

MONITORING INTERNATIONAL INTEGRATION 1

EUROPE'S TRUST DEFICIT CAUSES AND REMEDIES



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Populism and the problem of trust (1)

- Is there a problem of trust in national or European political institutions, and what are its root causes?
- How does the problem of trust connect to populism? Does falling trust towards (EU and national) institutions feed populism? What can be done to restore trust?
- No simple definition of populism
 - » But common elements of this political tendency:
 - ✓ The “common people” vs. the elite
 - ✓ Radical or simplistic policy solutions
 - ✓ Nationalism, protectionism

Populism and the problem of trust (2)

- The EU tends to be a target of populism
 - » “Elite project”
 - » Supranational, transnational, integrationist

- What explains the recent rise of populism? Two competing views:
 - » Rising economic insecurity
 - » Rising cultural insecurity
 - » Obviously both types of insecurity can result from the same factors: globalization, technological change, financial crisis

- The rise of populism is not only a European phenomenon, but it assumes a special significance for the EU

Outline

- Data sources
- Populism and trust in political institutions
- Analysis of trust data
- Analysis of electoral outcomes at EP
- Policy implications for the EU

Data and dependent variables used in the study

Two data sets (mostly EU15 countries)

- European Social Survey (ESS)

Attitudes of individual citizens. Every 2 year; 2002-2014

- » Dependent variables

- ✓ Voting in last national elections

- ✓ Attitude (trust) towards EU integration and national & EU parliaments

- European Election Database (EED)

Regional election outcomes for European Parliament (EP); 1999-2014

- » Dependent variable

- ✓ Vote shares for pro- and anti-EU parties (Chapel Hill Expert Survey)

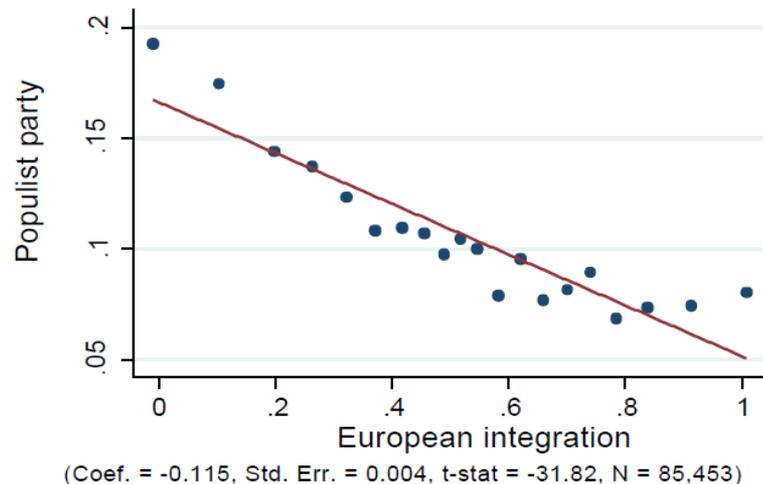
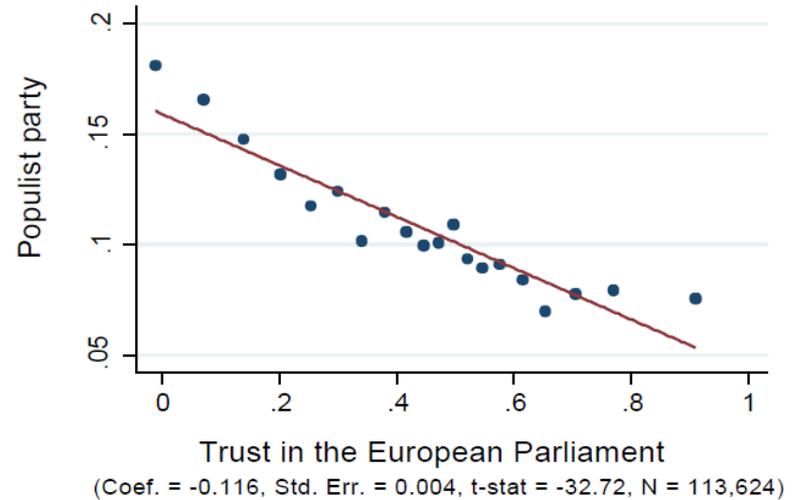
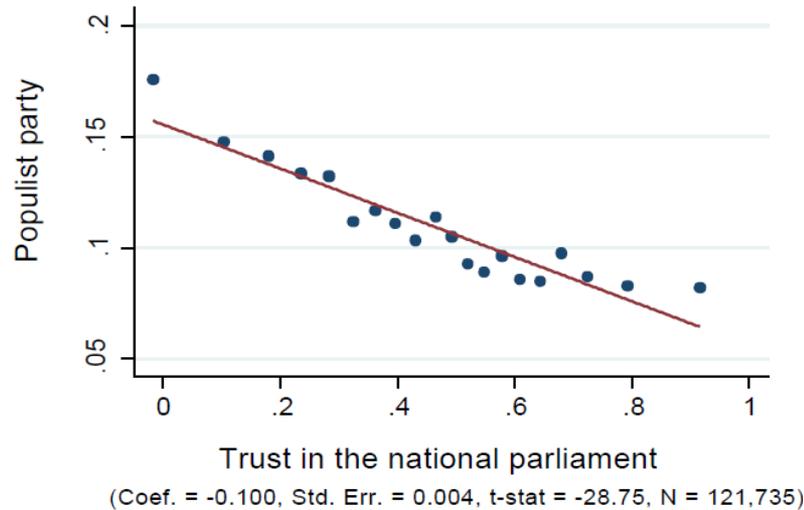
- Both matched with regional data on unemployment and GDP pc

