

ICELANDIC AND SPANISH CITIZENS BEFORE THE CRISIS: SIZE MATTERS...  
AND INSTITUTIONS TOO

*LOS CIUDADANOS ESPAÑOLES E ISLANDESES ANTE LA CRISIS:  
EL TAMAÑO IMPORTA... Y LAS INSTITUCIONES TAMBIÉN*

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ABSTRACT

In this paper, a comparative analysis between the main political citizen attitudes before the crisis in Iceland and Spain is carried out. After a brief review of political and economical antecedents, it was concluded that in Spain, as well as in Iceland, the key explanatory factors of the deep economic imbalances are located at the institutional sphere. The excesses are related in both cases to political clientelism and to diverse corruptions practices, in such a way that even the alarming signs that preceded “the official date” of the economic crisis, no convenient measures were adopted in time. In this context, the crisis has played a catalyst role, accelerating the demands aimed at achieving a better performance of the democratic system in both countries. Distrust in politicians and in political parties, as well as in other formal institutions, has not been translated neither in lack of confidence in the democracy system *per se*, nor in political apathy. Moreover, the discontent has been in both cases translated into both formulae of more political informal participation and of a greater support to more direct democracy, though through different channels and with different results. In the discussion, diverse hypotheses are explored in order to explain the main findings in the comparative analysis. On the one hand, some of the variables associated to small-states literature are taken into account, in order to argue the main differences found out between the Spanish and Icelandic cases. On the other, diverse hypotheses from the political science literature are considered in search of a plausible explanation of the major parallelisms found.

*Keywords:* Financial Crisis; Citizen Involvement; Political Dissatisfaction; Direct Democracy; 15-M Movement; Small-States Literature; Institutions.

## RESUMEN

En este trabajo, se ha llevado a cabo un análisis comparativo de las principales actitudes de los ciudadanos islandeses y españoles ante la crisis. Tras realizar una breve revisión de los antecedentes económicos y políticos, se concluye que, tanto en España como en Islandia, las claves explicativas de los profundos desequilibrios económicos se sitúan en la esfera institucional. Las causas de los excesos se relacionan en ambos casos con el clientelismo político y con diversas prácticas de corrupción, de forma que, a pesar de las señales de alarma que precedieron a “la fecha oficial” de la crisis financiera, no se adoptaron las medidas oportunas. En este contexto, la crisis económica ha desempeñado el papel de catalizador de reivindicaciones orientadas a conseguir un mejor funcionamiento del sistema democrático. La desconfianza en los políticos y en los partidos políticos, así como en otras instituciones formales, no se ha traducido en falta de confianza en el sistema democrático en sí, ni en apatía política. Más bien el descontento se ha traducido en ambos casos en fórmulas de mayor participación política informal y un mayor apoyo a fórmulas de democracia más directa, si bien por cauces diferentes y con distintos resultados. En la discusión, se exploran diversas hipótesis para explicar los resultados obtenidos en el estudio comparativo. Por una parte, con vistas a explicar las principales diferencias encontradas, se han tenido en cuenta algunas de las variables consideradas en la literatura específicamente referida a estados pequeños. Por otra, a efectos de argumentar del modo más plausible posible los principales paralelismos encontrados, se han sugerido algunas de las hipótesis manejadas en ciencia política.

*Palabras clave:* Crisis financiera; Participación ciudadana; Desafección política; Democracia directa; Movimiento 15-M; Instituciones.

*JEL classification:* B52, F62, G01.



## INTRODUCTION\*

There is a rather extended perception in different parts of the world a propos of the management of the economic and financial crisis in Iceland in the sense of considering that it has been courageously led from the most genuine popular sovereignty. For instance, as for how the government in office was compelled to resign or how, facing the downfall of the major private banks, the citizenship successfully opposed to the payment of compensations to foreign depositors. It should also be mentioned the conviction that, in Iceland, all corrupt people are sentenced in a flawless manner, and how, in close relation to the crisis and diverse popular demonstrations of discontent, a constitutional bill was drafted and unanimously approved by a directly elected assembly. However, the majority of these assertions require some nuances.

In this paper, a comparison between the main political attitudes of citizens before the crisis in Iceland and Spain is carried out. A brief review of their political and economic background allows us to find some parallelisms: in both of them, worrying signals of economic imbalances existed years before “the official date” of the crisis, and in none of them the adequate measures were taken out in time. Besides, political and institutional factors could have more explanatory power to interpret the recent evolution of their economies than the international financial crisis itself.

In the next section, I analyze the basics of both the political system and the economic crisis in Iceland and Spain. Next, political culture is outlined, emphasizing how, in both cases, it constitutes a key explanatory factor of their own internal crisis. I dedicate also a section to show how the economic crisis has played the role of a catalyst of claims in order to achieve a better performance of the democratic system in both countries. The distrust in politicians and political parties, as well as in other institutions, gave rise to more citizen involvement and support for direct democracy, even though in different ways and with different outcomes. The paper concludes with a discussion. In particular, diverse hypotheses are explored in order to explain the main findings derived from the comparative analysis carried out. On the one hand, in order to argue the main differences found between the Spanish and Icelandic cases, some of

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the variables associated to small-states literature are considered. On the other, in search of a plausible explanation of the major parallelisms found between them, diverse hypotheses from the political science literature are taken into account.

## 1. POLITICAL AND ECONOMIC BACKGROUND

Iceland is an ancient and consolidated parliamentary democracy. Although the electoral system was reformed in 1959, over-representation of rural areas still persists. Since the 20th century, the country had almost always been governed by majority party coalitions. Protest initiatives prompted the government to convoke elections in April 2009. This was the first time that a left coalition took office as well as the first time in its 80-year-old history that the Independence Party did not obtain the largest share of the vote (Jóhannesson 2013). On his turn, since 1978 Spain is a parliamentary monarchy. A proportional-representation electoral system was established, with a majoritarian bias. In order to facilitate the existence of big and strong political parties and consolidate the new democracy, closed and blocked lists were established. The Spanish political system was in fact articulated as a two-party system, the so-called “bipartisanship”. Some new parties were created recently in Spain and these minor parties seem to be able to break the “bipartisanship”.

Prior to the economic and financial crisis, the Spanish economy was too focused on activities with low productivity levels, in particular in the construction sector. It was also too dependent on external credit. The rising deficits in the current account balance were linked to the high private level of indebtedness tied to the real estate sector. Even if sporadic public superavits had been attained the two fiscal years previous to the crisis, these did not compensate for increases of the private indebtedness. Thus, the fall in interest rates and the expansion of credit, together with a rigid supply, contributed to the housing bubble which took place in parallel to the economic and financial crisis in Spain (see, for instance, Hernández and Jimeno 2013).

Deficit and debt levels experienced a deep increase and credit was reallocated from the private to the public sector (see, for instance, Broner *et al.* 2014). The austerity that characterized the majority of policies taken, along with an “internal devaluation”, contribute to explain why external imbalances ceased to be a problem. The total public aids provided to the banking sector from the beginning of the crisis amounted 61 billions of euros. Nevertheless, the public participation in the banking system has not completely disappeared yet (Bank of Spain 2014).

