Free movement of blame?

Examining blame attribution
in EU economic crisis management using
evidence from the 2013 Cypriot bank bail-in

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Master of Philosophy in Politics
Trinity 2020

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A thesis submitted for the degree of
Master of Philosophy in Politics (European Politics and Society)
Trinity 2020

Acknowledgements

I would like to express my gratitude to a number of individuals for making this thesis possible. First, I would like to thank my family for their unbridled love and support. Second, I am indebted to my academic supervisor for his guidance and expertise during these two years. Thirdly, a special thank you goes to Athanasios Ktorides Foundation Scholarship for providing me with the necessary financial support to fund my studies, to the interviewees for agreeing to devote their time and to LS Prime Market Research & Consulting for fielding the public opinion survey. Finally, I am grateful to the Department of Politics and International Relations at the University of Oxford for equipping me with the necessary knowledge and skill set to complete this research project.

Abstract

How do voters and politicians assign blame in relation to policy outcomes pertaining to the management of the Eurozone crisis? Recent research shows that in response to taxpayer-funded bailouts imposed by the European Union (EU) and the International Monetary Fund (IMF) Southern European incumbent governments were punished. I approach blame attribution in the context of the EU's multilevel institutional structure with respect to bail-in, a new crisis management tool which shifts the burden of the crisis onto bank creditors. Using a mixed-methods approach, I focus on the 2013 Cypriot economic crisis, during which a bank bail-in was implemented for the first time in the Eurozone. To measure voter attitudes, I design and analyse an original public opinion survey using logistic regression models. I find that the majority of voters assign blame to the central bank. Government partisanship, EU support and crisis exposure are predictors of blame attribution attitudes. Domestic political elite diffuse policy responsibility towards a number of actors, including the EU, as the examination of elite interviews, parliamentary speeches and press releases demonstrates. Considered in tandem, the voter and elite attitudes support the argument that the government does not get primary responsibility for the crisis, as blame is dispersed towards non-elected actors. The findings carry policy implications for democratic accountability in the EU and the future of the banking union.

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List of Abbreviations

AKEL	Progressive Party of Working People
ANES	American National Elections Studies
BoC	Bank of Cyprus
bn	Billion
BRRD	Bank Recovery and Resolution Directive
CATI	Computer Assisted Telephone Interviewing
CBC	Central Bank of Cyprus
Commission	European Commission
CPB	Cyprus Popular Bank
DIKO	Democratic Party
DISY	Democratic Rally
DV	Dependent Variable
ECB	European Central Bank
EDDs	Electorally Dependent Decision-makers
EDEK	Movement for Social Democracy
ELAM	National Popular Front
ELA	Emergency Liquidity Assistance
EMU	Economic and Monetary Union
EP	European Parliament
ESS	European Social Survey
EU	European Union
GDP	Gross Domestic Product
GGBs	Greek Government Bonds
the House	House of Representatives
IMF	International Monetary Fund
MLG	Multi-Level Governance
MoU	Memorandum of Understanding
MS	Member State
NEDDs	Non-Electorally Dependent Decision-makers
OLS	Ordinary Least Squares
PIO	Press and Information Office
PSI	Private Sector Involvement
RDD	Random Digit Dialling
TINA	There Is No Alternative
US	United States

Chapter 1

Introduction

“Europe will be forged in crises,
and will be the sum of the solutions adopted for those crises.”

Jean Monnet (1978)

Monnet’s remark strikes through centuries and is ever more pertinent now. The current COVID-19 pandemic is sweeping Europe, threatening the health of European citizens and European economies, albeit with the latter being of secondary significance in the face of human loss. Whilst policy responses to the economic ramifications of the pandemic are being formed, the echoes of the previous Eurozone crisis are pervasive as EU Member States (MS) find themselves in dire need of financial assistance. This thesis focuses on the Eurozone crisis which started in 2009. A solution adopted in response to this crisis was the formation of the banking union, thereby deepening European integration and mitigating issues associated with the incompleteness of the governance architecture of Europe’s Economic and Monetary Union (EMU). The bail-in principle is the foundation of the banking union; by imposing the costs of bank failures on creditors, bail-ins are hailed as the powerful private sector alternative to government-funded bailouts (Dijsselbloem, 2018).

The aim of this thesis is to offer an analysis of the effect of bail-in on blame attribution. I examine the first application of this policy measure in the Eurozone during the 2013 Cypriot economic crisis and address a two-fold research question. The first part measures voter blame attitudes using an original public opinion survey, whilst the second investigates how political elite frame blame for the bail-in by analysing elite interviews, press releases and parliamentary speeches. The overarching argument is that bail-ins facilitate the dispersion of responsibility away from elected actors and towards non-elected actors, engendering ‘politically free’ movement of blame.

1.1 Motivation for research question: why bail-in?

The European economic crisis has raised many theoretically important and policy-relevant questions regarding the attitudes of citizens and political elite. An abundance of comparative and single-country case studies examine the causes and responses to the Eurozone crisis.¹ I concentrate on bail-in because it is a novel policy measure that is central to the banking union. I select the 2013 Cypriot economic crisis as a case study because the economic adjustment programme of the Republic of Cyprus² was the first to include a bail-in clause with depositor participation.

Whilst the Maastricht negotiations did not provide for a commonly agreed template for EU crisis management, bailouts were the preferred policy measure. Bailouts are defined as the injection of public funds into failing financial institutions and the economy, thus putting the crisis burden onto taxpayers (Lucchini et al., 2017). Between 2008 and 2012, the European Commission (Commission) approved €3.6 trillion of state aid measures, with MS providing €591.9 billions (bn) of capital support to the financial sector (Philippon and Salord, 2017). Bailouts exacerbated public finances and were often accompanied by politically controversial austerity measures. During the crisis, incumbent parties in Southern Europe were electorally weakened, radical populist parties were strengthened and general satisfaction with the EU plummeted (European Commission, 2012). Government bailouts of banks have been costly, both financially and politically. The crisis has highlighted the urgency to break the adverse feedback loop between banks and sovereigns; during a government debt crisis banks suffer because they hold large portfolios of government debt securities and during a banking crisis the government suffers because it has to rescue banks in order to ensure financial system stability (Pisani-Ferry, 2014).

In response to this, the EU has created the banking union, transferring responsibility for bank supervision and resolution from the national to the EU-level. The banking union has introduced a new instrument which is enshrined into the Bank Recovery and Resolution Directive (BRRD), known as a bail-in.³ A bail-in enables resolution authorities to eliminate or dilute existing shareholders of a distressed financial institution and to restructure its liabilities by writing down unsecured debt and/or converting it to equity (Zhou et al., 2012). BRRD requirements posit that

¹Please see Copelovitch, Frieden and Walter (2016) for an overview of the crisis.

²Henceforth referred to as Cyprus.

³Directive 2014/59/EU of the European Parliament (EP) and of the Council of 15 May 2014.

shareholders and creditors (including uninsured depositors⁴) must contribute to the losses of a failing institution through a ‘haircut’ on their bank claims for a minimum amount of 8% of total liabilities before any public funds are provided (European Union, 2014).⁵

The Cypriot rescue can be considered as an exception in the Southern European crisis experience narrative; a bailout was accompanied with a bail-in for the first time and there was no major realignment in the political system after the economic crisis. Cyprus’ economic adjustment programme included a €17bn rescue package, signed in March 2013 by the Cypriot authorities and the Commission on behalf of the Eurogroup, the IMF and the European Central Bank (ECB).⁶ Although modest in absolute amounts, the package constituted 100% of Cyprus’ Gross Domestic Product (GDP). Whilst around €10bn was provided by the European Stability Mechanism and the IMF, the remaining €7bn had to be financed from a bail-in following the recapitalisation of Cyprus’ two largest banks; Bank of Cyprus (BoC) and Cyprus Popular Bank (CPB) (European Commission, 2013). CPB closed down its operations immediately and its insured depositors were moved to BoC’s balance sheet. A haircut on shareholders, bondholders and uninsured depositors of BoC was imposed. The final bailed-in amount saved Cypriot taxpayers an estimated debt burden of €9.4bn (IMF, 2013b).

Following Greece, Ireland, Portugal and Spain, Cyprus became the fifth country to enter into a borrowing agreement with the Troika. In a comparative perspective, the Cyprus programme differed from the rest, being heralded as a ‘game-changer’ in bank resolution (European Stability Mechanism, 2019). Private Sector Involvement (PSI) was implicated in other aspects of the Eurozone crisis, for instance during the 2012 haircut on Greek Government Bonds (GGBs). However, Cyprus is the only country where depositors participated in crisis resolution, with the uninsured depositor haircut reaching €7.9bn (IMF, 2013b). Importantly, the Cyprus bail-in occurred pre-BRRD, laying the Directive’s foundations. Dijsselbloem (2018) argues that the Cyprus experience provided a template for how future crises should be handled in the Eurozone by de-emphasising taxpayer contribution.⁷

⁴Defined as depositors with more than €100.00 in the bank.

⁵From 2015, MS are required to transpose the BRRD into national law (European Union, 2014).

⁶The Commission, ECB and IMF are the triumvirate of institutions involved in EU crisis management, henceforth referred to as the Troika. The Eurogroup is an informal body comprising of the ministers of the euro area MS.

⁷More recent instances of bail-ins include the resolution of Banco Popular Español in 2017.

1.2 Saliency of research question: why blame attribution?

Given the centrality of bail-ins in the banking union and consequently in the future of the EU, questions relating to its blame attribution dynamics are extremely pertinent. As subsequent chapters elucidate, in the classic tradition of democratic accountability voters use elections to sanction or reward incumbent governments for policy outcomes, with economic considerations determining vote choice (Anderson, 2007; Fiorina, 1981; Key, 1966). A necessary step to trigger this economic vote is to hold the government accountable for policy outcomes (Rudolph, 2003a). Therefore, investigating how people attribute responsibility for policy outcomes is critical.

Crises constitute watershed events; voters recall their perceptions of these catastrophes to form voting decisions and politicians use them to frame policy debates (Jennings, 1999; Malhorta and Margalit, 2010). The management of the Eurozone crisis provides a compelling opportunity to test blame attribution and avoidance theories as it was a crisis within the EMU. As Kosmidis (2014) highlights, during the Eurozone crisis governments were subject to two layers of constraints which reduced their ‘room to manoeuvre’ in proposing, designing and implementing policies.

The first layer of government constraints is EU/Eurozone membership (Hobolt, Tilley and Wittrock, 2013; Lobo and Lewis-Beck, 2012). Recent contributions portray the EU as a ‘liberal technocracy’, with its Multi-Level Governance (MLG) structure being perceived as too distant from the national democratic process (Rodrik, 2018). The second layer is the need to adhere to Troika conditionality programmes. According to the manoeuvrability argument, the centrality of unelected actors in the management of the crisis should perplex the clarity of policy responsibility. These constraints are conducive to blame avoidance by politicians who might seek to scapegoat the EU-level, further complicating voters assignment of blame to the appropriate targets.

Cyprus offers a unique case study to investigate these arguments given the bail-in application. The persistence of the aforementioned constraints is crystallised in the promise of President Nicos Anastasiades to not accept a deposit haircut during his inaugural speech to the House of Representatives (House) in February 2013, which he broke just a few weeks later by accepting the bail-in. Responding to the Investigation Committee (2013) examining the crisis, President Anastasiades claimed that

the Eurogroup had put a gun to his head. The fact that President Anastasiades was re-elected in 2018, with his right-wing party Democratic Rally (DISY) remaining in government for another five-year term, creates an interesting empirical puzzle to explore responsibility attributions within the context of EU economic crisis management. A 2020 standpoint enables a sober evaluation of the impact of the crisis policy response on public opinion and the political system; seven years have passed since the bail-in and four since the completion of the economic adjustment programme.

1.3 Theoretical framework, methodology, findings

I conceptualise bail-in in two ways. First, as a policy that is imposed by the EU. Second, as a policy that shifts the crisis burden to creditors in the banking sector, thereby reducing the cost on taxpayers and exposing some individuals more directly to the crisis than others. By crisis, I refer to the development of the Cypriot economic crisis in March 2013 and the bail-in policy response. Given that in crises responsibility attributions transform into blame attributions, I use the terms interchangeably. I explore how a bail-in influences voter and elite blame attribution dynamics, with blame defined as the act of attributing something considered to be bad or wrong to some person or entity (Hood, 2011).

I build a theoretical framework which emphasises the diversity of actors implicated in EU economic crisis management and explains how voters and political elite disperse responsibility among them. I identify three sets of blame targets, inspired by Duch and Stevenson's (2008) distinction between Electorally Dependent Decision-makers (EDDs) and Non-Electorally Dependent Decision-makers (NEDDs). I interpret the latter as actors who cannot be held accountable in domestic elections. The first set of targets are the domestic-level EDDs; President Anastasiades (incumbent government) and President Christofias (previous government). The second are the domestic-level Non-Electorally Dependent Decision-makers (NEDDs); the Central Bank of Cyprus (CBC) and the domestic banking sector. The third are the EU-level NEDDs, including the Eurogroup, Troika, other MS governments and any EU institutions.

Given that my research question comprises two separate aspects, my theoretical model is two-fold and I adopt a mixed-methods approach to evaluate the hypotheses derived from it. The first part of the theory concerns voter preferences. The general expectation is that EU membership perplexes clarity of responsibility, with a bail-in policy facilitating the dispersion of blame. I identify three micro-level predictors

of variation in voter blame attribution attitudes; government support, EU predispositions and type of crisis exposure, operationalised as whether an individual was bailed-in or not. I design a public opinion survey, fielded by a Cypriot survey firm, to capture the blame attribution attitudes of a nationally representative sample of Cypriot voters.

The data analysis presents evidence as to ‘who’ voters blame for the crisis. Respondents consider domestic non-elected actors and predominantly the CBC as the most blameworthy, exonerating elected actors from blame. The results from the six logistic regression models also reveal ‘how’ voters attribute blame. Government support and EU support are statistically significant predictors of blame attribution attitudes. The former individuals are less likely to blame the Anastasiades government and the latter less likely to blame the Troika. Direct crisis exposure in the form of a bail-in does not have a statistically significant effect, whilst indirect crisis exposure emanating from the broader crisis climate does.

The second part of the research question concerns the blame-shifting and credit-claiming strategies of political elite. To test expectations about the narratives that Cypriot political parties and the government adopt to frame the bail-in decision, I conduct 16 elite interviews with EDDs and NEDDs, including with the President of the House, Minister of Finance and CBC Governor during the crisis. I also engage in a framing content analysis of parliamentary speeches and press releases by the government Press and Information Office (PIO).

I find that all parties except DISY develop ‘circling the wagons’ blame-shifting strategies; their narratives diffuse blame among EU-level and domestic blame targets. Instead, the Anastasiades government adopts a three-pronged blame and credit strategy. In the immediate crisis aftermath the government accepts responsibility for breaking the no depositor haircut promise and adopts a There Is No Alternative (TINA) logic, blaming the previous government for inherited problems. Following the economic adjustment programme completion, they frame bail-in as a positive policy outcome that was achieved by cooperating with the Troika and claim credit for it.

I consider the findings from voter and elite attitudes both separately and jointly and discuss their implications. The argument put forward is that the link between domestic governments and policy responsibility is tampered with in EU economic crisis management. The Troika and the Eurogroup have a central role in decision-making regarding the appropriate policy responses to economic crises. Furthermore,

the introduction of a bail-in tool expands the scope of potential blame targets. By shifting the crisis burden onto bank creditors, it pinpoints the banking sector and the central bank as the main culprits. The government does not get primary responsibility for the crisis, as blame is dispersed towards EU-level and domestic non-elected actors.

1.4 Contributions

This thesis makes a number of contributions. I provide a comprehensive examination of the 2013 Cypriot economic crisis, which is conspicuously absent from academic research on the political consequences of crisis management policies. Given the unique crisis resolution policy mixture that was implemented in Cyprus, a further lacuna emerges. According to the BRRD, a bail-in is a key policy measure in the resolution of future crises. Thusly, it is crucial to examine its political consequences. Although a growing number of studies examine public opinion regarding bailouts, few analyses consider adjustment programmes which include bail-ins.

I present the first investigation of voter and elite blame attribution attitudes in response to bail-ins. The aim is to subject existing theories of blame attribution and blame avoidance to a new empirical test. In so doing, I contribute to a recent scholarship which examines responsibility and accountability in situations where MLG structures leave national governments with limited room to manoeuvre. The finding that voters assign primary responsibility to the central bank is particularly interesting in light of contemporary debates about the rise of the ‘regulatory state’. The thesis also carries important policy implications regarding the future of the banking union and EU democratic accountability.

1.5 Thesis structure

This thesis proceeds as follows. Chapter 2 places my research question within the economic voting, blame attribution and blame avoidance scholarships. Chapter 3 introduces the Cyprus crisis case study. Chapter 4 develops my theoretical model and a series of testable hypotheses. Chapters 5 and 6 focus on voters, discussing the data collection and analysis of the public opinion survey. Chapters 7 and 8 concern the political elite, elucidating the data collection and analysis of elite interviews, press releases and parliamentary speeches. Chapter 9 presents the policy implications of my findings, future research avenues and concluding remarks.

Chapter 2

Literature review

In order to conceptualise my research question, it is imperative to place it against the backdrop of existing literature. My thesis builds on the economic voting, blame attribution and blame avoidance research streams by subjecting them to a new empirical test. I provide an overview of the state of the consensus on economic voting, highlighting the ‘clarity of responsibility’ argument which serves as the theoretical underpinning for my focus on the blame attribution and blame avoidance literatures. Throughout, I place an emphasis on the Eurozone crisis-specific contributions. Situating these three strands of literature in the context of the 2013 Cypriot economic crisis constitutes an important step by itself since studies on the relationship between the economy and voter attitudes using data from Cyprus are scarce.

2.1 Economic voting literature

2.1.1 *The economic voting thesis*

The literature on economic voting is vast⁸, with the first consideration of a link between economics and elections being traced to *The American Voter* (Campbell et al., 1960). The argument is straightforward and receives consistent empirical support; voters electorally punish the incumbent government when the economy performs badly and reward it when the economy performs well. Key (1966) makes the first reference to this intuitive reward-punishment mechanism, arguing that people vote by judging past governmental performance (Figure 2.1). This introduces the time dimension issue, i.e. whether people vote retrospectively based on evaluations of past

⁸Please see Lewis-Beck and Stegmaier (2019) for a recent review of the economic voting literature.

economic performance or prospectively based on expectations for future performance, with early literature supporting Key’s (1966) retrospective model (Fiorina, 1981).

Figure 2.1: Reward-punishment model

Since then, three debates have dominated the literature. The first relates to data selection. Although aggregate-level investigations used to be the norm⁹, since the 1990s individual-level analyses drawing evidence from national election studies and survey data are gaining prominence. Whilst in the former the Dependent Variable (DV) is incumbent vote gains/losses and the independent variable the state of the economy, in the latter the DV is self-reported vote choice and the independent variable perception of the economy.¹⁰ Identifying the individual rather than the nation as the analytical unit solves the ecological fallacy problem, referring to the issue of falsely inferring individual behaviour from aggregate relationships (Lewis-Beck and Stegmaier, 2019).

This individual-level focus enables a second issue to emerge concerning the target dimension, i.e. whether people vote based on pocketbook economic concerns (egotropic voting) or the national economic situation (sociotropic voting). The retrospective sociotropic form of economic voting receives empirical support in comparative investigations for Europe (Anderson, 2000; Nadeau, Lewis-Beck and Bélanger, 2012) and other regions such as Latin America (Lewis-Beck and Ratto, 2013). Furthermore, cross-national survey data allow scholars to examine the factors driving the individual heterogeneity of economic voting, including the impact of political context and institutions. This point pertains to clarity of responsibility, which is the third and most pertinent for my research debate.

2.1.2 *The ‘clarity of responsibility’ argument*

In response to conflicting results about the strength of economic voting (Paldam, 1991), Powell and Whitten (1993) conduct a cross-national analysis of 102 elections in industrialised democracies. They find that the economic effect on voting is conditioned by the clarity of responsibility of political institutions, i.e. how easy it is

⁹With unemployment and growth as macroeconomic indicators of electoral outcomes.

¹⁰Subject to various measurements/conceptualisations.

to identify who is responsible for policy outcomes (Figure 2.2). Regardless of which time or target dimension determines voters' judgements, economic evaluations do not necessarily translate into a vote for/against the government. Powell and Whitten's (1993) seminal contribution is epitomised in this clarity of responsibility thesis which purports that the level of economic voting is not uniform but a function of perceived unified control of policymaking, referring to the degree to which governments can be deemed responsible for the domestic economy.

Figure 2.2: Clarity of responsibility model

Subsequent contributions provide further empirical support and creative interpretations of clarity of responsibility. I divide these into three categories, whereby each identifies different variables as affecting economic voting; horizontal clarity of responsibility, economic openness and vertical clarity of responsibility. Horizontal clarity of responsibility encapsulates Powell and Whitten's (1993) original argument concerning the constraining effect of domestic political structures. Powell and Whitten (1993) construct the first index of clarity of responsibility, adding a point for each of the following political features; weak party cohesion, minority government, number of government parties, opposition committee chair, politically significant bicameral opposition. An average of more than two of this 'lack of clarity' scale signifies low clarity, thus weakening the economic vote.

Numerous studies reinforce the horizontal clarity of responsibility approach (Anderson, 1995; Anderson, 2000; Hellwig and Samuels, 2008; Whitten and Palmer, 1999). Duch and Stevenson's (2005, 2010) pioneering contributions develop a competency model of economic voting, suggesting that the aim of voters is to select a competent government rather than sanction an incompetent one. They argue that when power is shared, economic voting diminishes because the previous economy offers a weak signal about incumbent competencies. Hobolt, Tilley and Banducci (2013) make another theoretical extension, advocating for a two-dimensional horizontal clarity of responsibility; an institutional clarity concerning formal dispersion

of power among government branches¹¹ and a government clarity concerning government cohesion, with the latter weighting more on electoral accountability.

The argument also travels beyond the economic policy realm; Tavits (2007) examines how clarity of responsibility influences corruption levels and De Vries, Edwards and Tillman (2011) consider EU issue voting. Most pertinent for the Cypriot case is the research stream concerning presidential systems. Theoretically, presidential systems should enable high clarity of responsibility. Using data from United States (US) presidential elections, Nadeau and Lewis-Beck (2001) find that voters blame the president for national economic outcomes regardless of who controls the legislature. Whilst Norpoth (2001) reaffirms this, Samuels (2004) argues that in concurrent executive and legislative elections clarity of responsibility does not condition economic voting. Responding to Silva and Whitten’s (2017) call for more research on clarity of responsibility under presidentialism, Cyprus’ presidential system combined with its Eurozone membership provides an interesting institutional mix to enrich the US-dominated literature.

Although important, domestic political structures are not sufficient to explain variation in economic voting outcomes (Hellwig, 2001). Scholars turn instead to the connection between clarity of responsibility and economic openness¹², suggesting that more open economies lead to less economic voting. Their interconnectedness to exogenous economic shocks creates the ‘no room to manoeuvre’ mechanism whereby the government is perceived as having limited control over the economy and is partly absolved of policy responsibility. Therefore, globalisation creates incentives for politicians to blame poor economic performance on exogenous factors.

With the exception of Vowles (2008) who finds no difference in perceptions of manoeuvrability between different degrees of economic globalisation, the openness-blurs-responsibility argument receives support from individual and aggregate-level data (Fernández-Albertos, 2006; Hellwig, 2001, 2008, 2015; Hellwig and Samuels, 2007). However, disagreement exists whether this is the causal mechanism driving economic voting. Kayser and Peress (2012, 2016) present a benchmarking model, positing that globalisation leads to the synchronisation of national business cycles,

¹¹They also distinguish vertical institutional clarity of responsibility, discussed in subsection 2.1.3

¹²Measured as the sum of a country’s imports and exports over its GDP.

with the economy no longer being an appropriate indicator of government performance. Kosmidis (2018) also argues for the limited explanatory power of the manoeuvrability mechanism, a point which I elaborate in the Eurozone crisis economic voting literature review.

2.1.3 *EU vertical clarity of responsibility*

Monetary unions represent extreme cases of global economic interdependence perplexing voters' response to domestic economic performance. According to Duch and Stevenson's (2008) novel distinction between EDDs and NEDDs, in these instances more NEDDs influence economic policy, thereby increasing the exogenous shock term and reducing the government competency signal. As the ratio of NEDDs to EDDs rises, the overall economic vote should decline. This highlights the vertical 'clarity of responsibility' argument which concerns divisions of power in MLG systems and is the most relevant for my research question. In addition to domestic institutional structures, MLG structures also facilitate the shift of policy responsibility from the incumbent government to exogenous actors, thereby potentially reducing economic voting (Anderson, 2006).

The EU (including Eurozone membership) is one such complex institutional structure; economic policy tools are being increasingly transferred onto a supranational institution, leaving less room to manoeuvre for national governments. This makes it harder for voters to discern which governance level (domestic or EU) is accountable and as such worthy of punishment/reward for policy outcomes. Costa Lobo and Lewis-Beck (2012) use survey data from Southern Europe and show that the higher the perception of EU responsibility for economic outputs, the lower the national economic vote. This finding reaffirms that the EU governance layer obscures responsibility attribution.

