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Öhberg, Patrik

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Not all Crises are Detrimental for the Government. The Global Economic Crisis and the Swedish Case

Patrik Öhberg *

Abstract: »Nicht alle Krisen wirken sich negativ auf das Ansehen der Regierung aus. Die globale Wirtschaftskrise und der Fall Schweden«. Not all crises have the same impact. In this article the argument is made that we should make a distinction between a "homemade" and an "externally" caused crisis when analyzing the implications of an economic downturn. The case is Sweden and the analyses include both citizens' and MPs' attitudes towards democracy before and after the economic crisis of 2008. The article also makes an effort to compare the economic crisis of 2008 to a previous economic crisis that occurred at the beginning of the 1990s. Both crises were related to international turmoil, and they had a clearly negative impact on the Swedish economy. Yet, the crises were also very different. In the crisis of the 1990s, Sweden was seen as one of the countries that suffered the most, while in the aftermath of the economic crisis 2008, Sweden was seen as one of the most successful countries in handling the crisis. By comparing the two crises, we can get a better understanding of the extent to which attribution of responsibility depends on the context of the crisis.

Keywords: Economic crises, electoral behavior, attribution of responsibility political trust, governments.

1. Introduction

When the 2008 economic crisis struck the world, the open and export-dependent Sweden was shaken. Real GDP fell by more than 5%. This drop was even larger than during the devastating economic crisis that left the country in political turmoil in 1991 (Bergman 2011). With such an economic downturn, any economic theory would expect that the approval ratings of the government would take a drastic dip as well. Moreover, economic crises might also affect citizens' satisfaction with democracy (Clarke, Dutt and Kornberg 1993). Yet, this article tells another story: A story about a crisis that left the government stronger and even more popular than before. The Swedish center-right government, The Alliance for Sweden, was reelected in 2010, and the Prime Minis-

* Patrik Öhberg, SOM-Institute, Department of Journalism, Media and Communication, University of Gothenburg, Seminariegatan 1B, 413 13 Göteborg, Sweden; patrik.ohberg@pol.gu.se.

ter's party achieved its best election result in modern times. Moreover, support for democratic values was stable and the confidence in political parties increased by ten percentage points, while confidence in the government improved by 18 percentage points. Given the historical dimension of the crisis, these results are surprising and ask for an explanation.

In this article, the argument is made that we should make a distinction between a "homemade" and an "externally" caused crisis when analyzing the implications of an economic downturn. The article includes analyses of both citizens and MPs before and after the economic crisis of 2008. It also makes an effort to compare the economic crisis of 2008 to the economic crisis that occurred at the beginning of the 1990s. Both crises were related to international turmoil, and they had a clearly negative impact on the Swedish economy. Yet, the crises were also very different. In the crisis of the 1990s, Sweden was seen as one of the countries that suffered the most, while in the aftermath of the economic crisis 2008, Sweden was seen as one of the most successful countries in handling the crisis. By comparing the two crises, we can get a better understanding of the extent to which attribution of responsibility depends on the context of the crisis.

2. Who to Blame?

A fundamental ingredient of a functioning representative democracy is that citizens have the right to reward or punish political leaders in elections. The idea is straightforward: Governments, political parties and politicians should be held accountable for things they have done or things they have failed to do. But even if the idea of accountability is clear, the actual attribution of accountability is frequently not easy for the voters. Electoral researchers have sometimes even called into question whether voters know which parties and politicians are actually responsible for policy decisions (Achen and Bartels 2016). Moreover, some studies have shown that voters even tend to punish incumbents for things that are beyond their control, such as the outcome of sports events (Healy, Malhotra and Mo 2010) or shark attacks (Bartels 2008).