Easy access to credit in the international financial markets also led to the expansion of the banking sector in Iceland, in particular of the recently privatized banks, after a process of liberalization of the economy that took place between the 1990s and 2004. In 1994 Iceland became a member of the European Economic Area (EEA) and, among other consequences, restrictions on movement of capital were removed. In 2001 a floating exchange rate regime

was established, anchored by an inflation target (Matthiasson 2008). Persistent inflationary pressures led the Central Bank of Iceland to increase the interest rate. The collateralised lending rate reached two digits in January 2006 (18% in October 2008). According to Wade (2009), while failing to contain inflation, this measure encouraged borrowing abroad in lower-interest-rate currencies and, at the same time, attracted huge amounts of speculative capitals, seduced by the interest rate differential and the appreciation of the Icelandic Krona (IK). The economic growth became dependent on foreign capitals and when the liquidity crisis in the interbank market started, the banks resorted to the retail money market, attracting deposits abroad, such as Icesave Internet accounts, through relatively high interest rates (Wade 2009). Given the interest rate differential, the magic formula seemed to be: “to borrow outside-to lend inside”, while the consequences of the excessive risks taken started to relapse into the whole economy. Similar to Spain, all this, combined with a rigid supply, resulted in a housing price bubble (Matthiasson 2008).

As is well known, in 2008, the three major banks of Iceland collapsed and were re-nationalized. In contrast to other deposits that were operated through subsidiaries, Icesave online deposit accounts in the United Kingdom and the Netherlands were not covered by national deposit protection schemes, as they operated through branches of Landsbanki (one of the three major collapsed banks), supervised by the bank’s home country.

The external sector markedly contributed to the recovery of both the Icelandic and the Spanish economies. This process took place in direct relation to the depreciation of the IK in the first case, and with support on an “internal devaluation” process in the second one. As in the Spanish economy, the Icelandic one suffered deep deficits in its current account balance the years prior to the crisis (up to 25% of GDP in 2006), turning to superavit in 2013 (from 2009 if expenses in winding-up proceedings are excluded) (see Bank of Spain 2014, Central Bank of Iceland-Statistics, and OECD 2013). In the same way, public debt grew, from relatively modest values the previous years to the crisis in both countries, to levels between 80-90% of GDP. While this figure started to fall below 80% of GDP in the first months of 2014 in Iceland, it is approaching 100% of GDP nowadays in Spain (Bank of Spain data and Central Bank of Iceland 2014). Nevertheless, as loans had been indexed against inflation or foreign-currency denominated, the private debt (in the hands of both households and firms) also increased. Some of these loans had been ruled illegal by the Supreme Cour. Besides, some support measures have been put on the table, such as “the 110% measure”; a ceiling fixed at 110% of the value of mortgaged assets. All in all, household debt remains relatively high and uncertainty persists. Despite the signals of economic recovery, first in Iceland and afterwards in Spain, difficulties in obtaining credit are reported by firms in both countries.

In sum, many similarities may be found between Iceland and Spain in terms of the main economic imbalances that preceded the international crisis. In particular, the dependence on external capitals (in close relation to the real estate sector), and the inflationary pressures.

## 2. THE POLITICAL CULTURE AND THE “EXTRACTIVE ELITES”

Both, Spain and Iceland, had their own internal crisis, favoured to a great extent by their own political culture and public institutions. That is, their problems are as much political as economic (Gylfason 2014a; Fernández-Villaverde *et al.* 2013). The economic imbalances were linked in Spain to the real estate boom and the corruption generated around it, and in Iceland to the expansion of the banking sector and the corrupt manner of its Russian-style privatization (Gylfason 2014a).

Fernández-Villaverde *et al.* (2013) indicate that, given that Spaniards have traditionally held a large share of their wealth in real estate, the drop in interest rates had a distinctive effect in their economy, aggravated by the network of vested interests woven around the sector. The institutional issues analyzed by these authors refers to the fact that since 1997 regions have nearly complete control over zoning, and that land development became a significant (both legal and illegal) source of revenues for local authorities giving rise to a widespread corruption. Fernández-Villaverde *et al.* (2013) point also out the capture of the *cajas* (a type of savings banks; the nonprofit segment versus the banks) by local politicians and how they channeled lending in an indiscriminate way to real estate developers. Thus, they resorted to wholesale funding on an unprecedented scale, exacerbating the effects of the financial crisis. At present, almost all *cajas* have disappeared as such and in parallel the autonomous regions started suffering an institutional crisis.

As Molinas (2013) points out, the Spanish entrepreneurs, in collusion with the politicians, have developed a system of rent-seeking, or, extractive economic institutions. These are defined by Acemoglu and Robinson (2012) as those designed to extract incomes and wealth from one subset of society to benefit a different subset, without adding new wealth, that is, deterring economic prosperity. Politicians have become an extractive elite that places its own interest first. The aforementioned author estimates that there are around 300,000 people whose appointment, rents or privileges depend in some way on political decisions. This is particularly remarkable around the enterprises and diverse types of entities created under the tutelage of the *cajas* by the regional governments. Besides, a number of regulatory and supervisory institutions (theoretically independent) became colonized by the two biggest parties (the People’s Party and the Spanish Socialist Workers’ Party), sharing between them quotas in order to appoint positions in their governing bodies (Molinas 2013). A good example of the problematic links, from an ethical point of view, between political and entrepreneurial structures is the fact that two ex presidents of the Spanish national government (thus, belonging to the two biggest parties) were in the board of directors of two of the biggest enterprises in the energy sector, one of the most regulated in the Spanish economy, structured as an oligopoly.

Though in another way, the banks in Iceland were also captured by the politicians. State banks in Iceland were part of the political power structure and, once privatized, the interests network persisted, with alliances and ties between politicians and banks, questionable from an ethical point of view [such

as political contributions and substantial loans to various MPs (members of parliament)] (Gylfason 2013a and 2014a, and Wade 2009).

Several years before 2008 observers, technical staff and policymakers had started to warn of the presence of serious imbalances in the Spanish economy. Nevertheless, no credible measures were undertaken in the matter (Fernández-Villaverde *et al.* 2013). On his turn, in Iceland, as early as in 2004, a consultation group was set up by the Icelandic authorities in order to collaborate with politicians in preventing a financial crisis. All in all, the group was not formally established until two years later and symptoms of bad working practice were found (Árnason 2010). Moreover, some foreign observers had mentioned the excessive growth of the Icelandic banking system and its risks, among other imbalances (Jóhannesson 2013 and Wade 2009).

In order to understand the cause of the banking crisis and analyze if the government could have prevented it, a Special Investigative Commission (SIC) was established in Iceland. The SIC concluded that even if governmental measures would have taken place in 2006 it would have been too late to save the banks. Furthermore, bankers were not the sole agents to be criticized; governmental administrative apparatus and its political leadership were also object of criticism, basically in terms of laxity and lack of transparency (Óskarsdóttir 2012). On his turn, the Working Group on Ethics (WGE), as part of the SIC, carried out an inquiry to estimate to what extent the banks' collapse could be explained by morality and work practices in three spheres: the financial sector, the administrative-political sector, and the socio-cultural sphere (including the media). Indeed, the main conclusion was that although several individuals, in different spheres "... showed negligence and sometimes reprehensible action, the most important lessons to draw from these events are about weak social structures, political culture and public institutions" (Althingi 2010a).

In sum, easy access to credit in the international financial markets led in both countries to the expansion of the banking sector. In particular, the expansion of the recently privatized banks in Iceland (domestically and internationally expanded) and of the *cajas* (above all) in Spain (domestically). The cause of the excesses, instead, should be searched for in the institutional sphere, frequently in close relation to clientelist and collusion practices. Thus, political clientelism and diverse forms of corruption explain in great extent the deep roots of their internal crisis.

