	IU	United Left	Socialism, Communism	1986
Spain	CiU	Convergence and Union	Catalan nationalism	1978 (2001)
	ERC	Republican Left of Catalonia	Separatism Democratic socialism	1931
	UpYD	Union, Progress and Democracy	Centralism	2007
	Podemos	We Can	Democratic socialism	2014

Chapter 6.

Conclusions

There will be no peace in Europe if the States rebuild themselves on the basis of national sovereignty, with its implications of prestige politics and economic protection. They must have larger markets. Their prosperity is impossible, unless the States of Europe form themselves in a European Federation.

Jean Monnet, 5 August 1943

A short summary of the idea

The establishment of the European Community has been one of the most important projects of our time. In addition to securing peace, political elites initiated European integration in the 1950s to further economic prosperity in the continent. Until the late 1980s, the process of integration was elite-driven and rather smooth. When the Treaty of Maastricht was signed in 1992, integration turned political, which beget existential discussions. With the completion of the Single European Market in 1993 and with the agreement on an Economic and Monetary Union (EMU) in 1999 - which involved the creation of a European Central Bank (ECB) and a common currency (the euro) – the European Union’s

influence on member states' national dynamics increased significantly. For these reasons, the European project became an entity expanding beyond the scope of its initial reason for creation. Furthermore, with enlargement waves, different regions of the European continent were included in the map of the European Union. With all this widening and deepening, the politicisation of European integration in public debates increased. Throughout this history, politicisation has peaked at different moments. These include the introduction of the common currency euro, Eastern enlargement, and ratification of the Lisbon Treaty. This work particularly focuses on the economic crisis as a catalyser among all these processes and asks, *does Europe matter more in electoral dynamics today?* It investigates the changing relevance of European integration both from the supply and the demand side of the equation. On the one hand, Western European member states have been taken as case studies in party system analyses. On the other, Southern European countries were used in voting behaviour models. Similarities, as well as differences, among these countries will be underlined. Since regional dynamics, political culture, and heritage play an important role in electoral dynamics; the analyses have been region-specific in both cases.

Thus, this leads to the following question: What are the electoral consequences of the politicisation of European integration in times of economic crisis? To answer this question, it is important to interpret politicisation. In general, politicisation can be defined as “expansion of the scope of conflict within the political system” (Grande and Hutter, 2016, p. 7). Even if the concept has been discussed by various scholars in different forms (Schmitter 1969, de Wilde and Zürn 2012), the

consensus includes three conceptual dimensions: issue salience, actor expansion, and actor polarization (de Wilde, Leupold et al. 2016, Kriesi 2016). It is also crucial to link politicisation of European integration to the bigger picture of globalisation and transformation of political conflict in Western Europe (Grande and Kriesi 2015). This work uses the politicisation of European integration during the Eurozone crisis as a framework for measuring the impacts of politicisation on electoral dynamics. It is not a coincidence that the concept of politicisation has been selected to further explain the intensification of “Europe” on the discourse of elections. Integration steps that can be taken as further transfer of authority – which in this case is the authority related to economic governance – are the most accurate occasions for the politicisation of European integration (Hutter, Grande et al. 2016). The main reason behind this selection is the combined impact of all major integration steps and the transformation of cleavages in Western Europe thanks to further denationalisation and globalisation (Kriesi, Grande et al. 2008, Kriesi, Grande et al. 2012). In other words, it is not only Euroscepticism, for example, in the narrower sense that affects party systems in member states but instead the long-term politicisation of integration together with the general globalisation trend in Europe (and in the world). Taking this entire framework into account, the following section summarises the main findings of one descriptive and two empirical chapters of the thesis. The descriptive chapter deals with the story of the economic crisis, while empirical chapters look into detailed dynamics of party systems and elections.

Main findings

The research covered in this work began with the assumption that after all major integration steps, the impact of “Europe” should matter more in electoral dynamics. Even if the time span included in this work mostly focuses on explaining pre-/post-Eurozone crisis, all the dynamics that led to European Union of today have been acknowledged in the background. For testing the hypotheses related to party system change and electoral behaviour in Europe, there are two main empirical chapters in this work. The first one deals with the changes in Western European party systems, while the other measures the possible impact of European integration on the vote. In democratic systems, elections are perceived as the most institutionalised opportunity to articulate political opinions, both for the voters and for the political parties that mobilise these opinions. It is expected that citizens’ attitudes towards European integration will be reflected in their vote. Meanwhile, party systems are expected to change thanks to further mobilization of these new structural cleavages.

