

## 7 Economic Grievances, Political Grievances, and Protest

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### 7.1 The Relationship between Economic Grievances, Political Grievances, and Protest

Against the backdrop of widespread economic hardship during the Great Recession, the obvious starting point for this chapter is to ask whether there is a direct link between *economic grievances* and political protest. In line with grievance theory, many studies argue that there is no straightforward direct link between the experience of material hardship and political reaction. The type of link between the two has been contested in the literature for a long time, as both demobilizing and mobilizing effects are possible. Based on Jahoda's (1982) latent deprivation model and Rosenstone's (1982) 'withdrawal hypothesis', part of earlier research, argued that, for socio-economic and psychological reasons, economic grievances demobilize participation both in the electoral and in the protest arenas. At the individual level, citizens who struggle with everyday economic hardship may suffer from stigmatization and a depressed self-concept, or simply be preoccupied with making ends meet, thereby lacking the capacity for political engagement. In other words, the experience of unemployment can lead to *withdrawal* from political engagement (Solt 2008). At the aggregate level, scholars such as Mair (2006), Offe (2013), and Streeck and Schäfer (2013) have argued that the economic crisis alienates citizens politically not only via their own experience of hardship, but also by way of a collective experience of disempowerment. Accordingly, they have shown that the existing evidence of a generally demobilizing effect of economic grievances also holds at the aggregate level. Conversely, economic hardship is *more* conducive to political mobilization when citizens perceive the economic situation as unfair or unjust, when they believe that the situation can be changed (Klandermans et al. 2008), and when they blame others, for example the government, for economic outcomes (Arceneaux 2003). The very same economic condition may be *activated for* protest if citizens attribute the causes to factors outside their own control, and if

they believe that the authorities could do something about the situation (Incantalupo 2011; Aytac et al. 2016). Such perceptions of political action capacity and blame-attribution are most likely influenced by political entrepreneurs and organizations (Kriesi et al. 1995), which reinforce demonstration and band-wagon effects of protest mobilization (Kuran 1991; Kurer et al. 2018; Tarrow 1994). Social research also finds that demobilization is less pronounced when individuals experience a generalized, more widespread impact of grievances in their occupational peer group (Brand 2015; Oesch and Lipps 2013). In other words, the impact of economic grievances on protest – both at the individual and the aggregate level – crucially depends on the social and political context, which is often missed by analyses inspired by grievance theories which only examine the direct link between economic grievances and (de)mobilization.

The widespread protest activities across the advanced democracies in the wake of the Great Recession have revived a keen interest in these questions, i.e. in the extent to which – and the conditions under which – economic hardship has the effect of mobilizing contestation, as theorized early on by Geschwender (1968), Gurr (1970), and Schlozman and Verba (1979). Several more recent studies have indeed found evidence for direct mobilizing effects both at the macro- and the micro-level (Bernburg 2015; Burden and Wichowsky 2014; Charles and Stephens 2013; Galais and Lorenzini 2017; Kern et al. 2015; Lim and Sander 2013), in particular in reaction to a sudden and massive deterioration of the economic situation, which is precisely what occurred in the context of the Euro crisis (Kurer et al. 2018; Rüdiger and Karyotis 2014). ‘Movements of crisis’ (Kerbo 1982) have mobilized the economic grievances of their constituents, which are related not only to unemployment, but also to financial strain and worsening working conditions more generally, as Galais and Lorenzini (2017) have shown for the case of Spain.

In our analysis, which is located at the aggregate level, we rely on unemployment as the one indicator that most directly translates macro-economic performance to individual economic hardship for citizens and their families. With respect to the mobilization of protest, we have seen in Chapter 6 that it is relevant to distinguish different types of protest in terms of the issues articulated. In the present chapter, we start from the assumption that the link between economic grievances (as measured by unemployment) and protest depends on the type of protest considered. In an economic crisis, we expect a closer relationship of economic grievances with economic protest than with non-economic protest. This is by no means a self-evident expectation, as economic hardship could

Table 7.1. *Correlations between unemployment rates (economic grievances) and number and type of protest events (logged population weights), overall and by region*

| Type of protest event | All countries | North-western Europe | Southern Europe | Southern Europe (without Greece) | Central and eastern Europe |
|-----------------------|---------------|----------------------|-----------------|----------------------------------|----------------------------|
| All types of protest  | 0.23          | 0.14                 | 0.45            | 0.43                             | -0.03                      |
| Public economic       | 0.38          | 0.19                 | 0.52            | 0.53                             | 0.19                       |
| Economic              | 0.36          | 0.22                 | 0.52            | 0.53                             | 0.18                       |
| Private economic      | 0.10          | 0.13                 | 0.25            | 0.25                             | -0.02                      |
| Non-economic          | -0.25         | -0.14                | -0.52           | -0.51                            | -0.12                      |
| <i>N</i>              | 954           | 442                  | 192             | 160                              | 320                        |

just as well be mobilized and channeled in cultural terms, e.g. against immigration. Moreover, in the Great Recession, during which it was above all the public crisis management which was at issue, we expect an even closer relationship between economic grievances and *public* economic protest, i.e. with protest which is addressed to public authorities and refers to their crisis management (austerity policies in particular and economic and social policies more generally), than with *private* economic protest, which is addressed to firms and private employers (mostly labour conflicts or conflicts about the closure of plants). We shall also systematically distinguish between the three European regions, given that they have been quite differentially affected by the Great Recession (see Figure 1.1) and given that, during the Euro crisis, public economic protest increased above all in southern Europe (Figures 6.1 and 6.3). We shall analyse the case of Greece separately, because of its exceptional status that we have already identified repeatedly in the previous chapters.

Table 7.1 provides a first idea of the relationship between economic grievances and protest. It presents the bivariate correlation coefficients for the relationship between economic grievances and the various types of protest, overall and per region, based on biannual data.<sup>1</sup> As is shown by the first row in the table, the relationship between the economic grievances and all types of protest is positive overall and in north-western Europe (NWE) and southern Europe (SE), but not in central and eastern Europe (CEE), where it turns out to be slightly negative.

<sup>1</sup> We use biannual instead of monthly data in this analysis because our indicator for political grievances is available only biannually (see the text that follows).

While the positive relationship is rather modest in NWE, it is quite sizeable for SE (with and without Greece). Turning to the various types of protest, the relationship becomes positive and more sizeable for public economic protest in general and in every region, while it is negative for non-economic protest in all the regions. In other words, during the economic crisis, economic protests have crowded out non-economic protests across Europe. These preliminary results also show that in SE, the ‘movements of crises’ were most clearly related to economic grievances, while the corresponding relationships are only modest in the two other regions. The relationship for private economic protest is situated in between the two extremes, generally and in each region. That is, economic grievances gave only to a limited extent rise to private economic protest.

As argued more generally in Chapter 1, we expect particularly strong protest mobilization when economic and political grievances occur together. More precisely, we expect the impact of economic grievances on protest mobilization to be *mediated, as well as conditioned by political grievances*. By ‘political grievances’ we refer to negative evaluations of political actors and institutions by citizens, which are typically measured by the citizens’ dissatisfaction with the performance of political actors, institutional distrust, and the dissatisfaction with the way democracy works. Our argument emphasizes both causal pathways, indirect and interactive, as political grievances are to some extent a logical consequence of economic grievances, but they can also be an exogenous factor. The first, indirect, link refers to the fact that economic grievances are likely to *produce* political grievances to the extent that political actors are held responsible for the poor economic performance of a given country. Many studies have shown that distrust of the government and dissatisfaction with the way democracy works increase if citizens are dissatisfied with the economic performance of their country (see, e.g., Polavieja 2013; Quaranta and Martini 2016; Torcal 2014).

However, political grievances do not arise only from economic hardship. Political grievances may also be the result of poor political performance more generally (see Cordero and Simón 2016; Kriesi 2017). As a matter of fact, poor economic performance may not at all be the best predictor of political grievances. For example, Torcal (2014) shows for the cases of Spain and Portugal during the Great Recession that the main sources of political grievances (distrust in parliament) were the lack of responsiveness of their political institutions as well as the perceived corruption of the political elites. More generally, Magalhães

(2014) has demonstrated that, in democracies, political grievances are above all linked to government effectiveness, and Dahlberg and Holmberg (2014) have also shown that popular satisfaction with political institutions is closely linked to the quality of government performance.

Hence, we argue that, more than anything else, it is the *combination* of an economic and a political crisis that fuels economic protest in a country. The reason for this argument is that we expect economic grievances to result in protest only if citizens hold their governments responsible for the macroeconomic and political management of the crisis, and if they see their expectations unmet.

Analogous to economic grievances, we shall first analyse the bivariate relationship between political grievances and the various types of protest to check the direction of the direct link in Europe as a whole and in the three regions we consider. We measure political grievances with the share of citizens who are fairly/very dissatisfied with the way democracy works in their own country. This often-used indicator may have its disadvantages, but it is not so bad after all (Ferrin 2016).<sup>2</sup> We take this indicator from the Eurobarometer, which in principle provides biannual measures for it.<sup>3</sup> Table 7.2 presents the bivariate relationship between political grievances measured in this way and the various types of protest.

The first row again demonstrates the relationship for all types of events. This relationship is strongly positive in NWE, where protest has generally increased with political dissatisfaction during the Great Recession. By contrast, it is close to zero for SE including Greece, and negative for SE without Greece and also negative for CEE. Turning to the various types of protest, we find that, with the exception of CEE, the relationship is positive for economic protest in general and for public economic protest in particular. For public economic protest the relationship is strongest in SE. For private economic and non-economic protest, however, the relationship with political dissatisfaction is generally

<sup>2</sup> We obtain very similar results if we use the share of citizens who distrust political institutions such as the national parliament instead.

