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An Influence of Austerity Measures on the Credibility of Power in Contemporary Western European Democracies[1]

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Abstract. This study examines the impact of austerity measures, specifically government spending cuts, on political trust and government credibility in Western European democracies since the 2000s. It highlights the complex relationship between fiscal policy and public perception, showing that austerity often reduces trust in government, particularly among vulnerable populations and younger citizens. The article focuses on the mechanisms through which fiscal consolidation shapes political attitudes and democratic stability. The methodology combines theoretical analysis, empirical data evaluation, and comparative study of trust in government across countries, using qualitative source analysis, statistical methods, and a comparative framework to identify patterns and differences in public perception under economic constraints. Austerity, defined as government policies designed to reduce fiscal deficits through lower spending or higher revenues, is often framed as a necessary response to economic challenges, yet it frequently undermines government credibility. Key findings show that austerity reshapes electoral behavior, fosters political polarization, and creates opportunities for far-right movements to capitalize on public discontent by framing fiscal measures as institutional failure. Overall, this article synthesizes insights from the past 15–20 years of research on the political consequences of austerity in Western Europe, offering a comprehensive overview of its effects on governance and democratic stability.

Keywords: austerity, government spending cuts, electoral behavior, trust in government, Western Europe

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ИССЛЕДОВАТЕЛЬСКАЯ СТАТЬЯ

Влияние политики жесткой экономии на доверие к власти в современных западноевропейских демократиях

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Аннотация. В статье анализируется влияние мер жесткой экономии в виде сокращения государственных расходов на политическое доверие и авторитет правительства в западноевропейских демократиях с 2000-х годов. Подчеркивается сложная взаимосвязь между фискальной политикой и общественным восприятием и отмечается, что меры жесткой экономии часто приводят к снижению политического доверия и авторитета правительства, особенно среди уязвимых групп населения и молодежи. Основной упор в статье делается на исследовании механизмов влияния мер жесткой экономии, в особенности влияния бюджетной консолидации на политические настроения и демократическую стабильность в западноевропейских демократиях. Методология исследования включает в себя анализ теоретических подходов, изучение эмпирических данных и сравнительный анализ уровня доверия к правительству в различных странах. Основными методами являются качественный анализ источников, статистический анализ данных и сравнительный подход, который позволяет выявить закономерности и различия в восприятии власти гражданами в условиях экономических ограничений. Жесткая экономия определяется как подход в государственной политике, направленный на сокращение бюджетного дефицита за счет сокращения государственных расходов или увеличения доходов. Хотя жесткая экономия часто позиционируется как необходимый ответ на экономические вызовы, она нередко приводит к негативным последствиям в виде снижения доверия к власти. В исследовании показано, что меры жесткой экономии не только меняют поведение избирателей, но и способствуют политической поляризации, подрывая доверие к действующим правительствам. Крайне правые движения пользуются экономической нестабильностью, которая является следствием кризиса, чтобы заработать «очки» у избирателей, выдавая жесткую экономию за провал «истеблишмента». В статье впервые обобщаются результаты исследований за последние 15–20 лет о политических последствиях мер жёсткой экономии в Западной Европе, что позволяет получить более полное представление о воздействии такой политики на государственное управление и стабильность в демократиях.

Ключевые слова: политика жёсткой экономии, сокращение государственных расходов, электоральное поведение, доверие к правительству, Западная Европа

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1. Introduction

In Western European democracies, government spending cuts have become one of the most contested political issues of the twenty-first century. Triggered by crises such as the 2008 Global Financial Crisis and the European Debt Crisis, fiscal consolidation has forced governments to confront not only budget deficits but also the political consequences of austerity. These decisions can reshape citizens' trust in institutions and alter the credibility of political leaders. This article therefore asks: How have government spending cuts influenced political trust and government credibility in Western Europe since the 2000s?

Understanding this question is essential for several reasons. Firstly, political trust is a cornerstone of democratic governance. High levels of trust in government institutions

are associated with increased civic engagement, compliance with laws, and overall societal stability. Conversely, declining trust can lead to voter apathy, increased polarization, and support for populist movements that threaten established democratic norms. Therefore, exploring the relationship between fiscal policy and political trust provides critical insights into the health and resilience of democratic systems.

Ladreit (2023) found that austerity measures significantly impact public confidence in governmental institutions. The mechanisms through which these effects manifest are multifaceted and complex. For instance, the perception of inequity resulting from spending cuts often leads to disillusionment among marginalized groups, who may feel that their interests are overlooked in favor of broader economic goals. This sense of injustice can erode trust in government, as citizens increasingly view political leaders as disconnected from the realities faced by ordinary people.