2.1.4 *Economic voting and the Eurozone crisis*

The EU research strand is rapidly gaining traction due to the Eurozone crisis.¹³ Empirical realities such as the Europe-wide punishment of incumbents suggest a crisis-specific electoral effect. Comparative analyses using aggregate-level data succeed in establishing a link between the financial crisis and electoral outcomes (Bartels, 2014;

¹³Please see Lewis-Beck and Costa Lobo (2017) for a review of the crisis-specific economic voting literature.

Hernandez and Kriesi, 2016; Kriesi, 2014). A stronger prevalence of economic voting exists is observed in the worst-hit European periphery compared to the core (Bellucci, Costa Lobo and Lewis-Beck, 2012; Lewis-Beck and Nadeau, 2012). Cyprus is absent from comparative pieces on Southern Europe and there are no single-country case studies measuring crisis economic voting in the island. There are two related academic papers, with Katsourides (2014b) offering a description of the 2013 presidential election context and Charalambous, Papageorgiou and Pegasiou (2015) examining Cypriot voting patterns during the 2014 EP elections.

Contrariwise, a plethora of single-country case studies focus on other European countries. Examining the 2009 German election, Anderson and Hecht (2012) find that the global and not homemade nature of the crisis absolves the government of responsibility for the domestic economic downturn, thus mitigating economic voting effects. Country-specific contributions enable a more fine-grained testing of EU vertical clarity of responsibility dynamics. Evidence of economic voting is found in Portugal (Magalhães, 2014), Ireland (Marsh and Mikhaylov, 2012) and Greece (Kosmidis, 2014; Nezi, 2012). Although the EU and IMF dominated crisis management, this was not reflected into voting decisions in the periphery. Therefore, these findings conflict with the manoeuvrability causal mechanism which would have predicted lower economic voting given the external constraints to government crisis responses, conceptualised as Eurozone membership and in some cases conditionality agreements with the Troika.

To resolve this puzzle, Kosmidis (2018) constructs an experimental test of the manoeuvrability microlevel mechanism. Implementing a survey experiment in Greece, he finds that although economic voting is strong, its size does not vary across room to manoeuvre treatments. He prompts a reassessment of the argument, siding with Kayser and Peress' (2016) national business cycle synchronisation view. Particularly important for my argument is Kosmidis' (2018) finding that although international constraints do not influence the size of the economic vote, they can affect the distribution of responsibility between EDDs and NEDDs, which itself can have electoral consequences. He argues that if voters perceive externally imposed policies as bad (for democracy or the economy), then they might place voting weights on this consideration. Hence, examining responsibility attribution as a distinct process can produce valuable insights. Motivated by this fresh set of results, I turn to the blame attribution literature.

2.2 Blame attribution literature

2.2.1 *The heterogeneity of responsibility attribution*

A necessary preceding step to trigger the economic vote is to attribute policy responsibility to the government for economic outcomes (Rudolph, 2003a). The key finding from the intellectual legacy of the economic voting scholarship is that domestic and supranational institutions blur the lines of responsibility, making it harder to hold the government electorally accountable for economic performance. An implication is the saliency of considering responsibility attribution as a separate process of attitude formation. It is also important to identify the microlevel mechanisms that engender heterogeneity in attribution as it is a non-automatic process; the way voters interpret the room to manoeuvre is not objective but vulnerable to personal biases. The question which I seek to answer is how European citizens incorporate the divisions of power between EDDs and NEDDs into their attribution of policy responsibility, using the case of the application of bail-in during the Cypriot economic crisis.

Whilst an extensive body of work demonstrates how clarity of responsibility conditions economic voting, only few directly examine voters' perception of who is responsible. The difference in the latter analyses is that responsibility attributions are used as a moderating variable with vote choice as a DV, or as a DV themselves (Figures 2.3 and 2.4). Voters do not evaluate economic performance simply based on how clarity of responsibility affects policy control, but they also apportion blame wherever appropriate. Blame attribution in political science draws its theoretical underpinnings from the social-psychological literature (Shaver, 1985).

Early conceptualisations include Peffley (1984) and Peffley and Williams (1985) who show that voters might re-elect a government that presided over a bad economy if they do not blame it for policy outcomes. More recent evidence confirms the attributional moderation hypothesis in MLG systems, incorporating the vertical clarity of responsibility argument. Rudolph (2003a, 2003b) and Arceneaux (2006) consider the US, León (2011) Spain, Johns (2011) Canada and Scotland and Cutler (2004, 2008) Canada. Cutler (2004) finds that Canadians who blame two levels of government for healthcare policy problems do not reflect this into their voting decision, whilst those who identify primary responsibility do so.

Figure 2.3: Responsibility attribution as a moderating variable

Figure 2.4: Responsibility attribution as a DV

Shifting the focus from federal systems to how international constraints limit policymakers, Alcañiz and Hellwig (2011) analyse Latin American survey data and offer the first evidence of voters shifting responsibility to international actors, capturing perceptions of vertical clarity of responsibility. Their results show that in high international interdependence instances voters tend to blame policy outcomes on international actors (ex. IMF) and private sector actors (ex. foreign banks). By extending the range of responsibility targets, they demonstrate how voters do not merely evaluate outcomes and assign them or not to incumbents. Rather, they distribute responsibility to various actors, potentially shielding incumbents from electoral sanctioning. These findings highlight the implications of blame attribution for democratic accountability and create an impetus for my thesis' focus on the distinction between EDDs and NEDDs.

This research stream is powerful as it allows scholars to identify individual-level factors shaping public opinion attitudes. Whilst the economic voting literature measures responsibility primarily in terms of institutional factors, the blame attribution one combines this with the effect of individual-level predispositions. Blending macro-level and micro-level mechanisms enables a more encompassing analysis of how citizens perceive the domestic economic situation and form responsibility judgments. Numerous studies test expectations regarding how personal traits such as political predispositions and political sophistication act as explanatory variables for variation in responsibility targets (De Vries and Giger, 2014; Gomez and Wilson, 2008; Marsh

and Tilley, 2010), supporting theories of heterogenous attribution and selective attribution (Figure 2.5). In the US context, Rudolph (2003a, 2003b) finds that the interaction between partisanship and economic perceptions can predict whether people hold the president responsible for economic performance.

Regarding methodological approaches, experiments are becoming popular. Duch, Przepiorka and Stevenson (2015) design dictator games to untangle micro-foundations of responsibility attributions and find that individuals punish decision-makers with proposal power, which are not necessarily those with the most influence on outcomes. Tilley and Hobolt (2011) conduct survey experiments in Britain and show that partisanship has a stronger effect on responsibility attributions than on performance evaluations for healthcare and economic policies. I draw further insights from this literature in Chapter 4, where my theoretical framework purports to identify individual-level factors that condition blame attribution attitudes within the EU's MLG system.

Figure 2.5: Selective attribution model

2.2.2 *Blame attribution and the EU*

Especially relevant for my argument therefore, are the studies which examine blame attribution in the EU. The EU's institutional structure provides voters with a large pool of responsibility targets. As in federal states, they have to decide which governance level is responsible for policy outcomes. This scholarship echoes previous results which highlight the role of personal traits, with Sarah Hobolt and James Tilley being pioneers in the field. Hobolt and Tilley (2014b) conceptualise support for the EU as another group-serving bias which plays a qualitatively similar but quantitatively more important role than partisanship in shaping responsibility attributions towards the EU. Using survey data from the 2009 EP elections, they find that Eurosceptics are more likely to absolve national governments of responsibility for poor performance

regardless of objective responsibility. This highlights how in-group biases can obscure the ability of voters to hold accountable those who are actually responsible for policy outcomes.

Hobolt, Tilley and Wittrock (2013) reaffirm the persistence of these perceptual biases and also consider the effect of varying sources of information. Hobolt and Tilley’s (2014a) *Blaming Europe* provides the first comprehensive account of how citizens assign responsibility to the EU for different policy domains together with how the media and politicians shift blame. The book’s survey, experimental and textual data find that the EU is held responsible for outcomes for which it cannot be held electorally accountable (Hobolt and Tilley, 2014a).

2.2.3 *Blame attribution and the Eurozone crisis*

Another significant contribution by Hobolt and Tilley (2014a) is their timely consideration of blame attribution in the Eurozone crisis context, i.e. a situation where European economies were suffering and national policy making powers were transferred to non-elected entities such as the Troika and the Eurogroup. Previous scholarship examining blame attribution in crises such as the responses to Hurricane Katrina finds support for the partisanship bias hypothesis (Gomez and Wilson 2008; Maestas et al., 2008; Malhotra and Kuo, 2008). A small but growing research exists on the Eurozone crisis (Bellucci, 2014; Fernández-Albertos, Kuo and Balcells, 2013; Karyotis and Rüdiger, 2015a, 2015b). Hellwig and Coffey (2011) find that British voters assign most responsibility for the economic crisis to market actors and as such cannot directly translate their blame attributions into voting decisions.

Considering policy preferences more broadly, Fernández-Albertos and Kuo (2016, 2018) introduce another moderating variable which is central to my argument, conceptualised as economic exposure to the crisis. They show that individuals who suffer more during the crisis are more opposed to the common currency but less so to austerity, compared to those who suffer less. Two key findings emerge from the EU-specific contributions. Regarding the macro-level, the EU’s MLG institutional context perplexes blame attribution by increasing the number of EDDs and NEDDs. Regarding the micro-level, group-serving biases such as partisanship and support for the EU matter. Thusly, responsibility attributions are not necessarily a reflection of objective room to manoeuvre and divisions of power. Rather, they are coloured by existing predispositions.

2.3 Blame avoidance literature

2.3.1 *Theoretical foundations*

Individual-level biases combined with limited institutional clarity of responsibility make voters more susceptible to manipulation by national and EU-level politicians. This threatens democratic accountability which requires that voters make informed rather than biased judgments. During crises, attributing responsibility for bad economic conditions to exogenous factors is a potent strategy for politicians to minimise electoral costs (Weaver, 1986). Whilst some blame attribution studies disregard the role of elite agency in affecting responsibility considerations, others consider it. I provide insights from the limited blame avoidance literature, arguing that they enhance our understanding of public opinion.

Before considering how the political elite use rhetoric to shift and avoid blame, it is imperative to understand why they do it. A useful starting point is Hart and Tindall (2009) who conceptualise crises as framing contests and persuasion as the key currency of crisis management; politicians' interpretation of a bad situation depends on self-interested motivations. The implicit assumption is that their goal is (re-)election. Given the potential of responsibility attributions in influencing voting decisions, this creates incentives for politicians to blame exogenous actors for crises. By manipulating the framing of a crisis, they can shield themselves from electoral sanctioning. Individuals who are predisposed to accept this alternative framing such as partisans shift their responsibility attributions accordingly.

The literature on blame avoidance strategies is fragmented and dominated by Weaver's (1986) negativity bias approach. He argues that politicians prefer to avoid blame for unpopular actions rather than claim credit for popular ones. This leads to a set of political strategies such as scapegoating and defection which are engineered towards preventing a blame-generating situation from arising and deflecting/diffusing blame once adverse outcomes occur (Weaver, 1986). Building on Weaver's (1986) claims, Hood's (2011) *The Blame Game* provides a comprehensive theory of blame avoidance by presenting the three main strategies that public officeholders employ. Agency strategies attempt to limit blame by altering formal responsibility allocation through actions such as delegation, presentational strategies attempt to affect public perceptions of responsibility in case of criticism and policy strategies attempt to construct policies with the *ex-ante* aim of minimising criticism (Hood, 2011). The

intersection between agency and presentational strategies is the most pertinent for my research question, since I focus on how the Cypriot political elite seek to deflect blame retrospectively, once the bail-in occurs. An evaluation of these strategies informs my theoretical expectations.

Although Hood (2002, 2007, 2011) provides a compelling theoretical account of blame strategies, empirical tests are few and limited in scope. For instance, Twight (1991) considers the management of asbestos policy and examines blame avoidance in the US Congress. Hood et al. (2009) investigate two cases of problems with examinations in England and Scotland, whilst Giger and Nelson (2011) look at welfare state retrenchment. Evidently, these findings have limited external validity for other policy areas.

2.3.2 *Blame avoidance and the EU*

According to Hood (2011), the MLG structure of the EU facilitates agency blame avoidance strategies through shared responsibility and organisational complexity. Early studies (Fiorina, 1981; Pierson, 1995) offer a precedent by arguing that federal and supranational governance levels provide blame-shifting opportunities. Following a rational-choice approach to institutional design, Hood (2011) suggests that in deciding whether to join the EU, MS make a choice between direct control versus delegation of policymaking. He points to the EU's forbidding institutional complexities as enabling blame diffusion for adverse policy outcomes among different governance levels (Hood, 2011). These include but are not limited to national governments, intergovernmental institutions and atypical bodies (ex. Eurogroup).

Dehousse (2007) considers the explosion of autonomous agencies (ex. Europol) in European public administration; before the 1990s there were only two semi-autonomous agencies, yet by 2007 the number reached 28. His conceptualisation of the EU as a political system without a principal reflects this decentralisation of power; MS can distance themselves from decisions by blaming the EU and core EU institutions can distance themselves by blaming autonomous agencies and atypical bodies (Dehousse, 2007). Considering the Eurozone, Vis and Kersbergen (2007) argue that the ECB is an easy scapegoat for domestic politicians who present themselves as constrained by the loss of monetary policy control to the European level. Daugbjerg and Swinbank (2007) offer one of the first examinations of blame avoidance within the EU by considering the Common Agricultural Policy and subsequent contributions focus

on the Eurozone crisis. These analyses successfully demonstrate that the EU's MLG structure is conducive to blame-shifting. However, little empirical evidence exists on how national politicians actually frame their EU-related narratives to engage in blame avoidance, a gap which I seek to fill.

2.3.3 *Blame avoidance and the Eurozone crisis*

The Eurozone crisis provides fertile ground to test these strategies, as it represents a most likely case for observing blame-shifting. It was the worst recession since the Great Depression (setting aside the economic ramifications of the current COVID-19 pandemic) and the EU was implicated to a large extent in domestic crisis management. Hobolt and Tilley (2014a) make a novel contribution by combining Hood's (2011) and Weaver's (1986) insights to present a typology of national politicians' blame avoidance strategies in an EU context. They demonstrate how agency strategies with respect to the EU's MLG structure enable presentational strategies to emerge.

Hobolt and Tilley (2014a) argue that the EU also creates incentives for credit-claiming strategies; analysing head of government speeches in Britain, Germany and Ireland during the financial crisis, they find that credit-sharing with the EU is more common than blame-shifting. Politicians manipulate EU involvement to diffuse responsibility and frame the bad economic situation in a way that makes their efforts appear as positive (Hobolt and Tilley, 2014a). Their findings offer limited support to the blame avoidance literature which is driven by Weaver's (1986) negative bias approach and are inconsistent with evidence from single-country case studies.

The few single-country analyses that consider blame avoidance during the Eurozone crisis focus on the most crisis-hit countries, such as Greece. Vasilopoulou, Halikiopoulou and Exadaktylos (2014) consider populist blame-shifting games and provide a valuable reference point. Conducting a framing analysis of speeches delivered by Greek party leaders in parliament, they find that although both mainstream and fringe party leaders engage in blame-shifting regarding the crisis, a party's position in the party system determines its blame target choice. Karyotis and Rüdiger (2015a) identify the acceptance/rejection of the Greek government's discourse as an independent predictor of individual voting behaviour. They urge future research to include elite crisis framings into blame attribution analyses.

Analysing issue preferences during the Greek economic crisis rather than blame avoidance, Karyotis, Rüdiger and Judge (2014) find that there is substantial variation in the intensity of congruence between elite and mass preferences, with opposition parties being more extreme compared to their supporters. Given that high congruence is a signal for a high degree of representation within the system, these results insinuate democratic accountability issues. Other relevant analyses include Papadimitrou, Pegasiou and Zartaloudis (2019) who investigate European-level and not domestic-level elite discourses on the Greek crisis management. Capelos and Exadaktylos (2015) examine the framing of the crisis in Greek media; given that voters are exposed to media and politicians' discourses, it is reasonable to assume that their blame attitudes can be influenced by both. Building upon this scholarship, I provide the first examination of how political elites frame their narratives regarding the application of a bail-in crisis resolution policy.

2.4 Expanding existing research

Combining the insights from this literature review, it is evident that responsibility attribution for economic management and policymaking is not as straightforward as the economic voting thesis posits. The underlying constraints include the power that governments have to design and implement policy as well as personal biases. Although the literature on blame attribution and blame avoidance is extensive and varied, it has seldom addressed questions of how responsibility is assigned within the EU and never with respect to bail-in.

I expand existing research by generating a theoretical framework explaining variation in public and elite blame attribution attitudes in the context of EU economic crisis management. I test these expectations by using data from Cyprus. The application of bail-in during the 2013 Cypriot economic crisis provides a compelling policy measure to empirically investigate how the aforementioned macro- and micro-level mechanisms interact with blame attribution, both because of its novelty and because of its design. It was imposed by the Troika, implemented domestically by the incumbent government and designed to engender fairer burden-sharing by making bank creditors shoulder a part of the crisis cost.

Chapter 3

Cyprus case study

During the Eurozone crisis, several affected countries signed bailout agreements with the Troika, whereby loan instalments were conditional on the implementation of agreed-upon austerity policies according to an IMF schedule. The management of the 2013 Cypriot economic crisis was the first and only instance in the Eurozone where an adjustment programme included a bail-in clause with depositor participation.¹⁴ Given that this form of bail-in is now enshrined into the BRRD and constitutes the foundation of the banking union (Dijsselbloem, 2018), important policy lessons emerge by studying its effect on blame attribution attitudes. In order to investigate how Cypriot voters and political elite attribute blame for the economic crisis and ensuing policy responses, it is necessary to examine what they express their attitudes towards.

This chapter places my research question within the Cypriot crisis context. I begin with an overview of the political system and the pre-crisis Cyprus-EU relationship. I then discuss the crisis-brewing period (2004-2012), before considering the management of the crisis and initial reactions to it (2012-2013). I end with a reflection on the post-crisis period (2013-present), providing the impetus for my contribution by focusing on political consequences. I discuss political attitude trends using descriptive statistics from Eurobarometer data and review the minuscule related literature. There are a few studies exploring elections and public opinion in Cyprus following the bail-in decision. However, none considers voters' crisis blame attribution attitudes and the individual-level mechanisms underpinning them. There is also no systematic analysis of party and government blame-shifting strategies regarding the crisis management. Thus, public and elite opinion on bail-ins remains largely understudied.

¹⁴World Bank (2016) offers an overview of other PSI case studies.

3.1 Cypriot political context

3.1.1 *The party system*

The following analysis draws from the ParlGov database (Döring and Manow, 2019). Cyprus has a presidential system, with the president having absolute control on the executive branch for a fixed term of five years with no additional checks and balances. The party system centres around four main parties which capture the majority of votes; left-wing Progressive Party of the Working People (AKEL), centre-left Movement for Social Democracy (EDEK), centre-right Democratic Party (DIKO) and right-wing DISY. The introduction of proportional representation in 1996 has made the party system less stable by facilitating the emergence of smaller parties such as the Green Party (1996) and Citizens' Alliance (2013). ELAM (National Popular Front) is Golden Dawn's sister party and the only extreme right-wing Cypriot party, entering the House for the first time in 2016. The main line of conflict between parties is the left-right dimension and democracy issues regarding the unresolved Cyprus dispute, referring to the 1974 Turkish military invasion and occupation of the island's northern part (Katsourides, 2014a).

3.1.2 *Pre-crisis party positions and public opinion towards the EU*

Cyprus entered the EU in 2004 and the Eurozone in 2008 whilst DIKO was in government. Following the scholarship on party positions towards the EU, Agapiou-Josephides (2011) highlights three factors as dictating the level of party-based Euroscepticism in Cyprus; strategic considerations relating to party competition, the Cyprus dispute and public opinion. Katsourides (2014a) undertakes a longitudinal study of party manifestos, press releases and interviews to present the early positions of the four main parties towards the EU.

AKEL rejected Cyprus' application for EU accession in 1990, framing the EU as a capitalist integration process that clashed with its communist ideology. DISY and DIKO were in favour of EU membership, viewing it as an ideological and a strategic target. EDEK was initially reluctant to give its support, but gradually adopted a pro-European position. By 1995 AKEL had also reversed its stance, accepting Cyprus' accession and being in favour of a socialist Europe. Observing voting patterns in the House reaffirms the broad party support for the EU, besides AKEL (Table 3.1).

During these pre-crisis years, the EU cleavage did not have a prominent position in party competition, with parties devoting little space to the EU in their electoral manifestos (Katsourides, 2014a).

The EU accession process was elite driven, with Cypriot citizens never expressing their opinion in a referendum. During the pre-crisis years, domestic media provided the EU with little visibility and European issues were overshadowed by domestic ones in national and European elections (Katsourides, 2014a). Nevertheless, empirical investigations demonstrate that public opinion was overwhelmingly in favour of the EU pre- and post-accession (Agapiou-Josephides, 2011). I return to how trends in party stances and Cypriot public opinion towards the EU have changed after the 2013 economic crisis, during which EU issues became politicised as a result of the heightened role of European institutions in domestic policymaking.

Table 3.1: Voting patterns in the House on critical EU issues (four main parties)

	AKEL	EDEK	DIKO	DISY
Application for EU accession (1990)	No	Yes	Yes	Yes
EU accession (2003)	Yes	Yes	Yes	Yes
EU Constitutional Treaty (2005)	No	Yes	Yes	Yes
Euro adoption (2007)	No	Yes	Yes	Yes
Lisbon Treaty (2008)	No	Yes	Yes	Yes

Source: Author's own compilation of data using House archives

3.2 Crisis ‘brewing’ period (2004-2012)

Numerous contributions evaluate the macroeconomic environment leading up to the crisis (Clerides, 2014; Michaelides, 2014; Pegasiou, 2013). These investigations identify three key factors as responsible for the economic catastrophe; fiscal imbalances, banking imbalances and interconnectedness to Greece. Between 2004 and 2008, the Cypriot economy was growing due to foreign demand for real estate property. The leader of AKEL, Demetris Christofias, was elected as President of Cyprus in 2008. During its time in office the self-proclaimed communist government engaged in fiscal risks such as high government expenditure in the form of social transfers; in 2008 the government debt to GDP was 49%, escalating to 86% by 2012 and including a 10% of GDP bailout for CPB, the second biggest bank in Cyprus at the time (Michaelides, 2014).

Regarding the banking imbalances, Cyprus had a low tax rate on profits for off-shore companies. By 2011, it was the country with the second largest Foreign Direct Investment into Russia, with Russian nationals using Cypriot accounting and law firms to invest money back into Russia (Michaelides, 2014). In 2007, total banking sector assets were around 600% of GDP, growing to around 750% of GDP by 2012 (Michaelides, 2014). The banking system was primarily funded by depositors (€66.7bn) who made up 71% of the liabilities (Apostolides, 2013). The composition of depositors in 2012 was 40% Cypriot residents, 34% non-residents domiciled in Cyprus, 19% from Greece and 7% from elsewhere (Apostolides, 2013).

The third cause of Cyprus' poor economic performance was the interconnectedness of its banking sector to Greece, creating irreversible levels of contagion. The financial integration in a common currency area that came with Eurozone membership allowed for heavy expansion in Greece. The 2012 Greek PSI was catastrophic; it imposed a €4.5bn asset write down on Cypriot banks through the haircut on GGBs, annihilating 58% of aggregate bank equity as well as triggering withdrawals of non-resident deposits and wholesale funds (Michaelides, 2014). CPB had to resort to Emergency Liquidity Assistance (ELA) and nationalisation in 2012.

3.3 Crisis management period (2012-2013)

3.3.1 *Unfolding of the crisis*

As the Greek government debt crisis and the Eurozone crisis amplified, the exposure of Cypriot banks to Greece combined with high government debt to the crisis' onset in 2012 with a spillover into the real economy (Michaelides, 2014). Table 3.2 compares the Cypriot economy to other Southern European economies (Eurostat, 2020) and Appendix A offers a timeline of crisis-related events. An official request for EU assistance by the Christofias government was made in June 2012. Although Cyprus was unable to access international capital markets, a bailout agreement with the Troika was not negotiated at that stage. This delay is striking when compared to other MS experiences (Greece, Ireland, Portugal and Spain) where an agreement was reached in some cases within three weeks of requesting assistance (Hardouvelis, 2016). Instead, the government attempted for the next 18 months to manage the crisis by receiving loans from Russia. Michaelides (2016) offers potential explanations as to why the Christofias government delayed an agreement; perhaps they were scared by Greece's experience of signing a Memorandum of Understanding (MoU) or they had

a strategic goal to delay agreement until after the February 2013 presidential election to avoid political responsibility.