<sup>3</sup> In some years, it has been included in the corresponding surveys only once or not at all. Thus, for the eastern European countries, the series only begin in 2003 or 2004 with their accession to the EU. For the non-EU members Iceland, Norway, and Switzerland, we do not have any data at all, and hence they have been removed from our analysis. This leaves us with 804 half-yearly data points for the change in satisfaction with democracy.

Table 7.2. Correlations between dissatisfaction with the way democracy functions in one's own country (political grievances) and number and type of protest events (logged population weights), overall and by region

| Type of protest event | All countries | North-western Europe <sup>a</sup> | Southern Europe | Southern Europe (without Greece) | Central and eastern Europe |
|-----------------------|---------------|-----------------------------------|-----------------|----------------------------------|----------------------------|
| All types of protest  | 0.13          | 0.55                              | 0.06            | -0.13                            | -0.24                      |
| Public economic       | 0.23          | 0.27                              | 0.38            | 0.29                             | -0.01                      |
| Economic              | 0.21          | 0.35                              | 0.37            | 0.27                             | -0.02                      |
| Private economic      | 0.00          | 0.31                              | 0.06            | 0.02                             | -0.07                      |
| Non-economic          | -0.08         | 0.10                              | -0.39           | -0.29                            | -0.24                      |
| <i>N</i>              | 804           | 380                               | 177             | 145                              | 247                        |

<sup>a</sup> Without Iceland, Norway, and Switzerland.

inexistent or even negative, with the exception of NWE, where it remains slightly positive. This is to suggest that public economic protest in particular was driven not only by economic grievances, but also by political ones.

## 7.2 The Role of Context Conditions

In line with insights from the social movement literature, we expect that the political and economic context affects the extent to which economic and political grievances translate into protest mobilization. This idea is not new: Early on, scholars of social movements have pointed to the role of political opportunities in turning grievances into voiced protest (e.g. Kitschelt 1986; Kriesi et al. 1995). Building on this literature and following other more recent contributions (Grasso and Giugni 2016; Marx and Nguyen 2016; Solt 2015b),<sup>4</sup> we introduce several aspects of a country's political and economic context that are likely to condition the relationship between economic and political grievances on the one hand and protest on the other hand. More specifically, we expect two types of political context characteristics – low state capacity and

<sup>4</sup> Beyond such political context effects, the socio-structural distribution of economic hardship should also matter, as unemployment may not affect all individuals equally. We analyse these interactions with demand-side conditions elsewhere (e.g. Kurer et al. 2018) but refrain from it here for reasons of space.

international interventions – to amplify the extent to which economic grievances translate into political grievances. Furthermore, we expect that the joint effect of these two grievances on political protest was particularly pronounced during the Euro-crisis period.

Figure 7.1 presents the overall structure of our model for the explanation of protest, which we shall discuss in more detail in the text that follows. In this model, economic grievances are the exogenous factor. Their effect on protest is assumed to be partly, but not completely, mediated by political grievances. In line with the bivariate results, which we have already presented, the effect of both types of grievances is expected to be stronger for economic protest than for non-economic protest, and particularly strong for public economic protest, given that the governments were held responsible for the management of the economic crises. Most importantly, we not only expect that the effect of economic grievances on protest is partly mediated by political grievances (indicated by the indirect link via “political grievances I”); we also expect that economic and political grievances reinforce each other in determining protest (indicated by the interaction with “political grievances II”). We expect the combination of the two types of grievances to have a particularly strong effect on the mobilization of protest. In addition, we expect the effect of economic grievances on political grievances to be conditioned by two types of context characteristics – state capacity and international interventions, while the joint effect of economic and political grievances on political protest is expected to be enhanced in the Euro-crisis period.

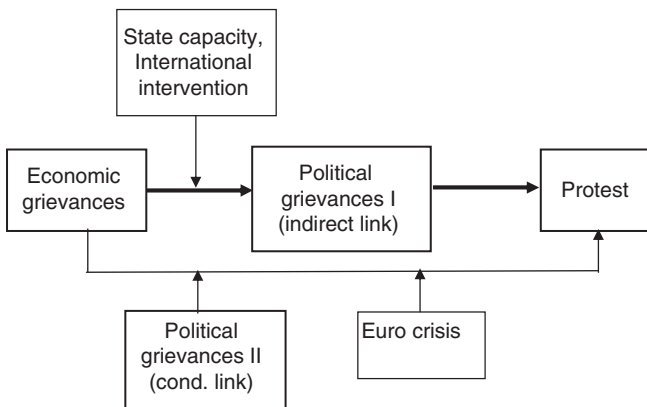


Figure 7.1 Economic grievances, political grievances, and protest.

### 7.3 **How Context Moderates the Effect of Economic on Political Grievances**

With respect to the conditioning of the effect of economic on political grievances, we contend that mobilization is reinforced (a) when governments are unwilling or unable to respond to the hardship of citizens and (b) when international interventions impose harsh economic conditions on the national government. When governments and policymakers are captured by the constraints of existing institutional, political, and politico-economic legacies, they may be incapable of enacting decisions that could either relieve hardship or initiate the necessary adjustment to engage in economic recovery. Consequently, when economic grievances raise expectations among citizens vis-à-vis national governments to relieve their pain and when these expectations are not met, protest may erupt with particular force.

This expectation mainly concerns SE, where political grievances rapidly increased during the crisis (see Figure 1.1) and where structural problems, policy errors, and misconceptions predated the Euro crisis and left the countries particularly ill-prepared to respond to the crisis. As we have argued in Chapter 1, the SE countries are characterized by rather weak fiscal state capacity (Beramendi et al. 2015a: 13), and this limited capacity has been additionally undercut by a weak administrative capacity indicated by clientelistic practices and political corruption. As Royo (2014) argues for Spain, we cannot understand the real estate bubble, the loss of competitiveness or the financial crisis without taking into account what he calls the ‘institutional degeneration’ in Spanish politics. However, as he also argues, civil society tolerated such behaviour before the economic crisis hit the country. Only when the crisis exposed an unsustainable economic model was the public outraged by the actions of its elites. The increased perception of corruption was coupled with growing distrust towards both domestic and European political institutions (Muro and Vidal 2016). As the economic crisis deepened and the overall sense of frustration with the political elites captivated a large share of the population in SE, we expect the weak state capacity to have become a factor reinforcing the effect of economic grievances both on political grievances and on protest in this part of Europe. This expectation holds both as compared to NWE, where state capacity is generally high, as we have seen in Chapter 1, and within SE. As we have seen in Chapter 1 (see Figure 1.7b), among SE countries, Greece certainly has the lowest administrative and fiscal capacity, with both major parties having established a system of party patronage (Pappas and O’Malley 2014), followed by Italy and Cyprus, while Portugal and Spain have comparatively stronger state capacities (for the case of Portugal, see Afonso et al. 2015: 6).



Eastern European countries also entered the economic crisis ill-prepared, but, as a result of the low levels of political and administrative performance and the corresponding high levels of corruption in these countries (Pop-Eleches 2010: 232, Linde 2012), public dissatisfaction with domestic politics was already very high before the economic crisis struck. At the same time, the populations of these countries also had a considerable experience with economic hardship. As has been shown by Coffey (2013) in her discussion of economic voting in the Czech Republic, poor past economic performance increases the citizens' tolerance with respect to poor current performance (and vice versa for good past performance). In line with this finding, the citizens of Central and East European countries in general have been expected to have greater tolerance with respect to poor economic performance than citizens of Western European countries. This would suggest not only that economic grievances have contributed little to political grievances during the crisis, but also that the weak state capacity is unlikely to have reinforced the effect of economic on political grievances in this part of Europe. Alternatively, as argued by Beissinger and Sasse (2014), it is also possible that patience may run out, especially if one's own country is doing much worse than comparable other countries in one's neighbourhood. In other words, it may also be that economic grievances have indeed contributed to political grievances in CEE as well and that the weak state capacity may also have reinforced the effect of economic on political grievances in this part of Europe.

Moreover, in the current European context, it is important to keep in mind that economic and political grievances both have strong domestic and European components. Thus, for understanding the impact of both economic grievances on political grievances and of political grievances on protest, it is important that Europe has developed into a multilevel political structure and that, given the close economic interdependence of the EU member states, the economic crisis in Europe has developed into the Euro crisis (Copelovitch et al. 2016). This crisis has been mainly driven by economic imbalances between different members of the eurozone, which led to the intervention of supranational actors in the crisis management of 'debtor' countries. It was under the pressure from the EU (represented by the 'Troika') that the national governments of the worst hit countries had to adopt austerity policies that were harsh for large parts of society. The model case is Greece, where the Troika intervened most heavily and with most dramatic consequences for the country's economy and its party system (e.g. Hutter and Kriesi 2019; Verney 2014). However, under the impact of the crisis, other countries in our sample became the object of supranational interventions as well.

As a result, the governments' maneuvering space in macroeconomic policy-making was severely restricted and they were not able to adopt the reforms they had originally promised. The supranational conflict, where it is present, obviously is about austerity, too, but it also turns on the defence of the nation-state, national pride, and humiliation, and addresses the democratic deficit at the European level. As Armingeon and Guthmann (2014) have shown, the imposition of policies by international actors contributes to political grievances in the affected countries, independently of other factors.

In this chapter, we focus on national political grievances, given that the crisis management during the Great Recession and especially during the Euro crisis crucially involved national governments, which became the focal point of public attention in the countries hardest hit by the crisis. Chapter 8 will take up the international dimension in more detail and study its impact on protest. In this chapter we shall focus on the effect of international interventions on political grievances and test whether or not international interventions have amplified the effect of economic grievances on political ones. On the one hand, one might expect international interventions to increase the effect of economic grievances on political ones. International interventions put the failure of national authorities to come to terms with the economic crisis into a particularly glaring light. This is also the reason why national governments usually make every attempt to avoid international interventions and deny that they are required to accept them until the very last day before these interventions are imposed. On the other hand, however, the citizen public may react strongly to the national humiliation and the hurt national pride that result from such an intervention, which means that the independent impact of the economic grievances on political dissatisfaction may actually be reduced once such international interventions occur.