This research aims to examine how fiscal consolidation shapes political attitudes and democratic stability in Western Europe. The study combines theoretical perspectives with empirical and comparative analysis of government trust, using qualitative source review and statistical data to identify patterns in public perceptions under economic constraints. Hübscher et al. (2023, p. 4) show that austerity policies may increase abstention rates by about 1.8 percentage points and boost support for non-mainstream parties by up to 3.5 percentage points. Drawing on 166 elections in 16 OECD countries between 1980 and 2016, these findings reflect broader trends of political polarization and the rise of populist movements. Such shifts suggest that austerity measures can weaken traditional political structures and create conditions in which radical alternatives gain ground.

The remainder of this paper is structured as follows. The next section outlines the conceptual framework of austerity, distinguishing between spending cuts and tax increases, tracing their historical development, and summarizing their socioeconomic effects, along with key theories and evidence on how austerity influences political trust. The third section examines how austerity reshapes voter behavior and political dynamics, focusing on the responses of vulnerable groups, media framing, and electoral shifts across Western Europe. The fourth section evaluates the long-term economic consequences of austerity for financial stability and credit ratings and considers alternative fiscal strategies that may mitigate negative outcomes while sustaining public confidence. The concluding section summarizes the key findings.

2. Theoretical Foundations of Austerity Measures and Trust in Government

2. 1. Understanding Austerity Measures: Definition and Scope of Austerity Policies

Austerity refers to government decisions aimed at reducing fiscal deficits by decreasing public expenditures or increasing revenues (Baccini & Sattler, 2024, p. 900). Historically, this economic strategy emerged as a response to crisis situations where countries faced severe budget deficits and debt crises, creating a need to stabilize public finances. Blyth (2013) traced the discourse of austerity back to the works of John Locke, David Hume and Adam Smith. In other words, the concept of austerity can be derived from classical liberal way of thinking.

Austerity measures became especially relevant after the Global Financial Crisis of 2008, when many Western countries were faced with the need to urgently reduce public spending to prevent debt collapse. This strategy included restrictions on social benefits, cuts in government programs, and budget optimization. Examples of austerity can be

seen in a number of Western European democracies. In the UK, between 2010 and 2015, the government implemented a £32 billion plan to cut public spending, one of the largest examples of such policies (Cabinet Office, 2010, p.3). In Greece in the 2010s, measures included cuts in pensions and public sector wages, taxes were also increased, which sparked mass protests and political instability (Korzhenevskaya, 2013, p. 17). Austerity policies may have worsened the economic situation in Greece and became one of the reasons for the default in 2015 (Beshenov & Rozmainsky, 2015). The severity of European debt crisis in the Netherlands was also, to a considerable degree, strengthened by austerity (Rozmainsky et al., 2022).

Social and demographic shifts play a major role in generating the need for austerity. In Western Europe, the steady rise in the share of the elderly population has placed growing pressure on social security systems. By 2010, people over 65 accounted for 18 % of the population (United Nations, Department of Economic and Social Affairs, Population Division, 2011), increasing demand for pension and healthcare spending and contributing to rising public debt. At the same time, OECD countries experienced declining voter turnout alongside growing debt burdens (Blyth, 2013). EU member states also face the Maastricht criteria, which cap budget deficits at 3 % of GDP, pushing governments toward austerity to remain compliant.

International organizations such as the IMF and the EU further shape austerity policies by attaching strict conditions to financial assistance. Greece's bailout programs illustrate this dynamic: both institutions required deep spending cuts and debt restructuring, demonstrating how external actors influence national policy and contribute to the spread of austerity. Such interventions can weaken public confidence in the government's autonomy. OECD research indicates that countries with high external debt are more vulnerable to international pressure when making economic decisions, suggesting that while external influence matters, domestic political dynamics can either moderate or intensify the adoption of austerity measures.

The understanding and application of austerity have evolved significantly since the 2010s. In contrast to past approaches, the EU's response to the COVID-19 crisis, including the €750 billion recovery plan and the temporary suspension of fiscal rules, signals a departure from traditional austerity measures (Elomäki, 2024, p. 371). Contemporary policies now prioritize targeted cuts over broad reductions, while emphasizing the protection of social safety nets alongside fiscal consolidation.

2.2. Trust in Government: Conceptual Foundation

Political trust refers to the degree of confidence citizens have that their government acts in their interests and can perform its functions effectively. It serves as an indicator of system stability: higher trust strengthens government authority and reduces social tension. Several theoretical approaches help explain political trust. Putnam's social capital theory (Putnam, 2001) emphasizes the link between economic conditions and institutional trust, arguing that economic instability erodes interpersonal trust, which in turn undermines confidence in government.