In parallel to the economic and financial crisis, an institutional and political crisis emerged in the Spanish society. Diverse circumstances contributed to it. For instance, the delay on part of the government in recognizing the true importance and character of the crisis increased the lack of trust in politicians. Similar circumstances surrounded the Icelandic crash. Besides, in general, the Spanish population perceives unfair asymmetries between the rescue measures of the banking system (involving high public expenditures linked to its restructuring) and the eviction processes suffered by many households that have been unable to deal with the mortgages granted by these very same financial entities. In Iceland, during the 2009-early 2013 period, three families per day in average were object of eviction's processes, while banks "... continue in some

ways to behave like a state within the state despite having been found guilty in court of legal violations” (Gylfason 2014a).

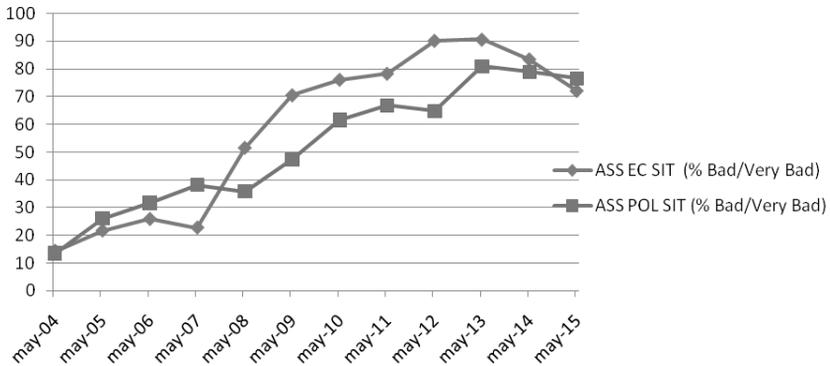
At the same time, the end of the so-called “culture of the transition” seems to be taking place in Spain, contributing likewise to favour the political aspirations of many Spaniards in terms of new rules governing the political arena. The “culture of the transition” refers to a cultural model created in the period of the incipient transition to democracy, oriented to eliminate any destabilizing, dissenting or problematic initiative (Martínez 2011). This model was displayed as the only way to a peaceful system of coexistence, given the diverse fears deeply rooted in the Spanish society (such as the possibility of a coup d’état; terrorist activities or the ungovernability of the country). It constituted a sort of cultural monopoly in the hands not only of the state but also the media, that created a conformist imaginary with implications over public issues in general. Among the changes in the political system that increasingly Spaniards aim to achieve, two must be emphasized: internal democracy in the political parties and a new electoral system (for instance, open lists for congress elections -not only for the senate’s-, and an allocation of seats more proportional to the number of votes actually obtained). Thus, according to Metroscopia’s surveys, in May 2014, 93% of the interviewed declared that the political parties should introduce deep changes in order to pay more attention to what people think, against 90% declared two years before.

In this vein, Molinas (2013) considers that the political regime derived from the 1978 constitution is suffering remarkable legitimacy losses, pointing out that what is unusual in the Spanish case is not the existence of political corruption, but the absence of mechanisms to control it. Indeed, popular pressure has been exerted in Spain in order to regulate a new law of political parties. For instance, various platforms focused on signing petitions in this sense have been launched simultaneously in the Internet, giving rise to duplicities between some of them. Several parties have already initiated *motu proprio* changes in this direction, in particular, to attain more direct intra-party democracy. This has been the case, to a great extent, in some of the most recently founded, with the exception of the Spanish Socialist Workers’ Party that, after almost twenty years holding non-direct primaries, has held for the first time secret, direct and open to all affiliated members ballot on July 13, 2014 (“one affiliated member, one vote”), in order to elect their general secretary.

### 3. AND YET IT MOVES: CITIZENS POLITICAL ATTITUDES DEALING WITH THE CRISIS

Political and institutional roots should be scrutinized both in Iceland and Spain, in order to understand the actual sense of the economic crisis. To this effect, it is very illustrative to observe the evolution in parallel of the (negative) assessment that the Spanish population carries out of the current economic and political situation (see figure 1). Similarly, in Iceland, “... a narrative gained ground, which held that the crisis was the result of a tradition of clientelistic political parties...” (Óskarsdóttir 2012).

FIGURE 1. EVOLUTION OF THE ASSESSMENT OF THE CURRENT ECONOMIC AND POLITICAL SITUATION IN SPAIN, 2004-2015



Source: Elaborated with Data from CIS (Consejo de Investigaciones Sociológicas).

Both countries share severe consequences of the crisis on their economies, as well as a distrust climate and low levels of confidence in political institutions (see tables 1 and 2). According to the Standard Eurobarometer, from 2009 onwards, the distrust level in diverse governmental institutions in Spain is higher than both in the EU on average, and in Iceland (table 1). It is worthy to point out how political parties are the less trusted among the institutions included in table 1, in all cases (EU, Iceland and Spain). A similar picture is provided by the World Economic Forum estimates: from 2013 onwards, except for irregular payments and bribes, the appraisal corresponding to Spain yields values under the world average, and below those corresponding to Iceland for all the items shown in table 2. In both countries, the values obtained in 2015 remain below those attained in 2008 (except for transparency of government policymaking in the Spanish case) (see table 2).

TABLE 1. TRUST IN NATIONAL INSTITUTIONS: TEND NOT TO TRUST IT, % (EU, ICELAND AND SPAIN), 2007-2015

		EU27 (EU28 from 2013 onwards)	Iceland	Spain
2007 (Fieldwork: September- November)	Political parties	75%	-	61%
	The Government	59%	-	45%
	The Parliament	56%	-	43%
	Justice/the legal system	46%	-	38%
2008 (Fieldwork: October- November)	Political parties	75%	-	64%
	The Government	61%	-	49%
	The Parliament	58%	-	47%
	Regional or local public authorities	44%	-	44%
	Justice/the legal system	47%	-	42%
2009 (Fieldwork: October- November)	Political parties	79%	-	80%
	The Government	65%	-	68%
	The Parliament	63%	-	66%
	Regional or local public authorities	43%	-	56%
	Justice/the legal system	51%	-	55%
2010 (Fieldwork: November; May for the data corres- ponding to regional or local public authorities)	Political parties	80%	84%	85%
	The Government	67%	69%	74%
	The Parliament	62%	68%	69%
	Regional or local public authorities	46%	41%	57%
	Justice/the legal system	48%	35%	51%
2011 (Fieldwork: November)	Political parties	81%	83%	84%
	The Government	70%	70%	80%
	The Parliament	66%	69%	74%
	Regional or local public authorities	48%	43%	61%

2012 (Fieldwork: November)	Political parties	80%	81%	91%
	The Government	68%	65%	86%
	The Parliament	66%	64%	85%
	Regional or local public authorities	50%	33%	74%
2013 (Fieldwork: November)	Political parties	82%	76%	93%
	The Government	72%	67%	89%
	The Parliament	69%	57%	89%
	Regional or local public authorities	50%	32%	75%
2014 (Fieldwork: November)	Political parties	80%	76%	92%
	The Government	65%	64%	87%
	The Parliament	62%	55%	84%
	Regional or local public authorities	50%	35%	78%
	Justice/the legal system	45%	31%	71%
2015 (Fieldwork: November)	Political parties	78%	-	86%
	The Government	66%	-	80%
	The Parliament	64%	-	80%
	Regional or local public authorities	51%	-	72%

Source: Standard Eurobarometer, European Commission (several years: EB68, EB70, EB72, EB73, EB74, EB76, EB78, EB80, EB82, and EB84).