Before going further into the empirical chapters of this work, it is important to summarise what has been argued in Chapter 3. The causes of the economic crisis in Europe were discussed, giving special focus to Southern European countries and Ireland, and analysing the effects of the crisis on electoral dynamics with special reference to European integration. The main reason for the case selection is to provide background information for Chapter 5, where voting behaviour in these five countries are taken into consideration. Chapter 3 started by explaining the differences between a debt crisis and a banking crisis, which is a key issue for

exploring the Eurozone crisis, understanding the details of governments' economic management decisions and underlining the differences between the case countries. Using this background information, main causes of the European sovereign debt crisis are also explored. In this discussion, the first argument for the causes of the crisis was entry into a monetary union, which made the flow of cheap credit from Northern to Southern European countries possible and created massive current account imbalances within the Union. The second argument was the sudden stop of cross-border lending due to the economic crisis in the United States and the accompanying economic deterioration, which made funding for the Southern countries depending on it very difficult. The third argument, which was policy failures and lack of coordinated adjustment mechanisms in EMU, worsened the crisis and could not prevent it from becoming a contagion. After exploring the main reasons of the crisis, Chapter 3 then elaborated on the specific circumstances in economically troubled Southern European countries, namely Greece, Italy, Portugal, and Spain, as well as Ireland, through case-by-case reviews and discussed the specific causes and effects of the crisis in these countries.

As a result of the economic crisis, the aforementioned countries had to implement austerity measures to reduce their budget deficits. Additionally, Greece, Ireland, and Portugal were bailed out, with severe economic adjustment programmes imposed on them. In Chapter 3, it was suggested that the austerity measures, including tax increases, reduction in public sector wages and employment, worsening of working conditions, and increase in the retirement age, gave rise to anger and frustration within societies and decreased citizens' trust of

representative institutions. In Ireland and Portugal, in the first elections after the austerity measures were imposed, the incumbents were punished, but the political system stayed stable. In Greece, Spain, and Italy, new political movements and parties emerged in the political sphere. They also affected the discourse of traditional mainstream parties and changed the fundamental features of party systems in these countries.

Focusing on the already mentioned party systems, Chapter 4 analysed the impact of the politicisation of European integration on these systems. This chapter revisited the analysis of Peter Mair, comparing format and mechanics of party systems within Western European member states. In 2000, Peter Mair looked at the format and mechanics of party systems of fifteen Western European countries using the party positioning data by Leonard Ray (Ray 1999). As already stated, the *format* of a party system can be described as the number of relevant parties in the electoral arena. The *mechanics* of a party system, on the other hand, are concerned with the modes of interaction between the related parties. According to his logic, a certain increase in the effective number of parties can be taken as a sign of party system change. This work retested all his hypotheses with recent data. He concluded that “Europe” has a limited impact on national party systems for various reasons. The main causes mentioned in his paper, the limits of the spillover effect, the absence of a European party system, and the differences between electoral arenas will be discussed in detail in the following section. Chapter 4 replicated his analysis with recent Chapel Hill expert survey data (Bakker, Edwards et al. 2015), providing electoral information using the same

classification among national parties— strongly pro-European integration, strongly anti-European integration, and neither strongly pro- nor strongly anti-European integration—as well as offering the existing literature on party system indicators, their change, and the attributed reasons behind this change.

In Chapter 4 there were two main hypotheses replicating Mair’s analysis. The first hypothesis anticipated a certain increase in the effective number of parties due to the politicisation of European integration in times of economic crisis. The second hypothesis aimed to establish the link between issue polarization and volatility. The main reason behind this analysis was to measure the impact of issue polarization of European integration on party system change. The electoral change, measured by volatility, can be taken as an indicator of party system change as well (Mair 1997, Pennings 1998, Donovan and Broughton 1999). From this point the chapter tested the impact of issue polarization of European integration on volatility, finding a positive and significant impact. The analysis could also be repeated changing the dependent variable to “Type A” volatility only, which is volatility caused by new party entry and old party exit (Powell and Tucker 2014). This idea should be developed further in the future.

Chapter 5 examined the impact of European integration on voting behaviour in European Parliament (EP) elections using European Elections Studies (EES) datasets. Datasets from the 2004, 2009, and 2014 elections were used in an assessment of the pre-/post-crisis period. Southern European countries and Ireland were taken as case studies. The main hypothesis claims that the distance

between voters and parties on the EU integration scale is expected to have a greater impact on the EP vote in the post-crisis period than before. For testing this hypothesis, conditional logit discrete choice models were employed. These models allow us to use not only case specific independent variables but also alternative specific ones. The impact of the distance between voters' self-placement and their mean party placement regarding European integration on vote choice has been modelled. The data set is "stacked," reshaping the data matrix from wide to long formats for each country separately (Van der Eijk 2002, van der Eijk, van der Brug et al. 2006). When the results were explored, it was observed that in some countries the distance variable of European integration had a negative and significant coefficient, while in some others, like Spain, the left/right dimension was still the main explanatory variable. Further country-specific research is required to fully understand the situation in these countries. All in all, both empirical chapters conclude by demonstrating, at least in some cases, the significant impact of European integration on electoral dynamics. Still, further discussion on the existence of European integration as an "issue" for citizens is needed. This will also enrich the conceptual understanding of EU issue voting.

European integration in the 21st century: What has changed?