Schippers et al. (2024) propose two frameworks to analyze the impact of austerity on political trust. Their Crisis of Institutional Legitimacy Framework suggests that austerity measures, such as drastic welfare cuts, procedural injustices (as seen in the EU's conditions for Greece), and declining public service effectiveness, can violate the social contract, eroding institutional legitimacy. Building on this, their Death Loop Theory de-

scribes how austerity-driven declines in GDP and employment heighten economic insecurity, prompting citizens to blame incumbent institutions and creating a self-reinforcing cycle of distrust. Similarly, Kluegel and Manson's theory of economic justice (Kluegel & Manson, 2004) highlights how austerity increases perceptions of relative disadvantage and inequality, which empirical evidence links to higher levels of extreme voting in regions experiencing GDP decline.

In times of economic crises, political trust is particularly important, as it shapes the population's willingness to support government measures aimed at overcoming the crisis. It is typically measured through opinion polls, where respondents indicate their confidence in the government and its politicians. Organizations such as the Pew Research Center and Eurobarometer track these trends across countries, using standardized methodologies to ensure comparability. Key factors influencing political trust include government transparency, corruption levels, and the strength of social support systems. Alesina et al. (2021) emphasize that transparent and effective communication of fiscal policies is essential for maintaining trust during austerity, while Libanio (2020) highlights the role of stakeholder participation and openness in policy development. These findings suggest that inclusive governance and clear communication help mitigate the negative effects of austerity, enabling countries to sustain higher levels of political trust even under economic stress.

3. Transformation of Electoral Behavior and the Political Environment in Western Europe after the Introduction of Austerity Measures

3.1. Vulnerable Voters and Their Political Reactions

Austerity measures, aimed at reducing fiscal deficits through spending cuts or revenue increases, often have significant social impacts and affect different groups unequally. This section examines how austerity shapes political attitudes, with a focus on youth disengagement and the heightened effects on vulnerable populations. Ladreit (2023) analyzed the impact of the UK's 2010 austerity program on young people using a difference-in-differences approach with longitudinal survey data from Understanding Society. The study found that austerity eroded young people's sense of political efficacy, fostering feelings that officials were indifferent to their concerns. This perception of powerlessness contributed to disengagement from traditional political processes, with long-term consequences for civic participation and increased potential for political polarization. The trend was evident in the Brexit referendum, where youth turnout was notably low, highlighting the risks of disenfranchisement among those expected to sustain democratic engagement.

In contrast to young people's disengagement, the responses of vulnerable groups to austerity measures reveal a more complex interplay between material impact and public support. One key explanation for varying levels of support for austerity among different social segments lies in the expected material consequences of these policies. While some austerity measures may impose significant costs on certain populations, they can also garner support from those who perceive themselves as less affected. For instance, cuts to specific government assistance programs often disproportionately harm narrow segments of the electorate, allowing politicians to maintain broader support from other groups who may not feel the immediate effects of such measures. This dynamic suggests that public opinion can be divided between those directly harmed by austerity and

those who are not, enabling politicians to withstand drops in support from less influential constituencies.

Economically vulnerable populations, including low-skilled workers and those dependent on public services, typically show stronger negative reactions to austerity measures. These groups are often more reliant on government spending and social safety nets, making them particularly sensitive to cuts. Colantone & Stanig (2018) found regional disparities in responses to austerity across Europe, indicating that areas heavily reliant on manufacturing and public services experience more pronounced negative reactions to spending cuts. These regions often grapple with higher unemployment rates and reduced access to essential services, fostering a sense of betrayal among constituents who feel neglected by policymakers.

Material interests influence attitudes toward specific austerity measures more than toward austerity in general. However, Bansak et al. (2021, p. 495) found that in the countries studied, highly educated and knowledgeable individuals showed a weaker preference for austerity over fiscal stimulus. The authors suggest this counterintuitive finding reflects the complexity of fiscal stimulus policies, which follow a "complicated, counter-cyclical" approach: governments accept higher deficits to boost aggregate demand initially and reduce debt later through increased tax revenues. Those with higher knowledge levels may better understand this logic and the long-term rationale behind fiscal stimulus (Bansak et al., 2021, p. 495).