TABLE 2. OPINION SURVEY INDICATORS-INSTITUTIONS, 2007-08, 2013, 2014, AND 2015 (ICELAND, SPAIN AND THE WORLD AVERAGE\*) ON A SCALE OF 1 TO 7 (FROM THE WORST TO THE BEST POSSIBLE OUTCOME)

		Iceland (rank)	Spain (rank)	World (weighted average)
Transparency of government policymaking	2007-08	5.6 (6)	3.8 (89)	4.2
	2013	4.9 (26)	3.9 (87)	4.2
	2014	4.7 (23)	3.6 (105)	4.0
	2015	5.1 (20)	4.0 (76)	4.2
Favoritism in decisions of government officials	2007-08	5.2 (9)	3.5 (43)	3.3
	2013	3.6 (40)	3.1 (64)	3.2
	2014	3.7 (35)	3.0 (78)	3.2
	2015	3.9 (31)	2.9 (78)	3.2
Diversion of public funds due to corruption	2007-08	6.1 (7)	4.7 (32)	3.8
	2013	5.1 (22)	3.2 (69)	3.5
	2014	5.1 (22)	2.8 (90)	3.5
	2015	5.3 (20)	2.9 (98)	3.6
Irregular payments and bribes	2007-08	-	-	-
	2013	6.3 (7)	4.7 (43)	4.1
	2014	6.3 (8)	4.4 (50)	4.1
	2015	6.5 (5)	4.5 (45)	4.1
Public trust in politicians	2007-08	5.7 (7)	3.6 (39)	3.0
	2013	3.3 (48)	2.3 (101)	3.1
	2014	4.0 (27)	2.2 (117)	3.1
	2015	4.3 (26)	2.3 (108)	3.2
Judicial independence	2007-08	5.9 (14)	4.3 (56)	4.1
	2013	5.6 (19)	3.7 (72)	3.9
	2014	5.5 (23)	3.2 (97)	3.9
	2015	5.7 (19)	3.5 (84)	4.0

\* 134, 148, 144, and 140 economies included, respectively.

Source: Schwab K. (ed.) (2013): *The Global Competitiveness Report 2013-2014*. Geneva: World Economic Forum; Schwab K. (ed.) (2014): *The Global Competitiveness Report 2014-2015*. Geneva: World Economic Forum; Schwab K. (ed.) (2015): *The Global Competitiveness Report 2015-2016*. Geneva: World Economic Forum; and Schwab K., and Porter M.E. (co-dirs.) (2008): *The Global Competitiveness Report 2008-2009*. Geneva: World Economic Forum.

Corruption explains to a great extent a rise of distrust in public institutions, both in Iceland and Spain. Nevertheless, a gap does exist between different estimates. In particular, in Spain corruption perception points at alarming levels, while other estimates, possibly more objective, such as those referred to direct experiences with bribes, provide a different picture. Basically, politicians, rather

than civil servants, mainly at regional and municipal level, are involved in the high-profile corruption scandals. The length of proceedings (10 years on average for corruption macrocases) and the high level of reprieves in relation to this kind of offences (132 reprieves given to politicians condemned because of corruption between 2000 and 2012) most certainly lead to a impunity perception, as well as a tendency to magnify the problem (Fundación Alternativas 2014).

As can be seen in table 3, the dissatisfaction degree with how democracy works nationally has increased. It should be highlighted how, in just seven years, appraisal in Spain is completely reversed: in 2007 more than three-quarters of the population was completely satisfied with democracy, while in 2014 less than a quarter was. Nevertheless, the last data available show us that dissatisfaction with the way national democracy works has lost significant ground in Spain (see table 3). All in all, in the EU on average, the fall of the satisfaction degree has been much more moderate, amounting 5 points from the beginning of the studied period *versus* 42 points in Spain. The gathered data in table 3 allow us to assert that, from 2010 onwards, the percentage of polled people dissatisfied is greater in Spain than in the EU. In the same vein, experts in Spain estimate that democracy quality is decreasing. According to the reports of the Fundación Alternativas, on a scale of 0 to 10, the rating fell from 6.2 points in 2007 to 5.2 points in 2014 (obtained by polling a group of experts -57 questions-, and applying the methodology developed at the Human Rights Centre at Essex University).

TABLE 3. PERCEPTION OF THE WAY NATIONAL DEMOCRACY WORKS: DEGREE OF SATISFACTION, % (EU, ICELAND AND SPAIN), 2007-2015\*

		EU27 (EU28 from 2013 onwards)	Iceland	Spain
2007 (Fieldwork: September- November)	Total "Satisfied"	58%	-	77%
	Total "Not satisfied"	39%	-	20%
	Don't know	3%	-	3%
2009 (Fieldwork: October- November)	Total "Satisfied"	53%	-	58%
	Total "Not satisfied"	45%	-	41%
	Don't know	2%	-	1%
2010 (Fieldwork: May)	Total "Satisfied"	54%	49%	53%
	Total "Not satisfied"	44%	49%	45%
	Don't know	2%	2%	2%

2011 (Fieldwork: November)	Total "Satisfied"	52%	-	45%
	Total "Not satisfied"	46%	-	53%
	Don't know	2%	-	2%
2012 (Fieldwork: November)	Total "Satisfied"	49%	-	32%
	Total "Not satisfied"	49%	-	66%
	Don't know	2%	-	2%
2013 (Fieldwork: November)	Total "Satisfied"	46%	-	24%
	Total "Not satisfied"	52%	-	75%
	Don't know	2%	-	1%
2014 (Fieldwork: November)	Total "Satisfied"	50%	-	22%
	Total "Not satisfied"	48%	-	76%
	Don't know	2%	-	2%
2015 (Fieldwork: May)	Total "Satisfied"	53%	-	35%
	Total "Not satisfied"	45%	-	63%
	Don't know	2%	-	2%

\* This question was not asked in the 2008 surveys (see Eurobarometers EB 69 and EB 70). For a global (EU) perspective from 2004 to date, please see the figure on page 100 of EB 80 (Standard Eurobarometer 80, Public Opinion in the EU, Autumn 2013).

Source: Standard Eurobarometer, European Commission (several years: EB68, EB72, EB73, EB76, EB78, EB80, EB82, and EB83).

All information displayed above shows the growth of political and institutional disaffection both in Spain and in Iceland. Table 4 concerns interest in politics in the period 2008-2015. The gathered data for Spain show a moderate upward trend. Politicians in general, political parties and politics had become a problem themselves in the last years in Spain. The fact that this problem has been gaining significance among the most important ones mentioned in the public-opinion polls in Spain, expresses a severe problem of political dissatisfaction (see table 5).



TABLE 4. INTEREST IN NATIONAL AND LOCAL POLITICS: TOTAL “YES”, %<sup>a</sup>, 2008-2015

		EU27 (EU28 in 2014 and 2015)	Iceland	Spain
2008 (Fieldwork: October-November)	Political matters	71 %	-	59%
2010 (Fieldwork: November)	National political matters	74%	89%	58%
	Local political matters	74%	88%	61%
2011 (Fieldwork: November)	National political matters	73%	87%	66%
	Local political matters	74%	85%	71%
2012 (Fieldwork: May) <sup>b</sup>	National political matters	76%	84%	67%
	Local political matters	73%	80%	69%
2013 (Fieldwork: May)	National political matters	75%	-	66%
	Local political matters	73%	-	63%
2014 (Fieldwork: June)	National political matters	76%	85%	70%
	Local political matters	74%	89%	67%
2014 (Fieldwork: November)	National Political matters	77%	84%	65%
2015 (Fieldwork: May)	National political matters	77%	-	67%
	Local political matters	74%	-	65%

<sup>a</sup> In respect to the question: “When you get together with friends or relatives, would you say you discuss political matters frequently, occasionally, or never?”, % of polled people whose answer was “Frequently or occasionally”.

