MONITORING INTERNATIONAL INTEGRATION 1

EUROPE'S TRUST DEFICIT
CAUSES AND REMEDIES

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CEPR PRESS 2017

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Centre for Economic Policy Research

Centre for Economic Policy Research
33 Great Sutton Street
London EC1V 0DX
UK

Tel: +44 (20) 7183 8801
Fax: +44 (20) 7183 8820
Email: cepr@cepr.org
Web: www.cepr.org

ISBN: 978-1-912179-04-6

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Christian Dustmann
University College London and CEPR

Barry Eichengreen
University of California, Berkeley, and CEPR

Sebastian Otten
University College London

André Sapir
Université libre de Bruxelles, Bruegel and CEPR

Guido Tabellini
Università Bocconi and CEPR

Gylfi Zoega
University of Iceland; Birkbeck College, London and Center on Capitalism and Society, Columbia University

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About the authors

Christian Dustmann is Professor of Economics at University College London. He is also the founding Director of the Centre for Research and Analysis of Migration. He is the current president of the European Society of Labour Economists (EALE), and was the President of the European Society for Population Economics (ESPE) in 2008. Professor Dustmann is an elected Fellow of the British Academy (FBA), the German National Academy of Sciences (Leopoldina), the Academy of Europe (Academia Europaea), and the Society of Labor Economists (SOLE). He is a leading labour economist and his work in areas such as migration, the economics of education, inequality, the economics of crime, and the economics of labour markets have appeared in the leading academic journals. He regularly advises government bodies, international organisations, and the media on current policy issues.

Barry Eichengreen is George C. Pardee and Helen N. Pardee Professor of Economics and Political Science at the University of California, Berkeley, Research Fellow of the Centre for Economic Policy Research, and Research Associate of the National Bureau of Economic Research. His latest book is *How Global Currencies Work*, with Arnaud Mehl and Livia Chitu (Princeton University Press).

Sebastian Otten is a Senior Research Officer at the Centre for Research and Analysis of Migration (CReAM) at University College London (UCL) and a Research Fellow at RWI. Before joining CReAM he worked as a research and teaching assistant at Ruhr University Bochum and as a researcher at the RWI. His main research interests are labour, migration, and development economics.

André Sapir is University Professor at the Université libre de Bruxelles, Senior Fellow of Bruegel and Research Fellow of CEPR. He has taught at the University of Wisconsin-Madison, the Graduate Institute in Geneva, the College of Europe in Bruges, and was visiting fellow at the IMF, the World Bank and the WTO. He worked 12 years at the European Commission, first as Economic Advisor to the Director-General for Economic and Financial Affairs (ECFIN), and then as Principal Economic Advisor to President Prodi. He has written extensively on European integration, international trade, and globalisation. He holds a PhD in Economics from the Johns Hopkins University in Baltimore.

Guido Tabellini is the Intesa Sanpaolo professor of political economics at Bocconi University, where he was Rector between 2008 and 2012. Before returning to Europe, he taught at Stanford and UCLA. He is a foreign honorary member of the American Academy of Arts and Sciences and of the American Economic Association, a fellow of the Econometric Society, he received the Yrjo Jahnsson award by the European Economic Association, and he has been President of the European Economic Association.

Gylfi Zoega, a graduate of Columbia University, is a Professor of Economics at the University of Iceland and Birkbeck College, University of London (part-time). He is also a member of CESifo and the Center on Capitalism and Society at Columbia University, and has been an external member of the Monetary Policy Committee of the Central Bank of Iceland since the country's financial crisis in 2009. Gylfi has published papers in the fields of labour economics and macroeconomics in journals such as the *American Economic Review* and the *Journal of Labour Economics*. In recent years he has written on monetary policy and financial crises and took an active part in the response to Iceland's banking collapse and the ensuing economic crisis as a member of the Central Bank's Monetary Policy Committee..

Acknowledgements

The authors would like to acknowledge research assistance by David Bjornsson at the University of Iceland, and Giacomo Lemoli and Igor Ceresa at Bocconi University.

Foreword

From 1990 to 2003, CEPR produced a series of Monitoring European Integration reports. These influential reports covered a wide range of issues, from the making of monetary union and the impact of Eastern enlargement, to how to design a better political architecture for Europe.

For many reasons, the original series was discontinued. However, in 2016, CEPR's Policy Director Charles Wyplosz initiated a relaunch of the series, now called Monitoring International Integration. These new reports aim to raise the level of public discussion on international policy issues. They will combine intellectual rigour with attention to key policy issues, and will offer a distinctive and valuable forum for discussions of international economic policy which are both analytically sound and accessible to the public.

The timing for the relaunch seemed apposite: Brexit and the widespread rise of anti-European sentiment almost everywhere in Europe suggested that there was room for a serious analysis of how the European Union should move forwards, especially given that in many cases policymakers seem lost and often scared. This first report focusses on why there is such a widespread lack of trust in Europe's institutions. Traditional parties have been hit hard by the rise in left and right-wing populists promising a shake-up of the status quo. A decline in support for the European Union is just one example of a growing movement towards nationalist ideologies.

The authors, a group of leading economists, investigate the reasons behind this political shift. They suggest that it stems from socioeconomic problems rooted in economic insecurity and loss of national identity. Thus, by exploring elements such as financial crises, income distribution, economic development, immigration, integration, culture and identity, they are able to explain these problems and provide policy insights to counteract them. This report is essential reading for those seeking to understand the many critical issues currently facing Europe and to adopt relevant policy approaches.

Taking no institutional stance on policy, CEPR is delighted to welcome this new initiative. The Centre thanks the contributing authors, Professor Charles Wyplosz, as well as Simran Bola and Anil Shamdasani for their efforts in bringing this new series and report to fruition.

Tessa Ogden
Chief Executive Officer, CEPR
August 2017

Executive summary

The objective of this report is to understand the roots of Europe's trust deficit, the consequent decline in support for established political parties and institutions, and growing scepticism towards the European Union. We connect up these developments with the literature on populism, which we define as a political tendency distinguished by its anti-elite, authoritarian and nationalist elements, and rooted in economic insecurity and identity politics.

Main findings

We find that there is a strong correlation between the probability of voting for a populist party and attitudes towards European integration and trust in political institutions. Specifically, low probabilities of voting for right-wing or left-wing populist parties are associated with a positive view towards European integration and high levels of trust in political institutions – both the European Parliament and national parliaments.

Building on this insight, we explore the relationship between trust and attitudes towards European integration on the one hand, and individual characteristics and macroeconomic shocks on the other. We find that age and education are important drivers of both trust in parliaments and support for the European Union. Older cohorts and less educated individuals have less trust in parliaments (both national and European) and are less supportive of the European Union.

There are also differences across countries. Southern Europeans have less trust in their own political institutions, which can be explained with the low quality of government institutions compared to the EU institutions, while the opposite is true in Northern Europe. The UK is a special case – whether we measure support for Europe based on relative trust in the European Parliament (compared to the national parliament) or on actual voting patterns in European Parliamentary elections, the UK stands out. It is the only EU15 country where trust in the European Parliament is consistently lower than trust in national parliaments, and where voting for pro-European parties is significantly below the EU15 average.

Macroeconomic shocks also have an effect on trust in parliaments and support for the European Union. As economic conditions deteriorate, trust in parliaments drops (more even for national parliaments than the European Parliament), and political support for the Union diminishes.

We also explore the effect of macroeconomic shocks on electoral outcomes. We find that while adverse macroeconomic shocks can explain a significant fraction of the observed drop in trust in national parliaments, they explain a much

smaller fraction of the recent changes in the electoral success of pro- or anti-EU parties. Moreover, the electoral effects of macroeconomic shocks are stronger in Southern European countries compared to Northern European, Nordic and Anglo-Saxon countries. There is also some evidence of a role for culture, specifically that adverse macroeconomic shocks have diminished trust in the European Parliament more in regions with more authoritarian and traditional cultural traits. But this interaction between culture and macroeconomic conditions seems confined to data on attitudes. There is no evidence that it mattered much for electoral outcomes.

We conclude that improved macroeconomic conditions would indeed help to restore trust in national political institutions and (to a lesser extent) in the European Parliament, but that improved macroeconomic conditions would not make a large difference to electoral and political support for the European Union.

Our results suggest that that exit from the European Union and European disintegration is not what large portions of European citizens were thinking about even in 2014, when many indicators of economic performance were at low levels as a result of the financial and sovereign debt crises. This provides some source of optimism that Brexit is a singular event that is unlikely to be repeated in other member countries.

But there are nevertheless reasons for vigilance. For one, many of the distinctive socioeconomic factors associated with the victory for "Leave" in the June 2016 UK referendum are also present in other EU countries. Like the United Kingdom, other EU member states are also divided between those who are optimistic about their future versus those who are pessimistic, between those who embrace change and globalisation versus those who fear them, and between those who live in large metropolitan areas and adopt what might be referred to as cosmopolitan attitudes versus those who live in small towns or the countryside. Thus, despite the defeat of far-right populists and nationalists in recent elections in France and the Netherlands, supporters of EU integration cannot ignore that the forces that generated the victories of the Leave camp in the United Kingdom are also at work in other EU countries.

Policy implications

This suggests that it will be important for the institutions of the European Union and national political systems alike to deliver effective responses to the malaise facing their societies if support for European integration is to be maintained, much less rebuilt to earlier levels. Although our results suggest that reducing unemployment won't magically restore support for the Union, it can't hurt either.

What then can the European Union do to fight unemployment? The most straightforward response would be policies to promote growth, where the logical starting point is completing the Single Market and revamping the EU budget. There is broad consensus that a dynamic Single Market, which stimulates competition and efficiency, is the European Union's main asset for spurring productivity and economic growth. Unfortunately, major areas of the Single Market remain fragmented in the Union. The Juncker Commission has singled out two crucial areas – the Digital Single Market and Capital Markets Union – although progress in both areas has been disappointing to date.

The EU budget is small, accounting for roughly 1% of EU GDP and 2.5% of all public expenditures in the European Union and its members. It therefore needs to focus on a few items where it really makes sense to spend EU rather than national money due to the presence of scale economies and cross-border spillovers. Research and development and productive infrastructure projects are examples, which also offer the potential to increase productivity and economic growth. The next Multiannual Financial Framework (MFF), which will be negotiated during 2018-19 and enter into force in 2021, offers a welcome opportunity to rethink the EU budget's spending priorities.