Social transfers and welfare provisions are often the main targets of austerity, disproportionately affecting vulnerable populations who depend on them for basic needs and security (Antropov, 2017, p. 45). The erosion of these safety nets increases hardships, fueling public discontent and political activism. Vulnerable groups have shown resilience through grassroots movements advocating for social justice, labor rights, and equitable access to services. Tax-based austerity measures typically face stronger resistance than spending cuts, as seen in Greece, where a 1 % of GDP tax increase reduced the ruling party's vote share by about 7 % (Alesina et al., 2021, p. 5). While spending cuts also provoked protests, taxpayers were more likely to oppose tax hikes. This aligns with Alesina et al. (2019), who argue that governments often favor spending cuts over tax increases to minimize electoral backlash.

Protests against austerity have taken many forms, including demonstrations, strikes, and occupations of public spaces. Bremer et al. (2020) note that Spain's 2011 Indignados movement arose in response to high unemployment and cuts to social programs, showing how economic hardship can spark mass mobilization. In Italy, local cooperatives emerged to provide goods and services outside the formal economy. In Iceland (2008–2009), direct actions outside parliament led to the government's resignation. In Greece in 2010, trust in the government plummeted, prompting widespread strikes and rallies organized by trade unions and civil society groups (Knyazev, 2013, p. 78). Social movements against austerity unite diverse groups, including youth, pensioners, and the middle class. For example, Portugal's 2013 protests against cuts in health care and education drew hundreds of thousands from across society. Social media has become crucial for coordinating and spreading information about protests. Platforms such as Facebook and Twitter helped organize Spain's Indignados and the U.S. Occupy Wall Street movement, enabling rapid mobilization, wider public attention, and the dissemination of demands (Castells, 2012).

Thus, austerity measures impact the interests of various social groups, often prompting them to unite in protest. The forms of protest vary depending on a country's cultural and political context, reflecting citizens' desire for community support and self-sufficiency amid economic challenges. As people experience the direct effects of austerity, they increasingly perceive the government as disconnected from everyday realities. This awareness encourages greater engagement in public debates, civic forums, and self-education about political decisions, motivating citizens to advocate for changes that serve their interests.

3.2. Changes in Voter Behavior and Their Impact on National Elections and Incumbent Parties: Common Patterns in Europe

Electoral behavior in European countries exhibits clear trends in response to austerity measures. Across the continent, party competition has radicalized, with mainstream centrist parties losing ground to non-mainstream, radical competitors (De Vries & Hobolt, 2020, p. 1). Historically, center-right parties have been more likely to implement austerity, reflecting their neoliberal emphasis on fiscal restraint, balanced budgets, and limited government intervention. For example, Germany's Christian Democratic Union (CDU) supported measures like the debt brake, while the UK Conservative Party under David Cameron and Theresa May pursued spending cuts to ensure fiscal discipline. However, these policies often caused economic hardship and declining support among younger voters since 2010. Economic insecurity fueled populism and political distrust, shaping electoral behavior (Algan et al., 2017). Austerity created fertile ground for far-right populist movements such as UKIP in the UK and Marine Le Pen's National Front (Rassemblement National) in France. These parties framed austerity as a failure of the political establishment and linked it to broader concerns such as immigration, globalization, and elite corruption. UKIP gained support in regions hardest hit by austerity by blaming immigrants for economic decline, while the National Front shifted toward social welfare and economic protectionism, positioning itself as a defender of workers and the middle class. This strategy helped the party gain significant traction in the 2014 European elections and the first round of the 2015 regional elections.

Austerity is not exclusive to right-wing parties; center-left parties have also implemented such policies during economic crises, often under pressure from financial markets rather than ideological preference. For instance, Spain's Socialist Workers' Party (PSOE) adopted austerity measures despite initial reluctance. In France, François Hollande, a Socialist, won the 2012 presidential election on a platform promising to reverse austerity, increase taxes on the wealthy, create jobs, and promote social equity, appealing as a "normal president" in contrast to Sarkozy. Far-left parties typically oppose austerity due to its economic injustice and harm to vulnerable populations. Syriza in Greece rose to power by rejecting austerity imposed during the Eurozone crisis, defending workers and marginalized groups. In Italy, traditional parties have nearly disappeared, replaced by anti-establishment movements such as the Five Star Movement, which promoted direct democracy and reforms like universal basic income. Similar trends are seen elsewhere: Podemos in Spain emerged as an anti-austerity party advocating social spending and wealth redistribution, while in the Netherlands, Geert Wilders' PVV gained influence, and in Portugal, the Left Bloc and far-right Chega also benefited from opposition to austerity. As Hübscher et al. (2023, p. 6) note, instability increases polarization, boosting support for both existing and new parties at the extremes of the political spectrum.

