Review Article

The comparative (party) politics of the Great Recession: Causes, consequences and future research agenda

Cristóbal Rovira Kaltwasser* and Lisa Zanotti

School of Political Science, Diego Portales University, Santiago, Ejército 333, 8310127, Chile.

E-mails: cristobal.rovira@udp.cl; lisa.zanotti@mail.udp.cl

*Corresponding author.

Buying Time: The Delayed Crisis of Democratic Capitalism

Wolfgang Streeck

Verso Books, London, 2014, 192pp., €22.10, ISBN: 978-1781685488 (paperback)

Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession

Nancy Bermeo and Larry Bartels (eds.)

Oxford University Press, New York, 2014, 396pp., €32, ISBN: 978-0199357512 (paperback)

Politics in the New Hard Times: The Great Recession in Comparative Perspective

Miles Kahler and David A. Lake (eds.)

Cornell University Press, Ithaca, 2013, 316pp., €28.25, ISBN: 978-0801478277 (paperback)

Comparative European Politics advance online publication, 16 May 2016;

doi:10.1057/cep.2016.22

Introduction

By the end of the first decade of the twenty-first century, the world economy was on the brink of collapsing. On 15 September 2008, Lehman Brothers went bankrupt, marking the starting point of the crisis. After all, this was one of the oldest investment banks on Wall Street and its bankruptcy sparked financial panic all over the planet. Given that financial markets are heavily interlinked in the twenty-first century, doubts about the solvency of the United States financial sector due to its exposure to the real-state bubble resulted in alarming news about the solvency of financial

systems in all countries. Dramatic government responses became crucial in avoiding the risk of worldwide financial collapse. Right after the onset of the crisis, heads of government had no other option than to try to calm the markets at any cost. Central banks and finance ministers were forced to act rapidly, but after a while it became clear that not all countries reacted in the same way. Whereas the United States has adopted a quantitative easing strategy, almost all European countries have preferred austerity policies.

This review article aims to analyze the growing comparative politics literature on the economic crisis, putting special emphasis on the party politics approach. After all, the crisis can spark a process of ‘creative destruction’ affecting political parties – one of the cornerstones of modern representative democracy. Let us begin by saying that the crisis in question is usually labeled ‘the Great Recession’. This name comes from the alleged similarity of the crisis in question with the Great Depression of the 1930s. Both are phases of deep economic contractions that, though started in the United States, ended up affecting most of the world’s countries and initiated a long period of hardship with important political consequences. Therefore, a large part of the existing literature directly or indirectly draws parallels between the Great Recession and other economic crises that have affected the world economy. One of the advantages of this comparative impetus in academic scholarship is that we can better understand not only the singularity of the Great Recession as such, but also the ways in which it is affecting and might impact different regions and countries.

Although the literature on this topic is growing exponentially, the three books discussed here are a good starting point for analyzing the comparative (party) politics of the Great Recession. Relying on the Frankfurt School theories of the late 1960s and 1970s, Streeck’s monograph advances an interesting approach to explaining the origins of the crisis and its potential consequences. His main argument is that the conflict between capitalism and democracy will become tougher, and in some places might become even unmanageable, as the very implementation of austerity is eroding the social legitimacy of the market economy. Moreover, the edited volume of Bermeo and Bartels takes into account a diverse set of cases to examine how citizens have responded to the economic crisis and whether they have changed their voting behavior and/or opted to take to the streets. Among its many findings, the book highlights that so far, popular reactions to the Great Recession have been moderate in most countries and that electoral punishment of incumbents has occurred almost in all countries affected by the crisis. Finally, the volume edited by Kahler and Lake takes inspiration from Gourevitch’s (1986) seminal book, *Politics in Hard Times: Comparative Responses to International Economic Crises*, to analyze not only the economic but also, and mainly, the political causes and consequences of the Great Recession. Therefore, this book puts special emphasis on the extent to which the crisis is triggering a process of interest redefinition, which in turn could lead to the formation of new political coalitions with specific preferences when it comes to proposing policy solutions to deal with the crisis.

This review article takes into consideration these three books as well as some additional academic literature to analyze how comparative politics scholarship is studying the Great Recession. The rest of this contribution is structured as follows. First of all, we begin by discussing the notion of ‘crisis’ and examining its different interpretations for the analysis of the Great Recession. After this, we present the most common comparisons between the Great Recession and other economic crises that have occurred during the twentieth century. Subsequently, we identify the causal explanations for the Great Recession and then we discuss its political consequences. Finally, we conclude this review article by proposing some areas for the future research agenda on the Great Recession.