Table 3.2: The Cypriot economy compared to Southern European economies

Country	Growth (% of GDP)		Unemployment	
	2009	2013	2009	2013
Cyprus	-2.0	-6.6	5.4	15.9
Greece	-4.3	-3.2	9.6	27.5
Portugal	-3.1	-0.9	10.7	16.4
Spain	-3.8	-1.4	17.9	26.1
Italy	-5.3	-1.8	7.7	13.1

Source: Eurostat

3.3.2 *The bail-in agreement*

The management of the crisis was largely shifted to the EU-level, with the Eurogroup acting as a decision-making body and the ECB and the Commission as lending bodies through the Troika. During the Cyprus-EU negotiations in January-February 2013, articles in national and international media began mentioning the possibility of a bail-in. They were framing it as a radical new option that would force losses on uninsured depositors in Cypriot banks and in the country's sovereign bonds (Landon, 2013; Spiegel and Peel, 2013). The idea of a bail-in gained popularity given the nature of the Cypriot banking system, i.e. enormous bank balance sheets relative to a small number of taxpayers. Any losses incurred beyond the ability of stockholders to absorb would get multiplied by a factor of six when reaching taxpayers (Hardouvelis, 2016). Moreover, approximately 70% of deposits belonged to non-EU residents, with a citizenship-by-investment scheme creating a money laundering reputation for Cyprus (Spiegel and Peel, 2013).

The public discussions about a depositor haircut possibility created financial and political instability. Capital flight soared and BoC had to apply for ELA. This issue also dominated the electoral debates of the February 2013 presidential elections. Given Cyprus' presidential system, the election of the President is the most salient electoral event. The three main candidates for the election were Nicos Anastasiades (leader of the opposition party DISY), George Lillikas (supported by EDEK)

and Stavros Malas (supported by the incumbent AKEL). AKEL ran its election campaign on a bash-the-banks platform, blaming them for imprudent behaviour (Orphanides, 2016). Meanwhile, Anastasiades blamed the economic situation on AKEL’s governance. He portrayed himself as the candidate with the strongest pro-European credentials, capable of extracting the most favourable bailout terms (Demetriades, 2017; Katsourides, 2014b). Anastasiades’ campaign slogan was “The crisis wants a leader” (Katsourides, 2014b).

Anastasiades and Malas made it to the second round of the elections, with Anastasiades receiving 57.5% of the vote and replacing Christofias as President of Cyprus. Voter abstention reached a record-high at 18.4% (Ministry of Interior, 2020). Although Anastasiades committed that he would not accept a deposit haircut during his pre-election commitments and his inaugural speech to the House in March 2013, a few weeks later he did accept a haircut as part of the Eurogroup decision. Taken at face value, this break of promise could have imposed political damage on President Anastasiades. In Chapter 6, I delve further into government strategies aimed at deflecting blame for the management of the crisis.

The crisis climax was in March 2013 when the Eurogroup decisions on Cyprus were crystallised into two proposals. The following analysis is informed by the House archives (2020). On the 16th of March, the Eurogroup agreed the first deal with the Anastasiades government which included a horizontal, across-all-banks haircut of 6.75% for insured deposits and 9.9% for uninsured deposits. IMF’s (2013b) debt sustainability analysis indicated that with an almost 90% debt to GDP ratio it was impossible to propose a taxpayer-funded bailout of more than €10bn. Their motivation for pursuing a haircut on deposits was to share the burden of the crisis more widely. The House rejected the proposal on the 19th of March, claiming that touching insured deposits was unprecedented and borderline criminal (Table 3.3). The banking system was shut for almost two weeks while the terms of the deal were being revised.

Table 3.3: Voting patterns in the House on bail-in (four main parties)

	AKEL	EDEK	DIKO	DISY
First bail-in proposal	No	No	No	Abstention
Second bail-in proposal	Abstention	Abstention	Yes	Yes

Source: Author’s own compilation of data using House archives

On the 21st of March, the ECB warned that to maintain the current ELA level for BoC and CPB a programme would have to be agreed. This created the urgency for the second and final package to be agreed. On the 22nd of March, new legislative proposals on bail-in were deliberated in the House, with 26 MPs voting in favour, 2 against and 25 abstaining. To prevent further capital flight, capital controls were imposed immediately. The final €17bn economic adjustment programme agreed between the Cyprus government and the Troika on the 25th of March is as follows (European Commission, 2013). Whilst €10bn would be provided in the form of rollovers of expiring debt and budget deficits until 2016, the remainder €7bn would be financed by Cyprus through a bail-in. This necessitated the recapitalisation of the banking system, subjecting to a haircut BoC and CPB. Contrary to the first package, it kept deposit insurance intact and CPB was resolved immediately with full contribution from shareholders, bondholders and uninsured depositors.

The bail-in of uninsured deposits reached an estimated €7.9bn (IMF, 2013b). This accounted for more than 11% of the pre-crisis deposit volume of Cypriot banks and resident depositors contributed approximately €3.2bn, amounting to 7.5% of their pre-crisis deposit volume (Brown, Evangelou and Hix, 2018). The final bailed-in amount, including bondholders and shareholders, spared taxpayers €9.4bn (IMF, 2013b). Table 3.4 and Figure 3.1 are from the IMF's (2013b) report and demonstrate the breakdown of bail-in. By July 2013, 47.5% of uninsured deposits were converted into equity and BoC's bailed-in depositors received bank stocks, with the new board of directors reflecting the ownership shift to uninsured depositors (Haliassos, 2016). Six out of the sixteen members of the new board were non-residents and represented Russian interests (Hardouvelis, 2016).

Table 3.4: Bail-in amounts (€ bn)

	BoC	CPB	Total
Uninsured deposits	3.9	4.0	7.9
Senior debt	0.0	0.1	0.2
Subordinated debt	0.6	0.8	1.3
Total	4.5	4.9	9.4

Source: IMF (2013b)

Figure 3.1: Ownership of BoC (September 2013)
Source: IMF (2013b)

3.3.3 Initial reactions

The bail-in agreement was highly politicised in national and international media. Discussions did not concentrate on the economic rationale behind bail-ins, i.e. the way in which the haircut protected current and future taxpayers, preventing Greek-style austerity. A negative collective attitude was formed, suggesting that it was unfair to impose a haircut on deposits in Cyprus, something that the Troika did not ask from other MS requesting bailouts (Michaelides, 2016). Panicos Demetriades (2017), the then CBC Governor, documents his conversations with Cypriot citizens; even those who did not lose money from the haircut deemed it as unfair towards those who did. In the immediate aftermath of the crisis, hundreds of lawsuits were filed against CPB, BoC, CBC and the Cyprus government for the handling of the restructuring (Apostolides, 2013). Minister of Finance Michael Sarris resigned in April 2013 and CBC Governor Demetriades in March 2014.

The official EU-IMF view was positive, with Dijsselbloem (2018) hailing the Cyprus bail-in as a ‘blueprint’ for future banking crises in the Eurozone whereby investors would carry the crisis burden. In his book *The Euro Crisis*, Dijsselbloem (2018) provides an insight into the Eurogroup negotiations, documenting how IMF officials and one group of countries, including Germany and the Netherlands, were opposed to a large aid package for Cyprus and instead supported a bail-in. The broader European reaction was mixed, as documented in Theodore and Theodore (2015) who concentrate quotes from MS politicians.

Initial domestic party responses can be described as reluctant consensus. AKEL proposed exit from the Eurozone, yet eventually withdrew the suggestion. AKEL, EDEK and other smaller parties engaged in polemical rhetoric against the haircut in the media and in the House (2020). However, Charalambous' (2014) analysis of House voting patterns for all MoU-related legislation demonstrates that this dissatisfaction was not translated into voting decisions. The Anastasiades government agreed with the Troika proposals and DIKO supported the government.

3.4 Post-crisis period (2013-present)

3.4.1 *Economic consequences and accountability*

The economic policy of the Anastasiades government since the bail-in agreement has been in line with the MoU agreed with the EU-IMF, with essentially having no room for deviation.¹⁵ The economic adjustment programme included structural reforms such as privatisations as well as cuts in public sector wages and pensions. In its ex-post evaluation of the programme the Commission states that its contribution was effective in restoring fiscal sustainability and stabilising the financial sector (European Commission, 2019). Following the MoU's completion in 2016, the 2018 presidential election campaign of the Anastasiades government highlighted the success of the programme in reviving the economy and achieving positive growth rates (Triga, Mendez and Djouvas, 2019). The country's post-crisis macroeconomic performance is encouraging when compared to Table 3.2. In 2019, GDP growth reached 3.2% and unemployment fell to 7.1 (Eurostat, 2020). The banking sector shrunk to 400% of GDP by 2017, reaching the EU average of 350% of GDP (Keereeman, 2017).

In a comparative perspective, Cyprus' economic adjustment programme (2013-2016) differed vastly from the other four euro area programmes in Greece (2010-2018), Ireland (2011-2013), Spain (2012-2014) and Portugal (2011-2014). Cyprus stands out for how assistance to the financial sector was handled, as Table 3.5 demonstrates (adjusted from Keereeman, 2017). Whilst in Ireland public sources accounted for 46.5% of the total funds towards financial sector capital needs and losses, in Cyprus public sources were only 15.6%. This is in stark contrast to the total funds provided by bail-in, reaching 43.1% compared to 10.9% in Ireland and 4.1% in Greece. Cyprus was the first and only instance where depositors had to absorb losses as part of the

¹⁵IMF (2013a) includes the MoU's full terms.

bail-in (37.4%). The Cyprus bail-in effectively shifted the burden for saving the banks from the state to private actors in the banking sector, thereby reducing the economic impact on taxpayers.

Table 3.5: Cyprus bail-in compared to other euro area programmes

	Cyprus	Greece	Ireland	Portugal	Spain
Financial sector capital needs	€ 21.1bn	€ 73.4bn	€ 137.4bn	€ 42.6bn	€ 83.2bn
Private owners contribution	41.3%	55.2%	42.6%	40.6%	37.1%
Public sources contribution	15.6%	40.7%	46.5%	53.0%	46.7%
Bail-in (deposits)	37.4%	0%	0%	0%	0%
Bail-in (no deposits)	5.7%	4.1%	10.9%	6.4%	16.2%

Source: Keereman (2017)

A series of accountability mechanisms emerged in response to the 2013 Cypriot economic crisis, with Kovras (2018) offering an overview. Formal tools of accountability included two independent committees appointed to investigate the causes of the crisis. Whilst the first assigned blame onto Christofias personally and his government, the second blamed weak corporate governance (Hardouvelis, 2016; Investigation Committee, 2013). Regarding informal mechanisms of accountability, no public apologies from political actors were made. However, President Anastasiades acknowledged in a 2016 press conference that his biggest mistake was his pre-election commitment of no depositor haircut (Kovras, 2018). Kovras (2018) also briefly discusses the ‘blame games’ of political elite but offers no systematic empirical analysis.

Another source of democratic accountability can manifest itself in the form of citizens attributing blame to the actors they perceive as accountable. Although this is an informal mechanism, it can become formal through voting, i.e. voters translating their attribution of accountability onto the ballot box. If they believe that the government is to blame, they vote for alternative candidates following economic voting expectations. If they believe that non-elected actors are to blame such as the EU or the banking sector and the central bank then they cannot translate their responsibility attribution into the voting dimension. There is no academic study to date exploring perceptions of responsibility for the Cyprus economic crisis. My thesis fills this gap by examining elite and public attributions of policy responsibility for the bail-in.

3.4.2 Political consequences

I use descriptive statistics from Eurobarometer data¹⁶ to identify trends in Cypriot public opinion between 2008 and 2019 (European Commission, 2020).¹⁷ The aim is to explore how the 2013 economic crisis has affected political behaviour, unravelling its political consequences. Trust in political parties is consistently low, with no noticeable differences pre- and post-crisis (Figure 3.2). Trust in the government and the House are almost 70% in 2008, after which they decline rapidly and remain substantially lower. Consistent with trends in Southern Europe, the lowest points are between 2012 and 2015 signalling the Eurozone crisis peak (Table 3.6).

Figure 3.2: Trust in domestic institutions 2008-2019 (%)

Source: Eurobarometer data

Table 3.6: Trust in domestic institutions in Southern Europe 2008-2019 (%)

Country	Parliament			Government			Parties		
	2008	2013	2019	2008	2013	2019	2008	2013	2019
Cyprus	69.2	18.2	33.7	69.4	25.3	36.2	19.1	15.4	19.2
Greece	48.7	9.9	25.1	34.0	9.3	20.4	17.2	4.2	10.2
Portugal	38.7	12.6	37	32.1	10.2	42.0	19.0	8.7	19.9
Spain	54.4	6.8	24.2	55.1	7.6	24.6	40.5	4.8	11.7
Italy	15.9	12.2	30.9	15.4	11.2	29.9	12.6	7.2	19.0

Source: Eurobarometer data

¹⁶Eurobarometer spring waves denoted by (1) and autumn waves by (2).

¹⁷Motivation for timeframe choice: 2008 is the first year of Christofias' presidential term, whilst 2019 is the most recent year for which Eurobarometer data are publicly available.

Interesting findings emerge when considering confidence in European institutions (Figure 3.3). Indicators of trust in the ECB, Commission, EP and EU move in parallel. The lowest levels of trust are during the bail-in negotiations, the Spring of 2013. In a comparative perspective, Cyprus has the lowest levels of trust in the ECB in 2013, declining to 10.9% from 63.8% in 2008 (Table 3.7). An upward trend in trust in European institutions is visible from 2016 onwards, the year that Cyprus exited the economic adjustment programme.

Figure 3.3: Trust in EU institutions 2008-2019 (%)
Source: Eurobarometer data

Country	ECB			Commission			EP		
	2008	2013	2019	2008	2013	2019	2008	2013	2019
Cyprus	63.8	10.9	43.1	62.7	15.8	43.5	64.7	24.6	63.4
Greece	51.3	18.4	26.1	57.1	19.7	34.5	61.4	28.9	47.1
Portugal	30.7	29.5	57.2	62.3	33.2	58.1	65.7	32.8	60.5
Spain	58.4	15.3	34.9	57.9	17.2	42.2	62.2	19.5	46.2
Italy	44.2	28.4	38.9	48.3	35.6	42.3	51.2	40.9	47.0

Source: Eurobarometer data

These results lend support to the argument that the crisis and its management had an adverse effect on political attitudes, decreasing trust levels in both domestic and European institutions. The effect is more pronounced for European institutions,

which constitute the non-domestic non-elected actors. This has implications for democratic accountability and the extent to which European institutions can be perceived as representing national interest. Nevertheless, it is important to note that the negative impact of the crisis is more temporary for European institutions compared to domestic institutions. By 2019 trust appears to be returning to the pre-crisis levels for the former, yet remains at substantially lower levels for the latter.

Placing my analysis of Eurobarometer data within existing scholarship, there are a few contributions examining post-crisis public opinion and elections in Cyprus. Charalambous (2014) documents protest behaviour; there were three crisis-related protests, with 5000-7000 people participating in each and AKEL endorsing all of them. The minimal engagement in protests contradicts the experience of other crisis-hit countries whereby anti-austerity movements such as the Indignados in Spain and Aganaktismenoi in Greece were active.

Charalambous, Papageorgiou and Pegasiou (2015) look at the 2014 EP elections, i.e. the first elections after the economic shock, labelling them as one of the most puzzling second-order elections. Rather than being punished for the crisis and for breaking the promise to not accept a bail-in, DISY was the only party to increase its electoral support. Abstention was high, increasing by 15.4% compared to the 2009 EP elections. Carrying out a micro-level analysis of voting turnout determinants, Charalambous, Papageorgiou and Pegasiou (2015) find that the decision to vote or abstain was driven by attitudes towards domestic and European/international institutions, such as reduced trust and dissatisfaction with democracy. They conclude that the 2014 electoral behaviour reflects widespread political apathy.

The 2016 parliamentary elections took place immediately after the MoU expiration, providing voters with an opportunity to express their evaluations of crisis management into the voting booth. Charalambous and Ioannou (2017) interpret the electoral results as a legitimisation of the government's crisis resolution policies; DISY was rewarded and AKEL was punished. The political system became slightly fragmented; the four main parties lost almost 100,000 votes combined compared to previous parliamentary elections, with ELAM entering the House for the first time (Ministry of Interior, 2020). Triga (2017) conducts a descriptive statistics analysis of Eurobarometer data and interprets high levels of abstention in 2016 as increased political disengagement. DISY won the 2018 presidential elections and the 2019 EP elections, with President Anastasiades remaining in power another five-year term.

Figure 3.4: Abstention rates in Cypriot elections 2008-2019 (%)
Source: Ministry of Interior official election results

Whilst DISY won all post-crisis elections, Figure 3.4 illustrates an upward trend in abstention rates, supporting the political disengagement explanation. Following European trends, abstention is higher in EP elections. This finding complements debates on the EU's input legitimacy, referring to the representativeness of its institutions (Schmidt, 2015).

Considering public opinion towards the EU, the peak of negative attitudes was in the Spring of 2013, with almost 60% having a negative EU image (Figure 3.5). The level of those reporting a neutral image is high throughout the 2008-2019 period, with the lowest value being 24.2% and the highest 50.1%. This can be interpreted as disengagement with the EU. Katsourides (2016) identifies bail-in as a possible game changer in the European debate in Cyprus. He shows how the crisis engineered a rise in soft public Euroscepticism driven by utilitarian concerns about personal socioeconomic status rather than identity-based considerations. His analysis of media discourses demonstrates how EU issues are increasingly politicised since the Eurogroup decision in March 2013, with national newspapers becoming more critical (Katsourides, 2016).

Figure 3.5: Public opinion towards the EU in Cyprus 2008-2019 (%)
Source: Eurobarometer data

Overall, the post-crisis trends are political apathy and disengagement. These indicators of deteriorating system legitimacy are interesting given the persistent support for the governing party DISY. Academic research on the Cyprus crisis suffers from important limitations. Most studies rely on a descriptive statistics analysis of existing data to outline changes in political attitudes. Thus, they cannot establish that these changes are caused by the crisis, they are agnostic about the role of the bail-in policy and cannot identify individual-level characteristics driving political attitudes.

My thesis purports to overcome these challenges by using a novel public opinion dataset from a survey questionnaire that I specifically designed to isolate the effect of bail-in on blame attribution attitudes. The results show how Cypriot voters dispersed responsibility for the management of the crisis to non-elected actors, thereby going some way towards explaining how the Anastasiades government was exonerated from blame and electoral punishment in the 2018 presidential elections. The new dataset enables a micro-level analysis of how characteristics such as partisanship, EU pre-dispositions and crisis exposure influence blame attribution attitudes. I also make a contribution at the political elite level, by examining party and government blame-shifting and credit-claiming strategies using data from elite interviews, parliamentary speeches and press releases.

Chapter 4

Theoretical expectations

The aim of this thesis is to examine how bail-in shapes the blame attribution attitudes of voters and political elite in response to the 2013 Cypriot economic crisis. Bail-in has been defined as a policy that is imposed by the EU as well as a policy that shifts the crisis burden to creditors in the banking sector. This is in contrast to a bailout which offers financial support through public funds, burdening the taxpayers (Lucchini et al., 2017). To address this research question, I present a two-fold theoretical model of blame attribution in EU economic crisis management instances. Thusly, a broader contribution is to enrich the literature explaining responsibility attribution in an EU context.

This theoretical model emphasises the diversity of potential targets of responsibility, delineated according to the dimensions of ‘domestic versus non-domestic’ and ‘elected versus non-elected’ targets. A multilevel mechanism capturing how institutional context perplexes the clarity of policy responsibility is at work, conceptualised as EU/Eurozone membership. I also identify micro-level variables explaining variation in blame attribution attitudes and derive testable hypotheses from them. The DV is blame attribution for the crisis, referring to its development and policy responses to it. The first part of the theory concerns voter attitudes. I draw from the economic voting and blame attribution literatures to develop expectations for how the individual-level characteristics of government support and EU attitudes influence blame distribution among targets. I introduce another moderating variable, type of crisis exposure, measured by whether an individual was directly affected by the bail-in. Given that a crisis provides a clear and important case for observing blame avoidance by political elite, the second part encapsulates expectations about party and government strategies.

I begin by outlining the key assumptions underpinning my theoretical framework and the selection of blame targets. I then elucidate the voter and elite blame attribution models, before discussing the theory's implications and limitations. Throughout, I discuss the relevance to Cyprus' case. The contribution of this study unfolds further in subsequent chapters, whereby I empirically evaluate the theory's first part using data from a public opinion survey and the second part using data from interview transcripts, press releases and parliamentary speeches.

4.1 Democratic theory assumptions

Attribution of responsibility for political outcomes is central to the study of democracy, as Figures 2.2-2.5 illustrate. The key assumption in the model of representative democracy is that citizens have the opportunity to choose between competing political elites with alternative political agendas and to hold decision-makers accountable for their actions in the ballot box (Anderson, 2007). The economic voting theory posits that the determining factor of this vote choice is the economic situation of the country. Several conditions need to be fulfilled for the main assumption of representative democracy to hold, as Anderson (2007) aptly presents them. First, it is presumed that such a thing as the objective economy exists and that voters can perceive it accurately. The next condition is that these perceptions can be translated into negative or positive evaluations which can then be transformed into voting decisions. Whilst a competency model of economic voting argues that voting decisions are based on selecting competent economic managers (Duch and Stevenson, 2008), a sanctioning model holds that voters electorally punish incumbents for a worsening economy (Paldam, 1991; Powell and Whitten, 1993).

For either model to work, a necessary preceding assumption is that voters hold responsible the incumbent government for the economic situation. Accurate perceptions and evaluations of the economy are necessary but not sufficient for economic voting; they require attribution of responsibility to be meaningful. If a link in this chain of conditions is broken, democratic accountability is compromised (Anderson, 2007). As Chapter 2 highlights, the consensus in the literature is that responsibility attribution is vulnerable to being influenced by macro-level institutional and microlevel politico-psychological factors. This discussion provides the foundation for my theoretical framework, whereby I consider how these factors perplex clarity of responsibility and enable the dispersion of blame across non-domestic and non-elected

actors. If voters do not assign responsibility for economic policy decisions to the incumbent government, then they cannot express them directly into the ballot box. As a result, democratic accountability is tainted.

4.2 Responsibility targets

4.2.1 *Elected versus non-elected*

The only target of responsibility that is assumed by standard models of electoral accountability is the incumbent government. The Eurozone crisis is illustrative for examining responsibility dispersion beyond the government, as it was a crisis in the context of a monetary union. A number of non-domestic, non-elected actors were implicated in the propagation and management of economic crises in individual MS, making far-reaching decisions that impacted on domestic economies. I develop a typology of blame targets in the context of an economic crisis in the EU, focusing on a two-dimensional classification. This list of blame targets is not exhaustive, but tailored to the Cypriot case study (Table 4.1).

The first dimension concerns target type, based on Duch and Stevenson’s (2008) distinction between elected and non-elected decision-makers. The EDDs are the domestic government and the NEDDs refer to other actors whose decisions influence the domestic economy but are not susceptible to electoral punishment by voters of that country. These are external actors, in the sense that they are external from democratic accountability.

Table 4.1: Blame targets in crisis management			
Target	Type	Location	Cyprus context
Government	Elected	Domestic	Anastasiades government (incumbent) and Christofias government (previous)
Central bank	Non-elected	Domestic	CBC
Banking sector	Non-elected	Domestic	Actors in the domestic banking sector
EU-level actors	Non-elected	Non-domestic	Eurogroup, Troika, other MS governments
IMF	Non-elected	Non-domestic	Troika

4.2.2 *Domestic versus non-domestic*

Whilst the EDDs are domestic, NEDDs can be domestic and non-domestic actors, signalling the second dimension which concerns target location. The domestic blame targets are the central bank which in theory should be independent from political interference and the banking sector. Non-domestic targets refer to actors which are involved in domestic policymaking but originate from outside the polity. During the Eurozone crisis EU-IMF policy impositions that accompanied strict conditionality programmes reduced the room to manoeuvre for MS governments. Researching IMF archival material, Kentikelenis, Stubbs and Kings (2016) find that post-2008 programmes incorporated an increased number of conditions. Schmidt (2015) demonstrates how the EP, the only EU institution with directly elected representatives, was sidelined during Eurozone crisis management thereby damaging EU legitimacy. EU-level targets can include the Eurogroup, the Commission and the ECB (through their role in the Troika) as well as other MS governments and EU institutions.

This diversity of actors is testament to the perplexity that voters face when assigning policy responsibility within the EU. If voters perceive as responsible one or more non-elected actors, then an accountability deficit emerges as this information cannot be incorporated into their voting decision. This fosters incentives for politicians to deflect responsibility to external actors, thereby shielding themselves from electoral sanction. I develop a set of hypotheses as to how voters and political elite disperse responsibility between EDDs and domestic/non-domestic NEDDs. A caveat is in order. I do not purport to capture all possible blame patterns for all types of actors, but focus on the theoretically and substantively most interesting ones for the purposes of this thesis.