Voters tend to favor parties offering alternative economic policies, while ruling parties that implement spending cuts often lose popularity, underscoring the electoral significance of economic policy. Bansak et al. (2021, p. 487) note that "the austerity package receives significantly more support the closer the party proposing the policy is to the respondent's preferred party." European Commission data show that trust in government across EU countries fell by 20 % between 2010 and 2015, reflecting the perception of austerity measures as unfair. The effect of these policies on election outcomes and the standing of ruling parties is thus clear, with more detailed data provided in Table 1.

Table 1

The Political Implications of Austerity in Europe (2009–2016)

Country /Region	Period	Impact on Abstention (%)	Support for Non-Mainstream Parties (%)	Protests and Their Nature	Rise of New Parties
Greece	2010–2016	+2.5–3.0	+8–10 (SYRIZA)	Mass strikes, clashes with police (May 2010), bank arson	Victory of Syriza coalition (radical left) in 2015
Spain	2012–2016	+1.8–2.5	+7–9 (Podemos)	"Indignads" demonstrations, square occupation, youth protests (unemployment >50 %)	Rise of Podemos (left populists) in 2015–2016 elections
Italy	2011–2013	+1.5–2.0	+5–6 (Five Star Movement)	Nationwide strikes against pension reform	Strengthening of Five Star Movement (anti-system party) in 2013 elections
Portugal	2011–2015	+1.2–1.8	+4–5 (Left Bloc)	Marches against public spending cuts, union coalition protests	Growth of Left Bloc (radical left) in 2015 elections
Ireland	2010–2013	+0.8–1.5	+3–4 (Sinn Féin)	Actions against tax increases and social benefit cuts	Increased support for Sinn Féin (left nationalists) in 2016
United Kingdom	2010–2015	+1.0–1.8	+3–5 (UKIP)	Anti-austerity marches, protests against NHS cuts	Rise of UKIP (right-wing populists), influencing Brexit referendum
Germany	2009–2014	Negligible	Minimal (<2 %)	Limited protests focused on labor reforms	No significant rise of new parties; AfD gained traction post-2014
France	2009–2014	+1.5–2.0	+4–6 (National Front)	Mass protests against pension reforms and labor laws	Strengthening of National Front (far-right populists), leading to electoral gains
Nether-lands	2009–2014	Negligible	+3–4 (PVV, SP)	Limited protests; focus on budget cuts and public services reforms	Growth of PVV (right-wing populists) and SP (left-wing opposition), no major new parties formed

Compiled by the authors on the basis of: Hübscher et al. (2021; 2023); Bansak et al. (2021); Ladreit (2023); Arias & Stasavage (2019); Algan et al. (2017); Biten et al. (2023).

In summary, austerity measures often reduce support for ruling parties and increase voter abstention, with Greece (+3 %) and Spain (+2.5 %) seeing the largest rises, the UK a moderate increase (+1 %), and Germany largely unaffected. Support for non-mainstream parties surged, particularly for radical left movements like Syriza and Podemos (+8–10 %), while right-wing populists such as UKIP and the National Front gained moderately (+3–6 %). Germany experienced minimal shifts until the AfD's rise after 2014, driven by populist sentiments and economic grievances in the east. Protests varied in intensity: Southern Europe faced violent clashes and mass strikes, France and the UK held large demonstrations on labor and healthcare reforms, and Germany saw limited labor-focused protests. Overall, austerity fueled the growth of new populist parties, with left-wing movements dominating Southern Europe and right-wing populists gaining traction in France and the UK, while the Netherlands and Germany remained stable until later developments. These trends demonstrate that opposition to austerity benefits both far-left and far-right parties, with the relationship between austerity, political ideology, and electoral success shaped by socio-economic conditions and strategic positioning rather than strict partisan alignment. Historical parallels suggest that economic hardship and austerity can amplify support for radical movements, as seen with the rise of the Nazi Party in 1930s Germany (Galofré-Vilà et al., 2021).

3.3. Diverging Paths: Political Trust and Public Welfare in Countries that Have not Adopted Austerity Measures

Many view austerity as a threat to political stability. Mark Blyth (2013, p. 229) vividly captures this: "In general, the deployment of austerity as economic policy has been as effective in bringing us peace, prosperity, and crucially, a sustained reduction of debt, as the Mongol Golden Horde was in furthering the development of Olympic dressage. It has instead brought us class politics, riots, political instability, more rather than less debt, assassinations, and war." Countries that avoided austerity often have strong social safety nets and welfare systems, which cushion vulnerable populations during economic downturns and help maintain public trust in government. These governments also tend to prioritize social cohesion and transparent communication about fiscal policies, fostering shared responsibility and confidence in public institutions.