The Great Recession as a Political Crisis

According to economics literature, a recession is normally defined as two or more consecutive quarters of negative GDP growth. On the basis of this definition, almost every advanced economy in the world experienced a recession during 2008–2009. Nevertheless, there is wide consensus that the Great Recession should not be seen as a mere economic downturn, but rather as the biggest economic recession since the Great Depression of the 1930s (Kahler and Lake, 2013, p. 2). Despite this consensus, there is disagreement when it comes to specifying whether and to what extent the Great Recession represents a *political* crisis. The latter is, after all, a contested concept in the social sciences (see, for instance, Hay, 1999). Overall, in the existing academic literature we can identify four ways in which the Great Recession is analyzed as a political crisis.

The first and probably most common interpretation is to consider the Great Recession a political crisis as it represents a situation of extreme danger and instability. According to this view, given that the economic recession is very pronounced and has global reach, one can expect a state of political turmoil around the world. For instance, Bermeo and Bartels’ edited volume is to a great extent driven by this conceptualization of crisis as it tries to answer whether the tough times of the Great Recession are leading to dramatic political reactions. Interestingly, the book shows that almost no major political changes have occurred so far either in Europe or in the United States, and thus suggest the possibility that the Great Recession should not be seen as a political crisis.

Second, some scholars see the Great Recession as a political crisis because it opens up the discussion of responsibility. In effect, the very rise of the Great Recession sparks an interesting debate over whether the economic crisis should be seen as an exogenous or an endogenous shock. If the former is true, the crisis is related mainly to foreign actors and institutions that end up affecting negatively the national economy. If the latter, the crisis is the result of internal decisions that damage the future economic performance of a given country. As Kahler and Lake (2013, p. 15)

rightly point out, political actors have important interests in portraying the economic crisis as exogenous or endogenous, because this has an impact on who can be blamed for the consequences of the Great Recession.

Third, not a few scholars are of the opinion that the Great Recession signifies a political crisis in the sense of a turning point. In this case, one has to consider the political outcomes of the economic downturn, so the Great Recession can be seen as a crisis only in retrospect. Put in other words, only if the Great Recession has (long term) aftereffects can it be conceptualized properly as a political crisis. This interpretation is close to the literature on historical institutionalism and its emphasis on the irruption of critical junctures, which are normally defined as ‘relatively short periods of time during which there is a substantially heightened probability that agent’s choices will affect the outcome of interest’ (Capoccia and Kelemen, 2007, p. 348). For instance, Hansen and Gordon (2014) argue that the Great Recession should be seen as a turning point, marked by emergence of an economic crisis that overlaps with an institutional crisis and a demographic crisis. The former is related to the fact that the EU did not have the tools to prevent the Great Recession and does not have the tools to confront the economic crisis either, while the latter alludes to specific trends (ageing populations, youth unemployment, problematic integration of immigrants and so on) that are putting fiscal and political systems increasingly under stress. Given that there is a high degree of feedback across these three crises, the Great Recession can be depicted as the critical juncture that will force actors to take decisions that can have profound historical legacies.

Finally, Streeck defines the Great Recession as the onset of a structural crisis between capitalism and democracy. This conceptualization stays in close relationship with the analysis of the Great Recession as a critical juncture, but Streeck’s theoretical background is not related to historical institutionalism but rather to the political economy tradition of the Frankfurt School. In fact, he is interested in showing that the inherent tension between capitalism and democracy has been solved with relative success in the postwar era through three mechanisms – inflation in the 1970s, increased government borrowing in the 1980s and expansion of private loan markets in the 1990s – which were sought by governments of the developed world to secure social peace. Given that none of these mechanisms is available after the onset of the Great Recession, Streeck maintains that there is no way to continue ‘buying time’ to avoid the tension between capitalism and democracy (on this topic, see also Wallerstein *et al.*, 2013). Therefore, according to him, the inevitable corollary of this situation is that the clock is ticking for democracy in particular and for capitalism in general: whereas the former is increasingly under stress because of its inability to tame capital with the aim of generating social peace, the latter is experiencing a crisis of confidence driven by the unwillingness of capital owners to invest in the economies of the developed world that show increasing problems securing growth. A good complement of Streeck’s argument is the work of Piketty (2014), who claims that the dramatic increase in economic inequality that the world has been

experiencing in the past decades will translate into sociopolitical instability and thus represents a major challenge for democracy.