4.3 Voter blame attribution

4.3.1 *The model*

I identify four moderating variables that could influence target selection. EU MLG structure is the macro-level variable capturing vertical institutional clarity of responsibility. The individual predispositions of government support, EU predispositions and crisis exposure are the microlevel variables (Figure 4.1). The general expectation is that bail-in leads to the dispersion of policy responsibility between domestic/non-domestic NEDDs and exonerates the government from primary blame for the crisis.

It is an EU-level crisis management policy and it imposes losses on creditors rather than taxpayers, thus framing the EU, banking sector and central bank as primary targets for responsibility. Defining dispersion as blame not being concentrated on a single actor, I form the following expectation:

H1: Bail-ins facilitate the dispersion of blame for the crisis away from elected targets.

Figure 4.1: Model of voter blame attribution

4.3.2 *Partisanship*

The literature generally agrees that responsibility attribution is a complex process, with voters relying on partisan cues as a heuristic. However, it disagrees about the causal mechanism determining the impact of partisanship on responsibility attributions. Early contributions support a selective evaluation approach, whereby partisans

hold biased views about policy performance (Bartels, 2002). Following more recent studies, I adopt a selective attribution approach which assumes a less direct influence of partisanship (Arceneaux, 2006; Hobolt and Tilley, 2014b; Marsh and Tilley, 2010; Rudolph, 2003a, 2003b; Tilley and Hobolt, 2011). Drawing from social psychology, this approach posits that voters engage in group-serving attribution bias when perceiving policy outcomes (Fiske and Taylor, 1991).

Interpreting partisanship as one such in-group, individuals attribute perceived successes to the party they support and perceived failures to the parties they oppose. There is empirical evidence that blame attribution for a crisis follows partisan cues (Malhorta and Kuo, 2008; Malhorta and Margalit, 2010). Using experimental survey data from the economic crisis in Spain, Fernández-Albertos, Kuo and Balcells (2013) also find that partisanship matters; government partisans are more likely to accept framings of the crisis as being related to globalisation and absolve the government of blame. Following the aforementioned studies, I focus on government support and expect that it should affect which targets voters blame for the development of the crisis.

H2: Individuals who support the incumbent government are more likely to blame other actors for the crisis, thereby exonerating the government of blame.

4.3.3 *EU predispositions*

The EU enters my theoretical model in two ways. The first relates to a multilevel institutional perspective; the EU's structure perplexes vertical clarity of responsibility, thereby conditioning voters' ability to judge who is responsible for policy outcomes. As discussed, this is especially pronounced in crisis situations; EU-level actors are increasingly implicated in crisis management, sidelining governments in domestic policy formation. In formulating expectations, I draw from studies such as Costa Lobo and Lewis-Beck (2012) who show that the higher the perception of EU responsibility for economic outputs, the lower the national economic vote. If an individual perceives the EU as responsible for the economy, then they are more likely to blame it. Accounting for both the incumbent and the previous government is theoretically important, as the distinction is not between different political agendas but different governance levels. I hypothesise that:

H3a: Individuals who consider the EU as responsible for the national economy are less likely to blame elected actors for the crisis.

The second way in which the EU influences responsibility attribution is by acting as a perceptual screen. Hobolt and Tilley (2014a) transfer the social-psychological approach in an EU context, arguing that the institution creates another group-serving bias besides partisanship. In forming judgments about which level is responsible for policy outcomes, individuals do not necessarily rely on factual information about divisions of power, but also on predispositions about each level of governance (Hobolt and Tilley, 2014a). The group-serving bias at work is founded on the nation versus Europe division. Existing research shows that identity-based general attitudes towards the EU drive attitudes towards EU-level policies (Hooghe and Marks, 2005, 2009). I predict that individual-level EU predispositions influence blame attribution attitudes:

H3b: Individuals who do not support the EU are more likely to blame EU-level actors for the crisis.

This assumes that individuals who are supportive of the EU will shift blame to other targets, such as domestic EDDs or NEDDs. The attribution process is more complicated for those who do blame the EU. Given its complex institutional structure, these individuals cannot identify a single government at the EU-level and organise opposition against it (Mair, 2007).

4.3.4 *Type of crisis exposure*

Going beyond partisanship, EU institutional structure and EU attitudes which are captured by existing literature, I introduce another variable which can potentially exert an influence on blame attribution attitudes. I define this as type of crisis exposure, measured by how an individual is financially affected by the crisis. The theoretical foundation highlighting the importance of including this variable lies in studies which consider the role of economic self-interest and personal economic evaluations in determining policy preferences. These studies demonstrate that voter preferences on economic policy are formulated by utilitarian cost-benefit calculations, i.e. whether an individual personally expects to gain or lose from a policy outcome. Early studies of this pocketbook model include Abramowitz, Lanoue and Ramesh (1998) who find that evaluations of presidential candidates are affected by perceived changes in personal economic well-being, but only among individuals who hold the government responsible for these changes. They argue that this effect is more pronounced during economic downturns.

The pocketbook model enjoys more recent empirical support, with Tilley, Neundorff and Hobolt (2018) demonstrating that the ability to attribute responsibility to the government for changes in finances is a moderator of pocketbook voting. The few studies which consider the effect of changes in personal finances on crisis-related policy preferences such as austerity and debt-resettlement programmes find that these are linked to voters' economic interests (Curtis, Jupille and Leblang; 2012; Fernández-Albertos and Kuo, 2016). The exception is Bechtel, Hainmueller and Margalit (2014) who consider Germany and show that an individual's support for the Eurozone bailouts is not determined by personal finances but by values such as altruism. This result is not surprising as it can be reconciled with Germany's status as a donor country, with individual financial contributions being intended for creditor countries.

Considering this evidence, it is worth examining further the explanatory power of crisis exposure in understanding blame attribution attitudes. Bail-in provides a compelling policy measure to test this, since by definition it affects some individuals differently than others. The EU's reasoning behind the shift from bailouts to bail-ins is that the latter result in fairer burden-sharing by setting a dividing line between private and public financing (Laitenberger, 2016). Bail-ins can be perceived as fairer because they ensure that losses are absorbed by bank creditors, i.e. those who have made an *ex-ante* decision to purchase bank claims and not by taxpayers who have made no such decision (Avgouleas and Goodhart, 2015).

Thus, I distinguish between two types of crisis exposure. The first is direct and includes financial losses from the application of the bail-in and the second is indirect, referring to any financial losses incurred due to the broader crisis climate such as from austerity policies in conditionality programmes. Whilst bailed-in individuals incur direct and potentially indirect losses, the rest are susceptible to only indirect losses. Following the bail-in rationale and consistent with pocketbook expectations, there should be variation in blame attribution depending on how an individual is financially affected by the bail-in. This leads to the following hypothesis:

H4a: Type of crisis exposure affects which targets individuals blame for the crisis.

It is important to note that direct crisis exposure does not necessarily entail higher crisis exposure. The distinction between direct and indirect forms of exposure is qualitative rather than quantitative; indirect losses as a result of the broader crisis environment can be higher in financial value. The aim of this distinction is to see

whether individuals acknowledged that the bail-in was intended to protect taxpayers, thus observing different blame patterns between those who underwent a bail-in and those who did not. The economic theory behind bail-ins can be used to derive further blame attribution hypotheses through the notion of private penalties. By ensuring that shareholders and creditors of a bank bear the costs of failures, bail-in internalises losses and reasserts direct liability on banks (Chennells and Wingfield, 2015). This makes domestic non-elected targets (the banks and central bank) more explicit. I anticipate this effect to be more pronounced amongst individuals directly affected by the bail-in as they have to bear the costs of bank resolution:

H4b: Individuals directly affected from the bail-in are more likely to blame domestic non-elected actors for the crisis compared to individuals not directly affected from the bail-in.

Given that Cyprus was the first country where a bail-in was applied, any observations regarding public opinion on this policy measure are novel. To reiterate, the general expectation (H1) is that bail-ins facilitate blame dispersion towards NEDDs and away from EDDs. This impedes individuals from holding democratically accountable the actors they deem responsible, making it harder to predict their vote choice. As the literature acknowledges, the moderating variables just outlined can be the result of other personal characteristics such as education or income levels. Chapter 5 provides details on how I control for these variables.

4.4 Elite blame attribution

4.4.1 *Competing theories*

The second part of my theoretical model concerns the political elite (Figure 4.2). Building upon the insights of the blame avoidance literature, with particular reference to Hobolt and Tilley (2014a), I present blame and credit strategies in the context of EU crisis management (Table 4.2). Related contributions, with the exception of Vasilopoulou, Halikiopoulou and Exadaktylos (2014), consider only the strategies of the governing party. I expand the scope to consider the strategies of more parties in the party system as well as of the government.

Figure 4.2: Model of elite blame attribution

The first and most direct blame-shifting strategy is scapegoating, i.e. blaming someone else. Although a typical tactic might be to blame the previous incumbent, in MLG systems such as the EU domestic politicians can also point the finger at other governance levels. The expectation is that the agency strategy of policy responsibility transfer enables the presentation of the EU as a scapegoat. The second strategy is more subtle and involves redefining the issue, i.e. seeking to reshape the debate to avoid blame. The EU enables governments to distance themselves from the issue by redefining it as a Europe-wide rather than a domestic problem. The third strategy is circling the wagons, whereby politicians spread responsibility across numerous political/policy actors, obfuscating blame. MLG structures are conducive to narratives that disperse responsibility given their complex institutional structure. Whilst with scapegoating one target is singled out, in circling the wagons domestic politicians spread responsibility among EDDs and domestic/non-domestic NEDDs.

Table 4.2: Blame-avoiding and credit-claiming strategies in the EU

Strategy	EU example
<i>Blame-shifting</i>	
Find a scapegoat	Deflect blame towards the government <i>or</i> EU-level actors <i>or</i> the banking sector <i>or</i> the central bank <i>or</i> IMF
Redefine the issue	Distancing from the problem by presenting it as an EU-wide and not a domestic issue
Circle the wagons	Diffuse blame by spreading it among as many actors as possible (combination of the government <i>and</i> EU-level actors <i>and</i> banking sector <i>and</i> central bank <i>and</i> IMF)
<i>Credit-claiming</i>	
I did it my way	Take sole credit for positive EU-level decision/outcomes
We made it happen	Claim association with positive EU-level decisions/outcomes

Source: Adjusted from Hobolt and Tilley (2014a)

Regarding credit-claiming strategies, the first is taking sole credit for EU-level decisions/outcomes. However, it might appear as unconvincing for domestic political actors to claim that they are the only ones responsible given the EU's institutional structure (Hobolt and Tilley, 2014a). Parties might choose to follow a second strategy, whereby they claim association with positive EU-level decisions/outcomes, presenting them as resulting from successful cooperation.

4.4.2 *Expectations*

Therefore, blaming others is more likely with the delegation of power to the EU since governments find it easier to pass the buck and more pronounced in crisis incidents, since governments try harder to pass the buck for these demonstrably bad outcomes (Hobolt and Tilley, 2014a). The expectation is that the management of the Cypriot economic crisis, including the bail-in decision, facilitates blame-shifting:

H5: Political parties engage in blame-shifting rather than credit-claiming strategies in response to the crisis.

I hypothesise that the complicated nature of EU crisis policymaking process enables circling the wagons strategies by facilitating the dispersion of responsibility. It provides parties with an opportunity to highlight the insufficiencies of the incumbent government and express their potential satisfaction/dissatisfaction with the EU and

other actors such as domestic NEDDs. A bail-in allows the incumbent government to find more targets by holding directly responsible the banking sector for imprudent behaviour. This is consistent with Hobolt and Tilley (2014a), who show that European politicians prefer to not scapegoat the EU for the crisis, choosing to diffuse responsibility instead:

H6: Political parties engage in circling the wagons blame-shifting strategies in response to the crisis.

These hypotheses allow us to test the macro-level moderating variable of EU MLG structure. However, they posit that all parties adopt the same strategy. Hence, they do not offer any insights regarding the narratives that parties adopt to frame the crisis and substantiate their strategy. Although I do not offer firm predictions, intuitively I expect that the micro-level variables of party ideology, EU stance and position in the party system should influence how these narratives are shaped. Eurosceptic parties might over-criticise EU actors and left-wing parties might be more prone to targeting the banking sector. Also, opposition parties should be more likely to overemphasise the incumbent government’s involvement in the crisis. By analysing parliamentary speeches, press releases and elite interview transcripts I delve into the narratives underpinning these circling the wagons strategies.

4.5 Further remarks

4.5.1 *Limitations*

Three limitations arise regarding this theoretical model. The first relates to the omitted variable of information which is not theoretically salient given the focus on bail-in. Numerous papers study the effect of information on voter responsibility attributions (Hobolt and Tilley, 2016; Malhorta and Margalit, 2010; Rudolph, 2003a). I rely on a simplification and take as a given the individual level of (political) information. The second drawback concerns the interaction between elites and voters. Whilst some studies examine how different elite framings of the crisis affect voter blame attribution attitudes, I treat them as analytically distinct. It is reasonable to assume that voters are exposed to the strategies and narratives of politicians. Although I discuss this, I do not test for it. The third issue is the inability to measure the relative strength

of macro-level compared to microlevel variables. These considerations, albeit interesting, are not directly relevant in fulfilling the model's purpose of examining how bail-in is perceived at the voter and party level.

4.5.2 *Implications*

To recapitulate, this two-fold theoretical discussion leads to eight empirically testable hypotheses (H1-H6). By identifying blame targets and considering factors influencing the attitudes of voters and political elite, I provide a comprehensive explanation of blame attribution in the context of an EU economic crisis management case. During the Eurozone crisis, the locus of decision-making shifted from national towards EU institutions. The aim is to investigate whether this transfer of powers also engenders a transfer of responsibility.

The general expectation is that a bail-in policy facilitates blame dispersion amongst a range of NEDDs actors. These non-elected actors can be domestic as bail-in makes the banking sector a more explicit blame target by leading to differential burden sharing and non-domestic as it is an EU policy response. When voters' blame attitudes combine with politicians' blame avoidance to hold responsible these external actors, the incumbent government is effectively insulated from blame for crisis. This blurring of clarity of responsibility propagates a different scenario to economic voting, which is so crucial to representative democracy.

Bexell, Tallberg and Uhlin (2010) argue that when applied to the international level, the theory of representative democracy prompts the establishment of majoritarian institutions based on electoral contest. The EP is the only EU institution which is directly elected, yet its elections are repeatedly labelled as second-order and it was overshadowed during crisis management by atypical bodies such as the Troika and the Eurogroup. Hobolt and Tilley (2016) show that although in good times responsibility judgements have little impact in EP elections, when the economy is suffering voters hold the EU responsible and lower their trust in EU institutions. The fact that voters express their dissatisfaction with the EU by not trusting its institutions reinforces the accountability deficit; not only do they not support the status quo, there is also no avenue to change it and no alternative. By highlighting the diversity of targets implicated in voter and elite blame attribution evaluations, my theory carries important implications for democratic accountability.

Chapter 5

Data collection: Public opinion survey

This chapter elucidates the data collection process for the empirical evaluation of H1-H4b, intended to capture voter blame attribution attitudes (Table 5.1). I consider existing data and explain my motivation in conducting a new public opinion survey¹⁸ as a methodological tool. I also discuss the design and fielding of the survey questionnaire.

Table 5.1: Blame attribution hypotheses (voters)

Hypothesis	Description
H1:	Bail-ins facilitate the dispersion of blame for the crisis away from elected targets
H2:	Individuals who support the incumbent government are more likely to blame other actors for the crisis, thereby exonerating the government of blame
H3a:	Individuals who consider the EU as responsible for the national economy are less likely to blame elected actors for the crisis
H3b:	Individuals who do not support the EU are more likely to blame EU-level actors for the crisis
H4a:	Type of crisis exposure affects which targets individuals blame for the crisis
H4b:	Individuals directly affected from the bail-in are more likely to blame the banking sector for the crisis compared to individuals not directly affected from the bail-in

¹⁸CUREC Approval: Ref No. SSH_DPIR_C1A_19_029.

5.1 Motivation for methodology

5.1.1 *Existing datasets*

Analysing a public opinion survey is consistent with the methodological convention in the blame attribution literature and is the most appropriate tool to test the aforementioned hypotheses. The salient public debate on government responses to crises make survey data about individual attitudes regarding crisis management policies valuable. As Copelovitch, Frieden and Walter (2016) suggest, it will become harder to reach agreements in crisis-related policy fields without considering public reactions. Nevertheless, there are two additional decisions that need to be made; conducting a new public opinion survey or using existing data sources and using an experimental or non-experimental survey.

Research on public opinion in the EU benefits from surveys such as the Eurobarometer and the European Social Survey (ESS) (Hobolt and Tilley, 2014a; Hobolt and Wratil, 2015). Eurobarometer questions on satisfaction with democracy, trust in institutions and opinion on membership can provide insights into the general structure of Cypriot preferences towards the EU, relevant for my theoretical framework. Whilst I provide descriptive statistics on satisfaction with democracy below (Figures 5.1-5.2), I consider the other questions in Chapter 3 (Figures 3.2-3.5).

The percentage of Cypriots who are very/fairly satisfied with EU-level and domestic-level democracy is consistently lower and fluctuates more compared to the EU28¹⁹ average. The steepest drop in the EU-level democracy satisfaction index is recorded in the Spring of 2013, coinciding with the crisis management negotiations, and increases after 2016, coinciding with the completion of the economic adjustment programme. These findings provide a foundation to argue for a connection between the crisis and lack of democratic accountability. Regression analyses of Eurobarometer data would allow us to untangle correlations between partisanship, EU attitudes, unemployment and government support, relevant for H1-H3b.

However, it is necessary to go beyond existing datasets to adequately answer my research question. As discussed, testing my theoretical framework depends on accurate measurement of blame attribution attitudes between individuals, which I expect to depend on government support, EU attitudes and type of crisis exposure, i.e. whether someone was directly affected by the bail-in policy measure (H2-H4b).

¹⁹Dataset includes the United Kingdom.

Figure 5.1: Satisfaction with EU-level democracy (2008-2019) (%)
Source: Eurobarometer data

Figure 5.2: Satisfaction with domestic democracy (2008-2019) (%)
Source: Eurobarometer data

As such, it is important to include a blame ranking exercise and bail-in variables in my analysis. I am aware of only one dataset that incorporates a bail-in variable; a CBC study considering post-crisis confidence in the Cypriot banking (Brown, Evangelou and Hix, 2018).²⁰ Using survey data, the study shows how differential exposure to the resolved banks affects household finance, distinguishing between individuals who underwent a haircut and those who did not. Although the findings can be informative if confidence in the banking sector is used as a proxy for blame, there are no measurements of attitudes towards the government or the EU, which are required to evaluate my hypotheses.

5.1.2 *Experimental versus non-experimental survey*

Given that there is little systematic research on public opinion regarding bail-ins, it is necessary to construct a new survey questionnaire. Crisis-related contributions such as Kosmidis (2018) use experimental surveys to measure respondents' reactions to different framings of a situation. An advantage of experiments is that they allow for high internal validity. Various treatments whereby responsibility for the bail-in was pinned on different actors were considered but rejected due to insufficient statistical power, subject to budget constraints regarding sample size. Instead, I opted for a non-experimental public opinion survey which is still appropriate to test the effect of variables of interest on blame attribution attitudes.

A potential objection concerns the time lapse between the economic crisis (2013) and the fielding of the survey (2020). Not only is this not detrimental for results, it makes them even more interesting as it allows to capture medium term attitudes and incorporate evaluations on the completion of the adjustment programme. There is widespread evidence that attitudes formed during recessions can persist over lifetimes (Giuliano and Spilimbergo, 2014; Malmendier and Nagel, 2009). As Jennings (1999) suggests, bad events can become long-standing political symbols that are used in framing future policy debates.

Summing up my methodological choices, I go beyond existing datasets to capture the impact of a specific policy measure on blame attribution attitudes. The survey questionnaire allows to measure the way the EU affects an individual directly through the crisis exposure variable which considers whether an individual was subject to a

²⁰Access to the dataset and questionnaire were requested but denied on the basis of confidentiality.

haircut or not. In so doing, it provides novel insights into public opinion attitudes regarding bail-ins.

5.1.3 *The questionnaire*

In order to test hypotheses H1-H4b, I designed a public opinion survey questionnaire in Greek²¹ which was fielded by Prime Market Research & Consulting, a Cypriot survey firm. The survey was intended for the target population of Cypriot citizens above the age of 18. As a result, I constructed a novel dataset which captures the overarching construct of measuring the factors driving variation in blame attribution attitudes. Appendix B.1 offers the survey protocol and Appendix B.2 the survey questionnaire translated in English. Choices regarding the design of the survey such as questionnaire structure and question wording are informed by popular surveys²² and the survey methodology literature, focusing on Groves et al. (2004) and Lohr (2009).

I divide the questionnaire into five parts. Part 1 follows the convention of starting with close-ended questions with categorical response options capturing demographic variables. Part 2 includes questions intended to capture the political attitudes of survey respondents and clusters questions with similar response options (ex. 1-7 scales). Part 3 offers a mixture of closed and open-ended branched questions to measure the type of crisis exposure. Part 4 presents respondents with a blame ranking exercise. The ranking exercise is an efficient method of measuring blame attribution attitudes, with Fernández-Albertos, Kuo and Balcells, 2013 offering a Eurozone crisis-specific application. Part 5 ends the survey with ‘sensitive’ questions.²³ Table 5.2 provides an overview of variables derived from the questionnaire, whilst Appendix B.3 offers a detailed documentation, including wording choice motivation and coding procedures.

The DV is the blame ranking assigned to each blame target by the respondent (Part 4). Respondents are asked “Thinking about the 2013 Cypriot economic crisis...which of the following actors, according to you, should be blamed the most for the development of the crisis in March 2013?”, followed by a list of six possible targets

²¹Greek is an official language of Cyprus. No issues regarding fluency were encountered as Greek is my native language.

²²Particularly the Eurobarometer, ESS and American National Election Studies (ANES).

²³Defined as intrusive or embarrassing questions (Groves et al., 2004).

whose order is randomised for each respondent to eliminate the risk of ballot-order effects.²⁴

The target list follows my theory’s two-dimensional distinction between domestic/non-domestic and elected/non-elected actors. President Anastasiades government and President Christofias government constitute the domestic EDDs, the banking sector and CBC the domestic NEDDs and the Eurogroup and Troika the non-domestic NEDDs. After selecting an answer, respondents are asked “Who...should be blamed the second most...” A series of five questions are asked until respondents rank all six options. Rankings are coded to lie between 1 (least blame) and 6 (most blame), with higher values of the DV representing ‘more’ blame. Given the salient public debate regarding the crisis in the media, it is reasonable to assume that respondents are familiar with the role of the targets in the crisis.

For the survey data to adequately test theoretical expectations (H4a-H4b), the sample should cover individuals who were clients of the resolved banks with varying levels of bank claims and individuals who were not clients. I operationalise this as a dummy variable measuring the micro-level mechanism of direct crisis exposure, taking a value of 1 if the respondent suffered any form of bail-in (haircut on deposits, bonds or loss of equity) and 0 if they were a client of the resolved banks but not bailed-in (Part 3). A further two questions measure the level of indirect crisis exposure, allowing to isolate the impact of the underlying crisis from the effect of being personally exposed to the banks’ resolution, i.e. the direct effect of bail-in. If a respondent suffered any losses beyond bail-in, I code it as 1 and 0 otherwise. Controlling for the impact of the underlying crisis is theoretically and substantively important as it can influence blame attribution attitudes.

I also condition my analyses on political attitude variables capturing in-group/out-group dynamics, referring to partisanship and EU support (Part 2). These are intended to test H2-H3b. I operationalise government support as self-reported vote choice in the 2018 elections, taking a value of 1 if the respondent votes for Anastasiades and 0 otherwise. I include variables capturing political ideology and hypothetical vote choice to ensure the results are robust to alternative operationalisations. I code low support for the EU as taking a value of 1 the respondent reports that EU integration has gone too far, and 0 otherwise. Regarding perceptions of EU influence in

²⁴Previous research finds that candidates listed higher on the ballot receive electoral benefit (Imai and Ho, 2006).

the domestic economy, 1 signals high influence and 0 low influence. It is plausible that the individuals who experienced a direct financial loss display different socioeconomic attributes than the rest which might influence attitudes. I include variables measuring demographic and socioeconomic characteristics as controls (Parts 1 and 5). Unless otherwise noted, I re-code all variables to lie between 0 and 1, so that variables measured on different scales have the same range.

5.2 Fielding the survey

To ensure that the questionnaire elicits accurate responses, I pre-tested it on members of the target population (Appendix B.4). I also included a blame question in the elite interviews, conducted prior to the fielding of the survey, probing to learn how interviewees understand the question and formulate their answers. Considering both sets of feedback, I improved the questionnaire’s cognitive and usability standards, producing its final version. The survey was fielded in February 2020 by Prime Market Research & Consulting, with a Pancyprrian coverage.²⁵ A total of 2003 people were contacted and the final sample size consists of 369 Cypriot citizens, reaching a response rate of 18.4%. The survey firm points that the response rate is higher relative to other political surveys fielded in Cyprus and the sample size is comparable to the latest Eurobarometer (92), with 505 interviews conducted in Cyprus (European Commission, 2020). Appendix B.5 compares the distributions of the relevant socioeconomic and demographic variables between my sample and the latest publicly available ESS (2018) Cypriot sample, showing no substantial differences.