But EU growth policies can only be, at best, part of the arsenal in the fight against unemployment. In most EU countries, unemployment rates are especially high among workers with low levels of education, who tend to be left behind by globalisation and technological change and, as our results indicate, are also less supportive of the European Union. The Union is not well equipped to deal with this problem. To be sure, the European Social Fund financed by the EU budget contributes to training or retraining workers. And the European Globalisation Adjustment Fund, also financed by the EU budget, helps workers who lose their jobs as a result of major structural changes linked to globalisation in particular. While these EU funds could and should be better used, responsibility for education and training rests mainly with the member states. It is therefore up to the member states to improve their labour market and social policies in ways that help to ensure that their citizens are equipped to cope with the challenges of globalisation and technological changes, and in turn, to limit the appeal of populist, nationalist, anti-EU parties of the left and right.

1 Introduction

If one were to pick one word to describe prevailing attitudes toward the political establishment in Europe – to describe attitudes toward national parties and politicians and the institutions of the European Union – that word would be "dissatisfaction". If one were to pick two words, they would be "widespread dissatisfaction". In some cases, like that of Austria, this dissatisfaction has manifested itself as support for non-traditional (some would say extremist) movements and parties. In other cases, like that of France, it has taken the form of popular and electoral support for a leader with views broadly aligned with the political mainstream but unaffiliated with an established political party. And in still other cases, like the United Kingdom, it has taken a form of hostility to, and ultimately repudiation of, the European Union.

A common feature of these reactions is lack of trust in prevailing leaders and institutions. A variety of different labels have been attached to the resulting movements: they are referred to as anti-establishment, nationalist and populist. For those reared in the post-war Western European tradition of tolerance, openness and pan-Europeanism, the support attracted by these parties and movements is troubling and, in a growing number of cases, deeply disturbing.

In this report, we seek to understand the roots of Europe's trust deficit, the consequent decline in support for established political parties and institutions, and growing scepticism toward the European Union. One reason why we focus on trust in institutions is that its decline may have fostered the rise of populism, which we define as a political tendency distinguished by its anti-elite, authoritarian and nationalist elements and rooted in economic insecurity and identity politics.

While we focus on the European case, we would be loath not to acknowledge that many of these same tendencies – rejection of the political establishment, yearning for strong leadership, and espousal of nationalist and nativist sentiment hostile to immigration – are prominent also in the United States, and specifically in the election of Donald Trump. While our focus, to repeat, is on Europe, we will return, en passant, to comparisons with the US case.

In what follows, we use data from the European Social Survey on trust in national parliaments and in the European Union, disaggregated to the individual level, to isolate economic and social characteristics associated with Europe's growing trust deficit. We supplement this with data on elections to the European Parliament, disaggregated to the regional level, to identify factors associated with support for non-mainstream political parties and movements. Some observers have argued that deteriorating economic performance since the global financial crisis is largely responsible for declining satisfaction with national and EU politicians and parties. These same commentators then suggest, logically from this standpoint, that an improving economy could be enough to restore support for the status quo ante.

While the study confirms that economics matters, it does not suggest that it is the only, or even the main factor. Economic conditions are particularly important for trust in national parliaments, but trust in European institutions and political support for the EU are less sensitive to the state of the economy. This suggests that improvements in the obvious economic variables will not magically restore support for the European project. In addition to a strong economy, citizens and voters want a European Union that, together with national governments, delivers global public goods and provides security, while respecting their national identities. Meeting these demands will not be easy and may require a change in policy priorities, but does not entail rolling back the ambitions of building a stronger and more integrated Europe.

The remainder of this report is organised as follows. Chapter 2 defines the concept of populism that is now widely invoked, frequently without definition, as a description of the decline in trust in prevailing political institutions, and as a characterisation of the political reaction it evokes. Chapter 3 seeks to ground our definition and approach in the literature, reviewing related work on the connections between import competition, immigration, inequality and political attitudes. Chapter 4 then uses individual-level survey data to describe broad patterns and regularities in political attitudes toward these issues. Chapter 5, the core of our analysis, is where we attempt to systematically relate attitudes at the individual level and voting patterns at the regional level to their economic and cultural correlates. Chapter 6, in concluding, draws out the implications for national politics and for the process of European integration.

2 Populism and the problem of trust

Encyclopedia Britannica defines populism as "a political programme or movement that champions the common person, usually by favourable contrast with an elite". While this definition is as good a starting point as any, on its own it doesn't take us very far. It begs the question, to begin with, of who are the common people. One answer is: everyone who is not a member of the elite. But that answer in turn begs the question of what characteristics define the elite: do they include income, wealth, family, education or some other socioeconomic factor? This definition further ignores the fact that the "common people", as the phrase is used when referring to populism, are also regularly defined in contrast to – that is to say, as excluding – ethnic and religious minorities, immigrants and foreigners, who are not, generally speaking, members of the elite.

Populism is sometimes taken to refer to a system of governance that translates the will of the people into policy. But this definition again founders on the question of who constitutes the people, and on whether the latter in fact have a common "will" (or "collective consciousness" as the concept is referred to in Durkheimian social theory). It leaves open the question of exactly how populist programmes and movements translate the will of the people into policy. In some cases, they seek to allow common people to express their will directly through referenda. In the late 19th and early 20th centuries, in US states like Oregon and California, activists dissatisfied by the decisions of the political establishment, in which the elite was said to be disproportionately represented, sought to amend state constitutions to provide for ballot referenda as a way for the people to bypass the political elite and voice their interests directly. The Brexit referendum in the UK in 2016 has been portrayed in similar terms ("the people have spoken" was how the point was put and the legitimacy of the result was described by UK Prime Minister Theresa May).

But it is worth recalling that the Brexit referendum was in fact called by a sitting prime minister as a device for (hopefully) unifying his party and solidifying his control. It was an effort, unsuccessful in the event, to solidify the established political system. Switzerland regularly holds referenda on a variety of issues without undermining its party system or political institutions; to the contrary, it can be argued that these referenda processes work to strengthen support for existing parties and institutions. Evidently, resort to direct democracy is not a defining characteristic of populism.

The alternative to more democracy, also associated with populism, is less democracy. That is to say, populism is sometimes associated with authoritarian politics, often in the person of a charismatic leader who is seen as disenfranchising the elite, empowering the people and implementing their will by wielding power free of political checks and balances. This authoritarian variant of populism is by its nature hostile to and corrosive of the prerogatives of the political and social institutions serving as checks on the executive (including the legislature,

the courts, the press, and mainstream party apparatus). This variant of populism is traditionally associated with Latin America, where political strongmen like Néster Kirschner (in Argentina) attacked the opposition press, and others like Nicolás Maduro (in Venezuela) sought to undermine the prerogatives of the legislature. But these proclivities are evidently no longer exclusively a Latin American preserve (if they ever were), what with a US president attacking the courts and the media and seeking to distance himself from the Republican National Committee and the party establishment. It is equally evident in Eastern Europe in the politics of political strongmen like Viktor Orbán, who justifies his disregard for constitutional checks and balances with references to the threat to the state and the "people" posed by a hostile press, an ignorant European Court of Justice (ECJ), and disruptive foreign elites.

But attacks on the press and the judiciary are not unique to populist politicians; they are not the distinguishing, or defining, characteristics of populism, in other words. Franklin Delano Roosevelt, a dyed-in-the-wool member of the elite and the political establishment, sought to expand the Supreme Court so as to pack it with sympathetic jurists in 1937. Richard Nixon, a long-time Republican Party regular, enlisted a friend and political ally to challenge the Washington Post's ownership of a lucrative Florida television station and tasked his vice president, Spiro Agnew, with attacking journalists as constituting and speaking for only a "small and unelected elite".

Populism is sometimes taken to refer to nativist or nationalist political movements. Nativism, defined as protecting the interests of native-born residents of a country against those of immigrants, is associated with populism because it is one way of defining "the people". "The people", in this conception, are the majority of inhabitants of the country. They are defined in contrast to foreigners and often, it follows, in contrast to the race, ethnicity or religious practices of those foreigners. Hence the association of populism with racialism, ethnic discrimination and religious preference or intolerance. The collective consciousness of the people then derives from the cultural heritage of the dominant socioeconomic group ("Judeo-Christian values" in the example adopted George Orwell in 1939 and echoed by Steve Bannon, President Trump's White House strategist, more recently; "European Christian values" in the words of Orbán).

One way of understanding populism is therefore as a manifestation of "identity politics": the tendency for people of a specific religion, race, social background or economic class to form an exclusive political alliance. An alliance of the ethnic, racial or national majority of residents will, by definition, be opposed to the influence, and indeed the presence, of foreigners, and that opposition will be used by the leaders of a populist movement to unify and motivate their followers. Thus, the characteristic hostility of populist politicians and movements toward immigration is, from this point of view, a feature, not a bug.

The association of populism with nationalism and a strong national defence designed to secure the country's borders against external threats flows from this suspicion of immigrants and foreigners. It extends to hostility to foreign and international organisations, which are seen as compromising national autonomy and amplifying foreign influence. In the Latin American context, where immigration has traditionally not been a bone of contention, this nationalism, as enlisted by politicians identified as populist, takes the form of inveighing against "American imperialism" and the orthodox, "US-dictated" policies of the

International Monetary Fund. One sees the same tendency to inveigh against "foreign dominance" in the positions of European politicians and parties, as in the Greek case of Syriza's Alexis Tsipras in his public statements regarding the so-called Troika (the IMF, the European Commission and the European Central Bank), and in the case of Orbán and his targeting of George Soros and the European Court of Justice. In the US case, the equivalent is of course President Trump's suspicion of and hostility towards international organisations like the World Trade Organization, the World Bank, the United Nations and NATO. Speaking of these otherwise very different politicians in conjunction is a reminder that there can be populist movements of both the left and the right that, whatever their other differences, share the same grievances, strategies and motivations.

Finally, populism is said to be distinguished by its characteristic economic policies – the problem again being that those characteristic economic policies are not uniformly the same, making them hard to define and categorise. In the 19th century United States, the Populist Revolt was anti-business, business being seen as the preserve of an elite of so-called robber barons who usurped powers that legitimately belonged to the people, and who used them to impose low wages on industrial workers and exorbitant freight rates and mortgage interest costs on farmers. But the fact that those farmers were producers and small businessmen themselves suggests the existence of a more nuanced stance on the part of populist movements toward business. One reconciliation of this tension is that populists are not so much anti-business as anti-monopoly, where monopoly power is used to siphon off income that legitimately belongs to the people. Trump fits this model insofar as he is pro-business but a critic of producers of fighter jets who he sees as using their monopoly power to extract rents from the taxpayer.