Comparing the Great Recession with Other Economic Crises

As previously noted, a significant part of the academic literature on the Great Recession aims at drawing some parallels with other economic downturns that have affected the world economy during the twentieth century. Without a doubt, the most common comparison is with the Great Depression of the 1930s. What are the similarities and differences between both economic crises? On the one hand, these two crises began in the United States, started with a financial crash and quickly spread to other economic sectors and countries of the world. Moreover, Lindvall (2014) argues that both crises gave rise to a similar electoral pattern, namely right-wing parties achieved at first better results than left-wing parties, but this effect only lasted for a few years. On the other hand, as Bermeo and Bartels (2014, pp. 32–3) indicate, there are at least four important differences between both economic crises: (i) in contrast with the situation of the 1930s, demonstrators today seem intent on deepening rather than destroying democracy; (ii) those who protest against the current state of affairs are hampered by the absence of alternatives to capitalist democracy that were available in the 1930s, that is, communism and fascism; (iii) nowadays, there are powerful international organizations (for example, NATO, the European Union and the International Monetary Fund) seeking to secure economic and political stability; and (iv) rich democracies, even those which are more market oriented, have welfare programs that buffer citizens from economic calamities.

Another interesting comparison is the one between the Great Recession and the so-called Long Recession that affected the industrial world from 1974 to 1982. This was a period of economic stagnation, which called into question core features of the development strategies adopted by advanced industrial countries. In fact, it is worth noting that during this time, conservative forces in many places of the world were able to use the economic downturn to reinforce popular fears of big government and thus defend the adoption of neoliberal policies. To a certain extent, this is also occurring today. Despite the fact that the deregulation and liberalization of financial markets promoted by neoliberalism has played a significant role in causing the Great Recession, neoliberal ideas have proven to be quite resilient in contemporary Europe. As Schmidt and Thatcher (2013) show, this resilience of neoliberalism can be explained by its ideological flexibility, institutional advantages and the existence of powerful supporters.

In addition, an important parallel between the Great Recession and the Long Recession lies in the rise of unemployment (Bermeo and Bartels, 2014, p. 7). Yet there are also a couple of significant contrasts between both economic crises, particularly if we analyze the responses developed by governments. To begin with,

the policies that governments have adopted to deal with the Great Recession have been much narrower than the policies implemented during the crisis of the 1970s and early 1980s (Bermeo and Pontusson, 2012, p. 8). Whereas in the past some countries relied on expansionary fiscal policies first and tax raises later and other countries preferred to devalue as well as to erect new barriers to trade, the main response today consists of reliance on monetary stimulus and on spending cuts to achieve fiscal consolidation. According to Pontusson and Raess (2012), this new pattern reflects a shift from 'social Keynesianism' to 'liberal Keynesianism'.

Curiously, the comparison that is almost absent in the comparative (party) politics literature is the one between the Great Recession and the Latin American debt crisis of the 1980s (for a partial exception to this trend, see Pinto, 2013). While it is true that this comparison might have limited value to an analysis of the situation of northern European economies, it can be very helpful when it comes to examining the fate of southern European economies. After all, the latter are in a similar condition to many Latin American countries during the 1980s: increasing pressure from the markets and international financial institutions has led to the implementation of austerity reforms that are anything but popular and have important consequences on established political parties. As we will show later, when discussing the areas for the future research agenda on the Great Recession, taking into account the Latin American experience with the debt crisis of the 1980s can be of great benefit to thinking about the political consequences of the Great Recession, particularly for those interested in analyzing the potential transformation of the party system.