### *7.3.1 The Conditioning of the Effect of Economic and Political Grievances on Protest*

As already indicated, we expect the political grievances not only to mediate the effect of the economic grievances on protest, but also to add to their impact and to condition it as well. A straightforward mechanism can account for this expectation: Economic grievances are likely to contribute to public economic protest, i.e. to the most important type of protest during the Great Recession, under the condition that the government is blamed for the management of the economic crisis. If the economic crisis is not blamed on the government, i.e. if the citizens

are not dissatisfied with the way the government is managing the economic crisis, economic grievances are not expected to have any effect on the main type of protest. We expect the combined effect of the two types of grievances to be of particular importance in SE, because, as we have argued in Chapter 1, it was hit by a double crisis during the Great Recession – the combination of an economic and a political crisis.

Moreover, we expect economic and political grievances to have had a greater effect during the Euro-crisis period. During the shock period, the citizen public may have given the government the benefit of the doubt: All countries were hit hard by the Great Recession and all governments tried to counter the economic impact of the economic crisis with stimulus programs. However, once Europe had entered the Euro crisis, the economic hardship increased in some countries, especially in the SE, while the economy recovered in some other countries, especially in the NWE. The comparison with NWE made the economic hardship in SE particularly difficult to bear, which is why we expect economic grievances to have had a stronger effect on protest during the Euro crisis, especially in SE. Moreover, as the policy approach of the governments across Europe changed to austerity, governments were increasingly blamed for the economic hardship and it is most likely that these political grievances were increasingly expressed in protests on public economic issues. Again, this effect may have been particularly strong in SE, where the austerity programs were especially harsh.

Finally, the mobilization of public protest also depends on the political opportunity structure. We therefore introduce four components capturing the political environment as controls in this second part of the analysis. First, because political grievances are also expressed in the voting booth, i.e. because elections provide an alternative outlet for political dissatisfaction, we expect that the level of protest is generally lower during election times, when the voters have a more conventional option to express their dissatisfaction. Second, given that protest mobilization is mainly a domain of the left, we expect it to be enhanced, if the left is in the opposition (Kriesi 1995: 59). In the opposition, the left benefits from the mobilization of protest against the government and is likely to support it. When it is in government, it not only does not support the protesters, but the latter also tend to be more likely to give the government the benefit of the doubt and to be more hesitant to attack it in the streets. Following this argument, people are less willing to express their economic and political grievances in the streets when the left is in power. However, as mentioned earlier, the policy of austerity has been playing an important role in contentious politics since the crisis. Following the ‘new politics’ argument, retrenchment is generally

assessed as an unpopular policy choice for all political parties and will always induce discontent from the public, irrespective of the government's color (Pierson 2001; Pierson and Smith 1993), which suggests that there might not be any impact of government composition on public economic protest after all. Third, we expect the polarization of the party system to be negatively related to the mobilization of protest in the streets. If polarization in the party system decreases as a result of the convergence of the mainstream parties on the economic dimension, then the opposition is likely to be articulated not only by challenger parties within the party system, but also by challengers outside of the party system. Finally, we also include International Monetary Fund (IMF) conditionality as a political control variable because the imposition of policies by supranational actors has directly contributed to political protest at the national level, independently of their effect on political grievances.

#### **7.4 Operationalization and Estimation Procedures**

In order to test the hypotheses of our model presented in Figure 7.1, we continue to measure economic grievances with the level of unemployment and political grievances with the share of citizens who are fairly/very dissatisfied with the way democracy works in their own country. For the independent variables, we have two measures of state capacity, which we introduced in Chapter 1 – a measure each for administrative state capacity, operationalized by clientelistic practices, corruption and rule of law, and fiscal state capacity, operationalized by the size of the shadow economy. We operationalize the control variables by a dummy variable for countries which have become the object of IMF conditionality in a given period, by a dummy variable for the occurrence of elections in a given six-month period (any kind of elections), by the average left–right position of the parties in government, weighted by their seat share,<sup>5</sup> and by Dalton's (2008) polarization measure. Our dependent variable is the protest frequency, weighted by sampling probability, agency bias, and logged population.

Our estimates are based on biannual data. We shall apply a dynamic model which will be able to take into account the development over time of the relationship between grievances and protest. We begin by checking the stationarity of all the time series variables used in our

<sup>5</sup> This indicator ranges from a minimum of 1 (left-dominated) to a maximum of 8.4 (right-dominated government).

analysis and conclude that our dependent variable is stationary. By contrast, our main independent variables, the unemployment rates and the share of dissatisfied citizens, are non-stationary. We rely on ADL models (so-called autoregressive distributive lag models) with country-fixed effects to explain the half-yearly level of protest mobilization by the corresponding change in economic and political grievances. We use error correction models (ECMs) when political grievances are the dependent variable because they are not stationary.<sup>6</sup> For model specification, we follow a general-to-specific approach. Starting with a general ADL or ECM model to capture the characteristics of the data-generating-process, we then test whether the coefficients for some independent variables can be restricted to zero and select the best fitting model.<sup>7</sup> For estimation, we use ordinary least squares (OLS) estimators.<sup>8</sup> We shall present only the best fitting models.<sup>9</sup> Given its exceptional character, we exclude Greece from the general analysis and come back to it only at the end of Section 7.5.

## 7.5 Results

### 7.5.1 *Explaining Political Dissatisfaction*

Proceeding with the presentation of our results, we start with the ECM for political dissatisfaction. Table 7.3 presents the results for Europe as a whole and for the three regions in our study. As this table shows, political grievances are strongly dependent on previous unemployment levels and on change in unemployment levels. In other words, economic grievances are strong determinants of political grievances. This applies

<sup>6</sup> As Grant and Lebo (2016) argued, all ADL models and ECMs must satisfy the equation balance requirement. To ensure that we have equation balance, we followed the guide provided by Philips (2018) and differenced both political grievances and unemployment rate when explaining protest level, and checked whether all independent variables, including interaction terms, of each equation are collectively stationary, i.e. whether there is a linear combination of these non-stationary variables that is stationary.

<sup>7</sup> All models have been tested for white noise residuals based on the Arellano and Bond (1991)  $m_2$  test or test for OLS as suggested by Wooldridge (2002). We also tested each fixed-effects model against the pooled model and concluded that fixed effects are appropriate.

<sup>8</sup> A well-known problem of analysing dynamic panels with OLS with fixed effects for a small  $T$  is the so-called Nickell bias (1981). However, as we have a decent  $T = 31$ , we use OLS to estimate (Beck and Katz 2011; Beck et al. 2014). We ran robustness checks with the Bayesian orthogonal re-parameterization (OPM) approach (Lancaster 2002), which have led to the exact same results.

<sup>9</sup> Our selection criteria are Bayesian information criterion (BIC) for OLS, deviance information criterion (DIC) for OPM, and significance levels of variables.

Table 7.3. Change of political grievances, overall and by region: OLS-effect parameters, standard errors, and significance levels

|  | $\Delta$ Political Grievances <sub><i>t</i></sub> |                     |                     |                      |                            |
|--|---|---------------------|---------------------|----------------------|----------------------------|
|  | Whole Europe                                      | Whole Europe        | Southern Europe     | North-western Europe | Central and eastern Europe |
| Political Grievances <sub><i>t-1</i></sub> | -0.134**<br>(0.040)                               | -0.139**<br>(0.040) | -0.424**<br>(0.104) | -0.136*<br>(0.056)   | -0.158*<br>(0.068)         |
| Political Grievances <sub><i>t-2</i></sub> | -0.110**<br>(0.038)                               | -0.103**<br>(0.038) | -0.185*<br>(0.088)  | -0.130*<br>(0.053)   | -0.048<br>(0.068)          |
| $\Delta$ Unemployment                      | 0.983**<br>(0.166)                                | 1.125**<br>(0.194)  | 4.463**<br>(0.846)  | 1.733<br>(1.521)     | 0.808**<br>(0.244)         |
| Unemployment <sub><i>t-1</i></sub>         | 0.527**<br>(0.069)                                | 0.488**<br>(0.087)  | 1.804**<br>(0.345)  | 1.195*<br>(0.508)    | 0.299**<br>(0.112)         |
| State Capacity <sub><i>t</i></sub>         | -0.384<br>(1.282)                                 | -1.502<br>(1.575)   | -6.526<br>(6.577)   | 5.740<br>(5.525)     | 0.517<br>(2.214)           |
| IMF <sub><i>t</i></sub>                    | -0.340<br>(1.391)                                 | 1.352<br>(4.372)    | -0.421<br>(4.112)   | -3.226<br>(3.182)    | -7.441<br>(18.565)         |
| IMF <sub><i>t-1</i></sub>                  | 1.885<br>(1.406)                                  | 10.960*<br>(4.823)  | -30.084<br>(88.925) | -2.019<br>(3.120)    | 66.450**<br>(23.675)       |

|  |                    |                      |                   |                    |
|--|--------------------|----------------------|-------------------|--------------------|
| $\Delta$ Unemployment*State Capacity <sub><i>t</i></sub>               | -0.208<br>(0.343)  | -7.413***<br>(1.664) | -0.612<br>(2.405) | -0.259<br>(0.449)  |
| Unemployment <sub><i>t-1</i></sub> *State Capacity <sub><i>t</i></sub> | 0.130<br>(0.139)   | -0.232<br>(0.380)    | -1.034<br>(0.801) | -0.090<br>(0.206)  |
| $\Delta$ Unemployment*IMF <sub><i>t</i></sub>                          | -0.689<br>(1.355)  | -2.865<br>(2.395)    |                   | -0.611<br>(2.033)  |
| $\Delta$ Unemployment*IMF <sub><i>t-1</i></sub>                        | -1.611*<br>(0.732) | 27.327<br>(84.861)   |                   | 1.841<br>(1.671)   |
| Unemployment <sub><i>t-1</i></sub> *IMF <sub><i>t</i></sub>            | -0.130<br>(0.429)  |                      |                   | 1.237<br>(2.685)   |
| Unemployment <sub><i>t-1</i></sub> *IMF <sub><i>t-1</i></sub>          | -0.655<br>(0.403)  |                      |                   | -8.954*<br>(3.522) |
| <i>R</i> <sup>2</sup>  | 0.196              | 0.446                | 0.232             | 0.207              |
| Adj. <i>R</i> <sup>2</sup>   | 0.156              | 0.367                | 0.184             | 0.122              |
| Num. obs.  | 666                | 113                  | 326               | 227                |
| Fixed effects  | Yes                | Yes                  | Yes               | Yes                |
| White noise residuals  | Yes                | Yes                  | Yes               | Yes                |

IMF, International Monetary Fund; OLS, ordinary least squares.