The sampling method was Random Digit Dialing (RDD), using high quality probability sampling techniques to ensure representativeness. The survey was interviewer-administered using Computer-Assisted Telephone Interviewing (CATI). Recruiting large samples through Amazon’s Mechanical Turk or Qualtrics is uncommon in Cyprus, whilst CATI is the preferred method of data collection by domestic market research companies. An interviewer administered survey can improve measurement quality compared to a self-administered web survey; given that survey questions pertain to events that happened in 2013, an interviewer can clarify questions and refresh the respondent’s memory, thereby eliminating item nonresponse.

²⁵The latest official estimate of the Greek Cypriot population is 713,500 (Ministry of Finance, 2018).

Table 5.2: Overview of variables

Variable name	Definition	Theoretical expectations
<i>Part 1</i>		
Gender	Dummy variable=1 if respondent male, 0 otherwise	-
Age	Categories=1 (18-26 years), 2 (26-35), 3 (36-45), 4 (46-55), 5 (56-65), 6 (65+)	-
Area of residence	Categories=1 (Nicosia), 2 (Limassol), 3 (Larnaca), 4 (Paphos), 5 (Famagusta)	
<i>Part 2</i>		
Political ideology	Dummy variable=1 for 'right-wing' if respondent identifies from 5-7, 0 otherwise	H2
2013 vote choice	Dummy variable=1 for Anastasiades, 0 otherwise	H2
2018 vote choice	Dummy variable=1 for Anastasiades, 0 otherwise	H2
Vote intention	Dummy variable=1 for DISY, 0 otherwise	H2
EU support	Dummy variable=1 for 'low EU support' if respondent identifies from 1-3, 0 otherwise	H3b
EU influence	Dummy variable=1 for 'influence' if respondent selects 3-4, 0 otherwise	H3a
<i>Part 3</i>		
Client	Dummy variable=1 for client of either BoC or CPB, 0 otherwise	H4a-H4b
Bail-in	Dummy variable=1 if respondent was bailed-in, 0 otherwise	H4a-H4b
Indirect losses	Dummy variable=1 if indirect losses, 0 otherwise	H4a-H4b
<i>Part 4</i>		
Blame attribution	Scale=1 (least blame) to 6 (most blame)	
x6 targets	(See Appendix B.3 for various operationalisations)	H1-H4b
<i>Part 5</i>		
Education	Dummy variable=1 if any university studies, 0 otherwise	-
Occupation	Categories=1 (Public), 2 (Private), 3 (Self-employed)	-
Income	Categories=1 (Up to €900), 2 (€901-1500), 3 (€1501-2500), 4 (€2501-3500), 5 (€3501-5000), 6 (€5001+)	-

Chapter 6

Data analysis: Public opinion survey

In this chapter, I describe the methods used for analysis and present the public opinion survey results. I summarise descriptive statistics and discuss the findings from a set of logistic regression models, focusing on examining predictors of blame attribution attitudes following theoretical expectations. I also consider their implications, providing the impetus for my investigation of elite blame attribution attitudes.

The empirical evidence overwhelmingly supports H1. Blame for the crisis is dispersed amongst the six targets, with the CBC receiving most of the blame. As such, elected actors do not get primary responsibility. Regarding the effect of personal predispositions, H2 and H3b are substantiated. Government supporters are less likely to blame the Anastasiades government and EU supporters less likely to blame the Troika. Both effects are statistically significant. Perceptions of EU responsibility appear to have limited explanatory power, casting doubt on H3a and on the manoeuvrability mechanism. Direct crisis exposure in the form of a bail-in does not have a statistically significant effect, whilst indirect crisis exposure does. Therefore, the results lend some support to H4a, but not H4b.

6.1 Data analysis methodology

6.1.1 *Motivation for selection*

To estimate the determinants of voter attitudes, I evaluate six logistic regression models which differ in their DV. I select logit models for my data analysis for three

interrelated reasons. First, they allow for an appropriate operationalisation of my outcome of interest, which is the blame ranking assigned to each of the six targets (as outlined in Chapter 4) by each survey respondent. Consistent with existing research, I operationalise this DV as a different dummy variable in each of the six models, taking a value of 1 and signalling ‘most blame’ if the blame target under investigation is ranked as a top three factor for the development of the crisis and 0 otherwise (Fernández-Albertos, Kuo and Balcells, 2013). For instance, in Model 1 the DV is whether the Anastasiades government target is ranked as a top three factor for the crisis. The DV is operationalised in the same manner in Model 2 for the Christofias government target, Model 3 for the Troika, Model 4 for the Eurogroup, Model 5 for the CBC and Model 6 for the domestic banking sector.

This leads me to my second point, concerning the appropriateness of logit as opposed to Ordinary Least Squared (OLS) models. Whilst OLS is a linear regression model and works well with continuous DVs, logit is non-linear (resulting in an S-shaped curve). Logit is based on the Principle of Maximum Likelihood and estimates the probability of an event happening, i.e. of the DV being 1 (Burger, 2018; James et al., 2013). Given that my DV is categorical and binary in each model, it would be econometrically wrong to estimate them using OLS, with logit being a more suitable method. Nevertheless, I estimate the results with OLS as well to enable a comparison between the two models (Appendix B.9). The conclusions regarding the theoretical expectations remain the same.

The third reason I chose logit models is their ability to maintain the linearity assumption whilst estimating a probability that varies from 0 to 1. I am interested in estimating the probability of an event Y happening or not, conditional upon a set of X independent variables. An example specification takes the form:

$$P(Y_{it} = 1) = P = \beta_0 + \beta_1 X_1 + \epsilon_i$$

Where Y represents whether the respondent i ranks the Troika (t) target as top three for blame. The equation is modelled as having a random component ϵ_i and a systematic component $\beta_0 + \beta_1 X_1$ where β_0 is the constant, $\beta_1 X_1$ is the slope and X is my set of explanatory variables (defined in Chapter 5). Importantly, X is linear in its parameters but contrary to OLS β does not represent the marginal effect of variables. Rather, β shows how the log of the odds of observing $Y_{it} = 1$ increase as X increases by one unit. In calculating these odds, the logit model employs the

logistic distribution density function. To facilitate the interpretation of results, the log of odds (β_0) and the log of the odds ratio (β_1) are transformed into predicted probabilities or marginal effects. In the analyses that follow, I estimate six variations of this logit model that account for characteristics of the blame targets as outlined above and discuss the marginal effects of explanatory variables.

6.1.2 *Limitations*

A limitation of using binary logistic regression models is that they cannot assess which variables affect the respondents' ranking of a blame target relative to other targets, for instance blaming the incumbent government more than the Troika. This would have been plausible through rank-ordered logistic or exploded-logit models, with Malhorta and Kuo (2008) and Fernández-Albertos, Kuo and Balcells (2013) offering relevant political science applications. These relative rankings, albeit interesting empirically, are not necessary to adequately evaluate the theoretical expectations of this study. Another potential objection relates to the operationalisation of the DV; considering items that were ranked as top three as 'most blame' can be perceived as a large scope. I replicate the following analyses in Appendix B.10 with the DV being whether an item is 'top blame', i.e. whether it is the most blamed factor for the crisis.

6.2 Descriptive statistics

6.2.1 *Overview of the data*

To familiarise the reader with the dataset, I summarise descriptive statistics of demographic and socioeconomic characteristics from the entire sample of respondents (Table 6.1). Appendix B.6 discusses data cleaning and post-survey adjustments concerning item nonresponse. The mean values of political attitudes demonstrate that around a third of respondents identify as right-wing and support the incumbent Anastasiades government. In subsequent analyses, I operationalise government support using the self-reported vote choice in 2018. The results are robust to alternative specifications using the 2013 self-reported vote choice or the political ideology variable. Considering the micro-level mechanism of EU attitudes and the macro-level mechanism of EU MLG structure, 22% of the respondents report low EU support and 57% that the EU has medium/high influence over the national economy. The latter is an important finding; not only does the EU leave little policy room to manoeuvre for national governments, but people perceive it so as well.

Table 6.1: Descriptive statistics of sample

Variable	N	Mean	Sd	Min	Max	Item nonresponse
Gender	368	0.40	0.49	0	1	0
Age	369	4.13	1.41	1	6	0
Area of residence	366	1.96	1.08	1	5	0.01
Political ideology	302	0.36	0.50	0	1	0.18
Vote choice (2013)	333	0.32	0.47	0	1	0.10
Vote choice (2018)	330	0.31	0.46	0	1	0.11
EU support	366	0.22	0.41	0	1	0.01
EU influence	349	0.57	0.50	0	1	0.05
Client	368	0.68	0.47	0	1	0.0
Bail-in	249	0.37	0.48	0	4	0
Indirect losses	358	0.59	0.49	0	1	0.03
Education	369	0.56	0.50	0	1	0
Occupation	369	2.50	1.10	1	4	0
Income	344	3.08	1.53	1	7	0.07

Source: Author's own analysis of survey data

To better understand crisis exposure (direct and indirect), Figure 6.1 breaks down the bail-in variable²⁶, documenting the variation in types of losses amongst individuals who incur a bail-in. Losses on bank equity holdings are the most common financial losses (N=48) and bond bail-ins the least common (N=2). This is consistent with Brown, Evangelou and Hix (2018) which is the only other study that includes a bail-in variable, although they oversample wealthy households. My sample includes 93 individuals who experienced a direct financial loss due to bank resolution and 275 who did not. Out of the former group, 211 individuals experienced an indirect loss.

Figure 6.1: Direct crisis exposure

Source: Author's own analysis of survey data

²⁶Item non-response for bail-in calculated from subset of clients of the resolved banks.

6.2.2 *Overall blame for the crisis*

Considering the blame ranking variables, the first step is to re-code the survey responses arising from the blame ranking exercise according to blame target rather than question number in order to derive a density function for each target. Figure 6.2 offers a visualisation of how respondents distribute responsibility across targets. The CBC is the most top-ranked actor, whilst the Eurogroup and the Troika are the least top-ranked actors and the most lower-ranked actors. Anastasiades ranks highly in the middle, thus getting some of the blame but not all of it. This observation, together with how the higher values of blame (1-3) are dispersed across blame targets, lend support to H1 which suggests that the government is exonerated from primary responsibility. Importantly, blame is diverted to domestic NEDDs (CBC and banking sector) rather than EU-level NEDDs.

The second step which is relevant for analytical purposes is to re-code the blame variables for each target according to my DV. I display the patterns of blame for the crisis for all survey respondents in grey and decompose them by government support, EU support and direct crisis exposure in the visualisations that follow. Figure 6.3 shows that 78% of respondents blame the CBC as a top three factor for the crisis, 62% the banks, 55% the Christofias government, 45% the Anastasiades government and lastly 42% the Troika and 30% the Eurogroup. The trend of the results is comparable when the DV is the factor that is the top one to blame (Appendix B.10). The non-elected domestic targets are the most blame-worthy (31% for CBC and 21% for banks) and the elected actors are in the middle with 24% (Christofias) and 18% (Anastasiades) of the top blame. EU-level actors are the least top blameworthy with 9% (Troika) and 7% (Eurogroup).

6.2.3 *Blame by individual-level characteristics*

Figure 6.3's results are also testament to the important role that partisanship and government support play in people's assessment of the crisis, substantiating H2. Government support distinguishes who respondents blame for the crisis for all targets, except for Eurogroup. One fourth of Anastasiades supporters list his government as one of the top three factors for the development of the crisis, as opposed to 58% of those who do not support him ($p < 0.001$). The difference engineered by partisanship is smaller when considering the Christofias target. This suggests that although government partisans are biased in their perceptions of the 'in-group', they are not

Figure 6.2: Distribution of blame among targets
Source: Author's own analysis of survey data

necessarily biased in their perceptions of the ‘out-group’, which in this case is the opposition government. Furthermore, around one third of government supporters blame the Troika, compared to 48% of those who are not government supporters ($p<0.05$). It could be postulated that partisans share the government’s strongly pro-EU stance.

Figure 6.3: Percentage ranking target as top three to blame, by government support
Source: Author’s own analysis of survey data

Blame towards the Troika is affected by EU support as well, with 38% of individuals who report high EU support blaming it compared to 55% of those who report low EU support ($p<0.05$) (Figure 6.4). Reconciling this with the fact that those who report high EU support are more likely to blame domestic non-elected actors compared to EU-level actors, hints at a confirmation of H3b. This finding can be interpreted as empirical evidence of a perceptual screen determined by EU predispositions.

Direct crisis exposure appears to affect perceptions towards the Troika, with 27% of those who suffered from a bail-in blaming it in contrast to 47% of those who did not ($p<0.01$) (Figure 6.5). Respondents who were bailed-in are also more likely to blame the banking sector, although the 10% difference is not statistically significant. Direct crisis exposure does not lead to substantial or significant differences regarding blame towards the CBC, contrary to the expectations of H4b. Regardless of government support, EU support or crisis exposure, the CBC is ranked in all figures as the most blameworthy actor. I briefly discuss the democratic accountability implications of these findings in Section 6.4.

Figure 6.4: Percentage ranking target as top three to blame, by EU support
Source: Author's own analysis of survey data

Figure 6.5: Percentage ranking target as top three to blame, by bail-in exposure
Source: Author's own analysis of survey data

6.3 Logistic regression results

6.3.1 *Logistics (of the logistic regressions)*

I further test hypotheses H1-H4b by regressing the six blame targets on individual-level predictors, thereby analysing six logit models. As discussed, the DV is a dummy variable in each model, taking a value of 1 and signaling ‘most blame’ if the blame target of interest is ranked as a top three factor for the crisis and 0 otherwise. The aim is to evaluate whether the effects of government support, EU support and direct crisis exposure (bail-in) on blame attribution attitudes change when controlling for demographic and socioeconomic variables (education, occupation, gender, income, age and area of residence). I also control for indirect crisis exposure to capture the underlying crisis effect and for perceptions of EU responsibility on national economic policies.²⁷ The standard errors are clustered at the individual-level to tackle heteroskedasticity issues. I used RStudio for the analysis, with Appendix B.7 providing sample code and information on the packages used (RStudio Team, 2016). Figure 6.6 plots the results from the six logistic models in log of the odds form.²⁸

6.3.2 *The effect of partisanship*

In order to interpret the logistic regression results, Table 6.2 shows the marginal effects of the six models. I begin by discussing the explanatory power of the government support variable. The findings reaffirm those reported in Figure 6.3. In each model, besides the Christofias government and Eurogroup ones, the coefficients for government support are statistically significant. It is predicted that those who support the right-wing Anastasiades government are less likely by 0.28 ($p < 0.001$) to blame him for the crisis compared to those who do not support him. This suggests that voters do engage in partisan rationalisations, as H2 suggests following existing blame attribution literature.

Government partisans are also less likely by 0.15 ($p < 0.05$) to blame the Troika. As Chapter 8 elucidates, this is in line with the crisis narrative that the government pursues. Consistent with DISY’s Europhile attitude, they portray the crisis policy response as positive and as resulting from the successful cooperation between them and the EU. This credit-claiming strategy entails that the government does not shift blame to EU-level actors, something which is similarly the case for its supporters.

²⁷Please see Table 5.2 and Appendix B.3 for coding procedures of all variables.

²⁸Please see Table B.2 for the results in log of the odds form (Appendix B.8).

Figure 6.6: Differences in blame attribution across models by demographic, attitudinal and socioeconomic covariates
Notes: The displayed bars denote 95% confidence intervals of the difference in blame attribution across the six logit models for a series of covariates
Source: Author's own analysis of survey data

Furthermore, government supporters are more likely to blame the Christofias government by 0.14, the CBC by 0.12 ($p < 0.05$) and the domestic banking sector by 0.17 ($p < 0.05$). The findings from the NEED's models are surprising considering DISY's pro-business attitudes. They go beyond theoretical expectations by demonstrating that whether an individual supports the Anastasiades government is a statistically significant predictor of blame towards domestic non-elected actors.

Table 6.2: Logistic regressions explaining blame of each factor (marginal effects)

	Anastasiades government	Christofias government	Troika	Eurogroup	CBC	Domestic banks
	(1)	(2)	(3)	(4)	(5)	(6)
Government support	-0.28*** (0.07)	0.14 (0.08)	-0.15* (0.07)	0.02 (0.07)	0.12* (0.06)	0.17* (0.07)
Low EU support	0.10 (0.08)	0.06 (0.08)	0.22* (0.09)	0.08 (0.08)	-0.17* (0.08)	-0.15* (0.08)
Direct crisis exposure	0.03 (0.09)	0.08 (0.08)	-0.05 (0.09)	-0.01 (0.08)	0.05 (0.06)	-0.00 (0.08)
Indirect crisis exposure	-0.07 (0.07)	-0.19** (0.07)	0.17* (0.07)	0.02 (0.06)	-0.08 (0.06)	0.06 (0.07)
EU responsibility	-0.09 (0.07)	-0.02 (0.07)	0.05 (0.07)	0.03 (0.06)	-0.02 (0.06)	-0.02 (0.07)
Education	-0.06 (0.08)	-0.04 (0.08)	-0.26*** (0.08)	0.14 (0.08)	-0.04 (0.07)	0.22** (0.07)
Occupation	-0.04 (0.04)	0.11** (0.04)	-0.08* (0.04)	-0.05 (0.03)	0.00 (0.03)	-0.01 (0.04)
Gender	-0.08 (0.07)	-0.15* (0.07)	0.24*** (0.07)	0.01 (0.06)	0.03 (0.06)	-0.07 (0.07)
Income	0.00 (0.03)	0.05 (0.03)	-0.08** (0.03)	-0.06** (0.02)	0.01 (0.02)	0.03 (0.02)
Age	0.07* (0.03)	-0.03 (0.03)	-0.05 (0.03)	-0.03 (0.03)	0.05* (0.02)	0.00 (0.03)
Residence	0.02 (0.03)	-0.08* (0.03)	0.07* (0.03)	0.02 (0.03)	-0.04 (0.03)	0.01 (0.04)
N	257	257	257	257	257	257
McFadden's Pseudo-R ²	0.09	0.09	0.17	0.06	0.09	0.09

Notes: Standard errors in parentheses

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

Source: Author's own analysis of survey data

6.3.3 *The effect of EU predispositions*

Turning to the effect of EU predispositions, the level of EU support is a statistically significant predictor of whether an individual blames the Troika or not. The effect is also substantive, with those who report low EU support being more likely to consider the Troika as blameworthy by 0.22 ($p < 0.05$). Thusly, the empirical evidence sustains H3b which suggests that individuals who do not support the EU are more likely to blame EU-level actors. An important finding arises from the Eurogroup model, with none of the variables predicting variation in blame attribution attitudes in relation to this target. Combining this with the observation that the Eurogroup is the least top-blamed target (Section 6.2), leaves room to argue that respondents simply did not think the Eurogroup was responsible for the development of the crisis in March 2013.

Whilst in-group/out-group considerations regarding the EU have an impact on blame attribution, perceptions of high EU influence in the domestic economy do not. The effect sizes of this variable are low and statistically insignificant in all of the models, against the predictions of H3a. Situating the rejection of this hypothesis in the context of recent experimental research, it complements Kosmidis' (2018) finding that perceptions of manoeuvrability do not influence the size of economic voting. The fact that individual-level considerations about the EU can explain more of the variation in blame attribution attitudes rather than perceptions of subjective room to manoeuvre is further manifested in the CBC and domestic banking sector models. Those who report low EU support are less likely to blame the CBC by 0.27 ($p < 0.05$) and the domestic banking sector by 0.15 ($p < 0.05$).

A potential explanation for this finding could be that Eurosceptics have more trust towards domestic non-elected institutions rather than EU-level institutions, thereby considering the former as less blameworthy. Although I do not test for this, it would have been informative to interact perceptions of EU responsibility with EU support to observe how this influences blame attribution. The findings regarding EU predispositions reinforce existing empirical analyses by Hobolt and Tilley (2014a, 2014b) who demonstrate how support for the EU acts as a perceptual screen; evaluations of responsibility are not only the product of institutional differences in responsibility but are also driven by personal predispositions towards the EU.

6.3.4 *The effect of crisis exposure*

I proceed by considering the effect of type of crisis exposure. Whether someone was bailed-in (direct crisis exposure) is not a statistically significant predictor of blame attribution attitudes, with indirect crisis exposure having more explanatory power. Following the economic theory behind bail-ins, I had predicted that those who suffer from a bail-in will be more likely to blame the banking sector and the CBC (H4b), as this policy instrument pinpoints them as the primary culprit for the crisis. In so doing, it should assuage the (fiscal) burden on the government. Combining this finding with the insights from Figure 6.2, it could be inferred that respondents do consider the CBC and the banking sector more blameworthy, regardless of type of crisis exposure though.

Therefore, the data do not support H4b and they do not fit with utilitarian cost-benefit approaches; whether an individual personally lost money from the bail-in policy outcome does not determine their assignment of blame. It is important to note that the bail-in variable in Table 6.2 is whether or not an individual suffered from any form of bail-in. I replicated the analyses with three different operationalisations of the variable; whether an individual suffered a depositor haircut, or a bond haircut or a loss of equity. The results remain the same.

Nevertheless, it appears that crisis exposure does matter, albeit in a different manner to that predicted. The coefficients for indirect crisis exposure are statistically significant in two of the models. Individuals who suffered financial losses from the crisis besides bail-in are less likely by 0.19 ($p < 0.01$) to blame President Christofias. This is an interesting finding as it emphasises the government debt side of the crisis; indirect losses can be the result of any form of austerity measure imposed by the EU-IMF.

Taken at face value this is puzzling; individuals who incurred indirect losses blame the Christofias government less for the fiscal risks that he engaged in. However, these individuals are also more likely to blame the Troika by 0.17 ($p < 0.05$). This suggests that they were dissatisfied with the crisis response measures that imposed losses on them. Rather than assigning blame to the domestic government though, they shifted it to an EU-level actor. Interpreting this in light of H4a, the empirical evidence suggests that it is not type of crisis exposure that leads to variation in blame attribution attitudes, but crisis exposure in general.

6.4 Discussion of voter findings

The insights from the public opinion survey data analyses achieve two things. First, they present evidence as to ‘who’ Cypriot voters blame for the development of the crisis. Figure 6.2 demonstrates that respondents consider the CBC and the domestic banking sector as the most blameworthy targets. In so doing, they absolve the incumbent Anastasiades government from primary responsibility as well as the previous Christofias government. The EU-level actors are ranked last, with the Troika receiving more blame compared to the Eurogroup.

Second, the six logit models present evidence as to ‘how’ Cypriot voters attribute blame. The results in Table 6.2 present the individual-level characteristics driving attitudes. They strongly substantiate the partisan rationalisation hypothesis; government supporters are less likely to blame it for the crisis. Predispositions towards the EU also matter; individuals reporting low EU support are more likely to blame the Troika. Contrary to theoretical expectations, individuals who were bailed-in do not attribute blame differently compared to the rest of the sample. This does not necessarily imply that the application of this policy measure had no effect. The fact that the CBC and the banking sector are the primary blame targets highlights the crisis’ banking aspect, as the economic theory underpinning the introduction bail-ins suggests. It could be argued that although bail-in is not an individual-level predictor of blame attribution attitudes, it did shape overall perceptions for the crisis.

This finding carries implications for the functioning of democracy. Research demonstrates early on that blame attributions can influence vote choice (Peffley, 1984; Rudolph, 2003b). If voters assign blame to non-elected actors though, then this democratic accountability link breaks. There is no direct way to hold the central bank or the banking sector accountable in the ballot box. Other mechanisms in the form of increased oversight and transparency need to be enhanced to ensure accountability. The argument becomes even more interesting in the context of the banking union, whereby responsibility for banking supervision and resolution is transferred to the EU-level. Chapter 9 further elaborates on the policy implications of my findings.

The survey results expand our understanding of public opinion dynamics during economic recessions and inform the blame attribution literature. The following two Chapters focus on how political elites frame bail-in. Taken jointly, these analyses allow for a comparison between how voters and elite attribute blame, providing a comprehensive account of these attitudes regarding the 2013 Cypriot economic crisis.

Chapter 7

Data collection: Elite interviews, speeches, press releases

I adopt a qualitative methods approach to examine the effect of bail-in on the blame-shifting and credit-claiming strategies of political elite (Table 7.1). I conduct a framing content analysis of elite interview transcripts²⁹, parliamentary speeches by Members of the House and press releases by the government PIO. Below, I explain the rationale and process behind my data gathering methodology.