The limits of spillover and the absence of a European party system

In his 2000 paper, Peter Mair claimed that the main reasons behind the lack of European integration's direct impact on national party systems are the limits of spillover and the absence of a European party system. Today, this idea requires further discussion. First of all, it is important to highlight that direct election to

the EP, starting from 1979, is an important cornerstone of democratic representation in the EU. It opened a whole new arena for electoral representation and created another incentive for political parties. However, there has always been a problem growing deeper throughout the years. The turnout in the EP elections has been low, trending downward in all elections. Many scholars have been trying to explain the reasons behind this phenomenon (Franklin 2001, Flickinger and Studlar 2007, van der Eijk and van Egmond 2007). While discussing the limited impact of Europe on the national arena, Mair underlined two main assumptions. The first claims that national political parties are “gatekeepers”. He argued that they “rehearse” national politics once again within the European electoral arena. Even the profiles of the EP candidates support this claim. National political parties mostly choose people that have been serving in the national arena and remain connected to their parties, instead of based on real interest, knowledge, and dedication to European politics. Without any doubt, the “gatekeeper” claim also comes from the discussion of the second-order character of EP elections. As mentioned by Reif and Schmitt (Reif and Schmitt 1980), and also restated by Schmitt and Toygur very recently (Schmitt and Toygür 2016), EP elections tend to be second-order national elections in which people vote with national concerns. In short, he claims that both parties and voters perceive the European arena as a repetition of the national arena.

According to the logic of this work, EP elections should become “less” second-order when the new conjuncture of Europe is taken into consideration in times of further politicisation of European integration. Further, there is an alternative way

of thinking. Even if EP elections are still second-order, which means that parties are competing in national dimensions and also voters are voting in line with that, the national arena is including more “Europe” today. This means that in any case, Europe should matter more in electoral dynamics, including European Parliament elections, even if the second-order elections theory is still valid. The spillover effect should support further politicisation of European integration in all elections.

The second argument of Mair is the absence of a European party system, which he claims is based on the inexistence of competition. According to him, this situation makes parties within the EP a “collection” of parties instead of a system with stable interactions (Mair, 2000, p. 38). Predictable patterns of competition are required for “Europarties” to be called a party system. Today the situation could be again discussed within the recent competition for an unofficial executive office. The Council has approved the party whose candidate is the winner of the 8th European Parliament elections, in the present case the European People’s Party’s (EPP) Jean Claude Juncker, to be the president of the European Commission (EC). Therefore, for the first time in the EP’s history, party candidates indirectly competed for the presidency, were elected by the votes of citizens, and were approved by head of states. Even if the citizens are not so aware of the fact that they can elect the EC President, future elections could be different (Schmitt, Hobolt et al. 2015).

Different arenas, different competences?

In his article, Peter Mair pointed out the necessity of distinction between different electoral arenas, the local/regional arena, the national arena, and the European arena. He also claimed that the division of issue responsibility did not emerge in the case of Europe like it did between regional and national arenas. In addition, he discussed the role of the EP, which changed with the Lisbon Treaty, in European decision-making in comparison to the effect of national governments through the Council(s). Mair stated that individual voters could transmit their preferences for European decision-making through the national governments, which is still valid today. However, he maintained his argument over the distinction of “issues” decided by the national arena and the European arena, which has been changing over the years. Today, national policy making has the influence of *Europe*, and it is not fully in the control of inter-governmental institutions, especially when it comes to economic policies. In short, with the economic crisis, the impact of European institutions on national policy making has been increased. The distinction between “national” issues and “European” issues has blurred in some specific areas. All in all, it is still true that as long as the intergovernmental dimension dominates (or at least has the same influence with) the supranational one, political parties will keep focusing on competing in the national arena, since they can control it better. However, it is also true that Europe increasingly restricts the policy manoeuvre of member state governments, which should be accepted by the political parties that would like to rule their countries.

Today, Europe itself is also way more visible in the national arena because of the blame-shifting attitude of national governments. In other words, discussions on European integration – mostly related to economic governance – are not removed from the national arena and depoliticized anymore, as Mair claimed in his paper. Today, Europe has a say that is also acknowledged by political leadership in domestic politics and often used for blame-shifting in the national arena (Vegetti, Poletti et al. 2013, Bellucci 2014, Vasilopoulou, Halikiopoulou et al. 2014). This claim that blame-shifting increases the level of politicisation of European integration should be investigated further in the future.