Exploit very different macro shocks across EU regions

Populism and trust

- Question: Is there a correlation between populism and trust in national / European institutions?
 - » Populist parties definition based on Inglehart & Norris (2016)
- Finding: Populist voters have less trust in EP and NP, controlling for age, education and gender

Correlation between Voting for Populist Parties and Trust Attitudes towards National and European Institutions

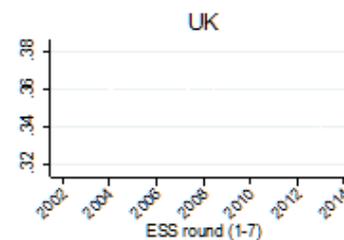
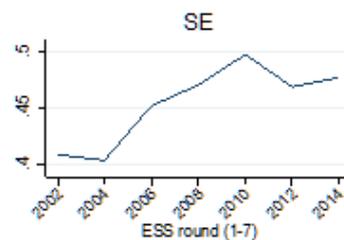
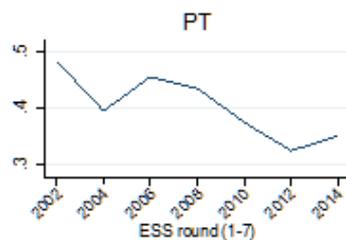
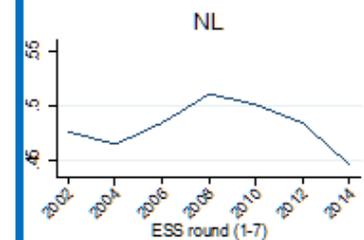
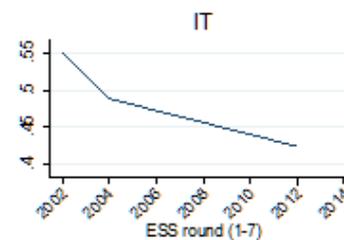
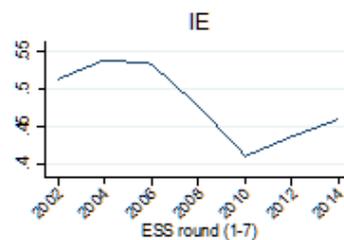
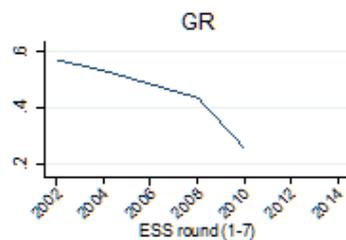
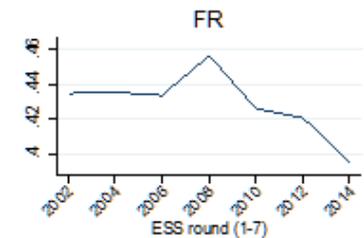
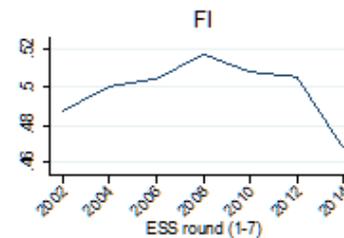
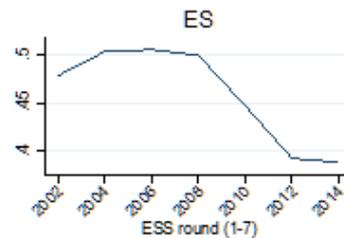
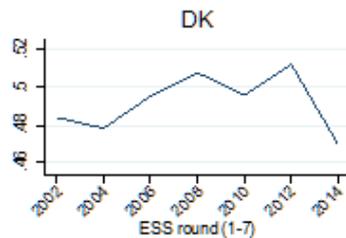
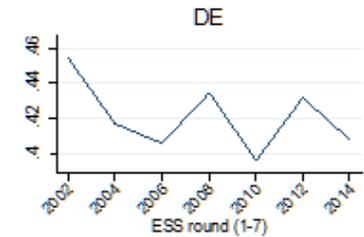
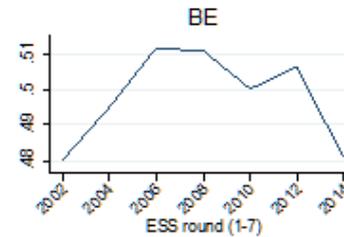
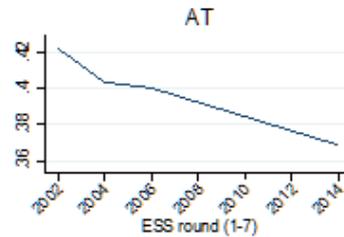
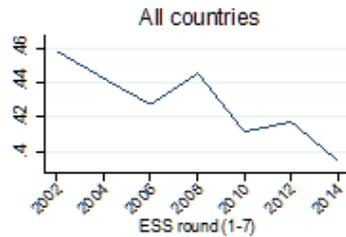


Controlling for age,
education and gender
(with year and country
fixed effects)

Trust and Voting Patterns - Descriptive Analysis (1)