Causes of the Great Recession

Although most academic and journalistic analyses of the Great Recession tell a similar story, there is some dispute over its causes. How can we explain the emergence of this economic crisis that seriously threatened the stability of the global financial system at the beginning of the twenty-first century? To answer to this question, two types of accounts can be found in the literature: microeconomic and macroeconomic explanations (Kahler and Lake, 2013, pp. 5–6). On one side, some scholars underline the microeconomic origins of the Great Recession. According to this view, increasing political influence of the financial sector resulted in excessive deregulation of the financial markets and thus growing risky behavior of banks. There is probably no better example of this than the case of Iceland, a small country that by adopting an extreme form of financial deregulation in the 2000s, paved the way for the unresponsive conduct of the banking system that led to its collapse and forced the country to receive a US\$2.1 billion loan from the International Monetary Fund on November 2008 (Haggard, 2013, p. 64; Kriesi, 2014, pp. 315–319).

On the other, not a few academics maintain that the rise of the Great Recession is related mainly to macroeconomic factors. Seen in this light, the rising current account

deficits of the United States and other indebted economies in the developed world are the main cause of the economic crisis. The argument here is that the current account deficits were financed by capital inflows that ended up fueling speculative bubbles (for example, real estate and consumer debt), which sooner or later collapsed and triggered the onset of the Great Recession. By deregulating the finance industry, many advanced economies facilitated the increase of private debt and enabled private households to supplement their income from work (Streeck, 2014, p. 39). At the same time, as Ansell (2012) convincingly argues, the housing boom that occurred in various countries of the advanced industrial world resulted from a set of policies that enabled cheap credit, which reinforced capital inflows and the creation of asset bubbles.

Of course, some authors combine the microeconomic and macroeconomic explanations. By way of illustration, Gourevitch (2013, p. 273) maintains that to explain the emergence of the Great Recession one has not only to look at the behavior of financial actors who generated toxic assets that spread over the world economy thanks to loose regulation on mortgages, but also to be aware of the fact that large deficits in the balance of payments in the United States created an immense debt that thanks to new tools of financial engineering facilitated the rise of economic bubbles. In addition, the approach of Iversen and Soskice (2012) is particularly interesting as they argue that the main cause of the Great Recession lies in the establishment of an imbalanced trade regime based on the interaction between national governments of advanced countries, whereby they seek to defend the interests of their high-value-added sectors. Whereas liberal economies (for example, the United Kingdom) promote their innovative and high-risk financial sectors by advancing a friendly regulatory environment, export-oriented economies (for example, Germany) promote their high-value-added export sectors by high investment in public training. An imbalanced trade regime is the consequence of this pattern, as export-oriented economies tend to run a surplus on the external balance that generates a flow of capital toward liberal economies, which are characterized by the existence of large financial markets and high rates of return of financial assets.

Therefore, according to Iversen and Soskice (2012), in the very interaction of different national ‘varieties of capitalism’ lies not only the origins of the Great Recession, but also the reason why we should *not* expect that the crisis will facilitate the emergence of new forms of multilateral or supranational regulation. After all, national governments are interested in protecting the dominant economic sector of their own states and there is little reason to think that this will change either during or after the Great Recession. Similarly, Pinto (2013) maintains that to better understand the appearance of the crisis we should not study it as an exogenous shock but rather as an endogenous phenomenon. The logic behind this argument is that ‘political conditions preceding the downturn [... both] precipitate the likelihood that the crisis would occur [... and] also restrict the options available to policymakers’ (Pinto, 2013, p. 111).

Finally, Streeck's book offers a complementary approach to understanding the causes of the Great Recession, as he argues that the crisis has its roots in the tension between capitalism and democracy. He maintains that this tension has been evolving in advanced industrial countries, since '[...] the history of capitalism after the 1970s [...] is a history of capital's escape from the system of social regulation imposed on it against its will after 1945' (Streeck, 2014, p. 19). Put shortly, capitalism has been trying to remove the controls imposed by the democratic order and this should be seen as an incremental change, which has reached a new stage with the outbreak of the Great Recession. In fact, the latter should be seen as the result of a continuous process of economic deregulation that has occurred in the past decades of the twentieth century that paved the way for the arrival of a threefold crisis with no end in sight: a banking crisis, a crisis of public finances and a crisis of the real economy.