Future research agenda

European integration in times of crises has been a very popular topic for political scientists. Every major step taken has brought many existential questions with it. This time it was the Eurozone crisis that brought the future of European integration into question for scholars. One of the most important discussions here is the consequence of politicisation and its link to the future of European integration. It is clear that politicisation of European integration is part of a bigger discussion related to representative democracy in Western Europe. Kriesi et al. defined politicisation of European integration as a part of globalisation and a new cleavage that is called “integration-demarcation” (Kriesi, Grande et al. 2006, Kriesi, Grande et al. 2008, Kriesi, Grande et al. 2012). According to research related to globalisation or the process of denationalisation, as a result of globalisation there will be issues related to economic competition, cultural diversity, and political integration that require common reaction (Grande and

Kriesi 2015). According to Grande and Kriesi, Eurosceptic parties of the extreme right further exploit this cleavage. For this reason, all this research would be enriched if the literature on Euroscepticism were also included, mainly discriminating between different types of Euroscepticism, from the extreme left and from the populist right. In this regard, for the radical left, the main reaction to opening up borders relies on opposition to economic liberalisation. Meanwhile, the response of the right side of the political spectrum is mainly based on xenophobia and anti-immigration sentiments. Non-mainstream political parties challenge three mainstream party families, namely Christian democrats, socialists, and liberals. For this reason, replicating the same analysis with different types of party families will enrich the study.

As for future research, a case expansion would be useful for comparative reasons. Attitudes towards European integration are not only shaped by economic interests but also cultural perceptions (Diez Medrano 2003). They are not only defined by national culture but also regional experiences rooted in history (Hooghe and Marks 2004). For this reason, including different countries from different regions of the European Union into the analysis would be enlightening.

Last but not least, studying the populism literature and including populist appeal of anti-immigration sentiments into the analysis will be very important for the future research of European integration. It is clear that populist discourse is more visible than ever and will definitely hold a certain place in the future comparative research agenda of scholars. Therefore, prospective future works should include

theoretical thinking about the relationship between Euroscepticism, populism, and further politicisation of European integration. This attempt would enlighten the future understanding of the importance of “Europe” in national electoral dynamics; both at the supply level and the demand level.

Conclusiones en Castellano

No habrá paz en Europa si los estados se reconstruyen en base a su soberanía nacional, lo cual tendrá implicaciones tanto en su prestigio político como en su protección económica. Los estados europeos deben contar con un gran mercado. No prosperarán a menos que creen una Federación Europea.

Jean Monnet, 5 Agosto 1943

Un breve resumen

La creación de la Unión Europea ha sido uno de los proyectos más importantes de nuestro tiempo. Además de asegurar la paz, la integración europea se inició por parte de las elites en la década de 1950 para promover la prosperidad económica en el continente. Hasta finales de 1980, el proceso de integración era eminentemente económico y manejado por las elites. Cuando se firmó el Tratado de Maastricht en 1992, el proceso de integración europeo dio un salto cualitativo hacia una integración política, lo que implicó que surgieran discusiones de mayor profundidad. Posteriormente, la construcción del mercado único europeo en 1993 y el acuerdo sobre una Unión Económica y Monetaria (UEM) en 1999 trajeron consigo la creación de un Banco Central Europeo (BCE) y de una moneda común (el euro), lo que provocó que la influencia de la Unión Europea en la dinámica

nacional de los estados miembros aumentase significativamente. Por todo ello, el proyecto europeo se transformó en una realidad que iba mucho más allá de sus propósitos originales. Por otra parte, a través de las sucesivas olas de ampliación, los diferentes estados que conforman el continente europeo se han ido incluyendo dentro del mapa de la Unión Europea. Con esta ampliación y profundización, la politización de la integración europea en los debates públicos se ha incrementado. A lo largo de la historia se han producido diversos momentos álgidos en esta politización de naturaleza europea. Destacan la introducción del euro, la moneda común, la ampliación hacia los países del Este europeo y la ratificación del Tratado de Lisboa. Esta investigación se centra especialmente en la crisis económica como catalizador de todos estos procesos y se hace la siguiente pregunta: *¿importa más Europa hoy en las dinámicas electorales?* Se investiga la relevancia relativa de la integración europea en las elecciones, tanto desde la oferta como desde la demanda de la ecuación. Los estados miembros de Europa occidental han sido tomados como casos de estudio en el análisis de los sistemas de partidos. Por otro lado, los países del sur de Europa son utilizados en los modelos de comportamiento de voto. Se subrayarán no solo las similitudes, sino también las diferencias significativas entre todos estos países. Dado que la dinámica regional, la cultura política y la herencia juegan un papel importante en la dinámica electoral; los análisis se han hecho específicamente por región en ambos casos.

Entonces la pregunta es: ¿Cuáles son las consecuencias electorales de la politización de la integración europea en tiempos de crisis económica? Para responder a esta pregunta, es importante definir qué es la politización. En