More specifically, banks with market power are a perennial target of populist politicians. Banks are subject to suspicion, since their operations are relatively opaque (by definition, since banks operate in the information-impacted part of the economy). Bankers are generally regarded as members of the elite, who set financial conditions in transactions conducted in metropolitan financial centres.

A related characteristic of populist economic policies is that they are fundamentally redistributive. Not only do populists seek to redistribute rents from monopolists to the people, but they seek to redistribute income from the elites more generally to the people. They promise faster growth, higher wages and expanded social programmes, often without due regard to budget and balance-of-payments constraints.

Finally, there is the association of populism with protectionism. Protectionist policies appeal to populist politicians insofar as they promise, rightly or not, to relax the balance-of-payments constraint that would otherwise stymie the application of spending policies designed to produce faster economic growth. Populists tend to be not just nationalists but economic nationalists. The "us versus them" stance that pits residents against foreigners lends itself to a mercantilist view of trade as a zero-sum game, where imports are bad and exports are good. Import restrictions are, by definition, economic nationalism in action. More generally, populists see trade restrictions in a positive light because they promise to limit imports and can be used as a lever to bargain down foreign barriers to the country's exports.

Evidently, then, there is no simple answer to the question of what defines populism. This is also why it is problematic to attempt a capsule history of populism, since one will inevitably be mixing apples and oranges. Dalio et al. (2017) heroically construct an index of global support for populist parties spanning the last century, which at least has the merit of illustrating these points. They show a sharp spike in populist support in the 1930s, for example, because they classify Franklin Delano Roosevelt, the leader of the largest country in their sample, as a populist. To be sure, FDR criticised business and finance, and his New Deal contained the seeds of the social insurance state. But he was a patrician, a member of the elite, and a long-time Democratic Party functionary. Rather than attempting to implement characteristic populist policies, he believed in fiscal rectitude and moved to balance the federal government budget already in 1934. Whether he should be classified as a populist is at best dubious. This specific case points to more general caution.

How does populism connect with Euro-scepticism, the focus of this report? The European Union tends to be a target of populist ire because of the perception that it is remote from the people. The European Commission conducts much of its business behind closed doors in foreign languages in Brussels, and it is staffed by technocrats with advanced degrees from elite universities, who are easily criticised as being out of touch with the people and with facts on the ground. The European Union lacks "input legitimacy" – legitimacy grounded in process – in the language of political science.

Moreover, the Union is a cosmopolitan entity whose *acquis communautaire* champions tolerance, diversity and minority rights, values that rest uneasily with the nationalism rooted in the identity of the political and ethnic majority. Since it is a transnational institution, membership places limits on national policy autonomy by its nature, since it requires national policies to adhere to defined international standards. And at the very time the European Union has come to play a more prominent role in Europe's economic policies (with inter alia the transition to the euro and the promulgation of a growing panoply of fiscal regulations and procedures), the economic performance of the constituent states has visibly deteriorated, and the Union's efforts to secure its external borders have visibly failed. Promises that refugees will be equitably relocated across EU member states and smoothly integrated into their economies have been disappointed. For all these reasons, the European Union also lacks "*output* legitimacy" – legitimacy justified by achievement – having failed to visibly produce the policy goods. The typical targets of populist reaction are establishment forces seen as responsible for poor economic conditions and as threatening the identity of the nation and its dominant group. Given all this, it is hardly surprising that the European Union has become a prominent target.

But what to do about this populist-inspired backlash against the European Union and its integrationist agenda is unclear. Institutional reforms that shorten the distance between the Union's leaders (starting with the president of the Commission and his commissioners), and thereby give the people a stronger sense that their voice and preferences are being heard, are an obvious part of the solution – although agreeing on the nature of desirable institutional reforms to enhance input legitimacy is easier said than done. Better results – improved economic performance, enhanced border security, and an effective EU foreign

policy – might create a greater sense of output legitimacy, if only Europe's various constituencies could agree on the definition of better results. Neither will this be easy. We return to this question of how Europe might best contain the populist reaction against the European Union and its integrationist agenda in Chapter 6.

3 Review of empirical literature

In Chapter 2 we described the association of populism with protectionism and its opposition to the European Union as a remote, elitist, free-trade institution. Since populist politicians and movements tend to be nativist in orientation, they are typically opposed to free international trade. They think of the world as a zero-sum game and view exports as good and imports as bad. Populists tend to be not just nationalists but economic nationalists. Hence, they are instinctively sceptical of the European Union, where the interests of all member states are taken into account and which undercuts the ability of national governments to regulate and limit their trade.

We are interested in the economic and cultural correlates and sources of the rise of populist parties in Europe, both on the left and to the right, and, relatedly, in the correlates and sources of lack of trust in both national governments and the institutions of the European Union. In this section, we therefore provide a selective review of the literature on the relationship between openness and trade, financial crises, cultural factors and support for populist parties, on the one hand, and the trust in and support for the European Union, on the other.[1]

3.1 Lessons from Brexit

The referendum on EU membership in the United Kingdom in June 2016 provides an excellent opportunity to study the sources of the rise of populist, anti-EU parties in Europe.

In one of the first studies of the election outcome, Arnorsson and Zoega (2016) studied the regional pattern of voting in the Brexit referendum using regional data at the NUTS 2 level that include both values taken from the 2011 European Values Study and economic and demographic variables taken from Eurostat.[2] They found that economic and demographic factors could explain a large part of the regional pattern of voting as well as the regional pattern of attitudes towards the European Union in general, negative attitudes towards the influence of immigrants on society, and negative attitudes towards living next door to neighbours who were immigrants. What seemed to matter most for voting patterns in each of the 36 NUTS 2 UK districts was income per capita, the fraction of the population over the age of 65, and the fraction of the population with less than secondary education. The rate of immigration (measured as a fraction of the population of each region) was less important.

1 For a review of the literature on populism in political science see Mudde and Kaltwesser (2017) and Mudde (2016) on the history of populism in Europe.

2 The NUTS classification system (*Nomenclature des unités territoriales statistiques*) is a coherent regional breakdown system administrated by Eurostat. Its purpose is to provide stable regional units over a certain period of time. For more information, see http://ec.europa.eu/eurostat/web/nuts/history.

Fidrmuc et al. (2016) reached similar conclusions in their analysis of the regional pattern of the Brexit referendum. They found that differences in GDP per capita and wages explained the variation in voting across NUTS 2 regions. More surprisingly, they found that regions receiving more money from Brussels through the EU Cohesion Policy funds, which account for around one third of the EU budget and help mainly less-developed regions, did not help explain the pattern of voting, despite the fact that large sums were received by inhabitants in some British regions. For example, in Cornwall each person received €550 on average per year in the 2007-13 period, but the county voted heavily for Brexit. This casts doubt on the widespread presumption that economic self-interest, narrowly defined, was an important determinant of the Brexit vote. It also casts doubt on the effectiveness of a structural and cohesion fund as a tool to enhance support for the EU or to compensate potential losers from economic integration.

A third study by Becker et al. (2017), using data from 380 local authorities, found that exposure to the European Union in terms of immigration and trade did not help explain the regional pattern of the vote, consistent with the conclusions of Fidrmuc et al (2016). In contrast, factors such as education, historical dependence on manufacturing employment, low income and high unemployment significantly influenced voting for or against Brexit at the district level.

Consistent with the aforementioned studies, Los et al. (2017) found, in an analysis at the NUTS 2 level, that regions that voted strongly for Leave tended also to depend most on EU markets for their local industries. These authors used the share of consumption and investment demand in the rest of the Union as a share of GDP at the regional level, and found that regions that are most dependent on EU markets tended to display a higher proportion of Leave votes. The pro-Remain vote was, in contrast, strongest in the regions that rely least on EU markets, such as London and parts of Scotland. It follows from their analysis that leaving the Union may not end up helping the UK's relatively backward regions.

One interpretation of the evidence presented in the papers on Brexit is that the losers from international trade may vote for populist and anti-EU parties, although, as pointed out by Becker et al. (2017) and Los et al. (2017), they may not make a distinction between EU integration – which is helping the British regions – and trade with the rest of the world – which may be hurting some regions or industries.[3]

3.2 Openness, income distribution and populism

It is possible that the uneven spread of the gains from international trade may explain the rise of populist movements and attitudes towards European integration and its regional spread in Europe. Indeed, a rapidly growing literature documents how international trade can have a negative effect on local economies. In the United States, Autor et al. (2014) analyse the effect of changes in industry import penetration from China from 1991 to 2007 on workers in these industries. They use individual-level, longitudinal data from the US Social

3 This was not the only misperception that drew British voters to vote for Brexit since, as described by Arnorsson and Zoega (2016), according to polls the average British voter thought that the number of immigrants from other EU countries was three times the actual number.

Security Administration. In particular, they estimate the effect on cumulative earnings, employment, movements across sectors and receipt of social security benefits over the period 1992 to 2007, focusing on workers born between 1943 and 1970 in a sample of 880,465 workers. The results show that workers in manufacturing industries in 1991 that suffered subsequent high import growth received lower cumulative earnings, faced higher risk of ending up receiving social security and spent less time working for their initial employer. Earnings losses were greater for individuals with low initial wages, low initial tenure and low attachment to the labour force.

This is of interest for our study because the results of the UK referendum on membership of the European Union suggest that the regions that are most exposed to competition from China voted to leave the Union (Colantone, 2016). In addition, Pessoa (2014) finds that workers in the United Kingdom whose initial industries became exposed to Chinese import competition accumulated significantly lower earnings over the period 2000-2007 due both to fewer years of employment and lower hourly earnings while employed.[4]

More generally, these developments can have political consequences if they lead voters to choose parties inclined towards more protectionist policies. Feigenbaum and Hall (2015) study the effect of imports from China on US voting patterns, using data on congressional districts. They find that legislators vote in more protectionist directions on trade bills following import surges, while not changing their voting on all other bills. Autor et al. (2016) find that congressional districts more exposed to increases in import competition from China were more likely to remove moderate representatives from office, and replace them with more extreme left- or right-wing politicians, between 2002 and 2010. In the European context, Dippel et al. (2015) similarly analyse the effect of trade integration with China and Eastern Europe on voting in Germany during 1987-2009. Specifically, they find that the vote share of extreme-right parties responds significantly to the impact of trade integration on changes in manufacturing employment. Finally, Colantone and Stanig (2016) study voting patterns in Western Europe at the NUTS 2 level from the late 1980s to the financial crisis of 2008. They measure party ideology based on the Comparative Manifesto Project, which involves the human coding of statements in party manifestos, and find that voters in Western Europe in areas more exposed to competition from Chinese imports tend to vote in a more protectionist and nationalist direction.