Consequences of the Great Recession

In contrast to alarmist reports in the media claiming that the Great Recession is triggering the rise of anger, extremism and protest across Europe, most comparative (party) politics literature on the Great Recession tends to argue that *so far* the political consequences of the crisis have been very limited. In effect, there is an important degree of consensus that despite GDP decline and growing unemployment, ordinary people have reacted moderately, to the point that ideological sea changes are the exception rather than the rule. How can we explain why popular reactions to the Great Recession have been surprisingly muted? All in all, three factors help us to answer this question. First, the existence of the welfare state has been crucial in avoiding the potential growth of political extremism. As Anderson and Hecht (2014, p. 53) indicate, welfare states '[...] are designed to insure against social risks, such as unemployment, poverty and income loss, and thus should serve to cushion the harshest impact of the recession'. However, not all countries put the same impetus on welfare state mechanisms to counter the social implications of the crisis, and in consequence, one can expect that countries with less extensive systems of social protection and most hit by the recession would be more likely to experience the rise of protest. It is not a coincidence that anti-austerity movements came to the fore in Greece and Spain, but not in northern European and Scandinavian countries (della Porta, 2015).

Second, instead of provoking a major realignment of the political system, in most countries the Great Recession has amplified preexisting electoral trends. As Mayer (2014) examines in France, growing support of the working class for the populist radical right should be seen as a long-term process that had already begun in the 1980s. Indeed, she convincingly shows not only that the economic recession has not translated into massive amount of votes for the French National Front, but also that the working class is a heterogeneous social group with different ideas and interests.

Similarly, Dancyger and Donnelly (2014, p. 150) maintain that in Europe, ‘predictions of extreme increases in xenophobia are not borne out in survey data’. Moreover, they demonstrate that employment sector is a crucial variable when it comes to explaining the extent to which the Great Recession fosters negative attitudes toward immigration in Europe: when public confidence in the economy is low, workers in industries with large numbers of migrants are inclined to be more hostile to immigration. This means that increasing opposition to foreigners is linked to both confidence on economic prospects and sectoral exposure to immigrants.

The third explanation for the limited reactions to the Great Recession lies in the extensive use of a political mechanism whereby the electorate is able to demonstrate its frustration with the state of the economy: retrospective voting. There is a vast amount of research demonstrating that voters generally tend to punish incumbent governments in challenging economic periods, while they are inclined to reward them during times of economic growth. Interestingly, the Great Recession reaffirms the validity of this argument in most of the countries under scrutiny in the literature (for example, Bartels, 2013, 2014; Kriesi, 2014). Seen in this light, center-left forces critical of the free-market are not becoming the winners of the electoral game. This means that the Great Recession reveals that ideological voting is not necessarily crucial for the electorate, as voters are inclined to penalize incumbents – independently of their political ideology – for the dramatic economic situation. A good example of this pattern is the case of the socialist Prime Minister José Luis Zapatero, who was reelected in March 2008, when the Spanish economy was still in good shape. Nevertheless, the Great Recession exploded a couple of months later and Zapatero was forced to enact painful austerity measures that had a negative impact on the Spanish economy. Internal pressure against his government became unsurmountable and he called for early elections, which took place in November 2011. In line with the retrospective voting theory, Zapatero’s socialist party suffered a significant electoral loss and the right-wing People’s Party won an absolute majority in the parliament.

Another interesting aspect highlighted in the academic literature is that the Great Recession has so far not resulted in major changes in the realm of public policy. To begin with, empirical evidence indicates that in several countries affected by the crisis there is an important degree of support for cutting public spending instead of increasing taxes (Bermeo and Bartels, 2014, p. 19). Moreover, although it is early to assess the impact of the Great Recession on the potential change of attitudes toward redistribution, evidence from the United Kingdom reveals that so far the crisis has had almost no effect on citizens’ opinions on the subject (Soroka and Wlezién, 2014). In addition, despite growing doubts about the solvency of the euro, support for the common currency has remained high within the Eurozone throughout the crisis. This holds true even for a country like Greece, which has been hard hit by the Great Recession and has suffered the imposition of tough austerity measures by European institutions and governments. Why do citizens of the Eurozone continue to support the common currency? According to Hobolt and Leblond (2014, p. 143), ‘[t]his is

because the risk of breakdown of the Eurozone creates greater economic insecurity among individuals, as giving up on the Euro is likely to make the economic situation worse and even more uncertain than the situation associated with keeping the Eurozone intact through bailouts and economic adjustment programs’.