- General decline in trust towards EP, but with exceptions

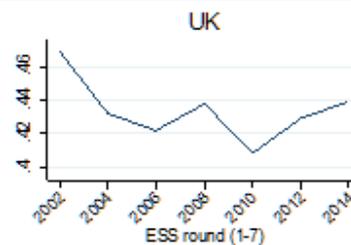
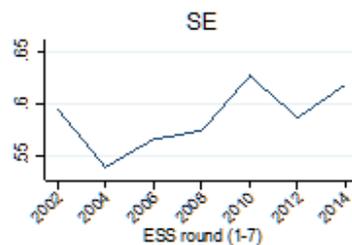
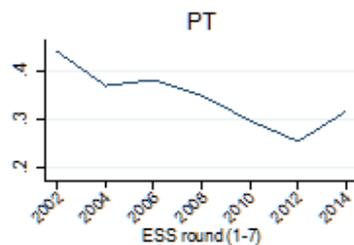
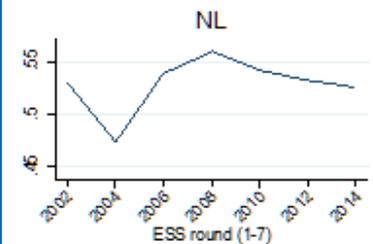
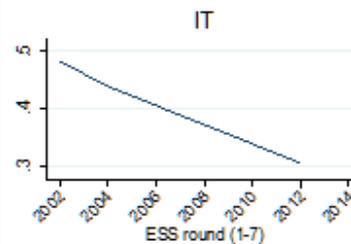
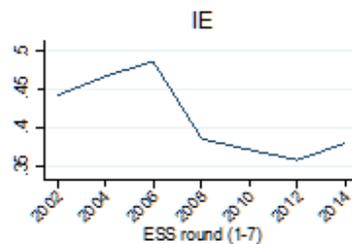
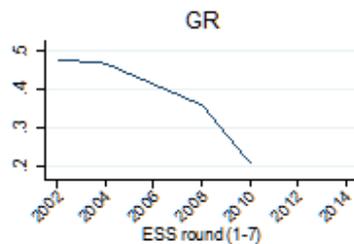
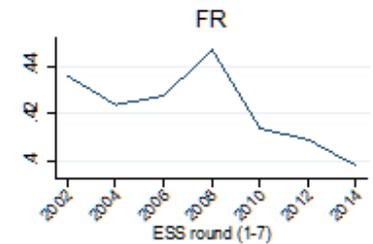
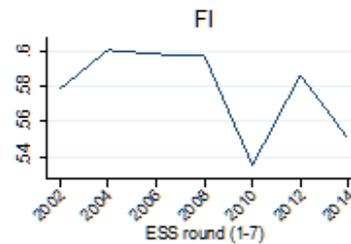
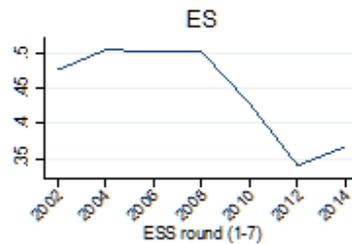
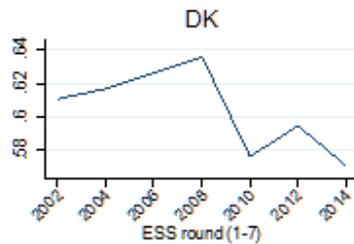
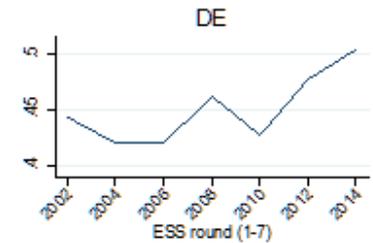
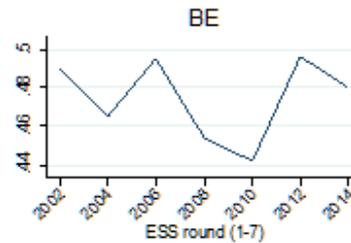
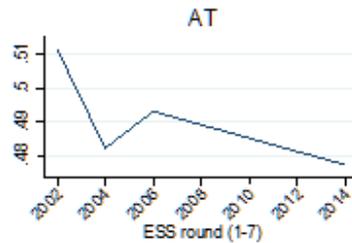
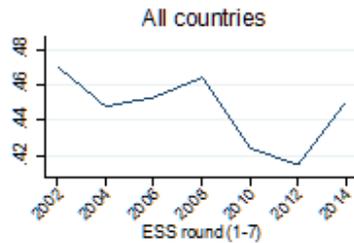
Trust in European Parliament over time



Trust and Voting Patterns – Descriptive Analysis (1)

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- Decline in trust in NP, but mainly in countries hit by financial crisis