términos generales, la politización se puede definir como “la expansión del alcance de los conflictos dentro del sistema político” (Grande y Hutter, 2016, p. 7). Aún cuando el concepto ha sido discutido por varios estudiosos de diferentes formas (Schmitter 1969, de Wilde and Zürn 2012), el consenso incluye tres dimensiones conceptuales: *issue salience*, *actor expansion* y *actor polarization* (Schmitter 1969, de Wilde and Zürn 2012). También es crucial establecer un vínculo entre la politización de la integración europea con el proceso de globalización y la transformación de los conflictos políticos en Europa occidental (Grande and Kriesi 2015). Este trabajo utiliza el marco de la politización de la integración europea en tiempos de crisis de la eurozona y mide el impacto de esta politización en las dinámicas electorales. No es una coincidencia que el concepto de politización haya sido seleccionado para explicar de un mejor modo la intensificación de “Europa” en los mensajes electorales. Los diferentes pasos en el proceso de integración, que se pueden entender como más y mayores transferencias de cotas de poder – las cuales en este caso se identifican con la autoridad relativa a la gestión económica – son situaciones perfectas para la politización de la integración europea (Hutter, Grande et al. 2016). La razón principal detrás de esta selección es un efecto combinado de todos los principales pasos de integración y la transformación de los *cleveages* en Europa Occidental debido a una profunda desnacionalización y a la globalización (Kriesi, Grande et al. 2008, Kriesi, Grande et al. 2012). En otras palabras, no sólo es el euroescepticismo, por ejemplo, en el sentido más estricto, lo que afecta al sistema de partidos en los estados miembros, sino que también una politización a largo plazo de la integración junto con la tendencia general de la globalización en

Europa (y del mundo). Teniendo todo esto en cuenta, en la siguiente sección se resumen las principales conclusiones de un capítulo descriptivo y dos capítulos empíricos de la tesis. El capítulo descriptivo trata la historia de la crisis económica mientras que los capítulos empíricos analizan en detalle la dinámica de los sistemas de partidos y las elecciones.

Hallazgos principales

Este trabajo comenzó con la idea de que teniendo en cuenta los importantes pasos que se han dado en el proceso de integración, “Europa” debería tener un impacto mayor en las dinámicas electorales de los Estados miembros. A pesar de que el intervalo de tiempo tratado en este trabajo se centra principalmente en la explicación pre-/post-crisis de la zona euro, también se han tenido en cuenta todas las dinámicas (históricas) que condujeron a la actual Unión Europea. Se han dedicado dos capítulos empíricos a discutir las hipótesis relacionadas con el cambio del sistema de partidos y del comportamiento electoral en Europa. El primero se ocupa de los cambios que se han estado produciendo en los sistemas de partidos de Europa occidental, mientras que el otro se centra en medir el posible impacto de la integración europea en el voto. En los sistemas democráticos, las elecciones son percibidas como la oportunidad de articular opiniones políticas, tanto para los electores como para los partidos políticos que movilizan estas opiniones. Se espera que las actitudes de los ciudadanos hacia la integración europea se reflejen en su voto, y al mismo tiempo se espera que los sistemas de partidos estén cambiando gracias a una mayor movilización de estos nuevos clivajes estructurales.

Antes de seguir adelante con los capítulos empíricos de este trabajo, es importante resumir lo que se ha discutido en el capítulo 3. Se expusieron las causas de la crisis económica en Europa, pero centrándose especialmente en los países del sur de Europa, y también se analizaron los efectos de la crisis en la dinámica electoral, con una referencia especial a la integración europea. La razón principal para la selección de los casos ha sido obtener información de base para el capítulo 5, donde se analiza el comportamiento de voto de estos cinco países. El capítulo 3 comenzó explicando las diferencias entre una crisis de deuda y una crisis bancaria, cuestiones que han sido clave para la exploración de la crisis de la zona euro, la comprensión de los detalles de las decisiones sobre gestión económica de los gobiernos y también para subrayar las diferencias entre los países estudiados. Toda esta información también se ha utilizado para analizar las principales causas de la crisis de deuda soberana europea. En esta discusión, el primer argumento fue la creación de una unión monetaria, lo que provocó que se facilitase el flujo de crédito barato desde los países del norte a los países del sur de Europa, lo que derivó en enormes desequilibrios en la cuenta corriente dentro de la unión. El segundo argumento fue la parada repentina del crédito transfronterizo debido a la crisis económica en los EE.UU. y el deterioro económico consecuente, lo que dificultó la financiación de los países del Sur al ser tremendamente dependiente de estos fondos. El tercer argumento, centrado en el fracaso de las políticas y la falta de mecanismos de ajuste coordinados dentro de la UEM, agravó la crisis y no pudo evitar el contagio. Después de explorar las principales razones de la crisis, el capítulo 3 se centra en analizar caso por caso, además de revisar y discutir, las circunstancias y efectos específicos de la crisis en los países con dificultades

económicas del sur de Europa, a saber, Grecia, España, Italia, Portugal, además de Irlanda que, pese a no estar geográficamente situado en el sur europeo, sí que padeció la crisis económica de igual manera que sus socios europeos del sur

Como resultado de la crisis económica, todos los países mencionados tuvieron que aplicar medidas de austeridad para reducir su déficit presupuestario. Además, Grecia, Irlanda y Portugal han sido rescatados a través de la imposición de severos programas de ajuste económico. En el capítulo 3, se sugirió que las medidas de austeridad, incluyendo aumentos de impuestos, reducción de los salarios y de empleo en el sector público, el empeoramiento de las condiciones de trabajo y el aumento en la edad de jubilación, provocaron el incremento de la ira y la frustración en la sociedad, lo que ha implicado un grave deterioro de la confianza política ciudadana en las instituciones representativas. Después de las primeras elecciones que se celebraron en Irlanda y Portugal, una vez se habían impuesto las medidas de austeridad, los partidos en el gobierno fueron castigados electoralmente, pero el sistema político se mantuvo estable. Por el contrario, en Grecia, España e Italia, surgieron nuevos movimientos y partidos políticos. Estos ejercieron un impacto en el discurso de los partidos tradicionales y provocaron un cambio en las características fundamentales de los sistemas de partidos en estos países.