Lastly, it is important to highlight that the Great Recession did not set in motion a wave of protectionist measures. International cooperation has been crucial in dealing with the negative consequences of the crisis and this represents an important difference with previous economic shocks that have occurred during the twentieth century. Part of the reason for this lies in the existence of broad coalitions of interests in both developed and developing countries that support free trade (Haggard, 2013). By the same token, the existing coalitions of interests have enough power to block attempts at major reforms to regulate high-risk financial activities in order to avoid new crises in the near future (Helleiner, 2012). The Dodd–Frank Wall Street Reform and Consumer Protection Act is one of the few examples of how the crisis has opened an opportunity to advance better regulations, but everything indicates that this type of reform is the exception rather than rule as financial capital has diverse power resources to defend the *status quo* (Gourevitch, 2013, pp. 264–273).

Future Research Agenda

The existing comparative (party) politics literature on the Great Recession is very diverse and offers rich material to better understand its causes and consequences. However, given that this economic crisis is relatively recent (it exploded at the end of 2008), most research has focused on its short-term effects. In the words of Hall (2014, p. 148), as ‘[...] the political tail of this crisis has not yet stopped wagging’, it is an open question whether new electoral coalitions offering alternative policies are in the process of development. Therefore, we are of the opinion that the next generation of studies on the comparative (party) politics of the Great Recession should put much more emphasis on its long-term implications. In this spirit, we close this review article by proposing three areas for future research that explicitly address the potential long-term political consequences of the crisis.

First of all, and as it was previously suggested, by considering the literature on the Latin American debt crisis of the 1980s, one can learn important lessons for analyzing the Great Recession in Europe. In this regard, the work of Roberts (2013, 2015) is particularly useful, since he advances a theoretical framework to analyze how the crisis of the 1980s ended up triggering a major aftereffect on Latin American parties systems: dealignment versus realignment. Dealignment of the party system occurred when the left implemented austerity reforms, as left-wing voters felt abandoned by their parties and switched to supporting political outsiders and populist leaders. By contrast, realignment of the party system took place when conservative forces

adopted austerity reforms and the left opposed them, because this political dynamic permitted channeling social discontent through the existing political parties. Future studies could rely on this theoretical framework, which at first sight seem to translate well to analyzing the long-term political consequences of the Great Recession in Europe. For instance, it could shed light on Corbyn's shift to left of the Labor Party in the United Kingdom under austerity measures adopted by the Conservatives *vis-à-vis* the rise of the leftist populist party 'Podemos' in Spain, which was founded in the aftermath of the wave of protests against the austerity measures implemented by the socialist government headed by Zapatero.

Second, there are good reasons to think that one of the most important long-term political consequences of the Great Recession is the intensification of the tension between responsibility and responsiveness. The analysis of this tension was inaugurated by the late Mair (2009, 2013), who argued that economic globalization and the consolidation of the European Union are putting political parties increasingly under stress: the more they act responsibly toward international markets and supranational institutions, the greater problems they face in responding to their supporters in particular and the public opinion in general (Bardi *et al.*, 2014). Without a doubt, the Great Recession is amplifying this tension between responsiveness and responsibility because governments seem to have little power to and interest in confronting technocratic institutions, such as the European Commission, the European Central Bank and the International Monetary Fund, that seek fiscal consolidation at any cost. Nevertheless, as Mair (2009, p. 16) noted, 'the more the parties depoliticize policy-making, the more they are obliged to justify their choices'. In this sense, upcoming studies could explore how different party systems are dealing with the increasing tension between responsiveness and responsibility fostered by the Great Recession and thus are able or not to curing democratic malaise.

Last but not least, an interesting puzzle to be addressed lies in the extent to which the Great Recession will strengthen the electoral odds of populist forces, which by emphasizing responsiveness over responsibility end up fostering political polarization (Mudde and Rovira Kaltwasser, forthcoming). To this day, there is no clear relationship between exposure to the economic crisis and electoral boost of populist parties (Kriesi and Pappas, 2015). However, it is not far-fetched to suggest that the longer the economic crisis lasts and the deeper its social consequences, the higher the chance that *leftist* populist actors will become more powerful. As the Greek case shows (Stavrakakis and Katsambekis, 2014), leftist populist actors can develop an inclusionary approach by which they try to mobilize an array of diverse constituencies who feel excluded in order to generate new governing coalitions, which – as paradoxical as it might appear – can rely on the support of the populist radical right (Aslanidis and Rovira Kaltwasser, 2016). Nevertheless, the outcome of the December 2015 Spanish parliamentary elections reveals that leftist populist actors can also try to build a governing coalition with social-democratic parties. Future research should analyze under what circumstances increasing economic

vulnerability produced by Great Recession can be politicized by populist actors, who by strengthening its electoral power can foster the formation of new governing coalitions in Europe and other advanced economies of the world (for example, USA) that were unthinkable before the onset of the economic crisis.