\*\*\*  $p < 0.001$ ; \*\*  $p < 0.01$ ; \*  $p < 0.05$ .

to all three regions, but the effects are strongest in SE and weakest in NWE, with CEE taking an intermediate position. In NWE, the crisis was generally not deep enough for economic grievances to result in rising political dissatisfaction. If political dissatisfaction rose in this part of Europe during the period covered, it was for other than strictly economic reasons. In CEE, pain tolerance may, indeed, have limited the impact of economic grievances on political grievances, but it did not reduce them to insignificance (or 'patience may have run out', in the words of Beissinger and Sasse 2014). As a matter of fact, during the Great Recession the effect of economic grievances on political ones has been stronger in CEE than in NWE.

The direct effect of state capacity on political grievances is insignificant and, in general, it does not have the expected enhancing effect of economic on political grievances either. We show here only the findings for administrative state capacity, but fiscal state capacity does not yield any direct explanatory power over political grievances either. Only in SE does the lack of administrative state capacity enhance the effect of economic on political grievances (this does not hold for the fiscal state capacity, as an indicator of which we used the size of the informal economy, and which is therefore closely linked to macroeconomic grievances, while the administrative state capacity is less interdependent with economic performance). If we plot this effect for SE against administrative state capacity as in Figure 7.2, we see that the effect is substantively important. At an administrative state capacity of around 0 as in Italy or Cyprus (see Figure 1.7), a half-yearly increase of unemployment by 0.5 per cent (which corresponds to a yearly increase of 1 per cent) implies an instantaneous increase of political dissatisfaction of about 2.5 per cent. By contrast, in a country with an administrative state capacity of around 0.5 as in Portugal or Spain, an increase in unemployment does not lead to any increase of political dissatisfaction at all. The same pattern applies to the long run as well. In SE, as a result of the increasing economic difficulties, it seems that the citizen public has, indeed, become less tolerant of the administrative deficiencies in its own country. But, beyond Royo's (2014) claims about the single case of Spain, the declining tolerance seems to have been even more consequential in Italy and Cyprus than in Spain or Portugal.

International interventions do not have a general direct effect on political dissatisfaction either, but they do interact with unemployment in determining political dissatisfaction, too. In their case, however, the interaction effects are all negative and partly significant for Europe as a whole. This means that international interventions tend to reduce the effect of economic grievances on political grievances.



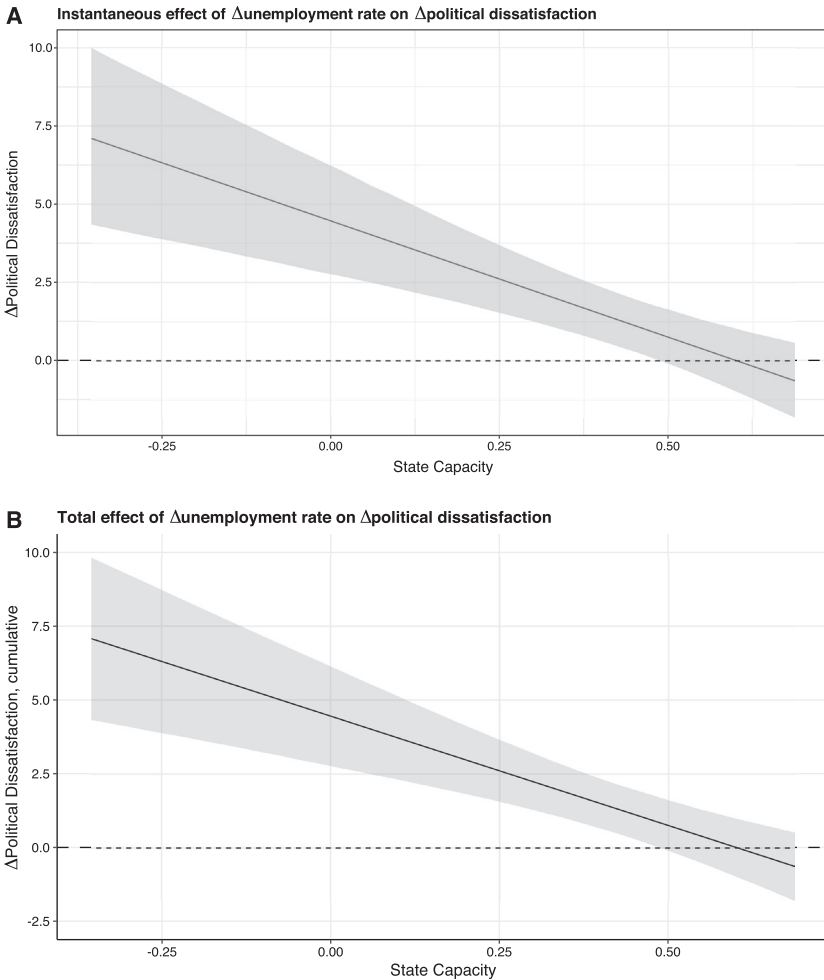


Figure 7.2 Instantaneous and total effects of change in unemployment on change in political dissatisfaction, conditioned by state capacity, for southern Europe (Table 7.3).

In countries in which international interventions impose austerity measures on the national government, the direct effect of economic grievances on political dissatisfaction is to some extent counteracted by the national humiliation linked to international interventions which act as a substitute for economic grievances in contributing to political

grievances. This substitutive effect is particularly clear-cut in CEE, which is another indication of the tolerance for economic pain in this part of Europe.

As is indicated by the  $R^2$  values, the model for the explanation of political grievances works best for SE, where it explains more than a third of the variance. It is least adapted to CEE.

### 7.5.2 *Explaining the Level of Protest*

For the analysis of the determinants of the level of protest, we start with the presentation of three ADL models in Table 7.4. This table presents two models each for protest overall, for economic and for non-economic protest – a model (a) without interactions and a model (b) with interactions between economic and political grievances. A first finding is that the factors explaining economic and non-economic protest are very different. While economic and political grievances are of considerable importance in the determination of economic protest, they have no impact at all for non-economic protest. This may not be surprising after all, because non-economic protest has long been attributed to ‘movements of affluence’, i.e. movements which typically are not driven by the grievances of their direct beneficiaries, but rather by ‘conscience adherents’ who mobilize on behalf of some beneficiaries or collective goods (Kerbo 1982: 655). However, it does qualify the scope of the argument that grievances cannot explain protest, a point that has mostly been made on the basis of non-economic protest, but (mistakenly, as it seems) with reference to protest overall. Nor do the political control factors we take into consideration have any effect on non-economic protest. As a matter of fact, non-economic protest is almost completely determined by the autoregressive component of the model, which means that it develops in a path-dependent way, independently of the factors considered in our model. By contrast, changes in economic and political grievances each have a positive, but weak instantaneous effect on economic protest. In addition, instantaneous and lagged interactions between the two types of grievances also have an influence on economic protest. Given the prevalence of economic protest during the Great Recession, the pattern of the factors determining overall protest is similar to the one for economic protest, although the effects are generally weaker.

The second important finding refers to the models for the most important form of protest during the Great Recession, economic protest. While the introduction of interactions between economic and political grievances neither improves the models for protest overall nor for non-economic protest, it does so for economic