Centrándonos en los sistemas de partidos ya mencionados, el capítulo 4 analiza el impacto que la politización de la integración europea ha tenido sobre ellos. A través del mismo se ha revisado el análisis de Peter Mair comprobando el formato

y mecánica del sistema de partidos de los estados miembros de Europa occidental. En el año 2000, Peter Mair analizaba el formato y la mecánica de los sistemas de partidos de quince países de Europa occidental utilizando los datos de posicionamiento de partido de Leonard Ray (Ray 1999). Como ya se ha indicado, el formato de un sistema de partidos puede ser descrito como el número de partidos relevantes en el ámbito electoral. La mecánica de un sistema de partidos, por otra parte, tiene que ver con los modos de interacción entre partidos. De acuerdo con su lógica, un cierto aumento en el número efectivo de partidos puede ser entendido como una señal de cambio del sistema de partidos. Mair llegó a la conclusión de que "Europa" tiene un impacto limitado en los sistemas nacionales de los partidos por diversas razones: los límites del efecto *spillover*, la ausencia de un sistema europeo de partidos y las diferencias entre las arenas electorales. Este investigación pretende testar la vigencia de los argumentos de Mair con datos más recientes. En el capítulo 4 hemos replicado el análisis utilizando los últimos datos de la encuesta de expertos en Chapel Hill (Bakker, Edwards et al. 2015), la cual proporciona información electoral usando la misma clasificación de partidos nacionales (fuertemente pro-integración europea, fuertemente anti-integración europea y ni fuertemente pro- ni fuertemente contrario a la integración europea), además en el capítulo también se revisa la literatura existente sobre los indicadores del sistema de partidos, el cambio y las razones atribuidas detrás de este cambio.

En el capítulo 4 hay dos hipótesis principales, las cuales replican el análisis de Mair. La primera hipótesis sugiere que cuanto mayor es la politización de la integración europea en tiempos de crisis económica, mayor es el aumento en el

número efectivo de partidos. El segundo objetivo es el de establecer el vínculo entre el *issue polarization* y la volatilidad. La razón principal detrás de este análisis es medir el impacto del *issue polarization* de la integración europea sobre el cambio del sistema de partidos. El cambio electoral, medido en base a la volatilidad, puede ser tomado como un indicador de cambio de sistema de partidos (Mair 1997, Pennings 1998, Donovan and Broughton 1999). Partiendo de este punto, este capítulo ha testado el impacto del *issue polarization* de la integración europea en la volatilidad y ha encontrado un impacto positivo y significativo. El análisis también se podría repetir cambiando la variable dependiente a “Tipo A” volatilidad, que es la volatilidad causada por la entrada de nuevos partidos y la salida de viejos partidos (Powell and Tucker 2014). Esta idea se desarrollará en futuras investigaciones..

El capítulo 5 examina el impacto de la integración europea sobre el comportamiento electoral en las elecciones al Parlamento Europeo. Se han utilizado las bases de datos de la *European Election Studies* (EES). Con el ánimo de cubrir el espacio temporal pre-/post-crisis se ha centrado en las elecciones de 2004, 2009 y 2014. Además, se ha tomado como casos de estudio los países del sur de Europa e Irlanda. En el capítulo 5 se plantea una hipótesis principal: se espera que la distancia entre los votantes y los partidos en la escala de integración de la UE tenga un mayor impacto en el voto al PE en el período posterior a la crisis que en el anterior a la misma. Para testar esta hipótesis, se emplean modelos logísticos condicionales de elección discreta. Estos modelos nos permiten utilizar no sólo las variables específicas a los casos como, por ejemplo, el impacto de la

distancia entre la auto-colocación de los votantes y su colocación media a los partidos en relación con la integración europea en la elección del voto. Cuando se analizaron los resultados, se observó que en algunos países la variable “distancia de la integración europea” tuvo un coeficiente negativo y significativo, mientras que en algunos otros, como España, la dimensión izquierda/derecha sigue siendo la principal variable explicativa. Son necesarios más estudios específicos para entender completamente la situación en estos países. Con todo, ambos capítulos empíricos confirman, al menos en algunos casos, el impacto significativo de la integración europea en la dinámica electoral. Todavía se necesita discutir más en torno a que la integración europea se haya convertido en un “*issue*” de relevancia para los ciudadanos, lo que también enriquecerá en un futuro la comprensión conceptual del voto temático de la UE.