The large literature on economic voting convincingly argues that voters' support for the government varies systematically with macro-economic fluctuations. When the economy is doing poorly, governments frequently lose elections. And when it is doing fine, voters are inclined to support the incumbents (Lewis-Beck and Stegmaier 2007). It is especially voters' evaluations of the economy that seem to matter rather than the actual macro-economic situation. When voters worry about the economy, incumbents should be concerned about their electoral prospects. Yet, institutions matter for the clarity of responsibility and thereby for voters' ability to hold governments accountable. The relationship between the economy and the electoral success of the government is

stronger where responsibility is clearly attributable (Powell and Whitten 1993). Therefore, majority governments are easier to blame than weak minority governments that are constantly required to find compromises with the opposition.

3. Easy to Blame - Sweden had a Majority Government in 2008

In 2008, Sweden had a center-right majority government consisting of four parties; the Conservatives, the Christian Democrats, The Liberals and the Center Party. Together, these four parties had formed what they called “The Alliance for Sweden”. The formation of this “Alliansen” is worth telling. In August 2004, an outdoor hot tub, located in the small community of Högfors in northern Sweden, was used to make political history. It was the party leader of the Center Party, Maud Olofsson, who hosted the event. Together with the leaders of the other three parties, she declared the formation of the coalition. The hot tub was chosen to demonstrate to the participating journalists that the leaders of the four parties now liked each other so much that they even socialized privately (and rather intimately).

The purpose of forming the Alliance for Sweden was to “finally” put an end to the long dominance of the Social Democratic Party of Sweden. At the time, the Social Democrats had governed for 52 of the last 59 years, mostly by forming single-party minority governments. Even though the event with the bathing party leaders is highly exaggerated – the pictures show the party leaders standing in front of the tub rather than sitting in it –, it was not an exaggeration to call the presentation of the Alliance for Sweden a historical event. In 2006, the Alliance for Sweden received a clear majority of the seats in the parliament, and placed a surprised Social Democratic party on the opposition benches (Aylott and Bohlin 2007).

One important part of the election campaign of 2006 was the presentation of a joint election manifesto. The four parties of the Alliance had managed to present a coherent election program before the beginning of the electoral campaign, which was the first in Swedish history. The manifesto was a result of the four parties’ conclusion that the Social Democrats had to be defeated in the field in which they had their highest reputation, namely their ability to form stable governments. The earlier center-right governments of 1976 to 1978, 1979 to 1981 and 1991 to 1994 had been weak and ridden by conflicts between the coalition parties. The four center-right parties needed to convince voters that they could provide Sweden with a respectable and stable alternative to the Social Democrats. In their manifesto, the four parties jointly made specific promises for policy areas that had historically divided them, and they hoped to convey their determination to deliver. The manifesto was long and detailed. It included more than 200 electoral promises on central issues, of which a large

majority were realized after coming to power, despite the economic crisis (Naurin 2014; Naurin et al. forthcoming; Thomson et al. 2017).

Taken together, the Alliance for Sweden managed to achieve what it had aimed for: A government that appeared, and indeed was, stable and efficient. In terms of clarity of responsibility, the Swedish voters knew to whom to attribute credit and blame.

4. When the Economic Crisis Reached Sweden in 2008

Sweden has a small and very open economy (Bryant, Henderson and Becker 2012) that is heavily dependent on the world market. Almost half (44 percent) of the Swedish GDP is related to export. Therefore, the onset of the turmoil in the global financial markets had immediate consequences for the Swedish economy. The GDP decline in 2008 was the worst since the economic crisis of the 1990s. Unemployment increased from 6.1% in 2007 to 8.6% in 2010. Even though the long-term effects of the crisis on the Swedish economy were modest, the unemployment rate is still higher in 2018 than it was before the crisis. Since Swedish companies are so dependent on exports, it was the private industrial sector that suffered the most from the downturn in the global markets. Especially the automotive industry was affected. A symbolic episode was when General Motor declared in 2009 that the former Swedish car company Saab was not a prioritized part of their production anymore. As a consequence, thousands of workers in Sweden were laid off and a well-known and popular Swedish brand disappeared.