Table 7.1: Blame attribution hypotheses (elites)

Hypothesis	Description
H5:	Political parties engage in blame-shifting rather than credit-claiming strategies in response to the crisis
H6:	Political parties engage in circling the wagons blame-shifting strategies in response to the crisis

7.1 Motivation for methodology

7.1.1 *Elite interviews*

Given that I am interested in the official narrative of each political party (for EDDs) and each official (for NEDDs), elite interviews are the most appropriate methodological tool. They allow to measure actors' direct preferences and motives as opposed

²⁹CUREC Approval: Ref No. SSH_DPIR_C1A_19_030.

to what the media chose to report. Therefore, my motivation for conducting interviews was to engage in direct interaction with the actors that populate my theoretical model. I have constructed a unique dataset of interview transcripts by tailoring interview questions towards my research question. I was able to isolate my variable of interest, i.e. the effect of bail-in, in a way that existing data such as parliamentary speeches does not allow.

7.1.2 *Parliamentary speeches and press releases*

I supplement evidence from interviews with textual data from 2013, analysing press releases and parliamentary speeches. The aim is to tackle potential limitations associated with interview data, such as temporal effects distorting responses. I conducted the interviews in 2019, with my time period of interest being the 2013 economic crisis. Temporal effects are a valid concern; participants might have forgotten details of past events or their opinions might be coloured by more recent events. The economic adjustment programme completion in 2016 constitutes one such event as it might influence the perception of the bail-in decision depending on whether interviewees think the economic adjustment programme was successful or not. Another issue with elite interviewing relates to data quality. Social desirability bias or a personal/political agenda might preclude elite participants from offering truthful insights into their party's blame avoidance strategies (Rathbun, 2008).

Data from parliamentary speeches and press releases are from 2013 and represent official statements, enabling the analysis of immediate party platforms on crisis-related issues as expressed in their most formal way. Thus, they allow us to overcome both of the aforementioned challenges and cross-check the reliability of interview statements. As data sources, I chose the formal versions of the speeches as archived by the House (2020) and the press releases in the archival database of the PIO (2020), thereby eliminating the risk of official statements being misrepresented or taken out of context in the media. This choice is consistent with the current state of research on blame avoidance strategies which also analyses political speeches (Hobolt and Tilley, 2014a; Vasilopoulou, Halikiopoulou and Exadaktylos, 2014).

7.2 Data collection process

7.2.1 *Elite interviews*

For the purposes of my analytical framework, the data collection part distinguishes between domestic EDDs and domestic NEDDs. For the EDDs part, I adopted a purposive sampling strategy. I used the publicly available official list of Members of the House in Cyprus for the 2011-2016 parliamentary term as my sampling frame in order to choose interview participants, derive their contact information and compile a list of email addresses. I selected 23 participants from the list of 56 Representatives³⁰ based on party affiliation and extent of involvement in the management of the crisis, defined as participation in relevant parliamentary committees. My unit of analysis is political parties and the aim is to gather a representative sample, i.e. at least a Member of The House from each party in Cyprus. The reason for this selection criteria is to provide a range of views, exploring factors driving variation in blame-avoiding strategies. I evaluate the role of party ideology, position in government and EU stance.

Request for access was made via emails, structured according to CUREC informed consent templates. I increased response rates through e-mail reminders and follow-up phone calls. The response rate was 48%, having completed 11 elite interviews from EDDs representing seven political parties. The highest non-response rate was from AKEL, the main left party in Cyprus which was in government until February 2013 and is now the opposition. The AKEL Representatives that I contacted either declined the invitation or did not reply. I was referred instead to a senior member of the party's Economic Office who I interviewed. I conducted three interviews with DISY Representatives, the governing party, including with the leader of the party. I completed three interviews with DIKO Representatives, including with the leader of the party, and with Representatives of three other parties (EDEK, Green Party, Citizen's Alliance). I also interviewed the current President of the House who was the leader of the European Party in 2013, now merged with Solidarity Movement.

For the NEDDs part, I followed a mixture of purposive and snowball sampling, targeting individuals at key posts at the Ministry of Finance, Commission Representation in Cyprus and the CBC. I used public statements and press releases from 2013 as sampling frames to identify and contact three relevant officeholders at the time. I

³⁰The terms Representative and Member of the House are used interchangeably.

then used those contacts to gain access to two more interviewees. I interviewed five NEDDs in total; the Minister of Finance and the CBC Governor during the bail-in decision-making, an Officer at the Commission Representation in Cyprus and two Senior Financial Officers at the Ministry of Finance. My unit of analysis is at the individual level, as the focus is on individual experiences from the crisis management process.

Given that these officeholders interacted with domestic and European politicians at important decision points during the bail-in negotiations, interviewing them is crucial to tracing the decision-making process and the government's role in it. The purpose is to search for evidence of reduced manoeuvrability and blurred responsibility. For instance, the Minister of Finance interview provides an insight into his experiences from Eurogroup meetings. An interview is the most appropriate methodology to extract the relevant information since the Eurogroup is an informal body whose meeting minutes are not published.

The interviews with EDDs and NEDDs were conducted in Greek and lasted on average 30 minutes, depending on participant time constraints. Given the high public profile of interviewees, anonymity was granted whenever requested. All interviewees gave permission to report their party affiliation and/or official position, which is paramount to testing my theoretical expectations. For example, whenever I refer to DIKO, I am alluding to interviews with Representatives from that party. I adopted a semi-structured interview methodology, setting a baseline of questions in advance and altering them depending on the individual characteristics of participants and their responses. Following the public opinion survey questionnaire, the main interview question asked respondents to report on their blame attribution attitudes. Interviewees also had the opportunity to evaluate the success of the crisis management and make further remarks. To maximise transparency, Appendix C.1 includes the baseline interview questions and Appendix C.2 an interview methods table.

7.2.2 Parliamentary speeches and press releases

As a timeframe for the selection of parliamentary speeches and press releases I concentrated on a five-week period starting on the 28th of February 2013 and ending on the 4th of April 2013. This choice is empirically informed; the 28th of February signals the first day of the Anastasiades government in office, whilst the 4th of April is immediately after the final economic adjustment programme between the Troika

and the Cypriot authorities was agreed (2nd of April). Importantly, this timeframe allows us to compare any changes in blame-avoiding narratives before and after the bail-in decision (22nd of March). Within this timeframe, I follow a purposive sampling strategy, selecting the parliamentary speeches and press releases which make specific references to the management of the crisis. I systematically search for keywords in Greek such as bail-in, crisis, Troika and responsibility/blame.

I select 14 parliamentary speeches and 28 press releases. Consistent with the EDDs interviews, my unit of analysis for the speeches is at the party level, defined as parties that had representation following the 2011 parliamentary elections. In total, I analyse three speeches by DISY, three by AKEL, three by DIKO, one by EDEK, two by the Green Party and two by the European Party. Regarding the press releases, I focus on statements by President Anastasiades and the government spokesperson, using them as supplementary evidence for the official narrative of the Anastasiades government. Analysed in tandem, evidence from interview transcripts, press releases and parliamentary speeches provides an evaluation of how Cypriot elite attribute blame regarding the bail-in decision.

Chapter 8

Data analysis: Elite interviews, speeches, press releases

This chapter examines the blame and credit strategies of the political elite. By illuminating these preferences I evaluate H5-H6, thereby contributing to this study's aim of measuring the effect of bail-in on blame attribution attitudes. I conduct a qualitative content analysis of 16 elite interview transcripts, 14 parliamentary speeches and 28 press releases. I adopt a hypothesis-testing approach and engage in a deductive frame analysis, using pre-defined blame and credit attribution frames derived from my theoretical expectations to investigate how elite narratives fit these definitions.

I elucidate my coding framework and proceed with an analysis of press releases and speeches. Next, I discuss the narratives that emerge from EDDs interviews, offering further inductive insights from NEDDs interviews. I consider whether different parties adopt similar blame attribution narratives when reacting to the same policy measure or whether party ideology, position in government and EU stance lead to different strategies. Two key findings arise, summarised in Table 8.1. First, the incumbent Anastasiades government engages in a three-pronged blame and credit strategy. In the immediate aftermath of the crisis the government accepts responsibility for breaking the no depositor haircut promise. They adopt a TINA logic, blaming the Christofias government for inherited problems. After the economic adjustment programme completion, they frame bail-in as a positive policy outcome and claim credit for it, against H5. Second, the other parties adopt circling the wagons strategies, diluting blame for the bail-in across domestic EDDs and non-domestic NEDDs, supporting H6. Finally, I situate the findings within existing literature, as they show how a complex decision-making process is conducive to blurring responsibility lines.

Table 8.1: Party blame and credit strategies

Party	Ideological position	Position in government	EU stance	Blame/credit strategy
AKEL	Left	2 nd largest party (opposition)	Eurosceptic	Circling the wagons
Citizen's Alliance	Centre-Left	Small party	Weakly pro-EU	Circling the wagons
DIKO	Centre	3 rd largest party	Strongly pro-EU	Circling the wagons
DISY	Right	Incumbent government	Strongly pro-EU	Previous government scapegoating & self-credit and EU-credit
EDEK	Centre-Left	4 th largest party	Pro-EU	Circling the wagons
Green Party	Centre-Left	Small party	Pro-EU	Circling the wagons

8.1 Coding framework for EDDs

Regarding the EDDs, the DV in the analysis is elite blame attribution for the bail-in decision. All three data sources allow us to identify a distribution of blame among targets and test H5-H6. I also consider moderating variables that could influence EDDs' blame attribution attitudes. I distinguish between political ideology, position in government (2013) and EU stance which vary among parties and the EU/Euro-zone membership which is constant across parties and constrains the government's decision-making powers. The blame strategies consist of scapegoating and circling the wagons, whilst the credit strategies either take sole credit for or claim association with positive EU-level decisions/outcomes. Considering the thesis' case study I exclude the redefining the issue blame strategy. Domestic parties could not distance themselves from the Cypriot economic crisis by presenting it as an EU-wide issue; there were problems with the country's economic situation that were clearly homemade as Chapter 3 demonstrates.

I construct a coding framework to operationalise these blame and credit strategies. Following the study's theoretical focus, the coding framework is designed to capture the blame/credit targets that each party chooses and does not focus on the language used to express them. Tables 8.2-8.3 offer an outline of operationalisation and Appendix C.3 a content analysis codebook. I divide the coded data into two time periods. The 2013 press releases and speeches present blame attribution attitudes immediately following the bail-in decision and the 2019 interview transcripts enable an analysis of these narratives as they have matured throughout time.

Table 8.2: Operationalisation of blame frames

Blame frames	Operationalisation
	<i>Blame attribution references aimed at...</i>
Incumbent government scapegoating frame	President Anastasiades (government) only
Previous government scapegoating frame	President Christofias (government) only
EU-level scapegoating frame	Any EU-level target (Troika, Eurogroup, EU institutions, MS)
Domestic NEDDs scapegoating frame	Either CBC or banking sector
EDDs circling the wagons frame	President Anastasiades and President Christofias
Domestic NEDDs circling the wagons frame	Both banking sector and CBC
Circling the wagons frame	Combination of the above

Table 8.3: Operationalisation of credit frames

Credit frames	Operationalisation
	<i>Credit attribution references aimed at...</i>
Self-credit frame	Domestic-level actions
Self-credit and EU credit frame	Domestic and EU-level actions

Two caveats are in order. First, due to the different nature of data sources³¹ it is not informative to summarise findings quantitatively. I opt instead for a qualitative descriptive presentation of findings. As Hobolt and Tilley (2014a) suggest, in order to understand the blame-shifting and credit-claiming strategies that politicians employ we need to explore their narratives, something that can be achieved effectively through a qualitative approach. Second, whilst EDDs interview transcripts, speeches and press releases are processed and codified according to the frames set out in this section, for the NEDDs I conduct an alternative analysis. I adopt an inductive approach, searching to construct a coherent narrative of the March 2013 negotiating process. The aim is to find evidence of a complex decision-making process with limited room to manoeuvre for the government. Treating the NEDDs transcripts as distinct from the EDDs is important as the former are not elected but appointed officials. For analytical purposes, I translated all 53 documents from Greek to English.

³¹There are between-sources differences since press releases, speeches and interviews do not have the same format but also within-sources differences since interviews were semi-structured.

8.2 Parliamentary speeches and press releases

8.2.1 *Party blame strategies*

The first level of analysis is to examine speeches that were delivered in the House during the March 2013 negotiations and identify the immediate blame narratives of political parties regarding the bail-in decision. The insights that are produced by coding the 14 parliamentary speeches support an EU-level scapegoating frame. Regardless of party ideology and EU stance, all parties besides the governing party DISY attribute blame to the EU-level. Negative references are made to the Troika, Eurogroup and Germany (mentioning Angel Merkel and Wolfgang Schäuble). Green Party refers to the EU as “our so-called allies” and DIKO criticises “the Europe of threats” for using Cyprus as a guinea pig by proposing this unprecedented policy measure. These two parties also hold personally responsible the governor of the CBC, with DIKO claiming that he tainted the excellent relationship between the political parties and the government during deliberations. This hints at a domestic-level NEDDs scapegoating frame.

The only party that adopts an incumbent scapegoating frame is AKEL, explicitly blaming the Anastasiades government for breaking his pre-electoral commitment to not accept a depositor haircut. AKEL is the opposition party and was in government before the February 2013 elections. Therefore, their strategy can be perceived as an attempt to shift responsibility from themselves to the new government. DISY makes no blame references; they state that they are responsible for the bail-in and apologise to the Cypriot people. From an electoral perspective this self-blame stance is striking and does not fit with pre-defined frames or H5.

8.2.2 *Incumbent government blame strategy*

Considering further evidence from press releases and interview transcripts, I argue that this self-blame approach is only the first part of a three-pronged blame and credit strategy by the incumbent government. In the first part, the government acknowledges that the bail-in was a painful and hard decision. This was necessary as the break of promise was an obvious political blunder. Official statements in press releases by the government spokesperson and President Anastasiades until the 13th of March, three days before the first haircut proposal, express the government’s commitment to a no haircut policy, deeming it as non-negotiable. Claims that “the

government simply does not accept any Eurogroup decisions which include a haircut” are founded on the argument that “a depositor haircut will not only harm Cyprus, but also, more importantly the Eurozone.” Thus, the government accepts partial responsibility, in the sense of admitting to breaking the promise of a no depositor haircut.

However, in its narrative as to why it was forced to break its promise, the Anastasiades government apportions blame for the bail-in decision onto the Christofias government. This constitutes the second part of the government’s strategy whereby they adopt a TINA approach in elucidating their previous government scapegoating frame. In press releases after the final bail-in proposal, the Anastasiades government portrays the economic situation as inherited from the fiscal risks and delays of the Christofias government. They claim that during Eurogroup negotiations the only available options were either the economic collapse of the island or succumbing to EU demands.

Moreover, they argue that the demands of the EU had been formed before the Anastasiades government came into power, presenting evidence that a haircut was discussed in the 23rd of November 2012 MoU between the Christofias government and the Troika. They make explicit criticisms to AKEL for “trying to shift the blame for the haircut on deposits to President Anastasiades whilst Christofias had agreed with the Troika that...there had to be an appropriate level of private sector burden sharing.” They frame the bail-in as also being inherited from the previous government. Another interesting finding is the proactive accountability agenda that the government advocates; they make repeated calls in press releases to form investigation committees and find the culprits for the country’s economic catastrophe. This further illustrates their willingness to take a responsible stance.

In a nutshell, the Anastasiades government justifies its decision to break its promise and negotiate a bail-in agreement by arguing that it was left with no other policy option given the actions of the Christofias government. A TINA logic is a persuasive tool to shift blame towards other actors, with Dellepiane-Avellaneda (2015) and Karyotis and Rüdiger (2015b) investigating the use of TINA to legitimise extreme austerity policies in the 1990-2001 Argentine financial crisis and the recent Greek government debt crisis respectively. In the following section, I elucidate how although the Anastasiades government tried to avoid and shift blame for the bail-in policy decision, it sought to claim credit for the policy outcome, framing it as positive in the third part of its strategy.

8.3 EDDs elite interviews

8.3.1 *Party blame strategies*

In analysing elite interview transcripts, I trace continuities and changes in party blame narratives. The findings below are from the question asking interviewees to comment on their blame attribution attitudes regarding the bail-in.³² The empirical evidence from the interviews confirms H6 by supporting the circling the wagons blame frame. Representatives from all parties view the bail-in as negative and hold responsible numerous policymakers, including domestic EDDs (the Anastasiades and Christofias governments) and non-domestic NEDDs (EU-level actors). An EU-level scapegoating frame emerges as in the evidence from 2013. However, in this analysis it captures some and not all of the targets. All parties except the governing one argue that the EU crisis management policies were intended to punish Cyprus. Given that only AKEL is a Eurosceptic party, this finding suggests that position towards the EU is not a moderating factor in blame attitudes. Even DIKO blames the EU, despite its strongly pro-EU position (DIKO Representative 2 Interview, 2019).

Within the EU frame, parties identify various blame targets. AKEL blames the ECB as the formal institution responsible for the bail-in and the Eurogroup as the informal body responsible (AKEL Official 1 Interview, 2019). The Green Party makes reference to the Eurogroup and the Troika as delegitimising the EU because there is no direct avenue to hold them accountable although they make important decisions (Green Party Representative 1 Interview, 2019). DIKO and Citizen's Alliance mention the lack of solidarity and how the bail-in decision decreased trust in EU institutions in Cyprus, damaging EU democratic culture (Citizen's Alliance Representative 1 Interview, 2019; DIKO Representative 1 Interview, 2019). Citizen's Alliance frames bail-in as an instance of removing popular sovereignty, whereby non-elected technocrats were granted asylum for a bad decision (Citizen's Alliance Representative 1, 2019). DIKO describes the stance of the EU as driven by politics, making reference to the German election cycle and how it coincided with the Cyprus-EU negotiations (DIKO Representative 3 Interview, 2019).

The President of the House argues that the handling of the crisis was detrimental for trust in domestic and EU-level institutions. He deplores that citizens blamed the House for passing the second bail-in proposal although the decision was imposed by

³²Please note that this is a different question from the public opinion survey one, where respondents had to provide a blame ranking for the development of the crisis in March 2013.

the EU (President of the House Interview, 2019). These narratives demonstrate the macro-level mechanism of EU institutional complexity at work. The range of EU-level bodies responsible for the management of the 2013 economic crisis make it difficult to pinpoint blame to a specific actor, thus blurring the lines of responsibility and facilitating the scapegoating of numerous unelected EU-level actors.

Another common trend in all interview transcripts besides those of DISY is a narrative of blaming the Anastasiades government, supporting an incumbent government scapegoating frame. AKEL voices the strongest criticisms, referring again to the break of the no haircut promise and holding personally responsible Anastasiades for “collaborating” with EU actors (AKEL Official 1 Interview, 2019). AKEL’s opposition position in government can be interpreted as a key determinant of its blame strategy. Other parties exhibit a more subtle approach.

DIKO holds Anastasiades responsible but also acknowledges that at the time of the bail-in decision there was no other option left because of the Christofias government actions (DIKO Representative 1 Interview, 2019). This strategy lends credibility to DISY’s TINA logic and hints at a previous government scapegoating frame. Although the theoretical expectations do not account for this, empirically it makes sense; DIKO helped DISY pass the bail-in related legislation in the House (Table 3.3). All parties regardless of political ideology, party position and EU stance engage in circling the wagons strategies. They distribute blame across EU-level and domestic actors rather than just scapegoat one target. This insinuates that the diversity of actors implicated in EU economic crisis management creates a clarity of responsibility deficit which is subject to exploitation at the political elite level.

8.3.2 *Incumbent government credit strategy*

The interviews with DISY Representatives reveal the third part of the government’s strategy; portraying the bail-in policy outcome as the positive result of a successful cooperation between the Anastasiades government and the EU (Table 8.4). This is consistent with the government’s strongly pro-EU stance and inconsistent with H6. Statements supporting this self-credit and EU-credit frame include “Our views are in complete alignment with the EU. We have good relations with the EU” (DISY Representative 1 Interview, 2019) and “We were aware that the only way to save our country was by cooperating with the Troika and this is what we did” (DISY Representative 2 Interview, 2019).

DISY takes advantage of the economic adjustment programme’s successful completion in 2016. They construct a narrative emphasising that bail-in was the right decision for the Cypriot economy considering the rest of the economic adjustment programme. This is reflected in press statements by Harris Georgiades, the Minister of Finance between April 2013 and December 2019; “The memorandum could have been our own manifesto” (Evans-Pritchard, 2014). This approach can be interpreted as putting a positive spin on the lack of manoeuvrability resulting from the two layers of government constraints (referring to Eurozone membership and the conditionality programme). I discuss the implications of these findings for democratic accountability in Chapter 9.

Table 8.4: Government blame and credit strategy

Part	Frame	Explanation
1	Self-blame	Accept blame for breaking the no haircut commitment
2	Previous government scapegoating frame	Shift blame for bail-in policy decision to the Christofias government
3	Self-credit and EU-credit frame	Present the bail-in policy outcome as the positive result of government-EU cooperation

8.4 NEDDs elite interviews

8.4.1 *Ministry of Finance*

Treating the interview transcripts of NEDDs as analytically distinct from the rest is important as they are not elected but appointed officials. The purpose of these interviews is to get an insight into the Cyprus-EU negotiations, searching for evidence of limited manoeuvrability and blurred lines of responsibility. The interview with the Minister of Finance during the March 2013 negotiations provides first-hand knowledge into the Eurogroup meetings. He documents that there were two schools of thought in the Eurogroup; whilst Northern European countries and the IMF were in favour of fiscal discipline, the Commission and the rest euro area countries wanted to reach a more traditional adjustment programme whereby Cyprus would borrow money from taxpayers (Minister of Finance Interview, 2019). The ECB saw the bail-in decision as controversial; they were afraid of contagion issues yet wanted to teach

banks in the Eurozone that imprudent behaviour would not be tolerated anymore. This demonstrates that the Troika did not have a unified front, suffering from internal disagreements. The Minister explains how the first group eventually won, with Germany dominating Eurogroup decision-making.

Asked to comment on the Eurogroup's democratic accountability, the Minister argues that there is no way to make it directly accountable. Nevertheless, he advises that oversight and supervision should be reinforced and expresses concerns about granting the Eurogroup power to make farfetched decisions about MS. The Minister declined to express blame attribution attitudes, arguing that the issue of blame is ambiguous. The interviews with Senior Financial Officers during the 2013 March negotiations provide further evidence for Germany's dominant role in the Eurogroup (Ministry of Finance Official 1 and 2 Interviews, 2019). References are made to the concurrence of the negotiations with German elections, with Schäuble adopting a harsh stance to appease his electorate who were against another bail-out. They also highlight the economic necessity of bail-in, supporting the government's TINA approach (Ministry of Finance Official 1 and 2 Interviews, 2019).

8.4.2 *Commission Representation and CBC*

The Commission Representation Official reinforces the TINA logic, suggesting that by the time that Anastasiades was elected it was too late to take an alternative policy measure. Bail-in is considered in the context of the economic adjustment programme, praising the Anastasiades government and the Ministry of Finance (European Commission Representation Official 1 Interview, 2019). The CBC Governor suggests that Cypriot political parties used the EU as a convenient scapegoat, although austerity was less pronounced as a result of the bail-in compared to other Southern European countries such as Greece (CBC Governor Interview, 2019). The Governor argues that the decision-making process damaged CBC's reputation, enabling institutional delegitimation. This finding receives further support when interpreted against the backdrop of the evidence from the survey data. Respondents rank the CBC as the most blameworthy actor for the development of the crisis in March 2013 (Chapter 6).

Cyprus' presidential system should, theoretically, enable high clarity of responsibility. Combining the findings from the NEDDs interviews though, it appears that the Anastasiades government had limited manoeuvrability in designing, deciding and

implementing the bail-in agreement. The focus of this thesis is on perceptions of responsibility and their role in shaping blame attribution. Nevertheless, it is instructive to consider actual lines and clarity of responsibility. The empirical reality of complex Eurozone crisis management decision-making process perplexes blame attribution, thereby facilitating circling the wagons blame-shifting strategies for domestic parties; anyone and everyone can be held accountable.

8.5 Discussion of elite findings

By systematically analysing parliamentary speeches, press releases and elite interview transcripts, I have identified two distinct narratives. The first is encapsulated in a circling the wagons strategy by all parties except DISY. The second is the government's three-pronged blame and credit strategy. Numerous explanations can be developed regarding the latter. Being in government during the crisis makes it harder to employ an aggressive blame-shifting strategy compared to the other parties. The stakes for the government are higher, as it needs to tread a fine line between appeasing the lenders versus its voters. Furthermore, DISY is a strongly pro-EU party; the absence of an EU scapegoating frame reveals that the crisis did not influence its position towards the EU. The focus on credit rather than blame is consistent with Hobolt and Tilley (2014a). Their analysis of speeches in Germany, Britain and Ireland shows that head of governments engaged in little blame-shifting for the Eurozone crisis, choosing instead to credit the EU for policy solutions to mitigate problems.

It is important to interpret these political elite findings in light of the public opinion survey results. Whilst the public largely exonerates the incumbent government from blame, political parties do not. This disparity can be explained by the central assumption in the blame avoidance research. The aim of politicians is to maximise votes in order to become (re-)elected. Given that typically the parties that will run against each-other in future elections are the same as in previous elections, the general expectation is that politicians will assign blame to other political parties in their system (Hobolt and Tilley, 2014a).