3.3 Financial crises and support for non-mainstream parties

The momentum behind support for populist leaders and movements may not be confined to the effects of international trade. Capital flows and their sudden stops may also push voters towards thinking of the economy as a zero-sum game, and encourage politicians to sacrifice the principles of economic freedom for the protection of the nation and the family. But other possibilities exist. Voters may lean to the left following a crisis if they think that it is more likely that the parties at the left end of the political spectrum engage in fiscal expansion and

4 The author used data on total employment, job creation, and job destruction by industry taken from the Business Structure Database (BSD). Unemployment by sector was obtained from the Labour Force Survey (LFS) micro-data. Wage data are from the Annual Survey of Hours and Earnings (ASHE) and vacancy data are from the NOMIS, provided by the UK Office for National Statistics.

social protection. Alternatively, they may lean to the mainstream right if they think that the right-wing parties are better at managing the economy or that fiscal prudence is important following the crisis. Finally, voters may penalise the incumbent parties, irrespective of whether they are to the left or the right.

Funke et al. (2016) study election data for 20 developed economies going back to the year 1870. They find that financial crises are often followed by partisan conflict. They show that uncertainty tends to increase following financial crises and that polarisation tends to rise. In the wake of crises, voters seem to move towards right-wing populist parties that attribute blame to minorities and foreigners. This stands in contrast to the political response to recessions that do not emanate in the financial sector.

Hernandez and Kreisi (2016a) reach similar conclusions in their study of the political consequences of the recent financial crisis. They study election outcomes in 30 European countries in the two elections that preceded the crisis and the one that followed. The authors find that economic difficulties in the Great Recession in Europe, as captured by falling output, increased unemployment and increased debt, resulted in losses for incumbent parties in Western Europe, but less so in Central and Eastern Europe. Joining an IMF programme makes the electoral punishment of the incumbent parties even stronger. They also find that in Western Europe the radical right, radical left and non-mainstream parties benefited most from the crisis. This study confirmed the earlier results of Bartels (2014), who found in a sample of 42 elections in 28 OECD countries before and after the Great Recession that a 1% growth of GDP increased the voting share of the incumbent party by 1.2%. In Sweden, there was also a tilt to the right but to the moderate, incumbent right more sympathetic towards the European Union. Lindgrin and Venby (2016) analyse the effect of the recent global financial crisis on the pattern of voting in Sweden's elections in 2006, 2010 and 2014 using a differences-in-differences method. They find that right-wing parties gained votes where unemployment increased after controlling for the average age, level of education and share of immigrants in each voting district. However, the populist right did not gain from the crisis. Note that the right-wing incumbent government of Sweden was strongly in support of the country's membership of the European Union. One explanation for why the incumbent right-wing parties gained is that they had earned a reputation for competent economic management.

As we will show in the next section of this report, support for radical right-wing and radical left-wing parties often goes hand in hand with distrust of both national governments and the institutions of the European Union. Hernandez and Kriesi (2016b) also study the 2014 European Parliament elections. They use answers from the European Election Studies for their independent variables, which measure respondents' disaffection with the EU, their self-placement on the left-right spectrum and, at the country level, the type of Eurosceptic parties. The dependent variable is a zero-one variable for participating in the election, on the one hand, and voting for a Eurosceptic party, on the other hand. They find that disaffected citizens are more likely to turn out to vote in the presence of a party that is strongly opposed to European integration and to vote for a Eurosceptic party provided that this party also shares their ideological leaning in the left-right dimension. In contrast, the absence of such a party is likely to reduce turnout.

Frieden (2016) uses data from 24 Eurobarometer surveys since 2004 to explore changes in attitudes over the course of the crisis. These surveys reveal, he suggests, that the crisis severely eroded trust in both national governments and the European Union. There is, in addition, suggestive variation among groups and across countries. Less educated and less skilled citizens, along with the unemployed, are particularly disenchanted; and those in the Eurozone debtor nations are uniformly disappointed with the functioning of both their national political institutions and the European Union. While trust in both the Union and national institutions has declined across Europe with the crisis, the collapse is particularly pronounced in the debtor countries. In 2004, some 70% of debtor-country citizens trusted the European Union and some 50% trusted their national governments; by 2014, the respective proportions hovered at around 30% and 10%, respectively. However, support for the Union remains high, although the United Kingdom is an outlier. Even in the debtor countries there is support for continued membership of the European Union and the euro, although support has fallen somewhat in some of these countries

In a recent paper, Foster and Frieden (2017) analyse the responses of some 600,000 individuals in 23 Eurobarometer surveys conducted from 2004 to 2015, along with economic and political data, to study the observed causes of trust during the recent financial crisis. The authors find that the occupational and educational groups that presumably benefit most from European integration have the highest levels of trust in both their national governments and the European Union, while those with lower levels of skill and education have less trust. Economic factors help explain the variation in trust among Europeans over time, across countries and across socioeconomic groups. As unemployment has increased, trust has fallen, especially in the debtor countries. The authors find that an increase in unemployment from 10% to 15% is associated with a 9 percentage point fall in the probability of trusting the national government. We will return to these questions in Chapter 5.

3.4 Immigration, attitudes and populism

Immigration is one of the key aspects of the rhetoric of right-leaning populist parties. Their manifestos typically point out the detrimental effects immigration has on the labour market (for example, on wages and employment of natives) and on the welfare system. Populist parties often accuse immigrants of undercutting wages, of taking jobs away from natives, and of free-riding on the welfare and transfer system. They also often point to immigrants as constituting a threat to cultural and social homogeneity, as leading to an increase in crime, and as putting undue pressure on existing resources and the housing market.

Are these claims justified? A large literature in economics investigates several of these aspects in much detail. We will briefly review the empirical evidence, and then discuss papers that go beyond the economic explanations as a driver of attitudes towards immigration, and ultimately voting behaviour.

3.4.1 Immigration and economic adjustment

The effect of immigration on wages and employment is perhaps the most extensively studied area of the economics of immigration (for an excellent recent overview of the existing literature, see NAS, 2017). The underlying conceptual framework typically considers an economy that produces one good combining skilled and unskilled labour with capital, using technology with constant returns to scale. In such an economy, the impact of immigration will be felt differently by natives according to the type of immigrants that arrive (i.e., skilled or unskilled). Assume for the moment that immigration is unskilled. Then unskilled native workers will be in competition with arriving immigrants, so that immigration may lead to a decrease in their wages, while skilled natives will benefit as they are complementary to unskilled immigrants (the value of their skills and, therefore, their wages go up, as they become relatively scarcer). If capital is constant in supply (which may characterise the short-term scenario), then capital owners may likewise benefit from migration. In the medium until the longer run, capital is likely to adjust so that gains and losses are concentrated among skilled and unskilled native workers, with skilled native wages increasing while unskilled native wages may decrease. Overall, this model predicts that immigration will always lead to a welfare gain in the receiving country; however, it will have distributional effects, with some losing (in our example, unskilled workers) and some winning (in our example, capital owners and skilled workers). Those who gain will gain more than those who lose. Dustmann et al. (2005) provide a detailed technical exposition of this model.

What is the empirical evidence on the predictions of this simple model? The literature is vast, and different papers come to different conclusions. For instance, for the United States, Card (2009) finds that immigration has only a minor effect on native wages. On the other hand, Borjas (2003) provides evidence that suggests that wages of natives are being harmed by immigration, while Ottaviano and Peri (2012) report positive wage effects on natives. Dustmann et al. (2016a) provide a systematic review of the literature and a discussion of why different studies may come to different conclusions. Overall, however, it is fair to say that negative effects on native wages, if present, are relatively modest and are restricted to those groups that are in direct competition with immigrants. One example is a recent paper by Dustmann et al. (2013), which investigates the effect immigration has along the distribution of native wages in the UK. They find that immigration to the UK between 1997 and 2005 held back wage growth at the lower end of the wage distribution, with a 1 percentage point increase in the immigrant-native ratio leading to a 0.5% decrease in wage growth at the 10th wage percentile (which likely was hardly felt, as real wages increased by 3% during that period). However, at the same time, it led to an increase in wages further up the distribution, with a 0.7% increase at the median and a 0.4% increase at the 90th percentile. Overall, the findings suggest that immigration led to an increase in average real wages. Similarly, Lemos and Portes (2008) do not find any effect of A8 immigration on the number of unemployment claimants in the United Kingdom in 2004-2005, while Lucchino et al. (2012) find no association between migrant inflows and claimant unemployment over the years 2002-2011.

The labour market is not the only channel for adjusting to immigration. There are two alternative mechanisms, which may lead to wages remaining unaffected (e.g., Card, 2005; Lewis, 2011; Dustmann and Glitz, 2015). The first mechanism constitutes changes in relative production (in an open economy), where the sector that uses immigrants more intensively expands relative to other sectors, so that immigrants can be absorbed without changes in native wages. The second adjustment mechanism is through technology, whereby the economy absorbs immigrants through technological adjustments. Both mechanisms are found to matter in empirical studies, with technology being the dominant adjustment channel (e.g., Dustmann and Glitz, 2015).

Thus, the effects of immigration on the labour market depend heavily on the particular situation that is investigated, i.e. the skill structure of the receiving country, its position in the economic cycle, the skills structure of the incoming immigrant population, and the industry structure of the receiving country. The empirical evidence suggests that, to the extent that there are negative wage effects, these are usually modest and concentrated on those groups of workers who directly compete with immigrants.