What did the government do to handle the crisis? Does it deserve praise? Well, to begin with, the economy was in good shape when the crisis hit the country. Sovereign debt was low, just as the unemployment rate. Several important decisions were made during the crisis. At the beginning of the crisis, the government's first reaction was to raise the state's deposit insurance to protect customers' money in the banks. This was done in order to send a signal to the markets and to the customers that the state was able and willing to protect the citizens' savings. Later on, the government introduced a plan to stabilize the financial system by ensuring that banks and financial institutions would be bailed out by the government to avoid serious disturbances of the financial system. The government also presented a stimulus program for the job market. This included investments into the infrastructure, more funding to the Employment Agency, tax reductions for households who invested in renovating their homes, and a number of additional government programs (Regeringskansliet 2008). Already by the end of 2009, the worst of the crisis was overcome and an economic recovery set in.

5. Voters' Attribution of Accountability

As stated earlier, it is foremost voters' economic evaluations that matter for attributing responsibility. One of the reasons Swedish citizens did not blame the government could be that they did not really feel the crisis. Yet, Table 1 shows that in 2007 only 12 percent of the respondents stated that the country's economic situation had gotten worse during the past twelve months. A year later, that share had quadrupled – to 53 percent. And by 2009, even 76 percent of the respondents claimed that the country suffered from economic problems. Thus, there is no doubt that Swedish citizens were aware of the crisis.

Table 1: Share of Citizens Claiming that the Economic Situation of Sweden has Deteriorated During the past 12 Months (%)

	2007	2008	2009	2010
Economic situation has deteriorated	12	53	76	20

Source: Society, Opinion and Media (SOM) Institute Surveys 1988-2011.

Even though the Swedish citizens saw and felt the slowdown in economic growth, they did not start questioning the democratic political institutions. In the analyses below, the support for the Swedish democratic system was measured at four different levels of generality, from specific (political parties) to general (idea of democracy):

- Confidence in the political parties
- Confidence in the national government
- Support for the Swedish democratic regime
- Support for democracy as an ideal system of government.

The analyses are based on the data of the Swedish World Values Surveys 2006 and 2011¹.

In Table 2 we can detect that the general pattern of support of democracy is solid. More than 95 percent of the respondents expressed support of democracy as an ideal system of government at both points in time (T1: 98%, T2: 96%). This level of support is very high and there is very little change over time (-2 percentage points). Swedish citizens are also rather satisfied with the way democracy works in their country. The belief that the country is governed democratically scores around 85 percent, and not much has changed between the 2006 and 2011. Thus, the crisis did not change the basic foundation of the democratic system in Sweden.

¹ Data available at <<http://www.worldvaluessurvey.org/WVSONline.jsp>>.

Table 2: Support for Democracy Among Citizens (%)

	2006	2011	Difference
Support for the idea of democracy	98	96	-2
Support for the democratic system of government in Sweden	86	84	-2
Confidence in the government	43	61	18***
Confidence in political parties	33	43	10**

Source: World Values Surveys 2005 and 2011.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Indicators used for analysis:

Support for the idea of democracy ("Having a democratic system"): Response options: 1 - Very good, 2 - Fairly good, 3 - Fairly bad, and 4 - Very bad. "Very good" and "fairly good" were coded as 1, "fairly bad" and "very bad" as 0.

Evaluation of the democraticness of the Swedish system of government: 1 'not at all democratic' to 10 'completely democratic'. Scores from 1 to 5 were coded as 0 and scores from 6 to 10 as 1.

Confidence in government and in political parties: "A great deal of confidence" and "quite a lot of confidence" coded as 1, "not much confidence" and "no confidence at all" as 0.