The goal of re-election can also justify why the CBC or the banking sector do not feature prominently in elite narratives. A handful of studies argue that the personification of blame matters (McGraw and Dolan, 2007; Sirin and Villalobos, 2011). Political parties blame the Anastasiades government not only because they

can capitalise from its support losses, but also because it presents a clearly identifiable blame target. Contrariwise, banks and the central bank represent faceless institutions. However, this argument becomes more difficult to sustain when considering their blame-shifting towards the EU as well. Hobolt and Tilley (2014a) suggest that politicians might refrain from blaming the EU as there is no single ‘leader’ or ‘institution’ to attribute primary responsibility to. I contend that precisely because there is no single identifiable government at the EU-level, it facilitates the spreading of responsibility through circling the wagons strategies.

The blame attribution attitudes of political parties and the government reinforce the message from previous chapters about lack of clarity of responsibility in EU economic crisis management. The fluidity of narratives surrounding the bail-in decision enable the diffusion of responsibility across domestic and non-domestic actors, distancing the government from assuming primary responsibility. In the following Chapter, I discuss the implications for democratic accountability emanating from the public opinion survey results and the content analysis of elite interviews, parliamentary speeches and government press releases.

Chapter 9

Concluding remarks

The purpose of this concluding chapter is three-fold. First, I summarise the findings from the empirical analyses. Second, I discuss their policy implications for democratic accountability within the context of the EU. Thirdly, I consider potential avenues for future research and highlight the contributions of this thesis.

9.1 Summarising the findings

The aim of this thesis was to examine voter and elite blame attributions regarding the 2013 Cypriot economic crisis. Cyprus stands out in the Southern European crisis experience narrative as a bailout was accompanied for the first time in the Eurozone with a bail-in, referring to how bank creditors as opposed to taxpayers had to shoulder the burden of crisis resolution. Also, in a comparative perspective, the political consequences of the crisis were mild. There was no major realignment in the political spectrum and the incumbent President Anastasiades was re-elected as head of state in the 2018 elections for another five-year term.

The argument put forward is that the link between domestic governments and policy responsibility is tampered with in EU economic crisis management. EU-level actors such as the Troika and the Eurogroup have a central role in decision-making regarding the appropriate policy responses to economic crises. Furthermore, the introduction of a bail-in measure expands the scope of potential blame targets; by shifting the crisis burden onto bank creditors, it pinpoints the banking sector and the central bank as the main culprits. As a result, the government does not get primary responsibility for the crisis; it can be exonerated from blame as responsibility is dispersed towards EU-level and domestic non-elected actors. In this sense, a ‘politically

free' movement of blame is enabled. Thus, this thesis speaks to broader questions pertaining to how citizens and political elite assign responsibility within an EU and EMU context.

To substantiate this argument, the thesis unfolded as follows. Chapter 1 introduced the research project, whilst Chapter 2 situated the research question within the economic voting, blame attribution and blame avoidance literature streams. The underlying motive was to subject existing theories to a new empirical test, by concentrating on how the application of the bail-in measure was perceived during the 2013 Cypriot economic crisis. Chapter 3 presented the Cyprus case study. It discussed the bail-in agreement as well as the pre-crisis and post-crisis Cypriot political context by analysing Eurobarometer data and existing academic contributions. Chapter 4 provided the two-fold theoretical framework for the empirical analyses, focusing on voter and political elite attitudes.

The first part of the theory developed a set of expectations about individual-level predictors of voter blame attribution attitudes; government support, predispositions towards the EU and type of crisis exposure. To test these, I designed a public opinion survey. Chapter 5 outlined the design and fielding of the questionnaire. Chapter 6 presented the public opinion survey results through a descriptive statistics analysis and six logistic regression models. The empirical evidence supports H1, which suggests that blame for the crisis is dispersed amongst targets. The CBC receives most of the blame, with elected actors evading primary responsibility. Government support and EU support are statistically significant predictors of blame attribution attitudes. As H2 predicts, government partisans are less likely to blame the Anastasiades government. Also, individuals who report low EU support are more likely to blame the Troika, in line with H3b.

However, perceptions of EU responsibility have limited explanatory power, casting doubt on H3a and on the manoeuvrability mechanism. These findings demonstrate how in-group biases are potentially more pervasive than institutional lines of responsibility when citizens make judgments about who should be blamed for EU-level policy outcomes. H4b suggests that bailed-in individuals would be more likely to blame the banking sector for the crisis, something which is not supported by the data. Direct crisis exposure in the form of a bail-in does not have a statistically significant effect, whilst indirect crisis exposure does. Individuals who suffered any type of loss from

the crisis attribute blame in a different manner compared to individuals who did not, thus lending some support to H4a.

The second part of the theory encapsulated expectations about party strategies, focusing on how the political elite frame bail-in and develop their narratives regarding the management of the crisis. Chapter 7 elucidated the data collection process. Chapter 8 developed a coding framework and engaged in a framing content analysis of elite interviews, parliamentary speeches and press releases by the government PIO. The results demonstrate that all parties except the governing one develop ‘circling the wagons’ blame-shifting strategies, consistent with H6. Their narratives diffuse blame among EU-level and domestic blame targets.

Contrariwise, the Anastasiades government and his party DISY adopt a three-pronged blame and credit strategy. This is against H5 which predicts that all parties would adopt blame-shifting strategies. In the immediate aftermath of the crisis they accept responsibility for breaking the no depositor haircut promise and adopt a TINA logic, blaming the previous government for inherited problems. Following the completion of the economic adjustment programme, they frame bail-in as a positive policy outcome that was achieved by cooperating with the Troika and claim credit for it.

9.2 Policy implications

Considered in tandem, the voter and political elite analyses provide the first comprehensive account of blame attribution attitudes regarding the Cypriot economic crisis. Given that Cyprus was the first country where a bail-in was imposed, the findings provide unique policy lessons. Below, I focus on two main takeaways.

First, the results from the public opinion survey signal at a legitimacy crisis regarding central banking. As elucidated in the introductory chapter, the policy responses to the recent Eurozone crisis highlighted the need to break the bank-state adverse feedback loop. If the government was in trouble financial system stability suffered and if the banks were in trouble public finances suffered. The motivation behind the creation of the banking union was precisely break this link between the banking sector and the sovereign in each euro area MS. The Cyprus experience demonstrates that the application of the bail-in was indeed successful in shifting a part of the financial burden towards bank creditors, thereby reducing the fiscal cost of the crisis.

This thesis demonstrates that the bail-in also influences perceptions of responsibility. The majority of the survey respondents considered the CBC as the top actor to blame for the crisis. This is problematic for democratic accountability. As the theoretical framework elucidates, a key component of democratic accountability is that voters can sanction or reward the decision-makers that they deem responsible for negative or policy outcomes. However, if blame is assigned to non-elected actors, then evidently the voting sanctioning mechanism is not available. This concern is not new, with Anderson (2007) suggesting that the role of central banks in economic policymaking complicates the question of who should be held accountable for economic performance.

A significant contribution which discusses the institutional delegitimisation of central banks is Paul Tucker’s (2018) *Unelected Power*. Considering the rise of the ‘regulatory state’, the former Deputy Governor of the Bank of England argues that central banks have become too powerful (Tucker, 2018). He warns that in future financial crises it is plausible that central banks will be blamed entirely for adverse economic outcomes. Tucker’s (2018) point resonates well with the findings of this thesis and highlights the need to improve central banking legitimacy. Considerations about accountability become even more pertinent in the context of the banking union, whereby responsibility for bank supervision and resolution is transferred from the national to the EU-level. The ECB’s expanded mandate comes with heightened responsibility towards the citizens of the euro area. A recent Monetary Dialogue Paper provides a step in the right direction by setting out policy recommendations intended to enhance the ECB’s transparency, thereby increasing accountability (Bernoth and Geraldine, 2020). As the next economic recession looms large due to the current COVID-19 pandemic, these issues are of outmost urgency.

This leads to the second policy implication emanating from this thesis which concerns accountability in MLG systems. The results from the political elite analyses reveal that all parties, besides the governing one, shifted blame for the bail-in on a range of EU-level actors. The incumbent government adopted a different strategy, suggesting that the bail-in policy was correct and completely in line with their economic policy-view. Either way, these results demonstrate that domestic parties and governments are able to capitalise on the lack of room to manoeuvre, framing it either as positive or negative depending on their interests.

The democratic representation issue manifests itself again as the EU is held responsible for actions that it cannot be held accountable. The only directly representative institution, the EP, was sidelined in policy-formation during the Eurozone crisis management with unelected actors such as the Eurogroup and the Troika being centerstage (Schmidt, 2015). In the case of the Cypriot economic crisis, the voters did not consider the EU-level actors as having primary responsibility. Nevertheless, the elite analyses reveal that the EU’s governance architecture is indeed complicated and conducive to exploitation by domestic politicians. Whilst recommendations to decrease the democratic deficit of the EU lie beyond the scope of this thesis, this discussion demonstrates that EU economic crisis management enables the dispersion of blame towards unelected actors. As a result, elected actors do not assume primary responsibility for the crisis.

9.3 Future research avenues

The findings of this thesis inspire future research avenues and methodological approaches. Whilst I treated voter and elite attitudes as analytically distinct, further studies can study the interaction between the two. Experimental research designs have the potential to produce important insights. A limited number of contributions already use experimental public opinion surveys to present respondents with various framings of blame for the crisis endorsed by different parties (Férendez-Albertos, Kuo and Balcells, 2013; Kosmidis, 2018).³³ However, they do not measure how the political elite shape their crisis narratives in response to public opinion. Given that the goal of politicians is re-election, then (at least in theory) their strategies should be informed by the views of their voters. Therefore, future contributions can conduct ‘elite’ experiments whereby politicians are the subjects, in order to extract their attitudes.

Another methodological innovation presents itself in the face of advances in machine learning. The use of natural language processing enables the classification of large-scale textual datasets, thus providing a powerful tool to extract information on elite attitudes. The research stream concerning elite blame avoidance within the EU context examines political speeches to analyse blame-shifting and credit-claiming strategies (Hobolt and Tilley, 2014a; Vasilopoulou, Halikiopoulou and Exadaktylos, 2014). Natural language processing creates an exciting opportunity to go beyond

³³Please see Karyotis and Rüdiger (2015a) for a relevant non-experimental research design.

formal sources of textual data (such as speeches) and examine whether there are any differences with how the political elite attribute blame in more informal formats, for instance social media (such as Twitter).

Whilst interesting research avenues remain, this thesis makes a number of important contributions. I provide a comprehensive account of the 2013 Cypriot economic crisis, thereby expanding the understanding of voter and elite perceptions regarding EU crisis management through a new case study. Given the unique crisis resolution policy mixture that was imposed on Cyprus, a further contribution is made. Although a growing number of studies examine bailouts, few analyses consider adjustment programmes which include bail-ins. My thesis presents the first systematic analysis of blame attribution attitudes in response to bail-ins. In so doing, I contribute to research which examines responsibility and accountability in the EU. As the previous section elucidates, my findings also carry important policy implications regarding the banking union and democratic accountability within the EU.

Appendix A

Timeline of crisis events

The following timeline is adjusted from the European Commission (2013, 2019).

2011

May: Sovereign downgrade by Fitch and S&P's on the grounds of fiscal deficits and the exposure of Cypriot banks to Greece, given rumours about Greek PSI.

September: Loss of access to international capital markets.

December: €2.5bn loan from Russia to cover 2012 sovereign financing needs.

2012

February: Greek PSI affects capital adequacy of Cypriot banks.

May: €1.8bn state bailout for CPB.

25 June: Official request for financial assistance from the EU.

23 November: Agreement with the Troika on the policy side of a draft MoU.

2013

24 February: Nicos Anastasiades elected as President of Cyprus.

16 March 2013: Agreement with the Eurogroup; commitment to a one-off tax levy on all banks applicable to resident and non-resident depositors (insured and uninsured) and additional measures (ex. restructuring and recapitalisation of banks, bail-in of junior bondholders, privatisation plan).

19 March: The House rejects the horizontal bank levy.

22 March: ECB announces no further ELA to CPB unless a programme is agreed.

25 March: Agreement with the Eurogroup on key elements for an economic adjustment programme, incl. bail-in of uninsured depositors and CPB and BoC resolution.

30 April: The House endorses the economic adjustment programme.

2016

March: Cyprus exits economic adjustment programme.

Appendix B

Methodological appendix: Public opinion survey

B.1 Public opinion survey protocol

Research question (construct):

Free movement of blame? Examining blame attribution in EU economic crisis management using evidence from the 2013 Cypriot bank bail-in

Research ethics approval:

CUREC Approval: Ref No. SSH_DPIR_C1A_19_029

Survey design and analysis by:

Candidate number 1031444

Survey fielding by:

LS Prime Market Research & Consulting Ltd (www.primeconsulting.com.cy)

Reason for survey company choice:

Driven by budget constraints considerations; contacted a number of companies and chose the one with the best trade-off between quality survey methods and budget-friendly pricing

Survey fielding timeline:

17/02/20 - 28/02/20

Survey type:

Quantitative

Questionnaire language:

Greek

Data collection method:

CATI (phone interviews conducted by LS Prime researchers using a 15-minute structured questionnaire)

Coverage:

Pancyprian

Sampling method:

RDD

Target group:

Nationally representative sample of Cypriot citizens who were eligible to vote in the 2013 and 2018 presidential elections

Sample size:

369

Margin of error:

(+/-) 3.60% (95%)

Raw data and code:

Available upon request

B.2 Questionnaire

Please find below the English translation of the survey questionnaire that was administered in Greek. The original version in Greek is available upon request.

Part 1: Demographic characteristics questions

1. What is your gender?
 - a) Female
 - b) Male

2. How old are you?
 - a) Up to 25 years old
 - b) 26-35 years old
 - c) 36-45 years old
 - d) 45-55 years old
 - e) 56-65 years old
 - f) 65+ years old

3. In which district are you currently residing?
 - a) Nicosia
 - b) Limassol
 - c) Larnaca
 - d) Paphos
 - e) Famagusta

Part 2: Political attitudes questions

4. In political matters people talk of ‘the left’ and ‘the right’. How would you place your views on this scale, where 1 means extreme left and 7 means extreme right?
 - a) 1
 - b) 2

- c) 3
- d) 4
- e) 5
- f) 6
- g) 7

5. Who did you vote for in the 2013 presidential elections?

- a) Nicos Anastasiades
- b) Stavros Malas
- c) Other
- d) Blank
- e) Abstention
- f) Prefer not to say

6. Who did you vote for in the 2018 presidential elections?

- a) Nicos Anastasiades
- b) Stavros Malas
- c) Other
- d) Blank
- e) Abstention
- f) Prefer not to say

7. If a parliamentary election were held tomorrow, for which party's candidates would you vote for?

- a) DISY
- b) DHKO
- c) EDEK
- d) AKEL
- e) Citizen's Alliance
- f) Solidarity Movement
- g) Green Party
- h) ELAM
- i) Prefer not to say

8. Now thinking about the European Union, some say European unification should go further, whilst others say it has already gone too far. How would you place yourself on a scale where 1 indicates that unification has gone too far and 7 that unification should go further?
- a) 1
 - b) 2
 - c) 3
 - d) 4
 - e) 5
 - f) 6
 - g) 7
9. How much influence do you think that EU institutions have on the Cypriot government's economic policies?
- a) No influence
 - b) Little influence
 - c) Some influence
 - d) A lot of influence

Part 3: Crisis exposure questions

10. During the 2013 Cypriot economic crisis, were you a client of either of the banks (Bank of Cyprus and Cyprus Popular Bank) that were resolved?
- a) Yes
 - b) No

Instructions for surveyor: If selected option b) in this question then please skip question 11 and go to question 12.

11. During the 2013 Cypriot economic crisis, did you incur a direct financial loss due to bank resolution?

Instructions for surveyor: If respondent shows confusion, explain what each of the losses mean.

- a) Bail-in of uninsured deposits (money lost by a haircut incurred on deposits over €100.000)
- b) Bail-in of bonds (money lost by a haircut incurred on bonds/capital securities issued by the bank)
- c) Equity loss (money lost by losing shares in the bank)
- d) Combination of direct financial losses
- e) No direct financial losses

12. During the 2013 Cypriot economic crisis, did you incur an indirect financial loss beyond bail-in?
- a) Yes
 - b) No

Instructions for surveyor: If selected option b) in this question then please skip question 13 and go to question 14.

13. Could you please provide an estimation of % of wealth indirectly lost due to the crisis, besides bail-in?

Part 4: Blame attribution attitudes questions

14. Thinking about the 2013 Cypriot economic crisis, we would like to know which of the following actors, according to you, should be blamed the most for the development of the crisis in March 2013? Please note that these actors are being listed in no particular order.
- a) The actions of President Anastasiades
 - b) The action of President Christofias
 - c) The actions of Troika
 - d) The actions of Cyprus Central Bank
 - e) The actions of private actors in the banking sector

- f) The actions of the Eurogroup

Instructions for surveyor: please randomise the order of actors for each respondent and ask a series of **five questions** until respondents rank all six actors.
ex. Who should be blamed second most, third most, fourth most, the least.

Part 5: Questions intended to address sensitive issues

- 15. What is the highest degree or level of education you have completed?
 - a) Less than a high school diploma
 - b) High school (3 years)
 - c) High School (Lyceum - 6 years)
 - d) Undergraduate university degree
 - e) Master's degree
 - f) Doctorate
 - g) Other

- 16. Which of the following categories best describes your current occupation?
 - a) Public sector
 - b) Private sector
 - c) Self-employed
 - d) Other

- 17. Which of the following categories best describes your current monthly household income?
 - a) Up to €900
 - b) €901-1500
 - c) €1501-2500
 - d) €2501-3500
 - e) €3501-5000
 - f) More than €5001
 - g) Prefer not to say

B.3 Documentation of variables

Part 1: Documentation of demographic variables

Variable name: Gender (gender)

Survey question number: 1

Definition: Dummy variable = 1 if respondent male, 0 otherwise

Coding scheme: Same as definition

Range: Dummy variable

Purpose: Control variable intended to capture demographic characteristics

Reason for choices: Question wording, answer format, coding scheme follow Eurobarometer, ESS, ANES

Variable name: Age (age)

Survey question number: 2

Definition: Categories = 1 (18-26 years), 2 (26-35years), 3 (36-45 years), 4 (46-55 years), 5 (56-65 years), 6 (65+)

Coding scheme: Same as definition

Range: 1-6

Purpose: Control variable intended to capture demographic characteristics

Reason for choices: Question wording, answer format and coding scheme follow Eurobarometer, ESS, ANES

Variable name: Area of residence (residence)

Survey question number: 3

Definition: Categories = 1 (Nicosia), 2 (Limassol), 3 (Larnaca), 4 (Paphos), 5 (Famagusta)

Coding scheme: Same as definition

Range: 1-6

Purpose: Control variable intended to capture demographic characteristics

Reason for choices: Following standardised way of asking this question in Cypriot public opinion surveys due to geographic composition of the island

Part 2: Documentation of political attitude variables

Variable name: Political ideology (id, id_dummy)

Survey question number: 4

Definition: Categories = 1 (1), 2 (2), 3 (3), 4 (4), 5, (5), 6 (6), 7 (7)

Coding scheme: Dummy variable = 1 for 'right-wing ideology' if the respondent identifies from 5-7, 0 otherwise

Range: Dummy variable

Purpose: Moderating variable intended to capture political ideology position on a left to right scale

Reason for choices: Question wording and scale informed by ANES, whilst coding scheme is informed by blame attribution literature (Fernández-Albertos, Kuo and Balcells, 2013; Karyotis and Rüdig, 2015a)

Theoretical expectations: H2

Variable name: Vote choice in 2013 elections (vote_2013)

Survey question number: 5

Definition: Categories = 1 (Anastasiades), 2 (Malas), 3 (Other), 4 (Blank), 5 (Abstention), 6 (Prefer not to say)

Coding scheme: Dummy variable =1 for Nicos Anastasiades, 0 otherwise

Range: Dummy variable

Purpose: Moderating variable intended to capture self-reported vote choice

Reason for choices: Recoding because interested in support for the incumbent only

Theoretical expectations: H2

Variable name: Vote choice in 2018 elections (vote_2018)

Survey question number: 6

Definition: Categories = 1 (Anastasiades), 2 (Malas), 3 (Other), 4 (Blank), 5 (Abstention), 6 (Prefer not to say)

Coding scheme: Dummy variable =1 for Nicos Anastasiades, 0 otherwise

Range: Dummy variable

Purpose: Moderating variable intended to capture self-reported vote choice

Reason for choices: Recoding because interested in support for the incumbent only

Theoretical expectations: H2

Variable name: Vote intention (voteint, voteint_dummy)

Survey question number: 7

Definition: Categories = 1 (DISY), 2 (AKEL), 3 (DIKO), 4 (EDEK), 5 (ELAM), 6

(Green Party), 7 (Citizen's Alliance), 8 (Solidarity), 9 (Other), 10 (None), 11 (Prefer not to say)

Coding scheme: Dummy variable = 1 for DISY (indicating DISY supporter), 0 otherwise

Range: Dummy variable

Purpose: Moderating variable intended to capture partisanship

Reason for choices: Wording follows Eurobarometer and recoding motivated by interest in support for the incumbent only

Theoretical expectations: H2

Variable name: EU support (eu_id, eu_id_dummy)

Survey question number: 8

Definition: Categories = 1 (1), 2 (2), 3 (3), 4 (4), 5, (5), 6 (6), 7 (7)

Coding scheme: Dummy variable = 1 for 'low support for EU' if the respondent identifies from 1-3, 0 otherwise ('high support for the EU')

Range: Dummy variable

Purpose: Moderating variable intended to capture attitudes towards the EU (level of Euroscepticism)

Reason for choices: Wording of question, scale and coding scheme informed by ESS and Hobolt and Tilley (2014a, chapter 4)

Theoretical expectations: H3b

Variable name: EU influence (eu_influence, eu_influence_dummy)

Survey question number: 9

Definition: Categories = 0 (no influence), 1 (little influence), 2 (some influence), 3 (a lot of influence)

Coding scheme: Dummy variable = 0 for no/little influence (1-2), 1 otherwise

Range: Dummy variable

Purpose: Moderating variable intended to capture perceptions of EU influence on domestic policies

Reason for choices: Wording of question, scale and coding scheme informed by ESS and Hobolt and Tilley (2014a, chapter 4)

Theoretical expectations: H3a

Part 3: Documentation of crisis exposure variables

Variable name: Client of resolved banks (client)

Survey question number: 10

Definition: Dummy variable = 1 for client of either BoC or CPB, 0 otherwise

Coding scheme: Same as definition

Range: Dummy variable

Purpose: Control variable intended to capture whether individual directly exposed to bail-in or not

Reason for choices: Question wording drawn from Brown, Evangelou and Hix's (2018) survey so is tested in the Cypriot context, i.e. respondents expected to be familiar with the terms

Theoretical expectations: H4a-Hb

Variable name: Bail-in (bailin)

Survey question number: 11

Definition: Categories = 0 (no bail-in), 1 (bail-in of uninsured deposits), 2 (bail-in of bonds), 3 (loss of equity), 4 (combination)

Coding scheme: Dummy variable =1 if respondent was bailed-in (direct exposure), either in the form of a haircut on deposits, loss in value with capital securities of BoC or CPB, loss in value of shares with BoC or CPB, or combination of the above, 0 otherwise

Range: Dummy variable

Purpose: Moderating variable, intended to capture level of direct crisis exposure, measured by whether respondent incurred a direct financial loss due to bank resolution or not

Reason for choices: Question wording drawn from Brown, Evangelou and Hix's (2018) survey so is tested in the Cypriot context, i.e. respondents expected to be familiar with the terms

Theoretical expectations: H4a-Hb

Variable name: Indirect losses (indirect_losses1)

Survey question number: 12

Definition: Dummy variable = 1 if indirect losses, 0 otherwise

Coding scheme: Same as definition

Range: Dummy variable

Purpose: Moderating variable, intended to capture level of indirect crisis exposure

Theoretical expectations: H4a-Hb

Variable name: Indirect losses % (indirect_losses2)

Survey question number: 13

Definition: Dummy variable = 1 if more than 0.5 of wealth lost, 0 otherwise

Coding scheme: Same as definition

Range: Dummy variable

Purpose: Control variable, intended to capture level of indirect crisis exposure in %

Theoretical expectations: H4a-Hb

Part 4: Documentation of blame attribution variables

Variable name: Blame rankings

Survey question number: 14 (x5)

Definition 1: Dummy variable = 1 if the blame target is ranked as a top three factor for the development of the crisis ‘most blame’ and 0 otherwise

Definition 2: Dummy variable = 1 if the blame target is ranked as the top factor for the development of the crisis ‘most blame’ and 0 otherwise

Definition 3: Categories = 1 (most blame), 2 (second most blame), 3 (third most blame), 4 (fourth most blame), 5 (fifth most blame), 6 (least blame)

Coding scheme: Same as definitions 1 and 2

Range: Dummy variable (for definitions 1 and 2), 1-6 (for definition 1)

Purpose: DV

Reason for choices: Decision for blame-ranking exercise follows blame attribution literature (Fernández-Albertos, Kuo and Balcells, 2013; Karyotis and Rüdiger, 2015a; Malhorta and Kuo, 2008), whilst target choices are informed by theoretical expectations (Chapter 4)

Theoretical expectations: H1-H4b

Part 5: Documentation of sensitive questions variables

Variable name: education (edu)

Survey question number: 15 Definition: Categories = 1 (Primary school), 2 (High School - 3 years), 3 (High School - 6 years - Lyceum), 4 (Undergraduate University Degree), 5 (Masters University Degree), 6 (Doctorate University Degree), 7 (Other)

Coding scheme: Dummy variable = 1 if any university studies (high education), 0 otherwise (low education)

Range: Dummy variable

Purpose: Control variable intended to capture education level

Reason for choices: Question wording, answer format (scale) and coding scheme informed by Eurobarometer

Variable name: Occupation (occu)

Survey question number: 16

Definition: Categories = 1 (Public sector), 2 (Private sector), 3 (Self-employed), 4 (Other)

Coding scheme: Same as definition

Range: 1-4

Purpose: Control variable intended to capture occupation type

Reason for choices: Question wording, answer format (scale) and coding scheme informed by Eurobarometer

Variable name: Income (income)

Survey question number: 17

Definition: Categories = 1 (Up to €900), 2 (€901- 1500), 3 (€1501- 2500), 4 (€2501- 3500), 5 (€3501-5000), 6 (More than €5001), 7 (Prefer not to say)

Coding scheme: Same as definition

Range: 1-7

Purpose: Control variable intended to capture income level

B.4 Survey pre-test

The pre-testing of the survey questionnaire took place between November 2019 and January 2020, on a total of 12 members of the target population, i.e. Cypriot citizens.