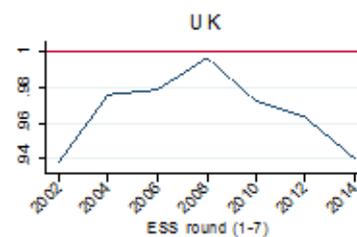
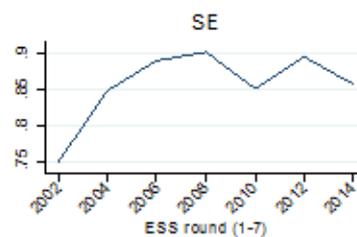
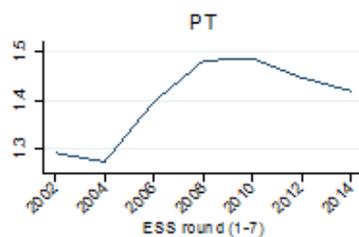
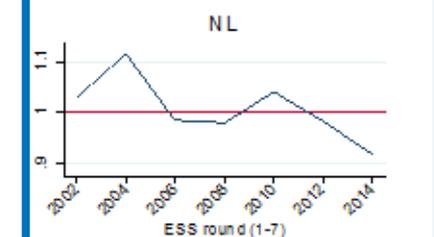
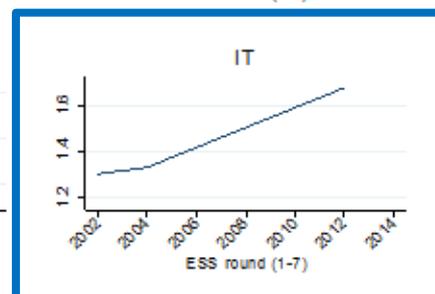
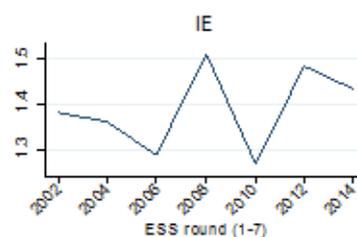
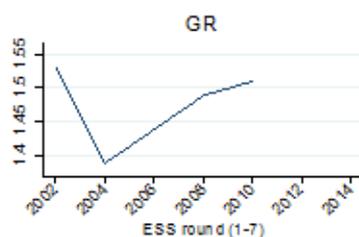
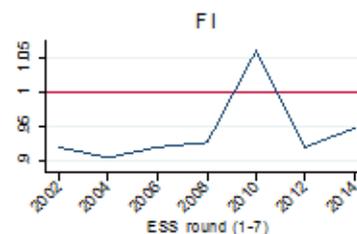
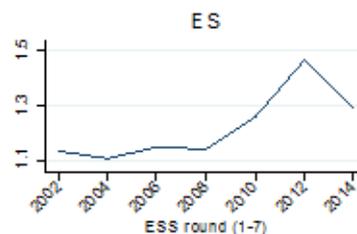
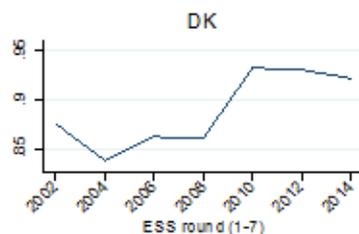
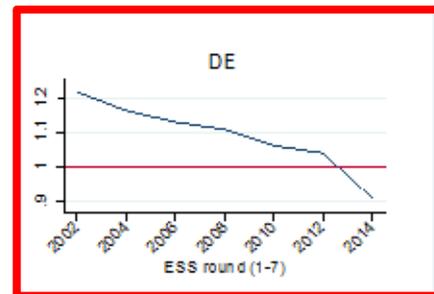
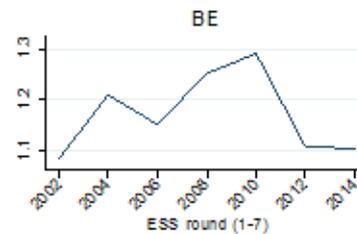
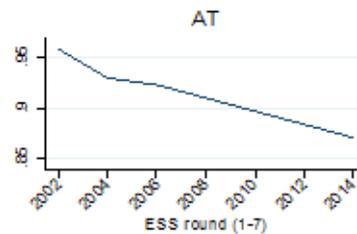
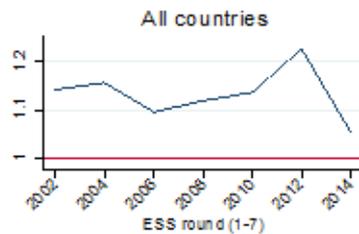
Trust in national parliaments over time



Trust and Voting Patterns - Descriptive Analysis (2)

- General decline in trust in EP, but with exceptions
- Decline in trust in NP, but mainly in countries hit by financial crisis.
- Trust in the EP > NP in general but important differences across countries and time:
 - » Countries with better functioning institutions have more trust in NP
 - » Countries with worse institutions have more trust in EP