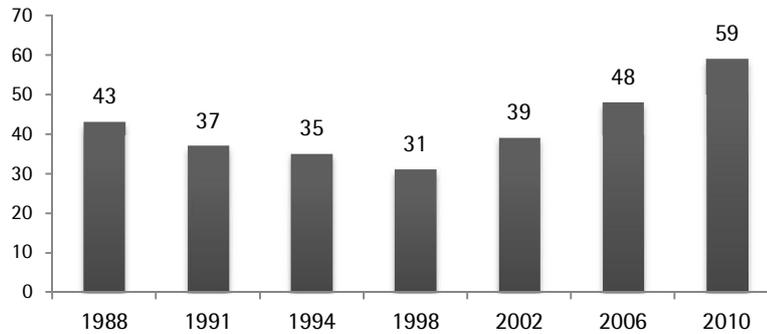
If we instead look at how Swedish citizens reacted towards the actors at the process level (the government and the political parties), we can notice some attitudinal changes. The approval ratings for both the government and the political parties were stronger *after* the crisis than they had been *before*. Support for government increased by 18 percentage points and at the same time confidence in the political parties rose from 33 percent to 43 percent.

Between the first and the second survey Sweden experienced a change in government in 2006. The approval ratings might therefore be an effect of change from an unpopular government to a more popular one. Yet, that is not the case. By using more or less the same survey question, asked by Society, Opinion and Media Institute (SOM), we are able to follow the approval ratings of the new government in more detail. In 2007, 33 percent of the citizens thought that the government did a rather/very good job, in 2008 it was 35 percent, in 2009 47 percent and in 2010 the approval ratings had climbed to 59 percent. Therefore, increased confidence ratings for the government in Table 2 cannot be explained by the change in government.

To further support the interpretation that the crisis had a positive effect at the process level, we can study the evolution of citizens' trust in politicians. Since 1988, after the national elections, citizens have been asked how much they trust Swedish politicians. Figure 1 includes the share of voters who had indicated a very or rather high trust in Swedish politicians between 1988 and 2010. It shows that Swedish citizens' trust in their politicians varies quite a bit. In the aftermath of the economic crisis, a striking record share (59 percent) of the Swedish citizens expressed such trust. In fact, the highest result among the seven surveys is found in 2010. Political analysts noted, furthermore, that turnout increased during the period as well, from 82 percent in 2006 to 85 percent in 2010 (Oscarsson and Holmberg 2016). The empirical evidence confirms that

the economic crisis did indeed have a negative impact on the Swedish economy and that the citizens were aware of the crisis. At the same time, however, confidence in the government and the political parties increased.

Figure 1: Share of Swedish Voters Expressing Very or Rather High Trust in Politicians (%)



Source: Oscarsson and Holmberg 2016.

6. Are Citizens Satisfied because Political Elites Are?

One of the reasons why citizens were rather satisfied with the political system might be due to a consensus among the political elites who gave them cues about how well Sweden handled the situation (Brody 1991; Carmines and Stimson 1989; Zaller 1992). In order to find out if an elite consensus had an impact on the evaluations of the citizens, we analyzed the differences between the MPs of the parties in governmental and of the opposition parties. When the Swedish parliamentarians were asked about their support for the idea of democracy as a universal value and their evaluations of the democraticness of the Swedish system of government, their approval ratings were very high and stable (Table 3). The crisis did not produce any significant differences between the MPs of government and opposition with respect to their support for democracy, their evaluations of the Swedish system of government or their confidence in political parties.

Table 3: Support for Democracy among MPs (%)

	Having a democratic political system			Democraticity of the Swedish system of government			Confidence in government			Confidence in political parties		
	2007	2013	D	2007	2013	D	2007	2013	D	2007	2013	D
Opposition	100	100	0	98	100	0	21	26	-5	94	91	3
Government	100	100	0	100	100	0	100	100	0	93	92	1
Difference	0	0		-2	0		79***	76***		1	1	

Source: Comparative Members of Parliament Surveys 2007 and 2013.

*** p<0.01, ** p<0.05, * p<0.1

Indicators used for analysis:

Support for the idea of democracy ("Having a democratic system"): "Very good" and "fairly good" coded as 1, "fairly bad" and "very bad" as 0.

Evaluation of the democraticity of the Swedish system of government: 1 'not at all democratic' to 10 'completely democratic'. Scores between 1 and 5 coded as 0, scores between 6 and 10 as 1.