3.4.2 Fiscal effects

But what about the effects of immigration on the welfare and transfer system? Do immigrants free-ride on the welfare system by claiming more in transfers and benefits than they pay back in taxes? An excellent and very thorough conceptual analysis can be found in Preston (2014). The author shows that the impact of immigration on the welfare system depends again on the type of immigrants who arrive. It also depends on their skills and labour supply (which determine their earnings and therefore their tax contributions), their demographic structure, whether or not they remain permanently, and the type and amount of services they receive in terms of transfers and benefits. Empirical analyses on this issue exist for some countries. For instance, Dustmann and Frattini (2014) conduct an analysis for the UK in which they investigate the net fiscal contribution made by immigrants who arrived in the UK after 2000, distinguishing between immigrants from EU and non-EU countries. Their findings suggest that immigrants are overall less likely to receive transfers and benefits than natives, and are less likely to live in social housing. They also show that immigrants make a far larger contribution in terms of tax payments than they receive in terms of transfers. Over the period between 2000 and 2012, the net fiscal contributions of recent A10 immigrants[5] amounted to almost £5 billion, those of the other recently arrived European immigrants to £15 billion, and those of recent non-European immigrants to a total of over £5 billion. This is even more remarkable considering that natives' net fiscal contribution over the same period was negative, amounting to almost £617 billion.

All that evidence suggests that the economic case against immigration, from the perspective of native workers, is not very strong, at least in European countries for which evidence exists. However, there may be distributional effects of immigration; although there are overall economic benefits, some groups may lose out, or may perceive themselves as losing out from increased immigration.

5 A10 refers to the group of new EU member countries following the 2004 and 2007 enlargement of the European Union.

3.4.3 Economic and non-economic drivers of attitudes towards immigration

A branch of literature in economics sets out to investigate how feelings of natives towards immigrants are affected by different mechanisms, and how important economic considerations are, by studying the attitudes of natives towards immigration. Early work by Scheve and Slaughter (2001) is motivated by the simple economic model that we discuss above. Working on the assumption that immigration hurts unskilled natives and benefits skilled natives through labour market channels, they regress attitudes towards more open immigration policies on educational attainments of natives. Their results suggest that better educated natives are more in favour of more liberal migration policies, while the less educated are far more critical, a finding that they interpret as compatible with the simple economic model above. Their analysis has been repeated for different data sets and countries (e.g., Mayda, 2006; Facchini and Mayda, 2009; Hainmueller and Hiscox, 2010).

Dustmann and Preston (2007) challenge the view of economic concerns as being the only driver of attitudes towards migration. In their paper, they use the British Attitude Survey to extract sets of questions that allow for the distinction of three factors: labour market concerns, welfare concerns and racial concerns. These factors are identified by sets of questions concerning fear of job loss and willingness to pay for increased public social spending, for example, as well as, to measure cultural or racial prejudice, questions regarding attitudes towards inter-ethnic marriage or having a minority boss at work. Their findings are quite stunning. First, among the two economic factors, they find that welfare concerns are far more important than labour market concerns. When comparing racial concerns and economic concerns, however, the former turn out to be much more important than the latter for attitudes towards migration. Using responses to immigration of individuals of different ethnicity, the "race" factor turns out to be more important the more ethnically different immigrants are.

Extending this analysis, Card et al. (2012) design a special module for the 2002 European Social Survey (ESS) on immigration that allows them to decompose attitudes towards more liberal migration policies into two factors: an economic factor and a cultural factor. The former is based on questions about the economic effects of immigration, while the latter is based on questions about societal homogeneity, common religion, common language, and so on. In line with Dustmann and Preston (2007), they find that the non-economic cultural factor is far more important than economic considerations for the attitudes of individuals towards immigration. In particular, they establish that across all 21 European countries that take part in the survey, the cultural factor is between two and five times more important than the economic factor. Moreover, they also find that the difference in attitudes across education groups – as pointed out by Scheve and Slaughter (2001) – is unlikely to be driven by perceived economic distributional aspects, but by the non-economic (cultural) factor being far more important for the less educated than the highly educated.

What are the consequences of all this for the role immigration plays in populist parties' policies? Overall, the evidence suggests that it is difficult to build a strong case against immigration on economic grounds alone. The reason why immigration is nevertheless a strong argument in the rhetoric of populist right-

leaning parties is that attitudes towards immigration are predominantly built on non-economic considerations, which range from cultural factors to racial prejudice. The drivers of such attitudes are therefore far more difficult to address in open political debate, and far more sensitive to manipulation and emotion.

3.4.4 Immigration and voting outcomes

So as a consequence of this, is immigration in fact an important factor in the electoral success of right-leaning political parties? A small literature has recently evolved that uses data to investigate this question. A recent paper by Dustmann et al. (2016b) uses a quasi-random assignment of refugees to different Danish municipalities' over three electoral cycles to investigate the causal effect of such an allocation on vote shares of anti-immigrant parties. They find a strong and persistent effect of refugee allocation on vote shares for the two Danish anti-immigrant parties. Interestingly, they also find that responses differ across urban and rural municipalities, with more pronounced responses in less urban municipalities. A number of other papers also find a strong relationship between immigrant settlement and vote shares for right-leaning populist parties (e.g., Otto and Steinhardt, 2014; Barone et al., 2016; Halla et al., 2017; Harmon, 2017). Thus, it seems that immigration is indeed a powerful channel through which right-leaning populist parties are able to increase their political representation.

3.5 Identity and culture

Populism as conventionally understood also has a cultural or "national identity" component, and a number of recent studies attempt to explore this connection. Curtice (2016) studies popular attitudes towards the European Union in Great Britain. He finds that concerns about the cultural consequences of EU membership are widespread. However, voters are inclined to think that membership is economically beneficial. It follows that voters only want to leave the Union if they are also convinced of the economic case for doing so.

Inglehart and Norris (2016) propose two theories of populist politics, one based on economic insecurity where the emphasis is on profound changes that have affected labour and society in post-industrial economies, the other based on a cultural backlash against progressive values. They use the 2014 Chapel Hill Expert Survey to identify the ideological location of 268 political parties in 31 European countries – including all EU member states, as well as Norway, Switzerland and Turkey – and use the European Social Survey from 2002-2014 to test whether it is economic or cultural insecurity that predicts voting for populist parties. The independent variables include social and demographic controls, such as sex, age and education, experience of unemployment, measures of feeling of income security and values that were meant to separate populist and liberal values. Their regression model, pooling responses to European Social Surveys conducted from 2002 to 2014 (containing 293,856 observations), tests these two hypotheses – that is, one that explains the popularity of populist parties by increased economic insecurity, and the other as a cultural backlash against progressive values. They find that there is more evidence for the cultural hypothesis.

Guiso et al. (2017) also use the European Social Survey to estimate the determinants of the supply and demand for populism. The find that demand for populist parties is driven by economic insecurity and a decline in trust in traditional parties. But increased economic insecurity also discourages voter turnout, which weakens the effect of insecurity on the votes received by populist parties. An interpretation is that a combination of the inability of markets' and governments' inability to guarantee security has shaken the confidence in traditional political parties and institutions, increasing fear beyond that already created by globalisation and migration. The effect is magnified by the non-populist parties' response when they adopt some of the populist policies in their platform.[6]

3.6 Institutions and policies

The literature suggests that institutions and policies may shape the traction gained by populist movements. Swank and Betz (2003) studied national elections in 16 European countries from 1981-1988 and found that a universal welfare state reduces the vote for radical right-wing populist parties and weakens the link between international trade and immigration, on the one hand, and support for the right, on the other. This argument is related to that of Mayda et al. (2007), who found that in small countries with higher levels of government expenditures, the population tends to be less risk averse when it comes to anti-trade attitudes. Rodrik (1998) argued along similar lines when he suggested that more open economies face greater risks from world markets and that, since governments can reduce aggregate risk through redistribution and also by ensuring a stable provision of publicly provided goods and services, there is a tendency for more open economies to have larger governments.

3.7 Summary

In sum, the previous literature points to the importance of both economic and cultural factors in levels of support for right-wing populist parties, but at the same time suggests that institutional and cultural variables shape the electoral impact of those economic and cultural factors.

6 Chapter 5 will address this issue by measuring each party's populist policies.

4 Attitudes of populist voters

In Chapter 2 we discussed different definitions of populism and how the phenomenon may be related to attitudes towards the European Union. In this chapter, we explore the data to see if this relationship between populism and lack of trust in the Union exists in various European countries.

Specifically, we investigate whether a sceptical view towards European integration and a rising mistrust in political institutions, both national and European parliaments, are associated with support for populist parties. For that purpose, we combine data from the European Social Survey (ESS), a multi-country cross-sectional survey conducted every two years between 2002 and 2014, with information on which parties are "populist" in general and the ideology of their economic policies, all following the definitions in Inglehart and Norris (2016).

The ESS collects data regarding people's social values, cultural norms, and behavioural patterns within Europe. It contains information on individuals' attitudes towards national and European institutions, toward European integration, and on voting preferences.[7] We focus on three questions: (i) whether European integration has gone too far or should go further (European integration), (ii) whether the respondent trusts the European Parliament, and (iii) whether the respondent trusts the national parliament.

We re-scale responses (which are originally on a scale of 0 to 10) to lie between 0 and 1. For all these variables, a higher number represents a more sympathetic view, for example, being more sympathetic towards European integration, or having more trust in the European Parliament.

In the ESS, individuals are also asked which party they voted for in the last general election. We use these responses and identify voting for populist parties using the categorisation of Inglehart and Norris (2016), which allows us to construct three outcome variables. The first variable, *Populist,* is a binary indicator that measures whether the respondent voted for a populist party in the last general election. The second variable, *RW-Populist,* is a binary indicator that takes the value 1 if the respondent voted for a right-wing populist party, and 0 otherwise. The third variable, *LW-Populist,* is a binary indicator that measures whether the respondent voted for a left-wing populist party.

In addition, the ESS contains detailed information on the respondent's socio-demographic characteristics. We use this information to generate the following variables, which serve as controls in all our regressions: gender, age (four categories), and educational attainment (three categories).

To construct our sample, we exclude all country ESS-round combinations without a populist party as part of the stated voting preferences. For instance, we exclude round 1 for Germany, since no respondent states that he or she voted for one of the two German populist parties (NPD, AfD) in the last general election. For the same reason, we exclude the rounds 1, 2, 4, 5, 6 for the Czech Republic, round 5 for Lithuania, rounds 1-4 for Sweden, and rounds 1, 2, 4, 5, 6 for the

7 We describe the ESS in more detail in Chapter 5.

United Kingdom.[8] Furthermore, we exclude all observations from countries that have either no populist party (Cyprus, Estonia, Iceland, Ireland, Israel, Portugal, Russia, and Ukraine) or no respondent states having voted for a populist party in the last general election (Luxembourg and Spain).