Table 7.4. Level of protest events, overall: OLS-effect parameters, standard errors, and significance levels

|   | Protest (overall) <sub>t</sub> |                     |                     | Protest (economic) <sub>t</sub> |                     |                     | Protest (non-economic) <sub>t</sub> |  |  |
|---|--------------------------------|---------------------|---------------------|---------------------------------|---------------------|---------------------|-------------------------------------|--|--|
|   | Model 1a                       | Model 1b            | Model 2a            | Model 2b                        | Model 3a            | Model 3b            |                                     |  |  |
| Protest (overall,<br>economic other) <sub>t-1</sub> | 0.253***<br>(0.033)            | 0.256***<br>(0.033) | 0.230***<br>(0.037) | 0.221***<br>(0.037)             | 0.897***<br>(0.013) | 0.895***<br>(0.013) |                                     |  |  |
| ΔPolitical grievances <sub>t</sub>                  | 1.768*<br>(0.765)              | 0.413**<br>(0.134)  | 1.052*<br>(0.490)   | 0.282***<br>(0.085)             | 0.266<br>(0.218)    | 0.004<br>(0.038)    |                                     |  |  |
| ΔPolitical grievances <sub>t-1</sub>                | -1.151<br>(0.770)              | -0.126<br>(0.135)   | -0.077<br>(0.494)   | -0.029<br>(0.085)               | -0.355<br>(0.220)   | 0.010<br>(0.038)    |                                     |  |  |
| ΔUnemployment <sub>t</sub>                          | 0.354**<br>(0.131)             | 1.624*<br>(0.770)   | 0.234**<br>(0.084)  | 0.915†<br>(0.487)               | -0.002<br>(0.037)   | 0.256<br>(0.220)    |                                     |  |  |
| ΔUnemployment <sub>t-1</sub>                        | -0.069<br>(0.131)              | -0.744<br>(0.846)   | 0.019<br>(0.084)    | -0.110<br>(0.535)               | 0.011<br>(0.037)    | -0.245<br>(0.241)   |                                     |  |  |
| IMF <sub>t</sub>                                    | 5.297<br>(5.056)               | 5.293<br>(5.067)    | 5.198<br>(3.240)    | 5.942†<br>(3.204)               | -0.490<br>(1.439)   | -0.635<br>(1.445)   |                                     |  |  |
| IMF <sub>t-1</sub>                                  | 2.465<br>(5.100)               | 2.644<br>(5.106)    | -0.031<br>(3.270)   | 0.442<br>(3.231)                | -0.753<br>(1.452)   | -0.818<br>(1.457)   |                                     |  |  |
| System Polarization <sub>t</sub>                    | -2.314†<br>(1.396)             | -2.315†<br>(1.396)  | -0.541<br>(0.891)   | -0.480<br>(0.879)               | -0.373<br>(0.397)   | -0.396<br>(0.398)   |                                     |  |  |
| Cabinet Position <sub>t</sub>                       | 0.413<br>(0.372)               | 0.413<br>(0.372)    | 0.494*<br>(0.240)   | 0.500*<br>(0.236)               | 0.059<br>(0.106)    | 0.061<br>(0.106)    |                                     |  |  |
| Election Month <sub>t</sub>                         | -1.775<br>(1.344)              | -1.766<br>(1.344)   | -1.658†<br>(0.860)  | -1.658†<br>(0.849)              | -0.262<br>(0.382)   | -0.270<br>(0.383)   |                                     |  |  |
| Election Month <sub>t-1</sub>                       | 1.805<br>(1.349)               | 1.797<br>(1.350)    | 1.159<br>(0.865)    | 1.174<br>(0.854)                | 0.377<br>(0.383)    | 0.366<br>(0.384)    |                                     |  |  |

Table 7.4 (cont.)

|  | Protest (overall) <sub>t</sub> |          | Protest (economic) <sub>t</sub> |                     | Protest (non-economic) <sub>t</sub> |                   |
|--|--------------------------------|----------|---------------------------------|---------------------|-------------------------------------|-------------------|
|  | Model 1a                       | Model 1b | Model 2a                        | Model 2b            | Model 3a                            | Model 3b          |
| $\Delta$ Unemployment <sub>t</sub> * $\Delta$ Political Grievances <sub>t</sub>    | 0.053<br>(0.203)               |          |                                 | 0.403**<br>(0.128)  |                                     | -0.043<br>(0.058) |
| $\Delta$ Unemployment <sub>t</sub> * $\Delta$ Political Grievances <sub>t-1</sub>  | 0.037<br>(0.239)               |          |                                 | 0.212<br>(0.151)    |                                     | -0.033<br>(0.068) |
| $\Delta$ Unemployment <sub>t-1</sub> * $\Delta$ Political Grievances <sub>t</sub>  | -0.194<br>(0.141)              |          |                                 | -0.271**<br>(0.089) |                                     | -0.004<br>(0.040) |
| $\Delta$ Unemployment <sub>t-1</sub> * $\Delta$ Political Grievance <sub>t-1</sub> | 0.136<br>(0.182)               |          |                                 | 0.151<br>(0.115)    |                                     | -0.009<br>(0.052) |
| R <sup>2</sup>   | 0.121                          | 0.128    | 0.114                           | 0.144               | 0.882                               | 0.882             |
| Adj. R <sup>2</sup>  | 0.074                          | 0.075    | 0.066                           | 0.092               | 0.875                               | 0.875             |
| AIC  | 5,686.9                        | 5,689.7  | 5,047.9                         | 5,031.3             | 3,882.7                             | 3,888.4           |
| Num. obs.  | 718                            | 718      | 718                             | 718                 | 718                                 | 718               |
| Fixed effects  | Yes                            | Yes      | Yes                             | Yes                 | Yes                                 | Yes               |
| White noise residuals  | Yes                            | Yes      | Yes                             | Yes                 | Yes                                 | Yes               |

AIC, Akaike information criterion; IMF, International Monetary Fund; OLS, ordinary least squares.  
 \*\*\**p* < 0.001; \*\**p* < 0.01; \**p* < 0.05; †*p* < 0.1.

protest. This is indicated by the improved predictive power of the interaction model for economic protest, as well as by the reduced Akaike information criterion (AIC) values. For the interpretation of the complex pattern of direct and interaction effects for the explanation of economic protest we turn to Figure 7.3. The two graphs in this figure show the instantaneous and total effects of changes in

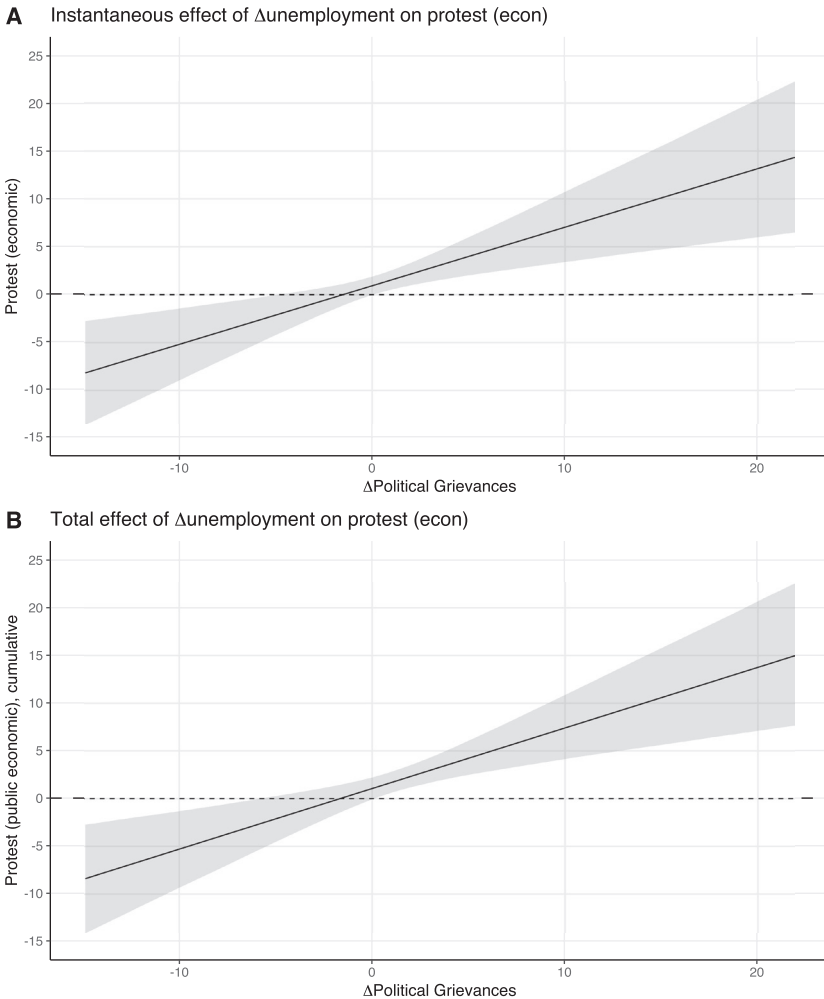


Figure 7.3 Interaction between economic and political grievances (economic protest model 2 from Table 7.4).

unemployment, i.e. economic grievances, on economic protest for different changes in political dissatisfaction, i.e. political grievances. As is immediately apparent, there are increasing effects of economic grievances on protest when change in political dissatisfaction is increasing. Changes in unemployment thus have significant effects on economic protest, depending on changes in political dissatisfaction: While increasing unemployment reduces the amount of economic protest when political dissatisfaction decreases, it increases the amount of economic protest when political dissatisfaction goes up. At stable levels of political dissatisfaction, changes in unemployment do not have any impact on economic protest at all. This is a perfect illustration of the idea that it takes a *double crisis* – i.e. the combination of an economic with a political crisis – to fuel economic protest in a given country. More than anything else it is the co-occurrence of economic and political grievances that led to a rise in economic protest during the Great Recession. Economic grievances hence contribute to economic protest in two distinct ways: On the one hand, they increase political grievances, and, on the other hand, they reinforce the effect of political grievances on economic protest. Regarding temporal dynamics (not illustrated in detail), the effect is mostly instantaneous, i.e. occurring in the first half year, and decays rapidly, which is why the pattern in the long run is much the same as the instantaneous one for Europe as a whole.

Turning to the effect of the control variables, we observe that IMF conditionality, on average, strongly increases the overall level of protest as well as the level of economic protest. However, the effect of IMF interventions seems to vary considerably from one target country to the other, because, in spite of the very strong effect, we do not see significance. The next chapter will analyse these effects in more detail. Our models for overall and economic protest (but not for non-economic protest) also confirm that the level of protest, indeed, decreases during election months, and that it generally decreases as the level of polarization increases. The composition of government does have an effect in our model for overall protest and on economic protest too, i.e. right-wing governments tend to be associated with more protest than left-wing governments, especially in terms of economic protest.<sup>10</sup> All the effects of the control factors are rather

<sup>10</sup> We also ran general models including interaction between cabinet position and political grievances, and we did not find significant interaction terms.

weak. Moreover, note that judging by the within  $R^2$  values (0.07 and 0.09 respectively for economic and overall protest), our capacity to predict the levels of economic and overall protest over time is rather limited.<sup>11</sup>

### 7.5.3 Explaining Public Economic Protest

In the next step of our analysis, we focus on *public* economic protest, which, as we have argued, is most likely to be influenced by the combination of economic and political grievances. Table A7.1 presents the detailed results of the models for the levels of public economic protest, overall and by region. Again we present only the best fitting models. For the whole of Europe, the pattern of effects is very similar to the pattern we found in the previous table for economic protest in general. At the European level, public economic protest, just like economic protest in general, depends on a complex pattern of instantaneous and lagged interactions between the two types of grievances. The left-hand side of Figure 7.4 illustrates these interaction effects. These effects are very similar to the ones presented for economic protest in general in the previous graph: Change in unemployment has a significant, mostly instantaneous, effect on public economic protest, if political dissatisfaction increases at the same time.