Confidence in government and political parties: "A great deal of confidence" and "quite a lot of confidence" coded as 1, "not much of confidence" and "no confidence at all" as 0.

Yet, the MPs' confidence in government differed considerably depending on their party affiliation. MPs of the parties supporting the government expressed great confidence in the government, while the MPs of the opposition parties showed much less confidence, without much change between 2007 and 2013. Only approximately one fifth of the MPs belonging to the opposition showed confidence in the government.

Even though the opposition did not express much confidence in the government, there could still be a common understanding of the crisis, its causes and its impact. In the following, we will therefore take a closer look at the Swedish MPs' evaluations of different aspects of the crisis.

To begin with, let us see how MPs estimated the effect of the crisis on Sweden's economy, and if there were any differences between the government and the opposition. Respondents were asked two different questions about the current state of the economy and the impact of the economic crisis. The left column in Table 4 shows the MPs' evaluations of the current state of the Swedish economy. MPs belonging to the parties in government evaluated the economy in Sweden as quite good (mean 6.7) on a 10-point scale from "very bad" (1) to "very good" (10), while MPs of the opposition parties were less impressed (mean 5.4). The respondents were also asked about their expectation for the economic development over the coming twelve months. Again, few of the MPs of the parties in government assessed that the economic situation would get worse (6 percent). The MPs of the opposition, on the other side, were much more pessimistic. Almost half of them assessed that things will get worse over the next 12 months (49 percent). When asked if the economy was in worse shape now than twelve months before, 61 percent of the MPs of the opposition parties agreed. Again, those of the parties in government drew a rosier picture.

Only 17 percent assessed that the economy was worse off now. To sum up, the MPs were polarized in their assessments of the state of the economy and of the economic development. This confirms that voters were confronted with diverging assessments of the economic situation by the major political actors and not with a concurrent evaluation of the crisis.

Table 4: Swedish MPs' Assessments of the Economic Crisis

	Assessment of the current state of the economy	Expectation that the economic situation will get worse in the coming twelve months	Evaluation of the state of the economy as worse than twelve months before
Opposition	5.4	49	61
Government	6.7	6	17
Difference	-1.3***	43***	34***

Source: Comparative Members of Parliament Survey 2013.

*** p<0.01, ** p<0.05, * p<0.1

Note: With statistical controls for age, education and sex.

The opposition and the government were also divided in their evaluations of the causes of the economic crisis and the best strategies to cope with it. Oppositional MPs tended to blame neo-liberal policies for the outbreak of the crisis (mean 7.8), while the members of the governing parties did not see neo-liberal policies as a major cause (mean 3.2).² This result does not come as a surprise, since the majority of the oppositional MPs took a leftist position on economic issues, while the supporters of the center-right government tended to support a free market economy. This is another confirmation that the political elites who shaped the citizens' perceptions and evaluations of the crisis did not hold a united position on economic policies. Moreover, MPs from the government and the opposition did not share the same views regarding the usefulness of national policies to curb the crisis.³ Members of the opposition assumed that national policies rated the effectivity of national measures higher (mean 7.3) than those of the parties in government (mean 6.7). Yet, both camps agreed that the national efforts could do some good to limit the effects of the crisis.

Since Swedish MPs did agree that national policies could be effective, did they also agree on what policies should be followed in coping with the crisis? Well, not really. MPs of the opposition parties were much more inclined to

² MPs were asked to answer the following question: "To what extent do you think was the crisis a consequence of neo-liberal policies?" by using a 10-point scale from 1 (did not play any role) to 10 (were primarily responsible).