Our final sample consists of 123,356 individuals in 22 countries,[9] around 4% of whom state having voted for a right-wing populist party in the last general election, while 7% state having voted for a left-wing populist party. Table A1 in the Appendix shows the descriptive statistics of the individual characteristics and outcome variables outlined above, separately for the samples of the three attitudes variables used in the analysis.

To get a first indication of whether a rising mistrust in politicians and political institutions is associated with increasing support for populist parties across Europe, we estimate the basic model:

$$y_{itc} = a_0 + a_1 A_{itc} + \mathrm{X}'_{itc} a_2 + T_t + C_c + u_{itc}, \tag{1}$$

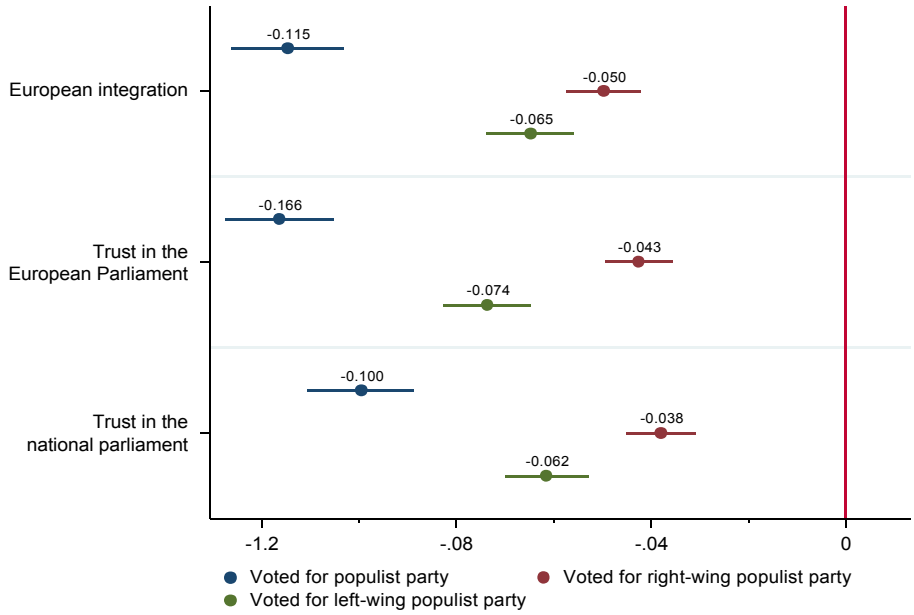
where y_{itc} is a binary indicator that takes the value 1 if individual i in period t living in country c states that he or she voted for a populist party (right-wing or left-wing, respectively) in the last general election, and 0 otherwise. A_{itc} represents the respective attitude variables of interest (European integration, trust in the European Parliament, and trust in the national parliament) and X_{itc} is a vector of individual specific characteristics that includes dummies for being a female, three education groups, and four age groups. T_t and C_c are full sets of dummy variables for the year of interview and the country of residence, respectively.

Figure 4.1 shows the estimated correlation between the different outcome variables and the three attitudes variables of interest. Each dot represents a regression coefficient based on estimating Equation (1) separately for the three different outcome variables and the respective variable of interest. The results depict a significant, negative association between the attitude variables and support for populist parties. For instance, the upper-left blue dot indicates that a 10 percentage point increase in how positively a respondent views European integration is associated with a 1.2 percentage point decrease in the likelihood of having voted for a populist party in the last general election. This is a strong association (although of course not causal), as the overall voting support for populist parties over the period of our sample, and in the respective countries, was approximately 11%. Turning to the trust variables, the green dot in the middle indicates that a 10 percentage point increase in the respondents' trust in the European Parliament is associated with a 0.7 percentage point decrease in the likelihood of having voted for a left-wing populist party in the last general election. Finally, the lower-right red dot indicates that a 0.4 percentage point decrease in the likelihood of having voted for a right-wing populist party is associated with a 10 percentage point increase in trust in the national parliament. Hence, the results depicted in Figure 4.1 are consistent with the idea that increasing Euroscepticism and the loss in trust in political institutions are associated with a rising support for both right- and left-wing populist parties across Europe.

8 In addition, we drop 126 observations that voted for the Five Star Movement party in Italy from our sample as the party's ideology can be classified as either right or left wing.

9 The countries included in our sample are Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Lithuania, Netherlands, Norway, Poland, Slovakia, Slovenia, Sweden, Switzerland, Turkey, and the United Kingdom.

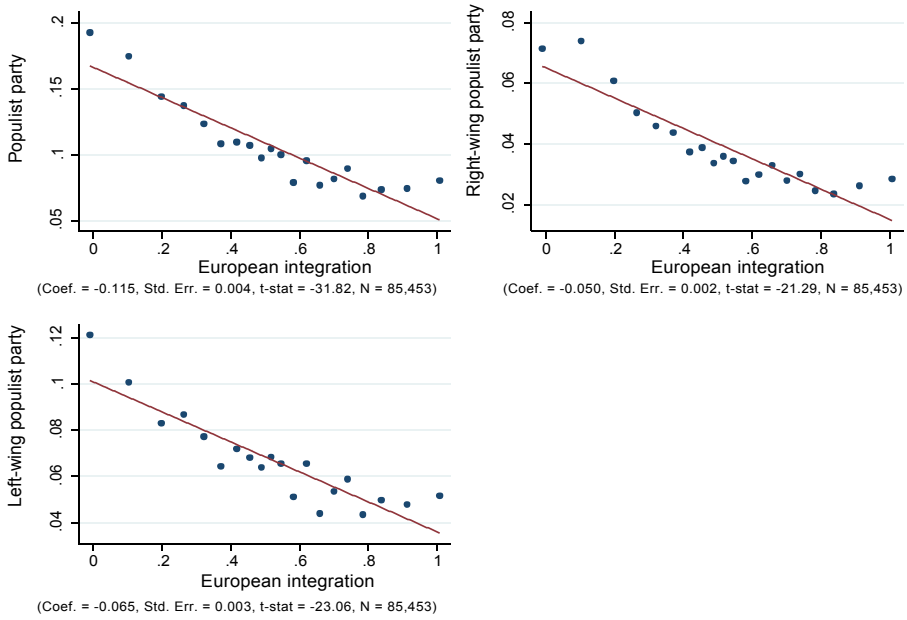
Figure 4.1 Voting for populist parties and trust in politics



Notes: Coefficient estimates are from OLS regressions of Equation (1). Post-stratification and population weights are applied. The 95% confidence intervals, using robust standard errors, are shown by the lines.
Source: Own calculations based on the European Social Survey (ESS).

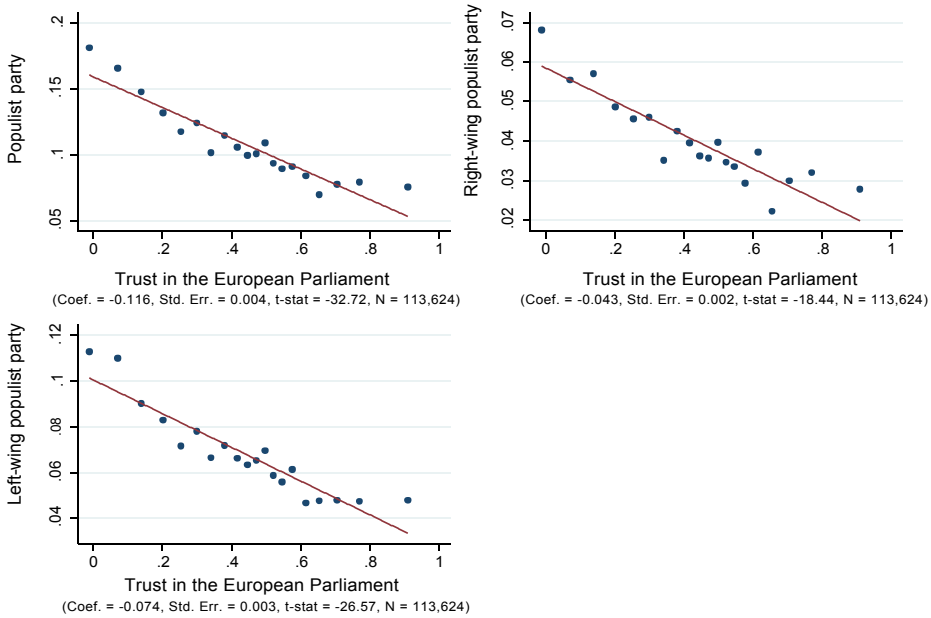
To depict the relationship between the voting variables and the attitudes variables in more detail, Figures 4.2 to 4.4 show binned scatterplots for each combination of outcome and attitude variables. The vertical axis of each panel reports the likelihood of voting for a populist, right-wing populist or left-wing populist party, respectively. The horizontal axis reports the value of the respective attitude variable. Each dot represents the mean of the x-axis and y-axis variables within each bin. To calculate the bins, the variable on the x-axis is split into 20 equal-sized groups. For instance, each dot in the upper-left panel of Figure 4.3 shows the average probability of having voted for a populist party in the last general election for a given level of trust in the European Parliament, holding the control variables constant. The plots also show the estimated linear regression line, whose slope matches the coefficients of the multivariate regression shown in Figure 4.1.

Figure 4.2 Correlation between voting for populist parties and attitudes towards European integration



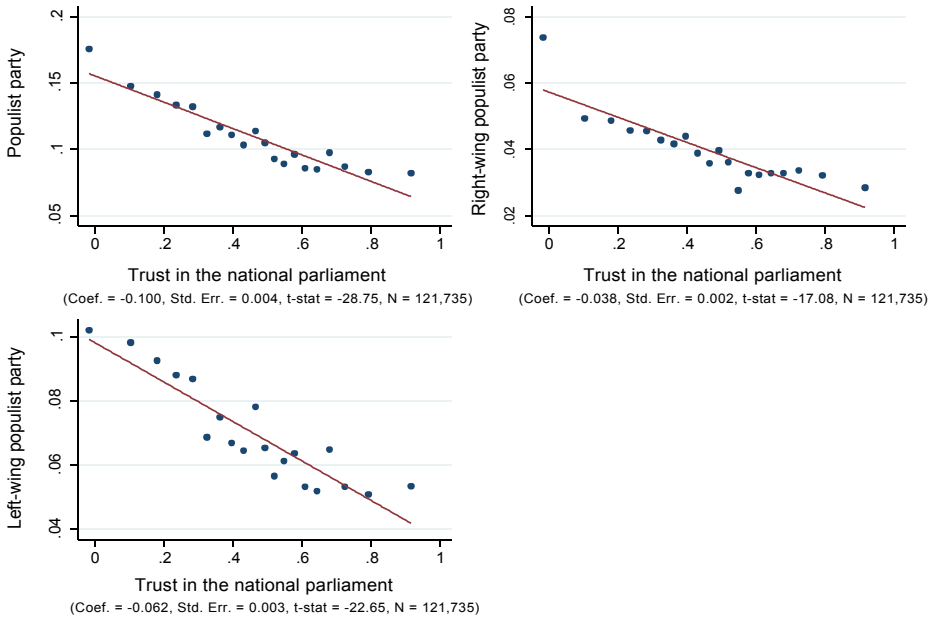
Source: Own calculations based on the European Social Survey (ESS).