The data reveal a stark contrast in the socio-political consequences between countries that implemented austerity measures following the Global Financial Crisis of 2008 and those that avoided them. Countries adopting austerity, such as Greece and Spain, experienced a significant rise in political alienation, evidenced by increased electoral absenteeism and a surge in support for radical political parties (Biten et al., 2023). In contrast, countries that avoided austerity, like Norway and Denmark, maintained stable or decreasing levels of electoral absenteeism, minimal growth in populist party support, and stable Gini coefficients according to World Bank estimate, reflecting lower income inequality. These divergent outcomes can be explained through several theoretical lenses. The Crisis of Institutional Legitimacy (Schippers et al., 2024) posits that austerity measures eroded the social contract in countries like Greece and Spain, initiating a "death loop" of declining GDP, rising unemployment, and eroded trust in government. Conversely, inclusive governance and an emphasis on equality prevented this cycle in non-austerity nations. The Psychology of Voters, particularly through Hobfoll's Conservation of Resources Theory (Hobfoll, 2012), illustrates that the chronic uncertainty in austerity countries pushed voters toward radical parties, while high living standards and social protection in Scandinavia neutralized such stress reactions.

Table 2

Countries with Austerity vs. Non-Austerity Policies

Indicator	Austerity Countries	Non-Austerity Countries
1. Increase in Absenteeism	+1.2–3.0 % (Greece: +3.0 %, Spain: +2.5 %)	Stability or Decrease: — Denmark: 10–12 % (2010–2016): High level of political culture and civic engagement — Norway: 9 % (2013–2017): Active citizen participation in political life and trust in institutions — Switzerland: 8–10 %: Developed system of direct democracy
Reasons	— Reduction in social programs — Youth unemployment >50 % (Spain, 2013) — Disillusionment with the political system	Maintenance of social spending (Denmark: +2.5 % in 2015): Focus on social support for citizens — Transparency of reforms (e.g., "tripartite commissions" in Denmark): Inclusiveness and openness in decision-making
2. Increase in Support of Populist Parties	+3.5–10 % (Syriza: +10 % in Greece, Podemos: +9 % in Spain)	Minimal Growth: — Norway: <5 % (Progress Party, 2013): Moderate support for populist ideas — Switzerland: 11 % (SVP, 2015): Relatively stable support for populist forces — Denmark: <3 % (People's Party, 2015): Low level of support
Key Factors	— Economic anxiety — Perception of elite corruption	— High standard of living (Norway: GDP per capita €68,000 in 2016): Economic stability and prosperity — System of social dialogue (Denmark): Social partnership and cooperation between government, employers, and trade unions
3. Inequality Gini Coefficient	Increase of 2–4 points (Greece: 32.3 → 36.7, 2008–2015)	Stability: — Denmark: 27.5–28.0: Relatively low level of income inequality — Norway: 26.5–27.5: One of the lowest levels of inequality in the world — Switzerland: 29.0–30.0: Moderate level of inequality
Population Income	Decrease of 10–25 % (Greece: -25 %, Spain: -15 %, 2010–2015)	Annual Growth of 1–3 %: — Norway: +2.8 % (2010–2016): Sustainable growth in population income — Switzerland: +1.9 %: Stable income growth
Social Spending	Decrease of 15–30 % (Pensions in Greece: -30 %, Healthcare in Spain: -20 %)	Increase of 2–5 %: — Denmark: +3 % on education (2015): Prioritized funding for education — Norway: +4 % on healthcare (2014): Increased investment in healthcare
4. Trust in Government	Decrease of 15–20 % (Greece: 20 % → 5 %, 2010–2015)	Stable: — Switzerland: 65–70 %: High level of trust in government institutions — Denmark: 75 % (2016): One of the highest trust rates in Europe — Norway: 80 %: Very high level of trust

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Indicator	Austerity Countries	Non-Austerity Countries
5. Perception of Fairness	72 % of citizens considered measures "unfair" (Greece, 2015)	85 % supported "social dialogue" (Denmark, 2016): Broad support for mechanisms of social partnership
6. Psychological Factors	Activation of Loss Aversion Theory (Kahneman & Tversky, 1979): losses > gains	Preservation of Social Capital (Putnam, 2001): — Norway: 75 % participation in NGOs: Active civil society and social engagement

Compiled by authors on the basis of: Hübscher et al. (2021, 2023); OECD (2023); Kahneman & Tversky (1979); Putnam (2001), Biten et al. (2023); Country Analysis Report: Denmark In-depth PESTLE Insights (2019)[1]; Country Analysis Report: Norway In-depth PESTLE Insights (2019)[2]; de la Porte et al. (2022).