³ The question was "Do you think that national policy measures for dealing with the impact of the global financial and economic crisis can be effective or will they have no effect in the present situation?". Again, a 10-point scale was used that ranged from 1 (totally ineffective) to 10 (can contribute to overcoming the crisis),

spend more money on social welfare programs than MPs belonging to the parties in government. On the question

Are you personally in favor of strengthening existing or introducing additional social welfare programs to help those citizens who have been hit hardest by the financial and economic crisis, or do you believe that it is necessary to cut back social welfare programs to balance the public budget or to become globally more competitive?⁴,

members of the parties in government (mean 5.8) were less convinced that strengthening the social welfare system was a good thing than those of the opposition parties (mean 8.5). The government did in fact cut back on the welfare systems (Gordon 2017). Consequently, the polarization between the opposition and the government was evident in this respect as well (Table 5).

Table 5: Swedish MPs' Evaluations of Neo-Liberal Policies as a Cause of the Crisis and Policies to cope with the Crisis (Means)

	Neo-liberal policies caused the crisis	National polices can overcome the crisis	Strengthen social welfare programs
Opposition	7.8	7.3	8.5
Government	3.2	6.7	5.8
Difference	4.6***	0.7*	2.7***

Source: Comparative Members of Parliament Survey 2013.

*** p<0.01, ** p<0.05, * p<0.1

Note: With statistical controls for age, education and sex.

To sum up, these results indicate that Swedish political elites were neither united in assessing the impact of the crisis and its causes, nor in their strategies for handling it. The opposition was rather critical of the government's economic policies. Since Swedish politics was rather polarized during the crisis, cues provided by the political elites cannot explain why the citizens were overwhelmingly supportive of the government. One of the reasons for solving this puzzle might be that voters prefer policies proposed by center-right parties when an economic crisis occurs (Lindvall 2014). Yet, there is evidence that points into another direction. Next, I will therefore introduce another economic crisis that struck Sweden. At that time, things did not go that well for the center-right government, nor did voters' approval of the government improve.

⁴ Respondents were asked to use a ten-point scale, ranging from 1 (cut back on existing welfare programs) to 10 (strengthen existing or introduce additional social welfare programs).

7. The "Homemade" Crisis of the 1990s

The crisis at the beginning of 1990s was rooted in structural problems that had plagued the Swedish economy for many years. Already in the 1970s, Sweden had faced economic problems. Prices and wages increased faster in Sweden than in other countries. This constituted a severe problem for a small and export-dependent country. In order to deal with the problem, the currency was devalued five times between 1976 and 1982. But in 1982 the Swedish government decided against further devaluations. However, quite soon after the last devaluation in 1982 the production costs for Swedish industrial products were again higher than in other industrial countries.

On top of this problem, the government needed more money. The welfare state had expanded during the 1970s, but at the same time the economy had started to slow down. The government solved the problem by increasing taxes and by borrowing money. The restrictions for borrowing money were eased in the so-called November revolution of 1985 by deregulating the credit market, a novelty in the hitherto highly regulated Swedish economy. This implied that Swedish banks were allowed to lend money to households and companies without prior approval by the Swedish central bank. As a consequence, the Swedish financial market was almost immediately flooded with money. It did not take long before both the housing and the stock market were overheated. When Sweden entered the 1990s, the Swedish economy experienced a financial bubble with a high inflation rate and a fixed exchange rate. When the world economy slowed down at the beginning of the 1990s, the international financial markets spotted the Swedish currency as an easy target for speculation. This was stopped only in 1992 when the Swedish government decided to give up the fixed exchange rate for the Swedish Krona (Kiander and Vartia 2011).

The Swedish Prime Minister Carl Bildt acknowledged that "This is a failure, and it should be described as a failure". Five of the largest banks were bailed out or needed new capital from their stockholders in order to survive. The unemployment rate rose from 3 to 11 percent. The real estate market dropped by more than 50 percent. The crisis had a severe impact not only on the economy, but also on the political system (Molander 2000). Governmental commissions were appointed to deal with what was seen as a threat to Swedish democracy (Erlingsson, Kölln and Öhberg 2015).