Acknowledgements

The authors would like to acknowledge support from the Chilean Millennium Science Initiative (project NS130008) and they would also like to thank Aldo Madariaga, the anonymous reviewer and David Bailey, who is the reviews editor of *Comparative European Politics*, for their useful comments on earlier drafts of this manuscript. Any remaining errors are ours alone.

About the Authors

Cristóbal Rovira Kaltwasser is an Associate Professor at the School of Political Science at Universidad Diego Portales in Santiago de Chile and his main area of research is comparative politics, particularly the study of populism and its relationship with democracy.

Lisa Zanotti is a PhD student at the School of Political Science at Universidad Diego Portales in Santiago de Chile and she is working on a project on political polarization.

References

- Anderson, C. and Hecht, J. (2014) Crisis of confidence? The dynamics of economic opinions during the Great Recession. In: N. Bermeo and L. Bartels (eds.) *Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession*. Oxford: Oxford University Press, pp. 40–71.
- Ansell, B.W. (2012) Crisis as political opportunity? Partisan politics, housing cycles, and the credit crisis. In: N. Bermeo and J. Pontusson (eds.) *Coping with Crisis. Government Reactions to the Great Recession*. New York: Russell Sage Foundation, pp. 327–360.
- Aslanidis, P. and Rovira Kaltwasser, C. (2016) Dealing with populists in government: The SYRIZA-ANEL coalition in Greece. *Democratization*, doi: 10.1080/13510347.2016.1154842.
- Bardi, L., Bartolini, S. and Trechsel, A.H. (2014) Responsive and responsible? The role of parties in twenty-first century politics. *West European Politics* 37(2): 235–252.
- Bartels, L. (2013) Political effects of the Great Recession. *The Annals of the American Academy of Political and Social Sciences* 650(1): 47–76.
- Bartels, L. (2014) Ideology and retrospection in electoral responses to the Great Recession. In: N. Bermeo and L. Bartels (eds.) *Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession*. Oxford: Oxford University Press, pp. 185–223.
- Bermeo, N. and Bartels, L. (eds.) (2014) Mass politics in tough times. In: *Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession*. Oxford: Oxford University Press, pp. 1–39.