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4. Impact of Government Spending Cuts on the Government's Creditworthiness

4.1. Impact on Long-Term Economic Performance and Financial Stability

The ability of a national economy to maintain stability and support long-term development is reflected in key indicators, including investment activity, economic growth, infrastructure quality, employment, and public debt levels. Financial stability depends in part on the government's capacity to balance the budget, control inflation, and maintain a stable banking system. These categories are closely linked: long-term economic indicators underpin financial stability, which in turn influences the potential for sustainable economic growth.

Cuts in government spending can significantly affect GDP and employment (Engler & Klein, 2017). In several European countries, austerity measures led to an average employment decline of 2 % within the first two years. Reduced government spending lowers public investment and social programs, which in turn dampens consumer activity and demand, slowing economic growth and complicating recovery. Austerity can also reduce potential output by permanently lowering overall productivity, primarily due to the loss of labor force skills during prolonged unemployment. Theoretical simulations show that fiscal multipliers in recessions with hysteresis produce long-lasting effects, and austerity measures can sharply depress GDP and long-term potential output. Fiscal consolidations in 2010–2011 caused sharp productivity declines in Portugal and Italy. In Spain, Italy, and Portugal, austerity measures failed to reduce the public debt-to-GDP ratio between 2010 and 2014, not due to structural reform failures, but because of the negative economic consequences of the cuts. As Algan et al. (2017, p. 1) note, "national governments and the EU should focus not only on structural reforms, but also on protecting citizens' trust from economic insecurity."

One of the main goals of reducing government spending is to lower public debt. ECB data show that in EU countries during the 2010s, austerity measures led to an average public debt reduction of 5 %. However, in some countries debt worsened: by 2015, Spain's public debt rose from 35.5 % of GDP in 2007 to 99.2 %, Ireland from 23.9 % to 93.8 %, Greece from 103.1 % to 179.8 %, and Portugal from 68.4 % to 129.0 % (Antropov, 2017, p. 47). Austerity measures implemented to address rising public debt can have serious

negative effects, especially in economies with high private debt. In Spain, Portugal, and Italy, private debt surged and then sharply declined; in Spain, household debt fell from 87 % in 2007 to below 60 % in 2014 (Engler & Klein, 2017, p. 91). Fiscal austerity from 2010 intensified these issues, triggering a second deep downturn in 2011 after a brief recovery in 2009. In the first half of 2013, GDP declined sharply across Southern Europe: Cyprus — 4.1 %, Greece — 5.3 %, Italy — 2.3 %, Spain — 2 %, Portugal — 3.9 % (Korzhenevskaya, 2013, p. 17). Similar trends were observed in the Netherlands (Rozmainsky et al., 2022). The Financial Instability Hypothesis highlights that austerity exacerbates private firms' financial fragility, as firms move into "fragile" financing regimes where inflows are insufficient to meet debt obligations, making stability destabilizing (Beshenov & Rozmainsky, 2015; Rozmainsky & Rodionova, 2021; Rozmainsky et al., 2022). Austerity deepens these vulnerabilities, strengthening financial instability and the likelihood of crises.

While intended to stabilize public finances, austerity measures can carry significant long-term risks. Nobel laureate Paul Krugman (2012) warned that excessive spending cuts, particularly in infrastructure and education, could harm economic growth. Austerity also risks increasing social inequality and public discontent, which can erode trust in government. For instance, in 2014, 122 million people in the EU28, or 24.4 % of the population, were at risk of poverty or social exclusion, reflecting limited access to societal standards across various areas of life (Antropov, 2017, p. 52).

4.2. Potential Alternatives to Austerity Measures and Their Impact on Confidence

Alternatives to austerity focus on stimulating economic growth and ensuring social stability, offering solutions that avoid the negative social and economic consequences often associated with severe fiscal consolidation (Elomäki, 2024, p.381). One widely discussed approach is increasing public investment in infrastructure projects, which can create jobs, boost economic activity, and improve long-term productivity. This idea aligns with Keynesian principles (Keynes, 1936), which advocate for government spending during recessions to counteract falling private demand. For example, the 2009 American Recovery and Reinvestment Act in the United States allocated significant funds to infrastructure and social programs, helping mitigate the effects of the financial crisis while maintaining public trust. In this connection we can remind the Keynes's view on "socialization of investment" (Keynes, 1936; Davis, 1992).