During both crises, Sweden had the same constellation of parties in government. None of these governments were directly responsible for their outbreak, but they had to cope with them. Yet, voter reactions were different. The center-right government was pushed out of office in the elections 1994, and the Social Democratic party came back with flying colors. Its share of the total vote, 45.2 percent, was higher than in the three preceding elections.

8. Feelings toward the Government and Attribution of Accountability

It has been suggested in the literature that crises arouse citizens' emotions which affects to whom they attribute responsibility for the crisis (Kim and Cameron 2011). Therefore, it is of interest to ask if the homemade crisis of the early 1990s and the international crisis of 2008 evoked different emotional patterns. In the SOM surveys, Swedish citizens are regularly asked to rate their sympathy for each of the parliamentary parties and the Prime Minister on a scale from -5 (dislike very much) to +5 (like very much). In order to compare citizens' feelings toward the center-right governments for the years 1991 to 1993 and 2006 to 2009, the scores for all parties that participated in government were combined.

Table 6 shows the feelings toward the parties in government and prime minister Carl Bildt from 1991 to 1993. It can be seen that the feelings toward the government and the prime minister turned significantly more negative already in 1992. The center-right parties were not capable of coping with the economic problems and eventually lost the 1994 elections. The voters punished the government for its failures.

Table 6: Citizens' Changed feelings toward Government and Prime Minister 1991-1993

	1991	1992	1993
Feelings toward government	Reference	-0.31***	-0.32***
Feelings toward Prime Minister	Reference	-0.20*	-0.30***

Source: Society, Opinion and Media (SOM) Institute Surveys 1988-2011.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Note: The table shows the changes in feelings between 1991, 1992 and 1993 toward the government and the Prime Minister with 1991 as reference. The results are under statistical controls for age, education, gender and affiliation with a party in government.

When the crisis broke out in 2008, citizens' feelings toward the government became more negative (Table 7). Yet, they declined less in 2008 (-0.12) than they had in 1992 (-0.31). And, as can also be seen in Table 7, a year later citizens' feelings were not significantly more negative than they were the year before the crisis. The government bounced back rather quickly. The prime minister, Fredrik Reinfeldt, received more negative ratings as well when the crisis hit Sweden's economy. However, just one year later Reinfeldt was more popular than he had been before the crisis. In the elections of 2010, the Conservative party with Fredrik Reinfeldt as party leader received its best result ever in the elections of 2010.

The results presented in Tables 6 and 7 support the presumption that the attribution of responsibility depends on the context of a crisis.

Table 7: Citizens' Changed Feelings toward Government and Prime Minister 2007-2009

	2007	2008	2009
Feelings toward government	Reference	-0.12*	0.10
Feelings toward prime minister	Reference	-0.21**	0.71***

Source: Society, Opinion and Media (SOM) Institute Surveys 1988-2011.

*** p<0.01, ** p<0.05, * p<0.1

Note: The table shows the changes in feelings between 2007, 2008 and 2009 toward the government and the Prime Minister with 2007 as reference. The results are under statistical controls for age, education, gender and affiliation with parties in government.

9. Conclusions

In an era of mistrust and populist movements, there are concerns that the democratic systems are challenged. Yet, when the economic crisis hit Sweden in 2008, the government gained popularity and was rewarded in the next elections. This indicates that it is not the crisis itself that hurts the government it is how the government deals with the crisis. Swedish politicians were ready to face the economic crisis in 2008. At the time of the crisis, the public debate and the economic experts were comparatively optimistic about the state of the public finances as well as of the actions of the government. There was also clarity of responsibility in the sense that the country had a strong and coherent majority government. The crisis in 2008 illustrates that Sweden had a strong economy compared to other countries, and since the government was strong and coherent it received credit from the voters' for its successful handling of the crisis. During the crisis of the 1990s, the situation was very different. The center-right government had a hard time to convince citizen of its competency to handle the crisis. This was due to the predominant narrative that the economic problems were "home-made" and that the country did *worse* than other countries. Swedish citizens' trust in politicians was at an all-time low, and the democratic system was challenged by voter dissatisfaction.

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