<sup>b</sup> In EB78 (Fieldwork: November 2012), these two data are not available for Iceland, thus, we have used data from EB77 (Fieldwork: May 2012).

Source: Standard Eurobarometer, European Commission (several years: EB70, EB74, EB76, EB77, EB79, EB81, EB82, and EB83).

TABLE 5. THE THREE MOST IMPORTANT PROBLEMS SPAIN IS FACING AT THE MOMENT (MULTIPLE ANSWERS POSSIBLE, MAX. 3 ANSWERS) PUBLIC-OPINION POLL, %, 2004-2015

	2004 (May)	2005 (May)	2006 (May)	2007 (May)	2008 (May)	2009 (May)	2010 (May)	2011 (May)	2012 (May)	2013 (May)	2014 (May)	2015 (May)
Unemployment	59.0	53.1	46.3	42.2	52.5	77.3	79.9	84.1	81.7	82.4	80.8	79.4
Corruption and deception	0.7	0.4	1.6	2.8	0.5	1.9	4.4	5.0	9.3	30.7	35.7	50.8
Problems of economic character	11.9	17.3	17.3	15.5	51.9	48.7	50.9	46.6	51.0	34.9	28.6	25.1
Politicians in general, political parties and politics	4.8	7.8	8.2	11.1	7.1	10.1	18.8	22.1	22.5	29.7	25.6	18.8

Source: CIS (Consejo de Investigaciones Sociológicas).

The lack of confidence in representative democracy was not translated into a loss of confidence in the democratic system *per se* in Spain. Rather, formulae of more citizen involvement and more direct democracy were claimed for and/or tried in the last years. As in Spain, in Iceland, as trust in representative democracy fell, support for more citizen involvement and more direct democracy grew (Óskarsdóttir 2012). Besides, there are no signs that political apathy is rising in neither of this two countries. On the contrary, the rejection to the political *statu quo* or, more generally, to the way representative democracy functions nowadays, has given rise to numerous open demonstrations and public rallies, as well as diverse and numerous citizens initiatives and social movements: citizens' campaigns, new parties and new associations [such as the (Icelandic) Association of indebted households and the (Spanish) Platform for those Affected by Mortgages (PAM); or the Constitutional Society in Iceland]. Many of these initiatives were spread with the support of digital communication networks, such as Internet forums, social networks and platforms. In sum, it seems that the economic crisis played the role of a catalyst of claims in order to achieve a better performance of the democratic system, through non-electoral political participation, especially, protest initiatives.

Table 6 illustrates the absence of political apathy signs in Spain. Despite the inconveniences with respect to this kind of data, both data series displayed in table 6 show that the number of demonstrations has increased visibly, in parallel with the economic crisis, as was the case with other initiatives of non-electoral political participation. In particular, the attitudes and reactions of citizens are increasingly oriented towards three kinds of protest initiatives in

Spain: signing petitions (more than 33% of the interviewed declared having followed this initiative in the last 12 months), legal demonstrations (close to 26%), and participation in social organizations (more than 20%) (European Social Survey 2002-2012, from Fundación Alternativas, 2014).

TABLE 6. ANNUAL NUMBER OF DEMONSTRATIONS IN SPAIN SINCE 2006

Year	Informed (A)	Uninformed (A)	Prohibited (A)	Total (A)	Total (B)
2006	4,066	5,165	2	9,231	12,765
2007	4,527	4,604	12	9,131	14,184
2008	8,760	6,466	139	15,226	16,118
2009	18,568	5,455	297	24,023	17,453
2010	21,941	ND	273	> 21,941	19,336
2011	21,297	ND	371	> 21,297	18,422
2012	44,233	ND	294	> 44,233	44,815
2013	43,170	ND	1,682	> 43,170	49,302
2014	36,679	ND	1,482	> 36,679	45,161

Sources: (A): Elaborated with data from Ministerio del Interior (*Anuario Estadístico*, various years) and (B): Ministerio de Hacienda y Administraciones Públicas (*Informe de Evaluación sobre el Funcionamiento de los Servicios de la Administración Periférica del Estado*, various years. Data from Basque Country and Catalonia are not included).

### 3.1. THE 15-M MOVEMENT

It is almost impossible to carry out a systematic revision of all the social movements (sometimes disperse) and of the mobilization initiatives (non-always clearly delimited) in Spain. For this reason, the 15-M (or *indignados*) movement, a well-known internationally initiative, is to be highlighted. The 15-M movement is the stronger citizens movement in the present democratic period in Spain. It has achieved to redefine politics (see Beas, 2011), and even to spread itself overseas. This popular movement of protests (without precedents) took place on May 15, 2011, just one week before regional and municipal elections. The revulsives came from different online and grassroots platforms, such as *No Les Votes* (“Do Not Vote for Them”), an online campaign recommending not voting the major parties, in opposition to the “Ley Sinde”, a bill aimed at curtailing “Internet piracy” (Postill 2014). Other antecedents linked to the 15-M movement were the platforms “Youth without a Future” (centered around the youth unemployment in Spain) and the PAM (housing issues). It is worthy to remark how “freedom technologists” linked to the 15-M movement (through *No Les Votes* platform) redirected their activities from the free culture to meta-politics issues, focusing finally on changing the political system as a whole (see Fuster 2012 and Postill 2014). A few months before the 15-M march, diverse collectives diffused the protest call through social networks and forums. The initiative was bonded through online platform “Real Democracy now!” (“*¡Democracia Real Ya!*”). The demonstrations call was a success: around

50 cities mobilized approximately 150,000 people (20,000 in Madrid) (see <http://www.tomalaplaza.net>, the main national portal of the 15-M movement, and <http://www.15m.cc/p/que-es-15mcc.html>, the “15Mpedia”, an independent umbrella covering issues and projects about the 15-M movement).

At first led by young people, the movement as such started on 15 May, 2011, in Madrid. A spontaneous sit-down after the arrest of around twenty participants at the end of the march, ended as a permanent encampment (*acampada*). It was followed by other pacific encampments in different places in Spain in the subsequent days. A clear example of citizens involvement in diverse initiatives surrounding the 15-M movement is the multiple assemblies ruled by open and spontaneous participation. Some neighbourhood assemblies ended up becoming cooperatives.

According to the enquiry carried out by Calvo *et al.* (2011) about the profile of the participants in the 15-M movement, it is to be pointed out their low age (the majority comprised between 19 and 30 years old), high educative level (predominantly licenciante or university students) and well defined political conscience, even though they usually do not vote and when they do, they vote minor parties. Their aim consists of a general reform of the way politics works, in order to attain a more participative democracy, escaping from the bipartisanship model.

From the start, the 15-M movement avoided formal links with political parties or trade unions. Nevertheless, according to the enquiry carried out by Calvo *et al.* (2011) the participants are less reticent to declare their ideology than the Spaniards on average, declaring a clear trend to the left. On the other hand, it is unavoidable to relate the creation of some new parties with the 15-M movement. In particular, the We Can party (*Podemos*) turned out to be identified with the movement.

The 15-M movement generated a high level of sympathy among the Spanish population, even three years after the first mobilizations. According to the surveys carried out by Metroscopia, the 15-M movement inspires sympathy rather than rejection to more than 50% of the population (66% if referred to early June 2011, and 56% in May 2014). Besides, not more than 33% of the population declared a rejection (the rest shows neither sympathy, nor rejection) (Ferrándiz 2014).