- It was a participating pre-test, in the sense that all participants were informed that this was a practice run.
- I began by providing respondents with contextual information, explaining the motivation of my research question.
- Whilst administering the questionnaire, I encouraged respondents to report on their reactions to question form/wording/order and flag any issues relating to task difficulty and respondent attention.
- I was interested in addressing a specific issue regarding attention; the blame-ranking exercise is repetitive as it asks the same question five times but with a small variation.
- It was also important to test the perception of the ‘target’ choices, with all respondents converging in agreeing that the choice of President Anastasiades, President Christofias, the banking sector, the CBC, Eurogroup and Troika were the most appropriate ones.
- *Note:* Previous versions of the questionnaire, including track changes according to feedback from pre-testing are available upon request.

B.5 Comparison of samples

Please find below a comparison of samples between the survey which LS Prime Market Research & Consulting fielded on my behalf and the latest publicly available ESS (2018) for Cyprus. I used the means to compare the distribution of the relevant socioeconomic and demographic variables between the two surveys. For the purposes of constructing the following table, wherever possible, I re-coded my variables according to the coding procedures in the ESS. Wherever re-coding was not possible due to the different question format between datasets, I indicate the different operationalisations. The variable residence was excluded as it was not possible to compare them; my survey asked in which municipality of Cyprus respondents live in, whilst the ESS asks whether they live in an urban versus rural area.

Table B.1: Comparison of samples

Variable	Prime Market Research survey	ESS (2018)
Gender	0.40	0.53
Age	4.13 (46-55)	54.44
Political ideology	4.83	5.39
EU support	5.24	5.40
Education (primary school)	0.09	0.18
Education (high school 3 years)	0.09	0.08
Education (high school 6 years)	0.21	0.27
Education (undergraduate degree)	0.44	0.21
Education (postgraduate degree)	0.2	0.01
Income 1	0.17(Up to €900)	0.12 (€500-1000)
Income 2	0.19(€901-1500)	0.33 (€1001-1600)
Income 3	0.27(€1501-2500)	0.36(€1601-2601)
Income 4	0.10(€2501-3500)	0.15(€2601-3200)
Income 5	0.13(€3501-5000)	0.03(€3201-4800)
Income 6	0.08(+€5001)	0.03(+€4801)

Source: Author's own analysis of survey data

B.6 Data cleaning and post-survey adjustments

Given that LS Prime Market Research & Consulting provided me with the raw dataset from the survey questionnaire, I made post-survey adjustments to clean the data and prepare them for my analysis. Below, I summarise the most important points:

- Item nonresponse rates can be found in Table 6.1. When running the regressions, I did not specify anything further regarding nonresponse. Thus, the models handled missing data by automatically row-deleting observations with missing data for any of the variables (list-wise deletion). This is a common way of dealing with missingness called “complete-case analysis”. I also completed a series of t-tests in order to check for balance, i.e. whether there is nonresponse bias. T-tests allow us to compare the means of the missing versus the non missing data, with bias occurring when there is a statistically significant difference between the two. The difference in means was not substantial or statistically significant ($p < 0.05$).
- I excluded from the analysis the hypothetical vote choice variable (derived from question 7) as it was especially problematic; 45% of the respondents either failed to respond to the question, or reported that they would not vote for any of the options listed (which were most of the parties in the system). The survey company suggests that this is not surprising given the hypothetical nature of the question and the fact that the survey was conducted outside of an election period. I used the “Zelig” package (Choirat et al, 2018; Imai, 2008) to engage in mean imputation and regression imputation but in the end decided to exclude the variable and opt instead for the other political attitude variables.
- Regarding the blame ranking exercise, I also treated missingness using listwise deletion, dropping respondents who either completely skipped or did not properly complete the ranking task (ex. providing rankings only for least blame and third most blame). This accounted for 11.9% of the sample. I used the “Zelig” package to run logit regressions predicting completion with a set of demographic and political variables (Choirat et al, 2018; Imai, 2008). None of the coefficients were individually or jointly statistically significant ($p < 0.05$). This leaves room to suggest that the respondents who did not complete the ranking task were not systematically different from those who did. Therefore, I condition the analyses in section 6.3 on the respondents who completed the ranking exercise properly.

B.7 RStudio: sample code and packages used

To complete the analyses in Chapter 6, I used RStudio and a number of RStudio packages, including:

- “mfx”: Marginal effects for Generalized Linear Models (Fernihough, 2019)
- “sandwich”: Robust covariance matrix estimators (Zeileis, 2004; Zeileis, 2006)
- “lmtest”: Testing linear regression models (Zeileis and Hothorn, 2002)
- “zoo”: S3 Infrastructure for regular and irregular time series (Z’s ordered observations) (Zeileis and Grothendieck, 2005)
- “MASS”: Functions and datasets to support (Venables and Ripley, 2002)
- “betareg”: Beta regression (Bettina, Kosmidis and Zeileis, 2012)
- “stargazer”: Well-formated regression and summary statistics tables (Hlavac, 2018)
- “Zelig”: Estimating a statistical model (Choirat et al, 2018; Imai, 2008)
- “dotwhisker”: Dot and whisker plots of regression results (Solt and Hu, 2018)

Please find below sample code. R scripts are available upon request.

```
> #Anastasiades
> glm1 <- logitmfx(anastasiades_d3 ~ vote_2018 + eu_id_dumy
+ bailin_dumy + indirect_losses1 +
eu_influence_dumy + edu + occu + gender
+ income + age + residence , s,
atmean = TRUE, robust =TRUE, clustervar1 = "X",
+ clustervar2 = NULL, start = NULL, control = list())
> glm1
Call:
logitmfx(formula = anastasiades_d3 ~ vote_2018
+ eu_id_dumy + bailin_dumy + indirect_losses1
+ eu_influence_dumy + edu +
occu + gender + income + age +
```

```

residence , data = s , atmean = TRUE,
robust = TRUE, clustervar1 = "X",
clustervar2 = NULL, start = NULL,
control = list()

```

Marginal Effects:

	dF/dx	Std. Err.	z	P> z
vote_2018	-0.2805233	0.0717357	-3.9105	9.21e-05 ***
eu_id_dumy	0.0994258	0.0815892	1.2186	0.22299
bailin_dumy	0.0317531	0.0860107	0.3692	0.71200
indirect_losses1	-0.0654969	0.0744797	-0.8794	0.37919
eu_influence_dumy	-0.0892538	0.0688502	-1.2963	0.19486
edu	-0.0592714	0.0815515	-0.7268	0.46735
occu	-0.0441741	0.0423651	-1.0427	0.29709
gender	-0.0832721	0.0731508	-1.1384	0.25497
income	0.0014513	0.0269820	0.0538	0.95711
age	0.0688135	0.0318806	2.1585	0.03089 *
residence	0.0199377	0.0336523	0.5925	0.55354

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

dF/dx is for discrete change for the following variables:

```

[1] "vote_2018"          "eu_id_dumy"          "bailin_dumy"
"indirect_losses1"    "eu_influence_dumy"   "edu"
[7] "gender"

```

```
> #Christofias
```

```

> glm2 <- logitmfx(christofias_d3 ~ vote_2018
+ eu_id_dumy + bailin_dumy
+ indirect_losses1 + eu_influence_dumy+edu + occu +
gender + income + age + residence , s, atmean = TRUE,
robust =TRUE, clustervar1 = "X",
+ clustervar2 = NULL, start = NULL, control = list())
> glm2

```

Call:

```
logitmfx(formula = christofias_d3 ~ vote_2018 + eu_id_dumy
```

```

+ bailin_dummy + indirect_losses1
+ eu_influence_dummy + edu +
occu + gender + income
+ age + residence , data = s ,
atmean = TRUE,
robust = TRUE, clustervar1 = "X" ,
clustervar2 = NULL, start = NULL,
control = list())

```

Marginal Effects:

	dF/dx	Std. Err.	z	P> z	
vote_2018	0.138192	0.075666	1.8263	0.067800	.
eu_id_dummy	0.060265	0.078179	0.7709	0.440793	
bailin_dummy	0.076724	0.084266	0.9105	0.362559	
indirect_losses1	-0.186915	0.071135	-2.6276	0.008598	**
eu_influence_dummy	-0.019820	0.068734	-0.2884	0.773069	
edu	-0.039893	0.081408	-0.4900	0.624109	
occu	0.113225	0.040015	2.8295	0.004662	**
gender	-0.149687	0.074690	-2.0041	0.045057	*
income	0.049730	0.026469	1.8788	0.060269	.
age	-0.028947	0.031258	-0.9261	0.354412	
residence	-0.078702	0.034226	-2.2995	0.021477	*

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

dF/dx is for discrete change for the following variables:

```

[1] "vote_2018"          "eu_id_dummy"        "bailin_dummy"
"indirect_losses1"    "eu_influence_dummy" "edu"
[7] "gender"

```

B.8 Logit models: log of the odds results

To yield the following results I used the fit function of the mfx package. Please note that standard errors are not included because `summary(glm$fit)` reports uncorrected standard errors. This is in contrast to the `logitmfx` function (the function for marginal effects), which allows to report adjusted standard errors by using the `robust`, `clustervar1`, and `clustervar2` arguments (Fernihough, 2019).

Table B.2: Logistic regressions (log of the odds)

	Anastasiades government	Christofias government	Troika	Eurogroup	CBC	Domestic banks
Government support	−1.20***	0.58	−0.63	0.12	0.76	0.74*
Low EU support	0.40	0.25	0.90*	0.37	−0.87*	−0.64*
Direct crisis exposure	0.13	0.32	0.20	−0.05	0.31	−0.01
Indirect crisis exposure	−0.26	−0.79**	0.73*	0.08	−0.45	0.24
EU responsibility	−0.36	−0.08	0.22	0.00	−0.13	−0.78
Education	−0.24	−0.16	−1.11**	0.72	−0.25	0.93**
Occupation	−0.18	0.46**	−0.34*	−0.27	0.01	−0.02
Gender	−0.34	−0.61*	1**	0.06	0.16	−0.30
Income	0.01	0.20	−0.35**	−0.31**	0.09	0.14
Age	0.28*	−0.12	−0.20	−0.14	0.31*	0.01
Residence	0.08	−0.32*	0.30*	0.10	−0.26	0.04
N	257	257	257	257	257	257

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

Source: Author's own analysis of survey data

B.9 Alternative analyses: OLS models

I replicate Chapter 6 analyses using OLS instead of logit, to allow for a comparison of the two methods. The results are in the table below, which is a direct output from the “stargazer” package in RStudio. The statistical significance indicators are as follows; * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The DV in the analyses is a dummy variable indicating whether the target was ranked as a top three factor for the crisis. Whilst the sign of the coefficients is the same with the logit regressions, their values are not. Nevertheless, the OLS results point to the same conclusions regarding theoretical expectations, supporting H2, H3b, H4a and disproving H3a, H4b. Government supporters are less likely to blame the government compared to those who do not support it ($p < 0.05$), less likely to blame the Troika ($p < 0.05$) and more likely to blame the Christofias government ($p < 0.05$). Those who report low EU support are more likely to blame the Troika compared to those who report high support ($p < 0.01$). Direct crisis exposure is further confirmed to not be statistically significant in this analysis as opposed to indirect crisis exposure which is statistically significant in the Christofias and Troika models.

Results						
	Dependent variable:					
	Anastasiades government	Christofias government	Troika	Eurogroup	CBC	Banking sector
	(1)	(2)	(3)	(4)	(5)	(6)
Government Support	-0.261*** (0.070)	0.117* (0.070)	-0.131** (0.065)	0.021 (0.066)	0.119* (0.061)	0.154** (0.068)
Euroscepticism	0.086 (0.072)	0.052 (0.072)	0.161** (0.069)	0.072 (0.070)	-0.166*** (0.064)	-0.140* (0.071)
D crisis exposure	0.022 (0.074)	0.070 (0.076)	-0.042 (0.070)	-0.003 (0.071)	0.041 (0.066)	-0.006 (0.074)
I crisis exposure	-0.059 (0.067)	-0.165** (0.067)	0.127** (0.063)	0.013 (0.063)	-0.072 (0.058)	0.052 (0.065)
EU responsibility	-0.079 (0.061)	-0.022 (0.062)	0.038 (0.058)	0.024 (0.058)	-0.028 (0.054)	-0.015 (0.060)
Education	-0.049 (0.071)	-0.036 (0.071)	-0.205*** (0.067)	0.139** (0.069)	-0.043 (0.062)	0.206*** (0.070)
Occupation	-0.038 (0.035)	0.100*** (0.035)	-0.061* (0.033)	-0.048 (0.033)	-0.003 (0.030)	-0.001 (0.034)
Gender	-0.069 (0.065)	-0.135** (0.065)	0.193*** (0.061)	0.018 (0.061)	0.018 (0.056)	-0.065 (0.063)
Income	0.003 (0.023)	0.043* (0.024)	-0.067*** (0.022)	-0.057** (0.022)	0.016 (0.020)	0.031 (0.023)
Age	0.060** (0.026)	-0.026 (0.027)	-0.039 (0.024)	-0.029 (0.025)	0.054** (0.023)	0.001 (0.026)
Residence	0.016 (0.028)	-0.069** (0.029)	0.055** (0.026)	0.019 (0.026)	-0.044* (0.025)	0.009 (0.027)
Constant	0.458*** (0.170)	0.555*** (0.174)	0.781*** (0.159)	0.540*** (0.164)	0.648*** (0.149)	0.362** (0.170)

Figure B.1: OLS regressions explaining blame of each factor
Source: Author's own analysis of survey data

B.10 Alternative analyses: different DV

I replicate Chapter 6 analyses using a different DV. In the analyses below, the DV is whether an item is the most blamed factor for the crisis, conceptualised as “top blame”. Whilst I discuss the results of the following bar plots in Chapter 6, I now turn to a discussion of the logistic regressions with the alternative DV which are presented in Table B.3.

H2 is still supported, with government supporters being less likely to blame the Anastasiades government by 0.11 ($p<0.05$) and more likely to blame the Christofias government by 0.23 ($p<0.01$). The only coefficient for EU support which is statistically significant is in the domestic banks model ($p<0.05$), with those who report low EU support being less likely by -0.10 to blame the domestic banking sector. The coefficients for direct crisis exposure are not statistically significant in any of the models, whilst indirect crisis exposure is statistically significant in the Christofias model ($p<0.05$), with those who suffered indirectly from the crisis being less likely to blame the Christofias government by -0.14.

Figure B.2: Percentage ranking target as top, by government support
Source: Author's own analysis of survey data

Figure B.3: Percentage ranking target as top, by EU support
Source: Author's own analysis of survey data

Figure B.4: Percentage ranking target as top, by bail-in exposure
Source: Author's own analysis of survey data

Table B.3: Logistic regressions, different DV (marginal effects)

	Anastasiades government	Christofias government	Troika	Eurogroup	CBC	Domestic banks
Government support	−0.11* (0.05)	0.23** (0.07)	−0.04 (0.02)	−0.01 (0.03)	0.06 (0.07)	−0.02 (0.05)
Low EU support	0.09 (0.07)	0.08 (0.07)	0.01 (0.03)	−0.01 (0.03)	−0.00 (0.07)	−0.10* (0.05)
Direct crisis exposure	0.10 (0.08)	0.09 (0.07)	0.01 (0.03)	−0.04 (0.02)	−0.10 (0.07)	−0.00 (0.06)
Indirect crisis exposure	0.01 (0.05)	−0.14* (0.06)	0.00 (0.03)	0.00 (0.02)	−0.01 (0.07)	0.03 (0.05)
EU responsibility	−0.08 (0.05)	−0.04 (0.06)	0.03 (0.02)	0.00 (0.02)	0.10 (0.06)	−0.08 (0.05)
Education	−0.01 (0.05)	−0.09 (0.07)	0.05 (0.03)	0.07 (0.04)	−0.14* (0.07)	0.12* (0.05)
Occupation	−0.05* (0.03)	−0.01 (0.03)	0.01 (0.01)	−0.02 (0.02)	0.00 (0.03)	−0.00 (0.03)
Gender	0.08 (0.06)	−0.15** (0.06)	−0.01 (0.02)	0.01 (0.02)	0.02 (0.06)	0.01 (0.05)
Income	−0.03* (0.02)	−0.01 (0.02)	−0.03*** (0.01)	−0.01 (0.01)	0.03 (0.02)	0.03* (0.02)
Age	0.03 (0.02)	−0.02 (0.02)	−0.01 (0.01)	−0.01 (0.01)	0.06* (0.03)	−0.01 (0.02)
Residence	0.01 (0.02)	−0.05 (0.03)	0.01 (0.01)	0.00 (0.01)	−0.05 (0.03)	0.04* (0.02)
N	257	257	257	257	257	257
McFadden's Pseudo-R ²	0.09	0.09	0.11	0.13	0.06	0.13

Notes: Standard errors in parentheses

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

Source: Author's own analysis of survey data

Appendix C

Methodological appendix: Interviews, speeches, press releases

C.1 Baseline interview questions

Please find below a set of baseline interview questions. I adopted a semi-structured interview methodology, with questions and question order varying according to the characteristics of interviewees and their time constraints.

1. During the 2013 banking crisis what position did you hold at X?
 - What are the main responsibilities/tasks that this position entails?
2. Could you please describe the general crisis climate at the time?
 - Could you please elaborate on the reaction of the people, the government etc.
3. What position did X adopt during the crisis?
 - Could you please elaborate on the party line/narrative that X chose to pursue during the crisis?

- How did X promote this narrative? ex. public statements, social media?
 - Was X involved (organisation/participation) in any demonstrations in the immediate aftermath of the bail-in decision?
 - What stance did X adopt towards the EU/Troika?
4. With regards to blame attribution, which actor does X consider as the most responsible for the crisis and the resulting bail-in decision, and why?
 5. Looking back with hindsight, would you argue that the handling of the crisis was successful?
 - If not, what could have been done differently?
 6. Do you have any further comments/remarks?

C.2 Interview methods table

Please find in the next page Table C.1 which presents practical details regarding the interviews. The table is constructed according to the outline by Bleich and Pekkanen (2015).

Table C.1: Interview methods table

Interviewee	Status	Source	Saturation	Format	Length	Recording	Transcript
<i>Category 1 (EDDs)</i>			Yes				
AKEL Official 1	Conducted in person 10/12/19	Referral		Semi-structured	18 mins	Audio recording	Confidential
AKEL Representative 1	Refused 25/11/19	Sampling frame					
AKEL Representative 2	No reply	Sampling frame					
AKEL Representative 3	No reply	Sampling frame					
AKEL Representative 4	Refused 3/12/19	Sampling frame					
AKEL Representative 5	No reply	Sampling frame					
Citizen's Alliance							
Representative 1	Conducted in person 11/12/19	Sampling frame		Semi-structured	24 mins	Concurrent notes	Confidential
DIKO Representative 1	Conducted in person 10/12/19	Sampling frame		Semi-structured	28 mins	Audio recording	Confidential
DIKO Representative 2	Conducted in person 16/12/19	Sampling frame		Semi-structured	23 mins	Concurrent notes	Confidential
DIKO Representative 3	Conducted in person 19/12/19	Sampling frame		Semi-structured	40 mins	Concurrent notes	Confidential
DIKO Representative 4	No reply	Sampling frame					
DIKO Representative 5	No reply	Sampling frame					
DISY Representative 1	Conducted in person 11/12/19	Sampling frame		Semi-structured	29 mins	Concurrent notes	Confidential
DISY Representative 2	Conducted in person 12/12/19	Sampling frame		Semi-structured	33 mins	Concurrent notes	Confidential
DISY Representative 3	Conducted in person 13/12/19	Sampling frame		Semi-structured	21 mins	Audio recording	Confidential
DISY Representative 4	No reply	Sampling frame					
DISY Representative 5	No reply	Sampling frame					
DISY Representative 6	No reply	Sampling frame					
EDEK Representative 1	Conducted in person 19/12/19	Sampling frame		Semi-structured	29 mins	Concurrent notes	Confidential
EDEK Representative 2	Refused 26/11/19	Sampling frame					
EDEK Representative 3	No reply	Sampling frame					
Green Party Representative 1	Conducted in person 16/12/19	Sampling frame		Semi-structured	26 mins	Concurrent notes	Confidential
President of the House	Conducted in person 12/12/19	Sampling frame		Semi-structured	45 mins	Concurrent notes	Confidential
<i>Category 2 (NEDDs)</i>			Yes				
CBC Governor	Conducted in person 28/6/19	Sampling frame		Semi-structured	27 mins	Concurrent notes	Confidential
Minister of Finance	Conducted in person 12/12/19	Sampling frame		Semi-structured	1h 6 mins	Concurrent notes	Confidential
Ministry of Finance Official 1	Conducted in person 16/12/19	Referral		Semi-structured	25 mins	Concurrent notes	Confidential
Ministry of Finance Official 2	Conducted in person 18/12/19	Referral		Semi-structured	17 mins	Concurrent notes	Confidential
European Commission							
Representation official	Conducted in person 13/12/19	Sampling frame		Semi-structured	1h 3 mins	Concurrent notes	Confidential

C.3 Content analysis codebook for EDDs

Data for analysis: 11 interview transcripts (EDDs), 14 parliamentary speeches, 26 press releases

Coding unit: Entire text

Context unit: Entire text

Coder notes:

- Before proceeding to coding, for each EDD text denote the ideology, stance towards the EU and party position in government (2013)
- If a statement does not contain the reference of interest, leave it uncoded

Operationalisation of blame frames: Table 8.2

Operationalisation of credit frames: Table 8.3

Coding scheme:

Measure A: Bail-in

In the entire text...

1. Is a reference made to the bail-in?
 - If yes, code the following:
2. Is the reference negative or positive?
 - If negative, please go to measure B.
 - If positive, please go to measure C.

Measure B: Blame attribution

In the entire text...

1. Is the negative reference meaningful in terms of blame attribution?
 - Following Hobolt and Tilley (2014a), a blame attribution is coded as meaningful when something is attributed to an actor in an evaluative manner.
 - If yes, code the following:

2. Is a blame attribution made to any of these targets?
 - a) President Anastasiades/ President Anastasiades' government
 - b) President Christofias/ President Christofias' government
 - c) Eurogroup
 - d) Troika
 - e) Other EU-level references
 - f) Banking sector
 - g) CBC
 - If selected a) then code as 'incumbent government scapegoating frame (EDDs)'
 - If selected b) then code as 'previous government scapegoating frame (EDDs)'
 - If selected either c), d) or e) then code as 'EU-level scapegoating frame (NEDDs)'
 - If selected either f) or g) then code as 'domestic NEDDs scapegoating frame'
 - If selected both a) and b) then code as 'EDDs circling the wagons frame'
 - If selected both f) and g) then code as 'domestic NEDDs circling the wagons frame'
 - If selected a combination of a)-g) then code as 'circling the wagons frame'

Measure C: Credit attribution

In the entire text...

1. Is the positive reference meaningful in terms of credit attribution?
 - Following Hobolt and Tilley (2014b), a credit attribution is coded as meaningful when something is attributed to an actor in an evaluative manner.
 - If yes, code the following:
2. Is a credit attribution made to any of these targets?
 - a) President Anastasiades/President Anastasiades' government
 - b) EU institutions
 - If selected a) then code as 'claiming credit for myself frame'
 - If selected b) then code as 'claiming credit for myself and the EU'

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