- Bermeo, N. and Pontusson, J. (eds.) (2012) Coping with crisis: An introduction. In: *Coping with Crisis. Government Reactions to the Great Recession*. New York: Russell Sage Foundation, pp. 1–31.
- Capoccia, G. and Kelemen, D.R. (2007) The study of critical junctures. Theory, narrative, and counterfactuals in historical institutionalism. *World Politics* 59(3): 341–359.
- Dancyger, R. and Donnelly, M. (2014) Attitudes toward immigration in good times and bad. In: N. Bermeo and L. Bartels (eds.) *Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession*. Oxford: Oxford University Press, pp. 148–184.
- della Porta, D. (2015) *Social Movements in Times of Austerity: Bringing Capitalism Back into Protest Analysis*. London: Polity.
- Gourevitch, P.A. (1986) *Politics in Hard Times: Comparative Responses to International Economic Crises*. Ithaca, NY: Cornell University Press.
- Gourevitch, P.A. (2013) Afterword. Yet more hard times? Reflections on the Great Recession in the frame of earlier hard times. In: M. Kahler and D.A. Lake (eds.) *Politics in the New Hard Times: The Great Recession in Comparative Perspective*. Ithaca, NY: Cornell University Press, pp. 253–274.
- Haggard, S. (2013) Politics in hard times revisited. The 2008–9 financial crisis in emerging markets. In: M. Kahler and D.A. Lake (eds.) *Politics in the New Hard Times: The Great Recession in Comparative Perspective*. Ithaca, NY: Cornell University Press, pp. 52–74.
- Hall, P. (2014) The political origins of our economic discontents: Contemporary adjustment problems in historical perspective. In: M. Kahler and D.A. Lake (eds.) *Politics in the New Hard Times: The Great Recession in Comparative Perspective*. Ithaca: Cornell University Press, pp. 129–149.
- Hansen, R. and Gordon, J.C. (2014) Deficits, democracy and demographics: Europe’s three crises. *West European Politics* 37(6): 1199–1222.
- Hay, C. (1999) Crisis and the structural transformation of the state: Interrogating the process of change. *British Journal of Politics and International Relations* 1(3): 317–344.
- Helleiner, E. (2012) Multilateralism reborn? International cooperation and the global financial crisis. In: N. Bermeo and J. Pontusson (eds.) *Coping with Crisis. Government Reactions to the Great Recession*. New York: Russell Sage Foundation, pp. 65–90.
- Hobolt, S. and Leblond, P. (2014) Economic insecurity and public support for the euro. In: N. Bermeo and L. Bartels (eds.) *Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession*. Oxford: Oxford University Press, pp. 128–147.
- Iversen, T. and Soskice, D. (2012) Modern capitalism and the advanced nation state. Understanding the causes of the crisis. In: N. Bermeo and J. Pontusson (eds.) *Coping with Crisis. Government Reactions to the Great Recession*. New York: Russell Sage Foundation, pp. 35–64.
- Kahler, M. and Lake, D.A. (eds.) (2013) Introduction. Anatomy of crisis: The Great Recession and political change. In: *Politics in the New Hard Times: The Great Recession in Comparative Perspective*. Ithaca, NY: Cornell University Press, pp. 1–24.
- Kriesi, H. (2014) The political consequences of the economic crisis in Europe: Electoral punishment and popular protest. In: N. Bermeo and L. Bartels (eds.) *Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession*. Oxford: Oxford University Press, pp. 297–333.
- Kriesi, H. and Pappas, T. (eds.) (2015) *European Populism in the Shadow of the Great Recession*. Colchester, UK: ECPR Press.
- Lindvall, J. (2014) The electoral consequences of two great crises. *European Journal of Political Research* 53(4): 747–765.
- Mair, P. (2009) Representative Versus Responsible Government. Cologne. MPIfG Working Paper 09/8, pp. 1–19.
- Mair, P. (2013) *Ruling the Void: The Hollowing of Western Democracy*. London: Verso.
- Mayer, N. (2014) The electoral impact of the crisis on the French working class. In: N. Bermeo and L. Bartels (eds.) *Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession*. Oxford: Oxford University Press, pp. 266–296.

- Mudde, C. and Rovira Kaltwasser, C. (forthcoming) *Populism. A Very Short Introduction*. New York: Oxford University Press.
- Piketty, T. (2014) *Capital in the Twenty-First Century*. Cambridge, MA: The Belknap Press; Harvard University Press.
- Pinto, P.M. (2013) The politics of hard times. Fiscal policy and the endogeneity of economic recessions. In: M. Kahler and D.A. Lake (eds.) *Politics in the New Hard Times: The Great Recession in Comparative Perspective*. Ithaca, NY: Cornell University Press, pp. 102–126.
- Pontusson, J. and Raess, D. (2012) How and (why) is this time different? The politics of economic crisis in Western Europe and the United States. *Annual Review of Political Science* 15: 13–33.
- Roberts, K. (2013) Market reform, programmatic (de)alignment, and party system stability in Latin America. *Comparative Political Studies* 46(11): 1422–1452.
- Roberts, K. (2015) *Changing Course in Latin America: Party Systems in the Neoliberal Era*. New York: Cambridge University Press.
- Schmidt, V. and Thatcher, M. (eds.) (2013) *Resilient Liberalism in Europe's Political Economy*. New York: Cambridge University Press.
- Soroka, S. and Wlezien, C. (2014) Economic crisis and support for redistribution in the United Kingdom. In: N. Bermeo and L. Bartels (eds.) *Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession*. Oxford: Oxford University Press, pp. 105–127.
- Stavrakakis, Y. and Katsambekis, G. (2014) Left-wing populism in the European periphery: The case of SYRIZA. *Journal of Political Ideologies* 19(2): 119–142.
- Streeck, W. (2014) *Buying Time: The Delayed Crisis of Democratic Capitalism*. London: Verso.
- Wallerstein, I., Collins, R., Mann, M., Derluguian, G. and Calhoun, C. (2013) *Does Capitalism Have a Future?* New York: Oxford University Press.