Turning to the regional patterns, it becomes apparent that the overall pattern reflects to a large extent the pattern in SE, as shown in the second set of graphs in Figure 7.4. In SE, although the confidence interval of the short-run effect crosses 0, possibly due to a smaller sample size, the pattern is the same as for Europe as a whole. Moreover, the scale of the total long-run effect of change in unemployment on public economic protest in interaction with political dissatisfaction is much larger (almost two times larger) than the overall effect for the whole of Europe. Additional analyses (not illustrated in detail) demonstrate that the impact of unemployment on protest in SE decays less rapidly than in the other regions, which is the reason why it results in larger cumulative total effects. In CEE, we also find a similar pattern (see third set of graphs in Figure 7.4), but the scale of the interaction

<sup>11</sup> Given that our models include fixed effects, the  $R^2$ 's in the table refer to the explanation of over-time variation. The overall  $R^2$  actually lies above 0.30, which indicates that the largest part of the variation is due to differences between and not within countries.

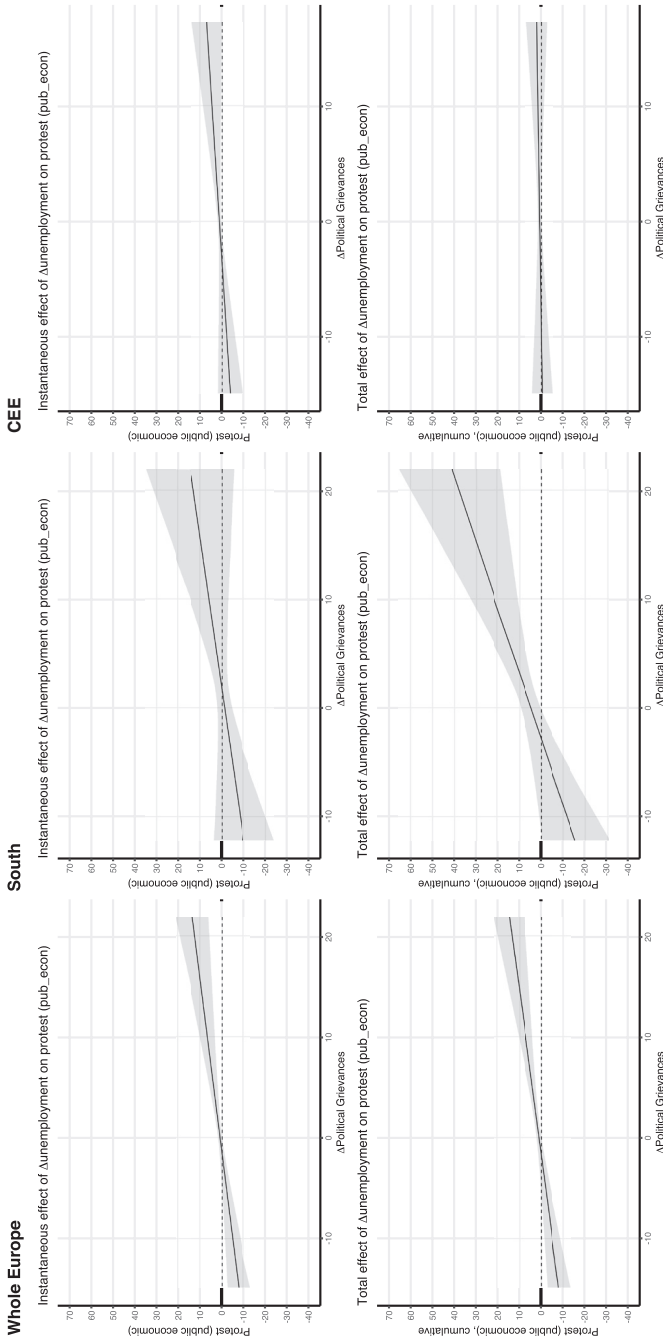


Figure 7.4 Interaction effect of change in unemployment on public economic protest, conditioned by change in political dissatisfaction (whole of Europe, southern and central and eastern Europe models from Table 7.5).



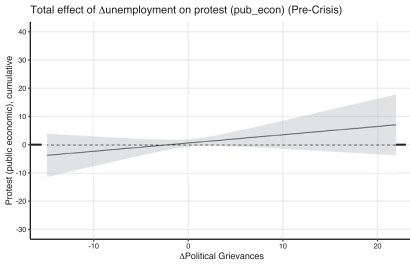
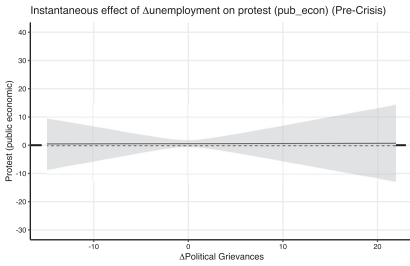
effect is much smaller, and there is hardly any long-term impact on public economic protest levels. By contrast, in NWE, there is hardly any indication of an interaction between economic and political grievances, nor of some direct effect of either one of them. In other words, the strong overall interaction effect of economic and political grievances on public economic protest (and by implication on economic protest more generally) is driven mainly by the events in SE. While the model explains virtually nothing of the over-time variance of public economic protest in NWE, it is able to explain more than a third of the corresponding variance in SE.

As for the control variables, their effects are once again generally weak. We can confirm that right-wing governments are more likely than left-wing governments to be opposed by public economic protest in the streets, but the effect is significant only for NWE. We also find that, during election times, the level of public economic protest is reduced in all regions, but the corresponding effect is weak and hardly significant at all. The effect of system polarization is generally insignificant, and it has the expected negative sign only in SE. IMF interventions, by contrast, have a strong impact on the mobilization of protest in SE and NWE, but the effect varies again heavily from one country to the other, which implies that it reaches conventional significance levels only for SE. In CEE, IMF interventions do not lead to immediate increases in protest.

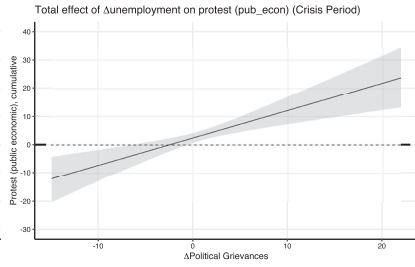
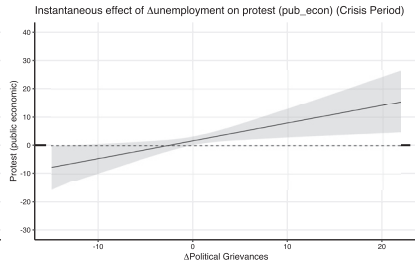
Finally, we test for *period-specific effects* of the two types of grievances on the level of public economic protest. We specify a general model with interaction terms between political and economic grievances, on the one hand, and a period dummy on the other hand. In line with our hypothesis, we use 2010 as the dividing point.<sup>12</sup> The first period includes the pre-crisis and the shock period, while the second covers the Euro crisis. Table A7.2 presents the detailed results for Europe overall and for each one of the three regions. These results are most complex, because they involve a three-way interaction. Figure 7.5 illustrates the period effect on the interplay between the two types of grievances. As these figures show, the combined effect of economic and political grievances is, indeed, characteristic of the period of the *Euro crisis* – for Europe as a whole and, more specifically, for SE which is again responsible for the overall effect. Before the Euro crisis, the

<sup>12</sup> We tested alternative periodizations – one with the three periods that we used throughout this volume, and one with two periods (pre-crisis [up to 2008] and crisis [2009–2015]), but based on model selection criteria (BIC), the model we present here provides a better fit to the data.

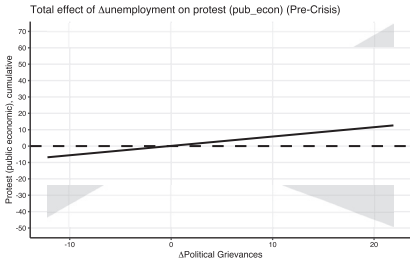
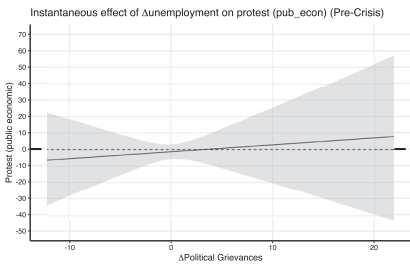
**Whole Europe  
Pre-crisis**



**Crisis Period**



**South  
Pre-crisis**



**Crisis Period**

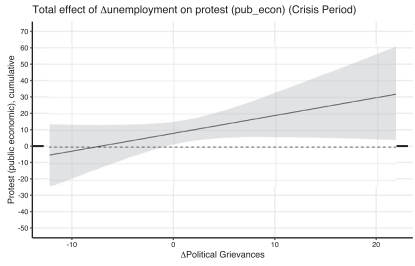
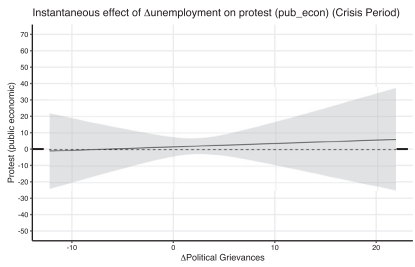


Figure 7.5 Interaction between economic and political grievances in pre-crisis and crisis periods (whole of Europe from Table A7.2).

combined effect is somewhat visible overall and in SE (and also in NWE (not shown), but it turns out to be much weaker and hardly significant in the pre-crisis period.