La integración Europea en el siglo 21: ¿Qué ha cambiado?

Los límites del spillover y la ausencia de un sistema de partidos europeo

En su artículo de 2000, Peter Mair afirmó que las principales razones de la falta de un impacto directo de la integración europea en los sistemas nacionales de los partidos son los límites del *spillover* y la ausencia de un sistema de partidos europeo. Hoy esta idea requiere ser revisada. En primer lugar, es importante destacar que las elecciones directas al Parlamento Europeo, a partir de 1979, son una importante piedra angular en la representación democrática de la UE. Las elecciones han provocado la apertura de un escenario completamente nuevo para la representación electoral y han creado un incentivo para los partidos políticos. Sin embargo, siempre ha habido un problema que se ha ido haciendo más

profundo a lo largo de años. La participación en las elecciones al Parlamento Europeo ha sido baja; siguiendo la tendencia de baja participación en todas las elecciones no obstante. Muchos estudios han tratado de explicar las razones de este fenómeno (Franklin 2001, Flickinger and Studlar 2007, van der Eijk and van Egmond 2007); mientras se discute el impacto limitado de Europa en el ámbito nacional, Mair subrayó dos hipótesis principales. La primera de ellas afirma que los partidos políticos nacionales son "*gatekeepers*": los partidos "ensayan" la política nacional dentro de la arena electoral europea. Incluso los perfiles de candidatos al Parlamento Europeo apoyan esta afirmación. Los partidos políticos nacionales eligen mayoritariamente a personas que ya han ocupado previamente posiciones en sus partidos en el ámbito nacional y que van a permanecer siempre conectados a los mismos, en vez de elegir a candidatos que muestran un verdadero interés, conocimiento y dedicación a la política europea. Sin lugar a dudas, el término "*gatekeeper*" hace referencia también a la discusión sobre el carácter de segundo orden de las elecciones al PE. Como han mencionado Reif y Schmitt (Reif and Schmitt 1980), y también Schmitt y Toygur recientemente (Schmitt and Toygür 2016), las elecciones al PE tienden a ser entendidas como elecciones nacionales de segundo orden en las que las personas votan reflejando las preocupaciones nacionales. En pocas palabras, las dos partes, votantes y partidos, perciben el ámbito europeo como una repetición del ámbito nacional.

De acuerdo con la lógica de este trabajo, la interpretación de las elecciones al PE como de segundo orden debe reducirse cuando se tiene en cuenta la nueva coyuntura europea en tiempos de mayor politización de la integración europea.

Además, existe una forma alternativa de plantearlo. Incluso si las elecciones al PE siguen siendo de segundo orden, lo que significa que los partidos están compitiendo según dimensiones nacionales, y que también los votantes están votando de acuerdo a referencias nacionales, en la actualidad la arena nacional está incluyendo más “Europa”. Esto significa que, en cualquier caso, Europa debe ser más importante en la dinámica electoral, incluyendo las elecciones al Parlamento Europeo, incluso si la teoría de las elecciones de segundo orden sigue siendo válida. El efecto de *spillover* debe apoyar una mayor politización de la integración europea en todas las elecciones.

El segundo argumento de Mair es la ausencia de un sistema de partidos europeo, que, según él, está basado en la inexistencia de estructura de competencia. Esta situación los convierte en una “colección” de partidos en lugar de un sistema con interacciones estables (Mair, 2000, p. 38). Para que se pudiera configurar un verdadero sistema de partidos europeo se requerirían patrones predecibles de competencia a nivel europeo. Hoy en día la situación podría volver a discutirse con la reciente competencia por una oficina ejecutiva no oficial. El Consejo ha aprobado que el candidato del partido ganador de las elecciones del 8º Parlamento Europeo, el Partido Popular Europeo (PPE), Jean Claude Juncker, fuese investido como presidente de la Comisión Europea (CE). Por lo tanto, por primera vez en la historia, los candidatos de los partidos compitieron indirectamente por la presidencia, el presidente fue elegido por los votos de los ciudadanos, y más tarde fue aprobado por los jefes de estado. Incluso si los ciudadanos no son tan

conscientes del hecho de que pueden elegir al presidente de la CE, las futuras elecciones podrían ser diferentes (Schmitt, Hobolt et al. 2015).

Escenarios diferentes, ¿Competencias diferentes?