Another alternative is implementing temporary tax cuts to stimulate consumption and investment. Batini et al. (2014) argue that targeted fiscal policies, such as payroll tax reductions, have higher multiplier effects on GDP compared to other tax adjustments. Germany's response to the 2008–2009 crisis included temporary tax cuts alongside increased public spending. These measures contributed to a rapid economic recovery and strengthened citizens' confidence in government institutions.

Investing in social programs such as healthcare and education is another viable alternative. Mazzucato (2013) emphasizes that such investments not only improve living standards but also foster long-term economic development by enhancing human capital and productivity. Countries with robust social institutions are less susceptible to declines in political trust during economic crises (Algan et al., 2017, p. 46). This demonstrates how prioritizing social welfare can bolster public confidence in government actions.

The green transformation presents a sustainability-focused alternative to austerity. The EU recovery plans prioritize green investments and digital transformation as pathways to sustainable growth (Elomäki, 2024). Proponents like Buti & Fabbrini (2023) ar-

gue for a paradigm shift where sustainability becomes the central objective of economic policy, replacing traditional growth metrics. This approach includes adopting green technologies, investing in renewable energy projects, and promoting circular economies. Such policies not only address environmental challenges but also create new industries and jobs, fostering economic resilience while maintaining public trust. The idea of a "post-growth economy," rooted in theories of environmental states, emphasizes equity and sustainability over GDP-centric models.

Political confidence tends to improve under these alternatives because they demonstrate a government's commitment to supporting society during crises. Studies show that countries avoiding austerity maintain more stable levels of trust in government due to perceptions of fairness and inclusivity in policymaking. Libanio (2020) underscores that openness and stakeholder participation in policy development further enhance trust by fostering transparency and accountability.

In conclusion, alternatives to austerity — such as public investment, tax cuts, expanded social programs, and sustainability-focused policies — offer pathways for governments to address economic challenges without eroding political trust. These approaches not only stabilize economies but also strengthen the social contract between citizens and their governments, ensuring greater resilience during periods of crisis.

5. Conclusion

The influence of austerity measures in the form of government spending cuts on political trust and government credibility in Western European democracies since the 2000s is profound and multifaceted. This paper underscores the complex relationship between fiscal policy and public perception, revealing that austerity measures often lead to a decline in political trust and government credibility, especially among vulnerable populations and younger demographics. Austerity refers to government policies aimed at reducing fiscal deficits through spending cuts or increased revenues. These measures gained prominence after the 2008 Global Financial Crisis as a response to economic challenges. However, although presented as necessary, research indicates that austerity often undermines government credibility.

Moreover, austerity is closely tied to the perceived fairness of austerity measures. Public trust erodes when spending cuts are implemented without adequate communication or transparency. Citizens are more likely to accept austerity if they understand the rationale and perceive the measures as equitable. Socioeconomic factors also shape public responses to austerity. Individuals from lower-income backgrounds and those dependent on public services exhibit stronger negative reactions to spending cuts. When establishment parties adopt similar austerity policies, these demographics often shift their support to populist movements, which signals a wider political shift driven by the perception that the government has failed them. This shift challenges the credibility of current political leaders and raises questions about the long-term stability of democratic institutions.

Timing and context are also crucial in the implementation of austerity measures as austerity measures introduced during periods of economic recovery tend to face less public resistance than those implemented during downturns.

A key finding is that austerity measures not only reshape electoral behavior but also drive political polarization, undermining the credibility of incumbent governments. Center-right parties have historically been more likely to implement such policies, often resulting in declining support, while crisis-driven economic insecurity has provided op-

portunities for far-right movements to gain traction by framing austerity as a failure of the establishment. Center-left parties have also implemented austerity, typically under economic pressure, whereas far-left parties generally oppose it, leveraging public dissatisfaction. The rise of anti-establishment parties across Europe highlights a broader trend of voters seeking alternatives to mainstream approaches. Overall, electorates tend to favor parties offering alternative economic policies, and ruling parties that initiate spending cuts often lose popularity, emphasizing the strong influence of economic policy on electoral outcomes. In contrast, countries that avoided austerity, such as Norway and Denmark, maintained low or declining voter absenteeism, minimal growth in populist support, and stable Gini coefficients, reflecting lower income inequality.

As the consequences of austerity become more apparent, European countries are increasingly trying to move away from this policy and are actively looking for alternatives. The shift is driven by a desire to restore public trust and enhance social welfare. Many governments are exploring strategies that emphasize economic growth through increased public spending, particularly in areas such as healthcare, education, and social security. This approach aims to address the needs of vulnerable populations and mitigate the negative impacts of previous austerity measures.

There is still a lack of clarity regarding the scope and scale at which austerity measures produce the phenomena described, which opens avenues for further research.

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