## 7.6 The Perfect Storm: Greece as a Special Case

Throughout this study, Greece proved to be a special case and has thus been excluded from the pooled analysis. The main reason for this is that the combination of an exceptional economic with an exceptional political crisis sets Greece apart, even within SE, where the countries typically experienced a double crisis. The combination of the two types of crises during the Euro crisis is illustrated by the parallel explosion of the economic and political grievances in Greece during the Euro-crisis period. As we can see in Figure 7.6, the explosion of the political grievances preceded the one of the economic grievances by about a year, but from 2010 onwards the two essentially moved in lockstep to create 'a perfect storm' (Altıparmakı 2019a), which is reflected in the exceptionally high correlation ( $r = 0.91$ ) between the level of the two types of grievances.<sup>13</sup> Greece is also special to the extent that its protest explodes during the Euro crisis, which means that the protest series for Greece are not stationary. Moreover, the pattern of relationships between public economic protest and the two types of grievances is characterized by a clear structural break in Greece. This is shown by a Markov-switching model applied to the relationships between the two types of grievances and the level of public economic protest for Greece.<sup>14</sup>

Table 7.5 presents the coefficients from the Markov-switching regression.<sup>15</sup> We can see that there are two states for Greece. In the crisis periods (2008 and the Euro-crisis period), change in political grievances has a highly significant and strong effect on public economic protest, while in the previous period change in political grievances hardly played a role

<sup>13</sup> The correlation between political and economic grievances has been checked for other panels as well. Only Greece is characterized by an extremely high level of correlation.

<sup>14</sup> We checked other panels and concluded Greece is a special case which has undergone a structural break.

<sup>15</sup> For the Markov-switching model,  $p_{11} = 0.813$ ,  $p_{12} = 0.187$ ,  $p_{21} = 0.160$ , and  $p_{22} = 0.840$ .  $p_{11}$  denotes the probability of staying in state 1 in the next period given that the process is in state 1 in the current period. Likewise,  $p_{22}$  denotes the probability of staying in state 2.  $p_{12}$  and  $p_{21}$  are one step transition probabilities which are the probabilities of transitioning from one state to another in a single step.

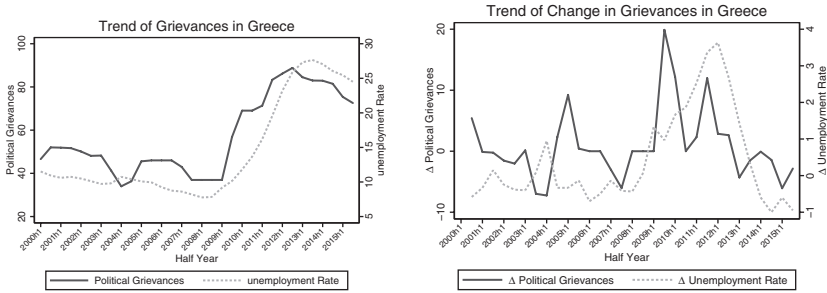


Figure 7.6 Development of political and economic grievances in Greece.

Table 7.5. Markov-switching model for Greece

| Protest (Public Economic) <sub>t</sub> |                                       |                                  |
|--|---------------------------------------|----------------------------------|
|  | Crisis period<br>(2008 and 2010–2015) | Non-crisis period<br>(2000–2007) |
| ΔPolitical Grievances <sub>t</sub>     | 3.037***<br>(0.608)                   | 0.743†<br>(0.390)                |
| ΔUnemployment <sub>t</sub>             | 14.226***<br>(2.186)                  | 9.877**<br>(2.430)               |

\*\*\* $p < 0.001$ ; \*\* $p < 0.01$ ; \* $p < 0.05$ ; † $p < 0.1$ .

at all. Unemployment, however, has a very strong effect on protest in both periods, with the effect in the crisis period being even bigger. This means that, contrary to the other countries in SE, economic grievances have already driven public economic protest in Greece before the crisis, and the size of their effect has become much bigger during the crisis. During the crisis, however, we see the same combination of effects of the two types of grievances as in the rest of SE. Figure 7.7 presents transitions between the two regimes over time. In 2008, when protest exploded because of the incident with the killing of a student in Athens, the regime switched to State 2, which corresponds to the coefficients in the crisis period but did not stay there and went back to State 1, which corresponds to the coefficients in the non-crisis period. However, once the Euro crisis hit Greece, the regime switched to State 2 again and stayed there for most of the time until 2015.

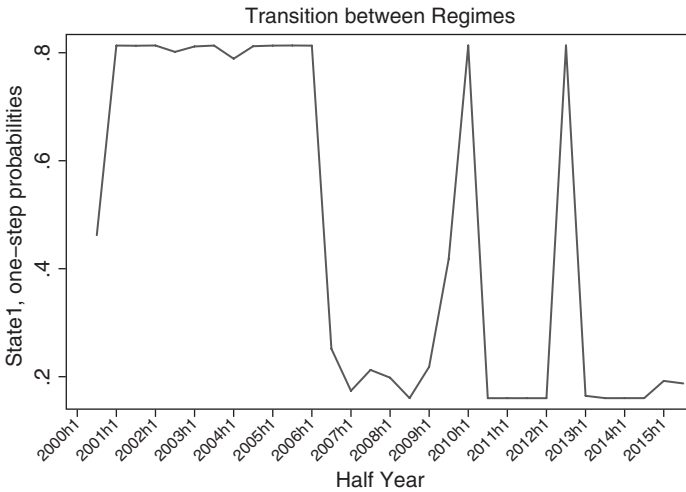


Figure 7.7 Transition probabilities in Markov-switching model for Greece.

## 7.7 Conclusion

In this chapter, we have analysed the relationship between economic and political grievances as well as their joint role for the determination of the mobilization of protest during the Great Recession in Europe – the overall level of protest and the level of public economic protest in particular. In a preliminary analysis, we considered the direct bivariate relationships between each type of grievances and the level of diverse types of protest. We found economic grievances to be most closely related to public economic protest, the most important type of protest during the Great Recession, while they have been crowding out non-economic protest. The relationship proved to be strongest in SE. Similarly, we found a strong link between political grievances and public economic protest, again most clearly in the European south.

Having established that economic and political grievances matter for economic protest in general and public economic protest in particular, we proceeded with the more detailed analysis of the relationship between the two types of grievances. As expected, political grievances have been strongly influenced by economic grievances across Europe during the period covered. However, the relationship proved to be the

closest in SE, while it was much weaker in NWE, with CEE constituting an intermediate case. While the rapid recovery of the countries of NWE and the pain tolerance in the countries of CEE probably served to limit the impact of the economic grievances on political dissatisfaction, the fact that the SE countries not only were hard hit by the economic crisis, but also experienced a relative decline with regard to the other parts of Europe most likely enhanced the impact of economic on political grievances in this part of Europe. Moreover, it is also above all in SE, that the effect of economic on political grievances was conditioned by state capacity and IMF interventions: While weak state capacity enhanced the effect of the former on the latter, IMF interventions attenuated it.

Finally, we turned to the interplay between the two types of grievances. A core finding of this chapter is that economic protest was most heavily influenced by the joint effect of economic and political grievances. Protest mobilization was particularly pronounced whenever dire economic conditions and dissatisfaction with the political system rose together and reinforced each other. This joint effect proved again to be strongest in SE, where it manifested itself in particular during the Euro crisis. In other words, in SE, the sharp increases in economic grievances during the Euro crisis not only contributed to the rise of political grievances, but they also enhanced the effect of political grievances on (public) economic protest. The double economic and political crisis of SE was the key determinant of the protest wave that we have identified in Chapter 4, and the absence of such a combination of crises explains the absence of a corresponding wave in the other parts of Europe. It is also noteworthy that neither economic nor political grievances, whether separately or jointly, did have any impact at all on non-economic protest.

Throughout this chapter, we have treated Greece separately. While Greece shares the SE pattern of the double crisis and its impact on economic protest, in this case of an extraordinary conflagration of the two crises, the combined grievances had an extraordinary impact on protest during the crisis period (which also includes the year 2008). Moreover, economic grievances already drove protest in Greece before the crisis period.