### 3.2 “THE POTS AND PANS REVOLUTION” IN ICELAND: PARALLELISMS AND DIFFERENCES WITH RESPECT TO THE 15-M MOVEMENT

“The pots and pans revolution” constitutes an illustrative example of support for more citizen involvement and more direct democracy in Iceland in the last years: “Under the sponsorship of the newly formed Voices of the People, some 2,000 to 10,000 people –many of them middle-aged and middle-class, not stereotypical protesters– have gathered in Reykjavik’s small central square every Saturday afternoon since October [2008] to articulate popular demands on the government ... [and] Every Monday evening, up to a thousand have attended meetings in Reykjavik’s biggest theater ... “ (Wade 2009).

Some parallelisms may be found between “the pots and pans revolution” and the 15-M movement. In both cases, the citizens claim for more political respon-

sibility, accountability and transparency, under slogans such as “New Iceland”, in the open meetings and public rallies organized in Iceland (Óskarsdóttir 2013), and “They do not represent us”, “They call it democracy, but it is not that”, “It is not a crisis, it is the system”, and “Our model is the Icelandic one”, in Spain. Indeed, the Spanish and the Icelandic social movements differ from the mobilizations in other European countries. For instance, in France, Greece, or the United Kingdom, mobilizations were more focused on social expenditure restraints and no so much on a bad political management of the crisis (see Jiménez 2011).

In Iceland, a minority government took office in 2009. New elections and the establishment of a constitutional assembly, figured among its promises. The increased popularity of the Left-Green-Movement (founded in 1999) gave an historic victory to the two left-of-centre parties, becoming to form a coalition alone (Óskarsdóttir 2013). Left-Green supporters constituted the most numerous group among the demonstrators and though new *ad hoc* groups organized the protests, some of them had links to the Left-Green-Movement (Óskarsdóttir 2012). In Spain, the 15-M movement did not established formally ties with any political party, but favoured the foundation of new parties, informally linked to the movement, as was the case of the We Can party, officially founded two months before the European elections held on May 20, 2014. The We Can party was able to obtain 1,253,837 votes (representing 5 MPs over a total of 54). Within a framework traditionally marked by bipartisanship, the two biggest parties obtained 7,712,571 votes *versus* 12,812,016 ballots in the previous elections, held in 2009 (30/54 MPs *versus* 44/50 MPs), with the We Can party in fourth place, after the “Left Pluralism” Coalition (see table 7). These electoral outcomes reveal change aspirations of the Spanish population. As was the case in Iceland, the unpopularity of the government does not translate into a gain for the opposition (Óskarsdóttir 2012). The electoral outcomes in Spain illustrate that the existence of just a single electoral constituency without threshold (for allocating seats purpose, in contrast to the general and local elections in Spain) favours the presence of minor and/or new parties in the parliament, even though D’Hondt method applies in all cases. In respect of the We Can party voters, 45% of them has 35-54 years of age; 21% has university studies, and half of them works. In the previous European elections, 34% of them voted the Spanish Socialist Workers’ Party, 17% the United Left, and 5% the People’s Party (Tóharia 2014). These figures indicate that the *grosso* of the voters is clearly situated at left-of-the-center.

With respect to the main differences between the 15-M movement and “the pots and pan revolution” and their effects, in Iceland “... soon the demands became more specific. They included a call for new elections, the replacement of the leadership of the Central Bank and general reforms that would lead to a better political culture and improved political practices” (Óskarsdóttir 2012). Nevertheless, in Spain the formal political issues (such as the electoral reform) or those of general character (for instance, corruption, banks’ performance and media) were of more interest than specific policies (Calvo *et al.* 2011). With exceptional character, facing the regional and municipal elections (22 May, 2011), the participants recommended either not to vote, or to vote minor parties. Finally, aside from the differences

with respect to movement demands, the participants profile (age, laboral status and educative level, fundamentally) differs as well. In contrast to Spain, the Icelandic movement was initiated by general population, and politicians played a leadership role, while in Spain they were conspicuous by their absence (Postill 2014).

TABLE 7. ESCAPING FROM THE “BIPARTISANSHIP MODEL” (*BIPARTIDISMO*) IN SPAIN: A COMPARISON OF THE EUROPEAN ELECTIONS OUTCOMES IN 2009 VERSUS 2014

Candidatures with MEPs and number	Elections June 7, 2009 (50 MEPs)		Candidatures with MEPs and number	Elections May 25, 2014 (54 MEPs)	
	Votes	MEPs		Votes	MEPs
People’s Party (PP)	6,670,232	23	People’s Party (PP)	4,098,339	16
Spanish Socialist Workers’ Party (PSOE)	6,141,784	21	Spanish Socialist Workers’ Party (PSOE)	3,614,232	14
Coalition for Europe (CEU)	808,246	2	Coalition “Left Pluralism”	1,575,308	6
IU-ICV-EUiA-BA: The Left	588,248	2	We Can ( <i>Podemós</i> ) <sup>a</sup>	1,253,837	5
Union, Progress and Democracy (UPyD)	451,866	1	Union, Progress and Democracy (UPyD)	1,022,232	4
Europe of the People: The Greens (Edp-V)	394,938	1	Coalition for Europe (CEU)	851,971	3
			Left for the Right to Decide (EPDD)	630,072	2
			Citizens-Party of the Citizenry (C’s) <sup>b</sup>	497,146	2
			The People Decide (LPD)	326,464	1
			European Springc	302,266	1

<sup>a</sup> New party, officially founded on March 11, 2014, and informally attached to the 15-M Movement by many citizens.

<sup>b</sup> Created in 2006, originally centered in Catalonia as a non nationalistic left of centre party. Its activity includes at present the whole Spanish territory, presenting its candidature for the first time to the European elections.

<sup>c</sup> A coalition of old parties, except EQUO, an ecologist party, created in 2011.

Sources: *Boletín Oficial del Estado* number 152, June 24, 2009 and *Boletín Oficial del Estado* number 142, June 12, 2014.

### 3.3. OTHER PRACTICES AND PROPOSALS OF DIRECT DEMOCRACY BOTH IN ICELAND AND IN SPAIN

The PAM was created in 2009 with the aim of stopping the processes of eviction. This is one of the associations with which the 15-M movement usually collaborates. With respect to the eviction processes, it should be pointed out that in Spain repossessions by banks do not necessarily imply that the debt is fully repaid. The PAM together with other organizations have launched a “popular legislative initiative” (PLI) in order to secure that the devolution of the property is enough to cancel the debt. To process a PLI in Spain 500,000 signatures are required (half of that required at EU level, for European Citizens’ Initiatives), provided that the Bureau of Congress had previously given permission to collect them, among other many strict requirements. It should be pointed out that, even if all requirements are fulfilled, PLI in Spain have no binding character. Although almost 1,5 million signatures have been gathered in relation to the aforementioned PLI, the tortuous process and vicissitudes that this initiative has been suffering the last years is a good example of the obstacles that the politicians may add to an already per se nearly inaccessible formula in Spain.

On January 10, 2014, the Marches of Dignity (*Marchas de la Dignidad*) were publicly presented in Spain. They consist of numerous social and syndicalist collectives, among them, the PAM. They demand that the public debt should not be paid, and they protest against the restraints of public services and elimination of some social rights (related to employment and housing issues). Coming from different parts of Spain, the first big march converged in Madrid on March 22, 2014. This movement is particularly critical with the reform of the article 135 of the Spanish constitution approved in September 2011 by the Spanish Socialist Workers’ Party with the support of the People’s Party and the Navarrese People Union, a regionalist party. The reform aimed at giving absolute priority to the payment of the public debt, as well as the interests. Though according to the Spanish constitution a referendum could have been convoked, the constitutional reform was carried out with virtually no parliamentary and social debate. Besides, the shift was done urgently, in response to the fact that the EU had demanded member states to regulate these fiscal issues, though not necessarily through the *carta magna*. The Marches of Dignity demand the establishment of a constituent process.