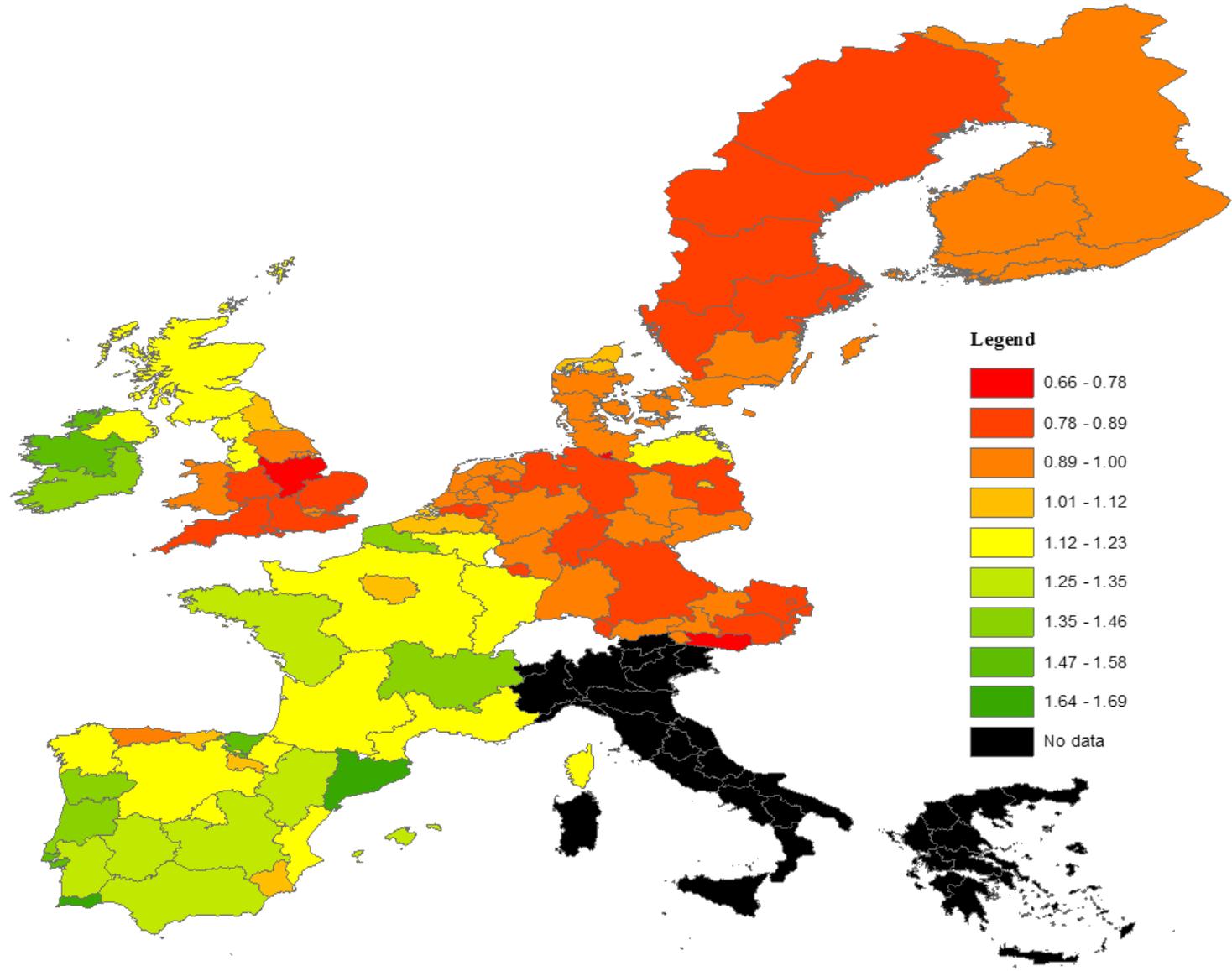
Trust Ratio (EP /NP) over time



Trust and Voting Patterns - Descriptive Analysis (3)

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- Also differences across regions, within countries, both in trust ratio and in attitudes towards EU integration