## Appendix: Additional Tables

Table A7.1. Level of public economic protest, overall and by region: OLS-effect parameters, standard errors, and significance levels

|  | Protest (Public Economic) <sub>t</sub> |                     |                      |                            |
|--|--|---------------------|----------------------|----------------------------|
|  | Whole of Europe                        | Southern Europe     | North-western Europe | Central and eastern Europe |
| Protest (Public Economic) <sub>t-1</sub> | 0.202***<br>(0.037)                    | 0.332***<br>(0.076) | -0.010<br>(0.054)    | 0.117†<br>(0.070)          |
| ΔPolitical Grievances <sub>t</sub>       | 0.241**<br>(0.079)                     | 0.188<br>(0.245)    | 0.154<br>(0.124)     | 0.289***<br>(0.081)        |
| ΔPolitical Grievances <sub>t-1</sub>     | -0.061<br>(0.079)                      | -0.067<br>(0.254)   | -0.295*<br>(0.124)   | -0.105<br>(0.089)          |
| ΔUnemployment <sub>t</sub>               | 0.980*<br>(0.453)                      | -1.052<br>(1.689)   | 0.540<br>(0.988)     | 1.290***<br>(0.376)        |
| ΔUnemployment <sub>t-1</sub>             | -0.099<br>(0.498)                      | 4.226*<br>(2.088)   | 0.028<br>(1.048)     | -0.590<br>(0.397)          |
| IMF <sub>t</sub>                         | 5.711†<br>(2.982)                      | 18.068*<br>(7.838)  | 7.875<br>(7.352)     | -0.673<br>(2.528)          |
| IMF <sub>t-1</sub>                       | 1.499<br>(3.008)                       | -10.424<br>(8.018)  | -0.131<br>(7.439)    | 2.973<br>(2.653)           |
| System Polarization <sub>t</sub>         | 0.137<br>(0.819)                       | -2.224<br>(4.393)   | 0.212<br>(1.024)     | 0.211<br>(1.073)           |

Table A7.1 (cont.)

|   | Protest (Public Economic) <sub>t</sub> |                     |                      |                            |
|---|--|---------------------|----------------------|----------------------------|
|   | Whole of Europe                        | Southern Europe     | North-western Europe | Central and eastern Europe |
| Cabinet Position <sub>t</sub>   | 0.470*<br>(0.220)                      | 0.434<br>(0.557)    | 0.798*<br>(0.363)    | 0.150<br>(0.240)           |
| Election Month <sub>t</sub>   | -1.432†<br>(0.790)                     | -3.394<br>(2.689)   | -1.604<br>(1.144)    | -1.275<br>(0.801)          |
| Election Month <sub>t-1</sub>   | 1.533†<br>(0.795)                      | 7.099*<br>(2.776)   | 0.295<br>(1.151)     | 0.714<br>(0.798)           |
| $\Delta$ Unemployment <sub>t</sub> * $\Delta$ Political Grievances <sub>t</sub>     | 0.360**<br>(0.119)                     | 1.059**<br>(0.355)  | -0.055<br>(0.255)    | 0.375*<br>(0.156)          |
| $\Delta$ Unempl <sub>t</sub> * $\Delta$ Political Grievances <sub>t-1</sub>         | 0.215<br>(0.141)                       | -0.354<br>(0.399)   | 0.224<br>(0.388)     | -0.044<br>(0.138)          |
| $\Delta$ Unempl <sub>t-1</sub> * $\Delta$ Political Grievances <sub>t</sub>         | -0.233**<br>(0.083)                    | -0.547**<br>(0.175) | -0.138<br>(0.192)    | -0.289*<br>(0.138)         |
| $\Delta$ Unemployment <sub>t-1</sub> * $\Delta$ Political Grievances <sub>t-1</sub> | 0.147<br>(0.107)                       | 0.941*<br>(0.463)   | 0.388<br>(0.270)     | 0.028<br>(0.082)           |
| R <sup>2</sup>  | 0.141                                  | 0.459               | 0.063                | 0.196                      |
| Adj. R <sup>2</sup>   | 0.089                                  | 0.370               | -0.011               | 0.100                      |
| Num. obs.   | 718                                    | 135                 | 356                  | 227                        |
| Fixed effects   | Yes                                    | Yes                 | Yes                  | Yes                        |
| White noise residuals   | Yes                                    | Yes                 | Yes                  | Yes                        |

\*\*\*  $p < 0.001$ ; \*\*  $p < 0.01$ ; \*  $p < 0.05$ ; †  $p < 0.1$ .



Table A7.2. *Level of public economic protest, overall and by region with interaction of political grievances and period (2000–2010; 2010–2015)*

|   | Protest (Public Economic) <sub>t</sub> |                    |                      |                               |
|---|--|--------------------|----------------------|-------------------------------|
|   | Whole of Europe                        | Southern Europe    | North-western Europe | Central and eastern Europe    |
| Protest (Public Economic) <sub>t-1</sub>  | 0.162***<br>(0.037)                    | 0.248**<br>(0.087) | -0.022<br>(0.054)    | 0.127 <sup>†</sup><br>(0.069) |
| $\Delta$ Unemployment <sub>t</sub>  | 0.722<br>(0.609)                       | -1.234<br>(2.265)  | 0.400<br>(1.170)     | 1.607**<br>(0.514)            |
| $\Delta$ Unemployment <sub>t-1</sub>  | -0.148<br>(0.799)                      | 1.366<br>(3.092)   | 1.067<br>(1.365)     | -0.621<br>(0.697)             |
| $\Delta$ Unemployment <sub>t</sub> *Period (2010–2015)                          | 0.959<br>(0.992)                       | 2.914<br>(3.825)   | -0.524<br>(2.268)    | -1.264<br>(0.839)             |
| $\Delta$ Unemployment <sub>t-1</sub> *Period (2010–2015)                        | 0.536<br>(1.036)                       | 3.230<br>(4.599)   | -0.982<br>(2.322)    | 0.214<br>(0.842)              |
| $\Delta$ Political Grievances <sub>t</sub>                                      | 0.129<br>(0.103)                       | 0.015<br>(0.326)   | 0.342*<br>(0.173)    | 0.120<br>(0.100)              |
| $\Delta$ Political Grievances <sub>t-1</sub>                                    | -0.354**<br>(0.115)                    | -0.038<br>(0.370)  | -0.533**<br>(0.177)  | -0.604***<br>(0.140)          |
| $\Delta$ Political Grievances <sub>t</sub> *Period (2010–2015)                  | 0.272 <sup>†</sup><br>(0.158)          | 0.316<br>(0.539)   | -0.197<br>(0.253)    | 0.188<br>(0.172)              |
| $\Delta$ Political Grievances <sub>t-1</sub> *Period (2010–2015)                | 0.532***<br>(0.160)                    | -0.175<br>(0.575)  | 0.539*<br>(0.250)    | 0.800***<br>(0.177)           |
| $\Delta$ Unemployment <sub>t</sub> * $\Delta$ Political Grievances <sub>t</sub> | 0.290*<br>(0.146)                      | 1.038<br>(0.874)   | -0.039<br>(0.305)    | 0.711***<br>(0.186)           |

Table A7.2 (cont.)

|   | Protest (Public Economic) <sub>t</sub> |                   |                      |                            |
|---|--|-------------------|----------------------|----------------------------|
|   | Whole of Europe                        | Southern Europe   | North-western Europe | Central and eastern Europe |
| $\Delta$ Unemployment <sub>t</sub> * $\Delta$ Political Grievances <sub>t-1</sub>   | -0.286<br>(0.292)                      | -0.613<br>(1.070) | 0.396<br>(0.605)     | -0.945***<br>(0.279)       |
| $\Delta$ Unemployment <sub>t-1</sub> * $\Delta$ Political Grievances <sub>t</sub>   | -0.205*<br>(0.098)                     | -0.376<br>(0.283) | -0.575*<br>(0.256)   | -0.545***<br>(0.160)       |
| $\Delta$ Unemployment <sub>t-1</sub> * $\Delta$ Political Grievances <sub>t-1</sub> | 0.445†<br>(0.234)                      | 0.396<br>(1.308)  | 1.156*<br>(0.451)    | 0.488*<br>(0.210)          |
| $\Delta$ Unemployment <sub>t</sub> * $\Delta$ Political Grievances <sub>t</sub>     | 0.055<br>(0.263)                       | -0.400<br>(1.016) | -0.036<br>(0.572)    | -0.879*<br>(0.352)         |
| *Period (2010–2015)   | 0.565†<br>(0.334)                      | 0.177<br>(1.173)  | -0.297<br>(0.805)    | 1.119***<br>(0.323)        |
| $\Delta$ Unemployment <sub>t</sub> * $\Delta$ Political Grievances <sub>t-1</sub>   | 0.448†<br>(0.250)                      | 0.093<br>(0.643)  | 0.494<br>(0.574)     | 0.826*<br>(0.330)          |
| *Period (2010–2015)   | -0.502†<br>(0.266)                     | 0.487<br>(1.470)  | -1.168*<br>(0.583)   | -0.579*<br>(0.229)         |
| IMF <sub>t</sub>  | 5.160†<br>(2.952)                      | 11.024<br>(8.544) | 10.191<br>(7.578)    | -0.910<br>(2.390)          |

|                                  |                    |                     |                   |                    |
|----------------------------------|--------------------|---------------------|-------------------|--------------------|
| IMF <sub>t-1</sub>               | 0.705<br>(2.994)   | -16.377†<br>(8.582) | 0.803<br>(7.564)  | 2.572<br>(2.527)   |
| System Polarization <sub>t</sub> | 0.261<br>(0.831)   | -2.583<br>(4.550)   | 1.214<br>(1.153)  | -0.036<br>(1.024)  |
| Cabinet Position <sub>t</sub>    | 0.469*<br>(0.217)  | 0.494<br>(0.591)    | 0.775*<br>(0.363) | 0.252<br>(0.229)   |
| Election Month <sub>t</sub>      | -1.517†<br>(0.778) | -2.582<br>(2.778)   | -1.512<br>(1.140) | -1.602*<br>(0.762) |
| Election Month <sub>t-1</sub>    | 1.225<br>(0.791)   | 7.414*<br>(2.887)   | 0.419<br>(1.158)  | 0.557<br>(0.771)   |
| Period (2010–2015)               | 0.235<br>(0.633)   | 3.015<br>(2.388)    | -1.377<br>(0.898) | -0.614<br>(0.705)  |
| <i>R</i> <sup>2</sup>            | 0.184              | 0.498               | 0.107             | 0.319              |
| Adj. <i>R</i> <sup>2</sup>       | 0.123              | 0.366               | 0.009             | 0.203              |
| Num. obs.                        | 718                | 135                 | 356               | 227                |
| Fixed effects                    | Yes                | Yes                 | Yes               | Yes                |
| White noise residuals            | Yes                | Yes                 | Yes               | Yes                |

\*\*\**p* < 0.001; \*\**p* < 0.01; \**p* < 0.05; †*p* < 0.1.