On the other hand, Better Reykjavik is a platform launched several days before the municipal elections held in 2010, without links with political parties. It aims to channel and prioritize citizens’ preferences in the public domain. It is a good example of direct democracy supported by the new communication technologies, followed soon by a nation-wide platform; Better Iceland.

Another illustrative and recent example of direct democracy in Iceland is related to the constitutional arrangement establishing that all legislation passed by the parliament must be signed by the president of the republic and how, in case of refusal, a referendum is to be held in order to decide in the

matter. Twice Ólafur Ragnar Grímsson refused to sign the Icesave agreements supported by the parliament. The first one derived from a petition formalized by around 25% of the electorate. A referendum was held in March 2010, with 93% of voters rejecting the deal. The second referendum took place in 2011 in relation to a new agreement rejected by 60% of voters. Finally, the United Kingdom and the Netherlands addressed the case to the European Free Trade Area court. Following the interpretation of the corresponding EU-directive, in January 2013, the court ruled the no obligation to compensate them. However, Iceland had already paid a part of the deposit guarantees. Indeed, “Billions of *krónur* were pumped into the wrecked banking system, although the popular myth developed abroad was that the Icelanders had simply let the banks fall” (Jóhannesson 2013). All in all, with respect to the role of the presidency, counterweighting the parliamentary majority might be interpreted as a reflection of citizenship’s support for more direct democracy (Óskarsdóttir 2013).

Finally, with respect to the constitutional reform in Iceland, it should be emphasized that the bill was actually kidnapped by the parliament in spite of having been brought to a national referendum and supported by two-thirds of the electorate (Gylfason 2014b). This situation took place even after the numerous obstacles that the constituent process suffered from the very beginning, such as the minimal time granted to carry out a task of such a magnitude, particularly, given the lack of expertise among the citizens elected for this purpose (Óskarsdóttir 2013 and Gylfason 2013b). Many of the potential implications of the changes included in the bill focused on the abolition of privileges. These implications, rather than the alleged technical issues, may well explain the limited parliamentary support that it finally received. For instance, one of them has to do with a new electoral system that eliminates the over-representation of rural areas in parliament (article 39). Also, a reduction of the role of political parties, in general, is foreseen in the constitutional bill. Other important innovations concern different formulae of direct democracy, such as referenda or submissions of proposals to parliament at the initiative of voters (articles 65 to 67), the appointment of civil servants (article 96), and the independence of the state agencies (article 97). In a nutshell, the bill represents a real trial of strength for the citizens representatives.

It should be highlighted the transcendental role played by the new information and communication technologies (ICTs) in relation to the (generally) well-organized and coordinated protest movements and platforms, launched both in Iceland and Spain. In the Spanish case, the plurality of collectives involved in the 15-M movement shares an organizational model based on the reliability of ICTs in general and social networks in particular (Fuster 2012). In general, the distrust in representative democracy has been channeled to more direct citizen involvement through these technologies, given rise to a “... fundamental change in how individuals can interact with their democracy and experience their role as citizens...”. In this sense, we can assert that the “Internet democratizes” (Benkler 2006). According to Castells (2005), democracy of communication equals direct democracy, so the fear to lose both information and communication

control explains the ambiguity of governments regarding the uses of the new ICTs.

#### 4. DISCUSSION

In this paragraph, on the one hand, the plausibility of some of the variables associated to small-states literature in explaining the main differences found out between the Icelandic and Spanish cases is explored. On the other, diverse hypotheses from the political science literature are taken into account in order to explain the main parallelism found out between them, that is, the rising citizen involvement.

Four variables are traditionally used to define the states size: population (states with less than 20 million inhabitants are considered small), territory, GDP or economic capacity, and military capacity. In the early days of small-states literature from the 1960s, in close relation to the processes of decolonization, another two concepts attracted particular attention: vulnerability and action capacity (Thorhallsson 2006). An important question to be considered refers to what extent size helps to explain the alleged uniqueness of the Icelandic case with respect to the management of the economic and financial crisis. Three of the aforementioned aspects are to be taken into account: population, GDP and action capacity.

First, it might be argued that the small size of the Icelandic population, as well as its concentration around the Reykjavik metropolitan area, could well facilitate the organization, speediness, coordination and cohesion of the popular protests. Likewise, the absolute number of citizens required to attain the necessary percentage to claim for a referendum in Iceland is low, in comparison (where appropriate) with other countries. Moreover, it could be expected that, in a country where “everybody knows each other”, some corrupt practices must be more unlikely, given the social pressure. Even so, the literature concludes that from smallness one can expect mixed outcomes. Among the democracy-undermining effects the following practices may be mentioned: clientelism, nepotism, and patronage (see, for instance, Srebrnik 2004, Corbett 2015, Veenendaal 2015, and Veenendaal and Corbett 2015), concluding that “... there is little if any reason to believe that smallness *directly* enhances the democratic nature of microstates, which means that any explanation of formally democratic institutions in microstates should be based on other factors than size” (Veenendaal 2015).

Second, another distinctive feature of the country concerning its size refers to the relative dimension of the financial imbalance, too big in relation to the size of its economy. Indeed, with independence of the Icelandic population revealing via referenda its opposition to paying for the damage done by the banking system to foreign depositors, the banks were too big to be saved. The size of the financial system was nine times the Icelandic GDP (Althingi 2010b), and the loss of the banks represented the equivalent of seven times Iceland’s

pre-crash GDP, a world record of debt hole in relation to the size of the economy (Gylfason 2013a).

Third, with respect to the ability to formulate and implement policies (i.e., action capacity), the smallness of Iceland in terms of bureaucracy capability (in close relation to institutions and civil servant expertise) should become even a greater problem if regulatory and supervision capacities are contemplated as well, insofar as these have been assessed, at best, as lax and weak, respectively. Likewise, the fact that corruption in Spain concerns mainly subnational levels of government (for example, the capture of the *cajas* by politicians) might be related to the smaller size of peripheral administrations in comparison with the central state administration. In this sense, there would be more parallelisms with the Icelandic case than it seems at first glance. However, in the Spanish case, the real problem seems to be rather the institutional design of administrations, which favours certain practices of local corruption linked to urban development (Fundación Alternativas, 2012). For instance, at municipal level, the concentration of political power and the small size of many municipalities have favoured the creation of clientele networks (Fundación Alternativas, 2012). In addition, several legal reforms that have been taking place in the last decades, supposedly with the aim of modernizing local administrations, have led in fact to the weakening of institutional controls (Fundación Alternativas, 2007).

It should also be taken into account the fact that the notion of a state size and its action capacity may well be influenced by the views of political elites and other relevant actors, such as pressure groups and firms (Thorhallsson 2006). In this sense, in Iceland, references to the vikings' epic achievements, in nationalistic discourses made during the period immediately previous to the economic and financial crisis, may have contributed to overvalue both the size and the capacities of the Icelandic economy. Moreover, Thorhallsson (nd) highlights that although the small size of the Icelandic public administration and its particular vulnerability to powerful pressure groups limited "... Iceland's ability to deal with the massive financial sector, the political situation and political culture played a part as well", in line with the main conclusion of the WGE (see Althingi 2010a and Árnason 2010).