Figure 4.3 Correlation between voting for populist parties and trust in the European Parliament



Source: Own calculations based on the European Social Survey (ESS).

Figure 4.4 Correlation between voting for populist parties and trust in the national parliament



Source: Own calculations based on the European Social Survey (ESS).

As already summarised in Figure 4.1, there is a strong correlation between the probability of voting for a populist party and attitudes towards European integration and trust in political institutions. In other words, Figures 4.2 to 4.4 illustrate that low probabilities of voting for right-wing or left-wing populist parties are associated with a positive view towards European integration and high levels of trust in political institutions (both the European Parliament and the national parliament).

In the next chapter, we explore in detail the relationship between the two trust variables and views of further European integration on the one hand, and personal attributes of survey responders and macroeconomic shocks on the other. Our goal is to probe deeper into the sources of the rise in distrust and opposition to European integration, and to better understand regional variations in these variables.

5 Populism, trust in political institutions and European integration

5.1 Data and variables

Is it true that Europeans have become more sceptical towards European integration and have lost trust in European institutions like the European Parliament? And if so, when and why did this happen? And who exactly opposes and who favours European integration?

In this chapter, we address these questions. We study two sets of data: (i) the European Social Survey (ESS), a coordinated cross-national survey conducted in most European countries every two years between 2002 and 2014; and (ii) actual voting outcomes in the elections to the European Parliament, held simultaneously in each country every five years between 1999 and 2014. The ESS data allow us to study individual attitudes, while the election data refer to regional voting outcomes. Both datasets include the EU15 countries except Luxembourg.

We organise the analysis as follows. First, we examine individual's attitudes towards European integration and trust in the European and national parliaments using survey data, where we disaggregate individuals by age and education groups. Second, we study the effects of regional macroeconomic shocks, and examine how these attitudes and election outcomes are affected by adverse regional changes in output and unemployment. Third, we study the interaction between regional macroeconomic shocks and individual cultural traits, asking whether the effects of changes in output and unemployment were amplified or dampened by specific cultural traits prevailing in the respective region.

5.1.1 Individual attitudes

One essential feature of political populism, as described in Chapter 2, is mistrust of representative democracy and of supra-national institutions, in favour of direct democracy and nationalism. We capture these traits by focusing on three variables in the ESS which measure individual attitudes towards national and European institutions, and towards European integration in general: trust in the European Parliament, trust in the national parliament, and the answer to the question on whether European integration has gone too far or should go further (*European Integration*). All variables (which are originally on scale of 1 to 10) have been linearly rescaled to lie between 0 and 1. We also compute the ratio between trust in the European Parliament and the national parliament (the variable *Trust*

Ratio), which is simply the ratio between the two respective scaled responses.[10] For all these variables, a higher number represents a more sympathetic view (e.g. being more sympathetic towards European integration, or having more trust in the European Parliament). For the variable *Trust Ratio*, a number above 1 means a more sympathetic view towards the European than the national parliament. Figures 5.1 to 5.4 illustrate the time series of each of these variables, for all countries together and for each individual country, weighted by the country's population in the relevant year.[11] Note that a few countries (such as Greece and Italy) have missing data for several years, and for the last wave in particular.

The figures show that trust in the European and national parliaments declined in most countries over time, although there are exceptions: in Sweden trust towards both institutions went up, and Germany has now more trust in its own parliament than in the past. However the *relative* trust in the European Parliament versus the national parliament (the variable *Trust Ratio*) actually went up in several countries, and in the aggregate only drops in 2014. Benchmarking trust in the European Parliament against trust in national parliaments thus reveals that the apparent decline of trust in the former, as depicted in Figure 5.1, is accompanied on average by an even larger decline in trust in national parliaments, in particular in Southern Europe. As a result, while trust in the European Parliament decreases in Italy, Spain, Greece and Portugal in most years, the *Trust Ratio increases* for most years as trust in their national parliaments decreases even more.

Sentiment towards European integration (Figure 5.4) displays no clear trend in the aggregate, rising in some countries while dropping in others. Overall, these attitudes do not display a clear turn against European integration in the period up to 2014, neither do they suggest that trust in the European Parliament, when benchmarked against trust in national parliaments, has deteriorated.

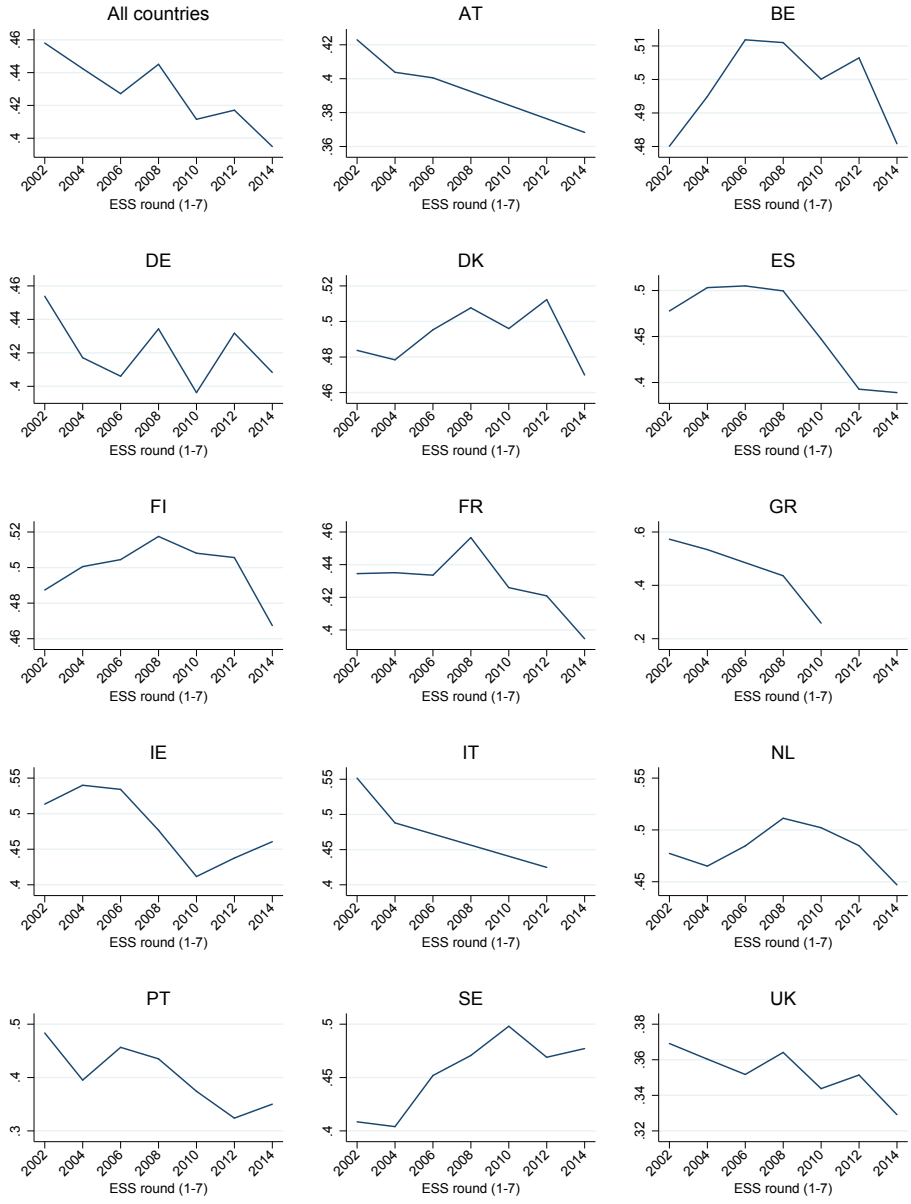
There are also large differences in levels across countries. Not surprisingly, the United Kingdom is the country that is least supportive of European integration, and support further declined over time.[12] Southern European countries plus Belgium and France all trust the European Parliament more than their own national parliament (Trust Ratio exceeds 1 in these countries), while the opposite is generally true in Northern Europe (Trust Ratio is below 1). This pattern is consistent with international survey data on the quality of government and the functioning of domestic political institutions, where Northern European countries generally rank highest and Southern European countries tend to have low rankings (e.g., Alesina et al., 2017). Citizens seem aware of these differences in the quality of government, and this is reflected in their relative trust in the European Parliament and national parliaments. Traditionally, support for European integration in Southern Europe may have also reflected the idea that European institutions could substitute for some of the weaknesses in national governance.

10 To avoid zeros in the denominator of the variable *Trust Ratio*, we have added 1 to both the numerator and the denominator of the two components of *Trust Ratio*. Thus, *Trust Ratio* varies between 1/11 and 11/1.