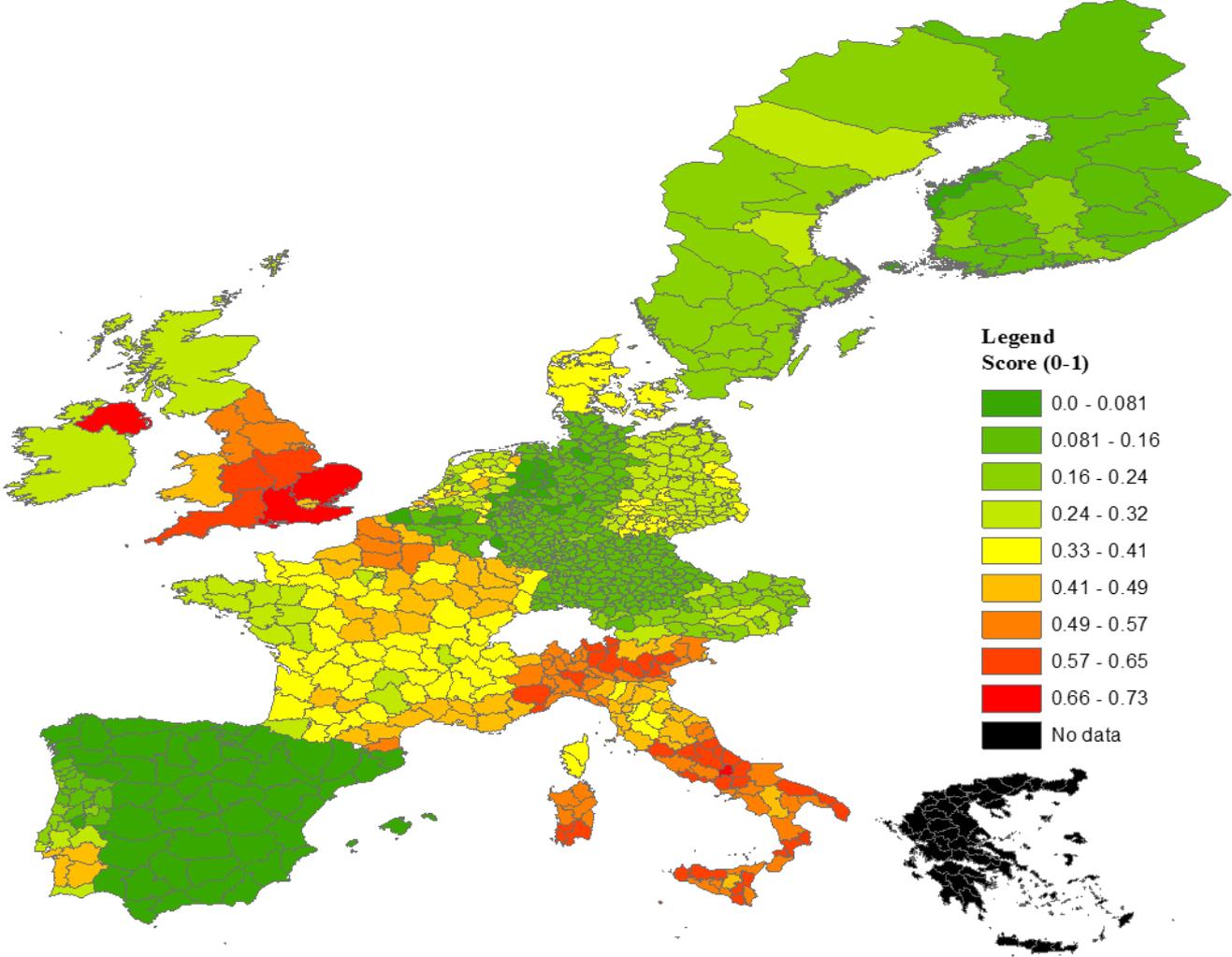
Trust Ratio, 2014



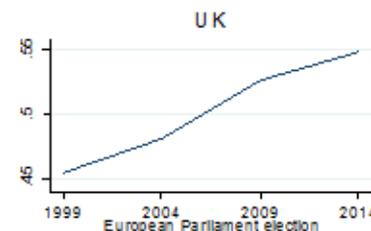
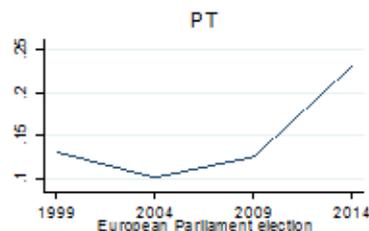
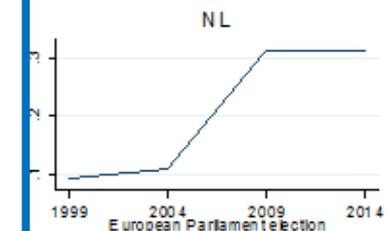
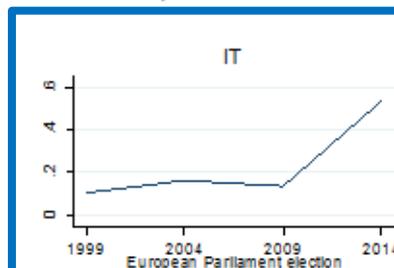
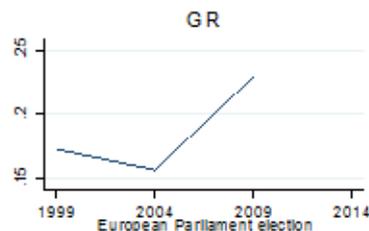
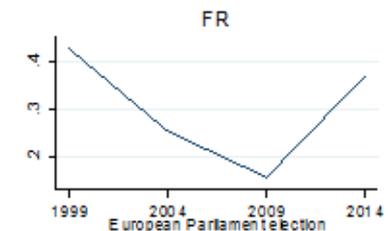
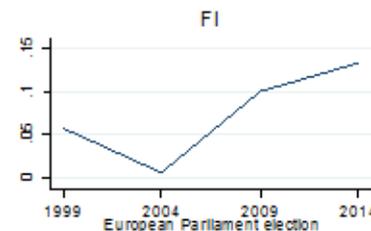
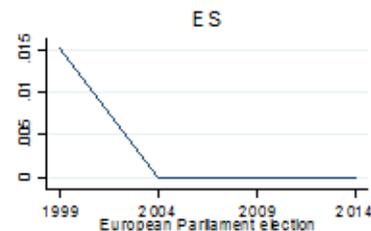
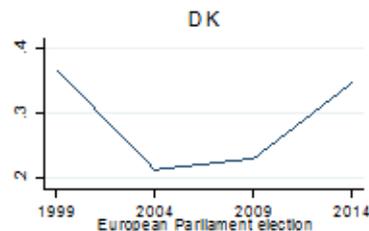
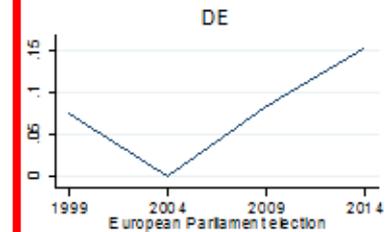
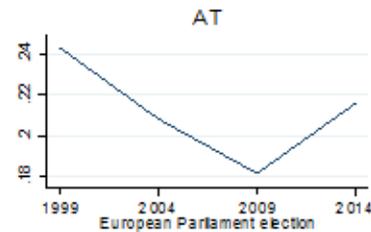
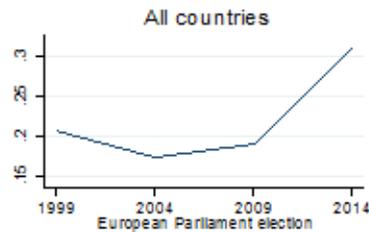
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- Trust in the EP > NP in general but important differences across countries and time:
 - » Countries with better functioning institutions have more trust in NP
 - » Countries with worse institutions have more trust in EP
- Also differences across regions, within countries, both in trust ratio and in attitudes towards EU integration
- In general the vote shares of anti-EU parties was low (20%), but it increased significantly (to 30%) in 2014. Again there are important differences across countries and time