Despite the Spanish population size, a cohesive social movement of protests without precedents took place in 2011; the 15-M movement. Certainly, the new ICTs and the expertise of the "freedom technologists" helped to overcome possible obstacles in the organization and coordination of different events, counterbalancing to a great extent the inconveniences that the size of the Spanish population could represent. Indeed, the flow and diffusion of information have taken place to a great extent through digital means (Calvo *et al.* 2011). These tools have also provided a considerable support to other initiatives, such as the Marches of Dignity or the rising trend towards signing petitions.

In sum, among the variables associated to small-states literature, it is estimated that two of them are susceptible to explain the special features of the Icelandic case: the GDP and the action capacity, particularly the first one. The

relevant issue facing the crisis was the widened gap between them. Let us call this plausible explanation the “mirage hypothesis”.

The main parallelism found out between the Spanish and the Icelandic cases was a significative shift towards more citizen involvement and more direct democracy. In political science, two competing explanations are managed in order to explain more direct citizen involvement in political processes: the *new politics* and the *political dissatisfaction* hypotheses. The first one refers to the new democratic values that inspire citizens in the advanced democracies, together with the availability of better political resources -such as skills-, giving rise to a new participatory style and also questioning the hierarchical authority structures. As more citizens feel qualified to take political decisions themselves without requiring the intervention of political parties or political elites, they become more politically engaged. This approach is also labelled as the *political competence* hypothesis. The second hypothesis relates to a growing dissatisfaction with the current system of representative democracy and a downfall of both voter turnout and public trust in parties and representative institutions, giving rise to claims for changes in the political system, as well as more political engagement (Dalton *et al.* 2001 and Bowler *et al.* 2007). Thus, this explanation is also known as the *distrusting citizen* hypothesis. The concept of “stealth democracy” has been more recently incorporated to the discussion of “dissatisfied democrats”. It defines a preference for a non visible and silent democratic procedure in a routine basis, guided by unselfish and more competent politicians; but if politicians’ decisions are much too influenced by special interests, support for direct democracy, instead of less citizen involvement, might result as a second best option. As far as surveys usually do not provide enough options to express this preference, the support for direct democracy (a single usual measurement) might be veiling other preferred means to improve the way democracy works (Bengtsson and Mattila 2009).

From the scarce empirical literature on the subject it is not possible to obtain definitive conclusions with respect to the factors explaining the public support for direct democracy. Taking the evidence from a survey of the German public, Dalton *et al.* (2001) concluded that the *political dissatisfaction* hypothesis obtained more support, and similar patterns were found out in Europe as a whole. In the German case, the support of direct democracy was not dependent on age, attracting more support from those at the politics margins: the least interested in politics, the less educated, and the adherents of protest-minor parties. In Bengtsson and Mattila (2009), the *political dissatisfaction* hypothesis was supported by the opinion of the Finnish electorate. Another interesting finding concerns the similarities found among the factors contributing to the probability of being supporters of either “stealth democracy” or more direct democracy, even if right-wing citizens are more interested in “stealth democracy” and left-wing citizens in direct democracy. Different results, generally speaking, were obtained by Donovan and Karp (2006), and Bowler *et al.* (2007). The first one is focused on the use of the referenda and popular initiatives in six countries (Canada, Finland, New Zealand, Norway, Sweden,

and Switzerland), with support of public opinion surveys. Mixed results were derived from various models estimated with logistic regression. Though the authors find some support for the *political competence* hypothesis (outside the Nordic countries), the results must be interpreted with caution, given that the fit of the models was rather poor. In his turn, Bowler *et al.* (2007) carried out separated estimates of approval of referendum use and factors affecting expectations for more opportunities for citizen participation, in 16 European countries and in the United States of America (USA). Even if both issues were closely linked, very succinctly, they found some evidence that approval of direct democracy came from people politically engaged, rather than from those politically disaffected. Instead, political distrust resulted as one of the most consistent factors predicting interest in additional opportunities to participate.

We have found just one study referred specifically to the “stealth democracy” in Spain (Font *et al.* 2012). They have found a quite high support for technocracy (more than in the USA and Finland), as well as huge claims for more participative spaces (greater than in other western countries). Thus, in Spain, as in other countries, institutional distrust is related to alternative formulae of government, both “stealth democracy” and more citizen involvement in politics (see, for instance, Bengtsson and Mattila, 2009). The support for more participative formulae responds to the youngest, more educated, and ideologically either left-of-the-center, or minor parties adherents. Instead, “stealth democracy” predominates among non educated people and right-wing voters.

In spite of the fact that the study here presented has not been designed to discern the most plausible hypothesis/es to explain the political attitudes of the Icelanders and of the Spaniards before the economic crisis, the analysis carried out allows us, to some extent, suggest the most plausible ones. We proceed to do it this way with the aim of suggesting possible future lines of research and, of course, with all the prudence that the complexity of the phenomenon studied requires.

With respect to the most relevant political citizen initiatives that have recently taken place in Spain, our findings provide some support for the the *new politics* or the *political competence* hypothesis in order to explain the 15-M movement. This is so because of the low age of the participants, as well as their high educative level and intensive use of new ICTs, except for the fact that when they vote, they do it for minor parties. All these traits correspond exactly to those associated by Font *et al.* (2012) to the supporters for more participative formulae in Spain. All in all, generational issues may be interfering here, as well as other underlying variables, suggesting particular caution with regards to the interpretation of the subject under discussion. In relation to the so-called “We Can phenomenon”, the explanation is still more fuzzy: among its supporters predominated median age people, with high educative level, and not placed at the margins, neither in general nor in politics terms, given that more than one third had voted for one of the biggest (out-of-the-left) parties in Spain in the previous European elections. Finally, both phenomena, the 15-M movement and the “We Can phenomenon”, have to do with citizens placed mostly in the

left-of-the-center, and in this sense, this is coherent with the results obtained by Bengtsson and Mattila (2009) for Finland.

With respect to “the pots and pans revolution”, with support on the participants profile previously described (about age and links to minor parties, included the Left-Green Movement), is not clear which of the hypotheses fits better, though the distrusting citizen hypothesis could hold pretty well .

Political culture, especially “the extractive elites”, played a key role in the evolution of the economic and financial crisis, as well as with respect to the ability to deal with it, both in Iceland and Spain. For the moment, the crisis has given rise to two common relevant outcomes in both countries: a rise of the political and institutional disaffection and, at the same time, numerous initiatives of protest, highlighting the “the pots and pans revolution” and the 15-M movement, respectively. The citizens anger and discontent has not necessarily led to apathy. Rather, disaffection has led to other forms of participation, away from most of the political institutions more consolidated. All in all, direct democracy in strict sense has rooted more in Iceland than in Spain, where, for instance, referenda have been held on rare occasions. Citizen-initiated referenda are not foreseen in the Spanish law, neither have been promoted in an indirect way. With respect to the PLI, another relevant formula of direct democracy, it should be remarked that, in Spain, in addition to the hard obstacles they have to overcome, they lack binding character. This is the consequence of delaying some relevant political reforms due to the “culture of the transition”, in close relation to a democracy considered “too young”. At first sight, citizen attitudes in Iceland and Spain seem to be similar. They share several common tools to channel political demands; in particular, the most accessible means of citizen participation: town meetings and rallies. The main difference between these two countries is by far the institutional gap in terms of some means of direct democracy to attain their aspirations, such as referenda, PLI, and the possibility of counterbalancing parliamentary power, virtually absent in the Spanish political arena. In conclusion, it’s not just the size that matters, but rather the institutions.

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