En su artículo, Peter Mair señaló la necesidad de distinguir entre diferentes escenarios electorales tales como el ámbito local/regional, el ámbito nacional y el ámbito europeo. También afirmó que la división del *issue* "responsabilidad" no surgió en el caso de Europa, como sí lo hizo entre los ámbitos regional y nacional. Además, analizó el papel del Parlamento Europeo, que ha cambiado con el Tratado de Lisboa, en relación a la toma de decisiones en Europa y en comparación con el efecto de los gobiernos nacionales a través del Consejo(s). Mair indicó que los votantes individuales podían transmitir sus preferencias en la toma de decisiones en Europa a través de los gobiernos nacionales, lo que sigue siendo válido en la actualidad. Sin embargo, mantuvo su argumento sobre la distinción de los "*issues*" que se influyen en el ámbito nacional y los que lo hacen en el ámbito europeo, que han ido cambiando con los años. Hoy en día, la política nacional está influenciada por Europa y no cuenta con control pleno de las instituciones intergubernamentales, especialmente cuando se trata de políticas económicas. En resumen, con la crisis económica, el impacto de las instituciones europeas en la formulación de políticas nacionales se ha incrementado. La distinción entre cuestiones "nacionales" y los temas "europeos" se ha difuminado en algunas áreas específicas. Con todo, sigue siendo cierto que, siempre y cuando la dimensión intergubernamental domina (o al menos tiene la misma influencia) la dimensión supranacional, los partidos políticos seguirán centrando la competencia

en el ámbito nacional, ya que la pueden controlar mejor. Sin embargo, también es cierto que Europa restringe cada vez más el margen de maniobra política de los gobiernos de los estados europeos; los partidos políticos que quieran gobernar sus países deben aceptarlo.

La propia Europa es mucho más visible en la arena nacional debido a la actitud *blame-shifting* de los gobiernos nacionales. Las discusiones sobre la integración europea –en su mayoría relacionadas con la gobernanza económica– ya no se pueden eliminar de la arena nacional ni despolitizarse, como Mair afirmó en su artículo. Europa tiene algo que decir en el ámbito nacional ya que sus proclamas son también reconocidas por los líderes de la política interna y, a menudo utilizadas en el ámbito nacional para culpar a otros (Vegetti, Poletti et al. 2013, Bellucci 2014, Vasilopoulou, Halikiopoulou et al. 2014). Esta afirmación, relativa a que el *blame-shifting* aumenta el nivel de politización de la integración europea, debe investigarse más en el futuro.

Agenda de investigación futura

La integración europea en tiempos de crisis ha sido un tema muy popular para la ciencia política. Cada paso importante que se ha dado ha traído al mismo tiempo muchas preguntas. Esta vez fue la crisis de la zona euro la que ha puesto el futuro de la integración europea en riesgo según los académicos. Una de las discusiones más importantes aquí es la consecuencia de la politización y su relación con el futuro de la integración europea. Está claro que la politización de la integración europea es parte de una discusión más grande en relación con la democracia

representativa en Europa Occidental. Kriesi et al. han definido la politización de la integración europea como parte de la globalización, generando así un nuevo clivaje llamado "integración-demarcación" (Kriesi, Grande et al. 2006, Kriesi, Grande et al. 2008, Kriesi, Grande et al. 2012). Como resultado de la globalización habrá cuestiones relacionadas con la competencia económica, la diversidad cultural y la integración política que requieren una reacción común (Grande and Kriesi 2015). Según Grande y Kriesi, los partidos euroescépticos de la extrema derecha son los que más se aprovechan de esta división. Por esta razón, toda esta investigación se enriquecería si se hubiera incluido también la literatura relativa al euroescepticismo, principalmente aquella que discrimina entre diferentes tipos de euroescepticismo, desde la extrema izquierda a la derecha populista. Para la izquierda radical, la reacción principal a la apertura de las fronteras se basa en la oposición a la liberalización económica; mientras que la extrema derecha se basa principalmente en la xenofobia y los sentimientos anti-inmigración. Los partidos políticos no convencionales desafían tres familias principales de partidos, a saber: cristianos demócratas, socialistas y liberales. Por esta razón, el hecho de replicar el mismo análisis con diferentes tipos de familias de partidos enriquecerá el estudio.

Pensando en futuras investigaciones, aumentar el número de estudios de caso sería útil por razones comparativas. Las actitudes hacia la integración europea no sólo están determinadas por intereses económicos, sino también por percepciones culturales (Diez Medrano 2003). Estas no sólo son definidas por la cultura nacional, sino también por las experiencias regionales que están arraigadas en su

historia (Hooghe and Marks 2004). Por esta razón, será revelador el incluir en el análisis los diferentes países de diferentes zonas de la Unión Europea.

Por último, pero no menos importante, el estudio de la literatura del populismo incluyendo el reclamo populista de los sentimientos anti-inmigración en el análisis va a ser muy importante para la futura investigación de la integración europea. Está claro que el discurso populista es más visible que nunca y sin duda va a conservar un lugar destacado en un futuro proyecto de investigación comparativa de los distintos estudiosos. Lo que los futuros posibles trabajos deben incluir es una reflexión teórica sobre la relación entre el euroescepticismo, el populismo, y una mayor politización de la integración europea. Este intento clarificará la futura comprensión de la importancia de "Europa" en las dinámicas electorales nacionales; tanto en el nivel de la oferta como en el nivel de la demanda.

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