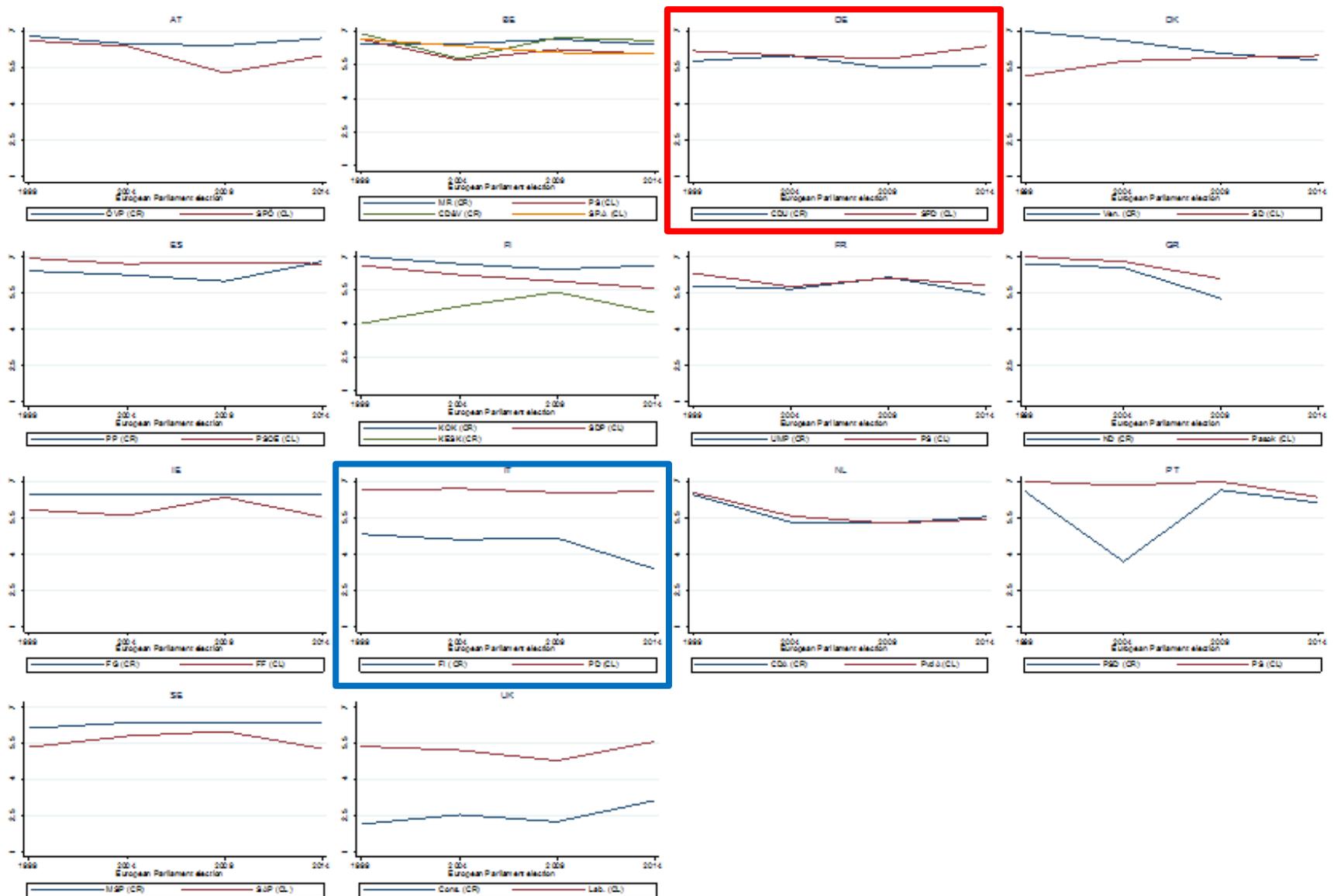
Vote Shares of Anti-EU Parties, 2014



Development of Vote Shares Received by Anti-EU Parties over Time



Major Parties' Position towards the EU by Country



The Determinants of Trust and Voting Patterns

- Regional economic shocks
 - » Regional unemployment
 - » Regional GDP per capita

- Regional cultural identity in year 2000, interacted with economic shocks. Extract 2 factors from responses to 10 ESS questions
 - » Authoritarian
 - » Liberal

- Individual socio-economic characteristics:
 - » Age, gender, education, rural/urban, immigrant, minority

Age and education

- Older (>49) and low educated
 - » Have less trust in EP and NP
 - » Are less positive towards EU integration
- True for all countries, even though attitude levels vary a lot across countries
- UK is an outlier (but AU and FI)

The impact of education and age on attitudes towards EU integration

Country	ISO2 Code	EU Integration			
		Young & High Educ.	Old & High Educ.	Young & Low Educ.	Old & Low Educ.
Austria	AT	0.55	0.51	0.46	0.38
Belgium	BE	0.58	0.59	0.53	0.46
Denmark	DK	0.64	0.61	0.60	0.50
Finland	FI	0.47	0.48	0.47	0.41
France	FR	0.57	0.56	0.49	0.46
Germany	DE	0.61	0.57	0.54	0.49
Greece	GR	0.56	0.61	0.61	0.58
Ireland	IE	0.53	0.52	0.52	0.46
Italy	IT	0.66	0.72	0.53	0.51
Netherlands	NL	0.59	0.58	0.53	0.50
Portugal	PT	0.58	0.54	0.55	0.48
Spain	ES	0.63	0.64	0.58	0.53
Sweden	SE	0.52	0.51	0.51	0.45
United Kingdom	UK	0.48	0.39	0.47	0.36
Means		0.56	0.53	0.52	0.47

Macroeconomic shocks

- Control for
 - » Age and education, gender, immigration, minority, big city
 - » Region & period FE => exploit only within region, time series, variation

- Large impact on attitudes
 - » Negative shocks reduce trust in both EP and NP
 - » But the size of the impact on NP is twice the impact on the EP
 - » Hence the Trust ratio improves with negative shocks

- Small impact on voting results
 - » Negative shocks reduces vote share of pro-EU parties, increases vote shares of anti-EU parties, but quantitatively small effects

- Effects stronger in Great Recession (post-2007 dummy variable) and in Southern Europe

The impact on trust and voting patterns

	EU Integration	Trust EU Par.	Trust National Par.	Trust Ratio	Pro-EU	Against-EU
Log GDP per capita	0.0177 (0.0936)	0.2039*** (0.0764)	0.4020*** (0.0664)	-0.7747*** (0.2316)	0.2960*** (0.0753)	-0.3726*** (0.0794)
Unemployment rate	-0.1206 (0.1039)	-0.2655** (0.1056)	-0.4559*** (0.1035)	0.9813*** (0.2503)	-0.1007 (0.1404)	0.0888 (0.1567)
Observations	110,643	150,759	160,626	149,457	3,317	3,317
Clusters (NUTS regions)	132	132	132	132	858	858
Adjusted R ²	0.078	0.090	0.089	0.044	0.757	0.780

Macroeconomic shocks and cultural traits

- Are the effects of macro shocks amplified or dampened by specific regional cultural traits?

- Impact on attitudes
 - » Authoritarian culture tends to amplify the effects of macro shocks
 - » Liberal culture tends to dampen these effects
 - » The main effect is towards trust in the EP

- Impact on voting results
 - » No significant impact of cultural traits

Policy implications (1)

- Overall (but not in all MS): Trust in the EP > in NP & voting for pro-EU parties > 70% during whole period 1999/2002-2014
- Hence no existential threat to the EU as a popular project (yet?)
- But
 - » Trust in EP and vote share of pro-EU parties fell significantly
 - » Trust in NP is affected by macroeconomic conditions, hence a worsening of economic conditions would be dangerous
 - » Brexit but the UK seems different in terms of attitudes and voting
- Today the situation looks brighter
 - » Economic conditions have improved. Can trust be regained?
 - » Brexit (and Trump) have produced a reaction in other EU countries

Policy implications (2)

- Yet, beware of complacency about trust and populism in Europe
- Three reasons:
 - » Although the UK may be unique, the socio-economic factors associated with Leave are not unique to the UK
 - » The EU's intrinsic fragility
 - » North / South economic divergence in Eurozone will not go away
- The socio-economic factors issue
 - » Strong correlation between factors associated with negative attitude toward the EU (age, education, residence) and pessimistic attitude toward the future, change, globalisation
 - » => need to deliver effective responses to (economic) insecurity, particularly in Southern Europe

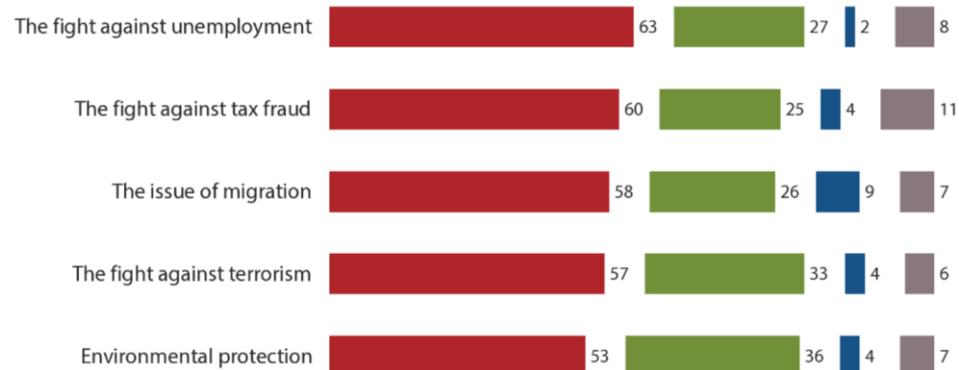
Policy implications (3)

- The EU's intrinsic fragility issue
 - » Its input legitimacy is weak because it lacks 2 essential features
 - ✓ “Thick” collective identity
 - ✓ A EU demos
 - » Hence output legitimacy is more important for the EU than for democratic nation states, but it has suffered a setback with the crises

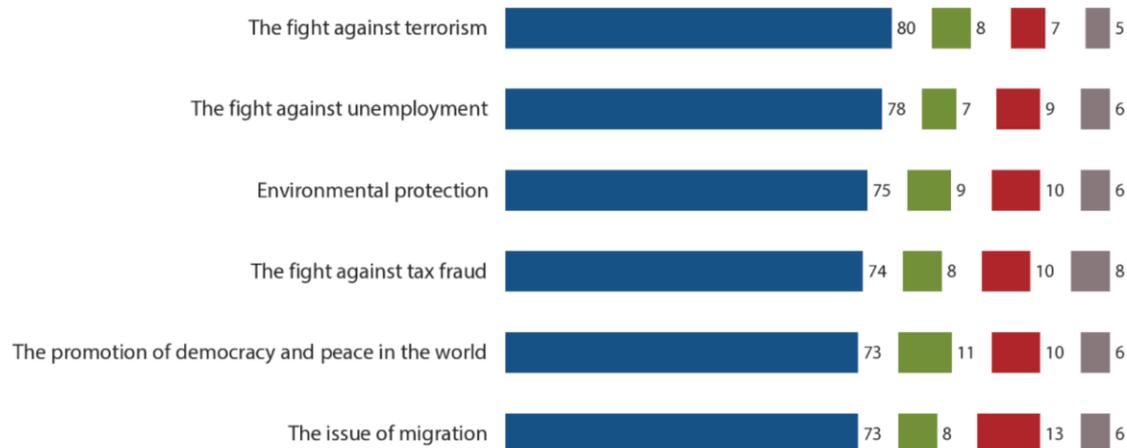
- The EU's priority must be to regain output legitimacy
 - » Economic and non-economic security
 - » Citizens' perceptions and expectations (EP Eurobarometer, 2017)

Citizens' perceptions and expectations about EU action

- Top 5 areas where EU current action is judged as insufficient



- Top 5 areas where the EU should intervene more than currently



Policy implications (4)

- Improving output legitimacy would increase trust in institutions and reduce populism

- Also a need to address input legitimacy
 - » EU institutional reforms
 - » Improving input legitimacy would also increase trust in institutions
 - » North/South divide in trust towards EP and NP
 - » One should wish that citizens have high trust in both EP and NP

- The Rome Declaration of 25 March 2017 goes in the right direction: acknowledges need to improve both input and output legitimacy

- The intentions are good but they will require effective action to justify the study's cautious optimism about the EU's future