11 We display the frequency distribution of each of these variables in Figure A1 in the Appendix.

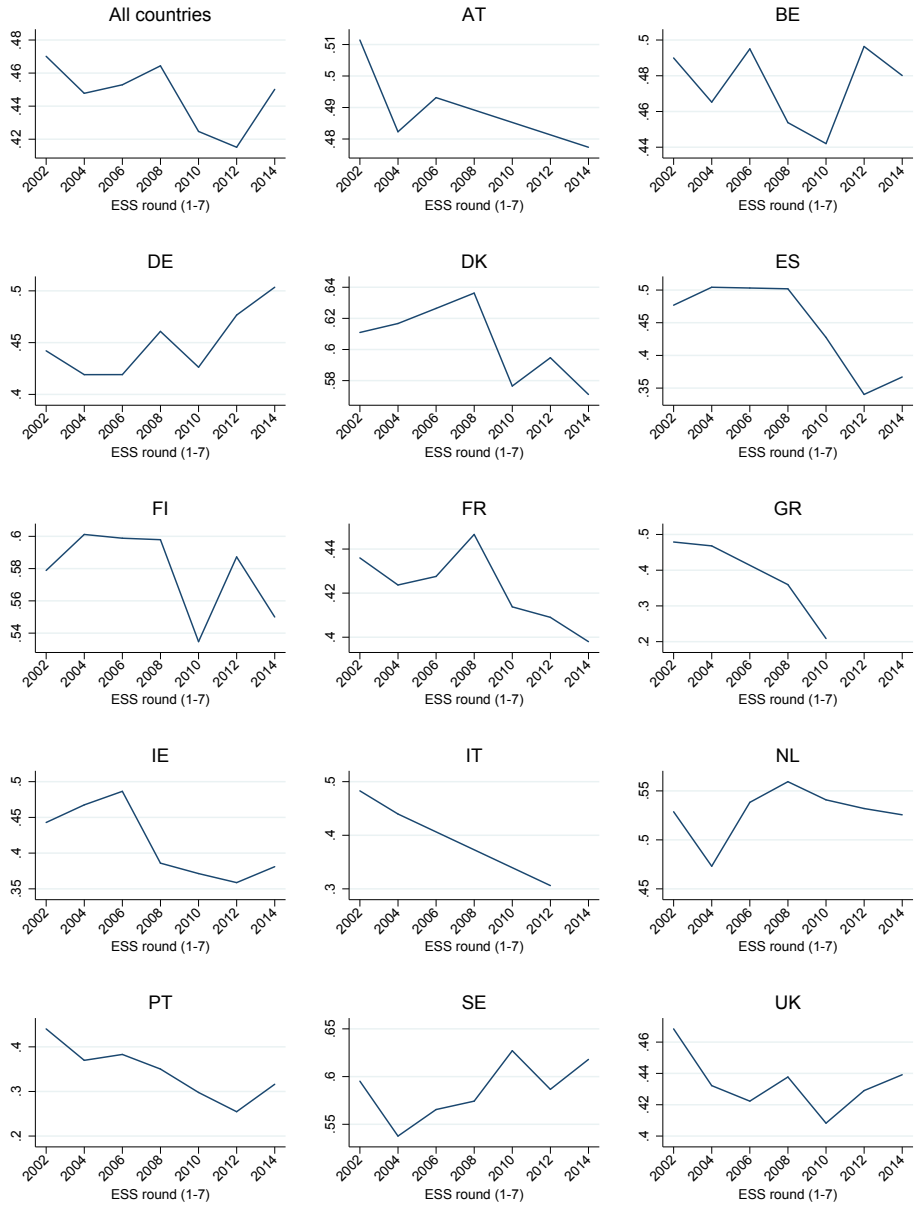
12 Exceptions are Austria in 2014, which average support is slightly below the one in the UK (0.381 vs 0.386), and Finland and Sweden in 2004.

Figure 5.1 Development of trust in the European Parliament over time



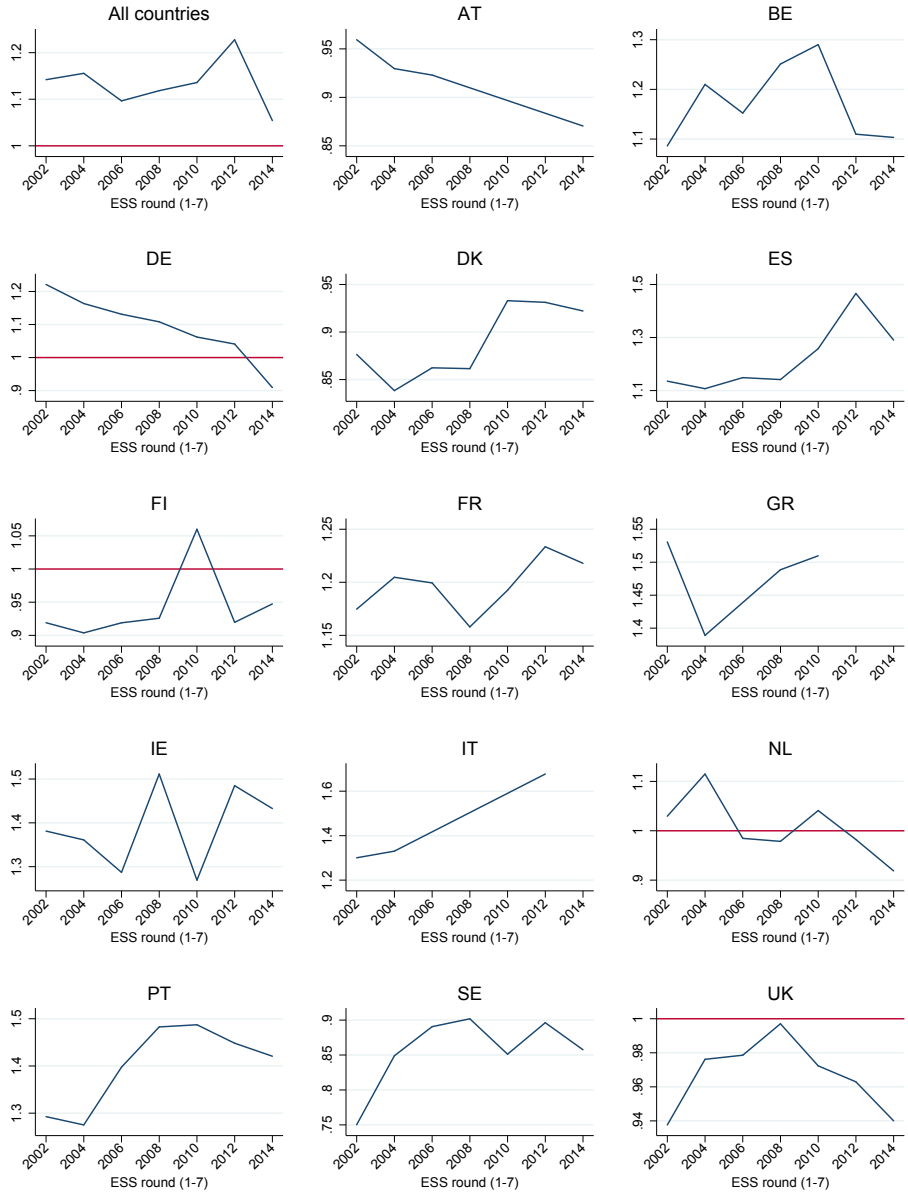
Source: Own calculations based on the European Social Survey (ESS).

Figure 5.2 Development of trust in the national parliament over time



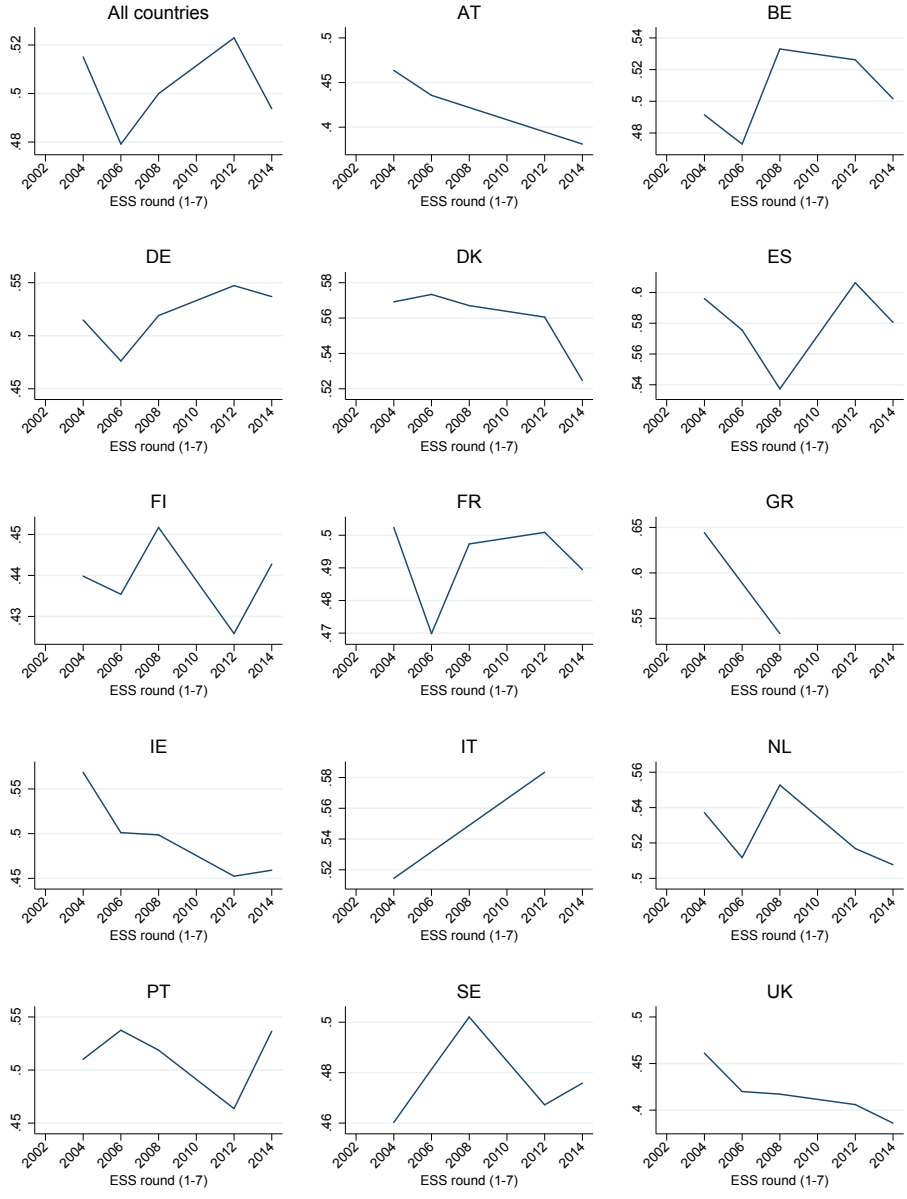
Source: Own calculations based on the European Social Survey (ESS).

Figure 5.3 Development of the *Trust Ratio* over time



Source: Own calculations based on the European Social Survey (ESS).

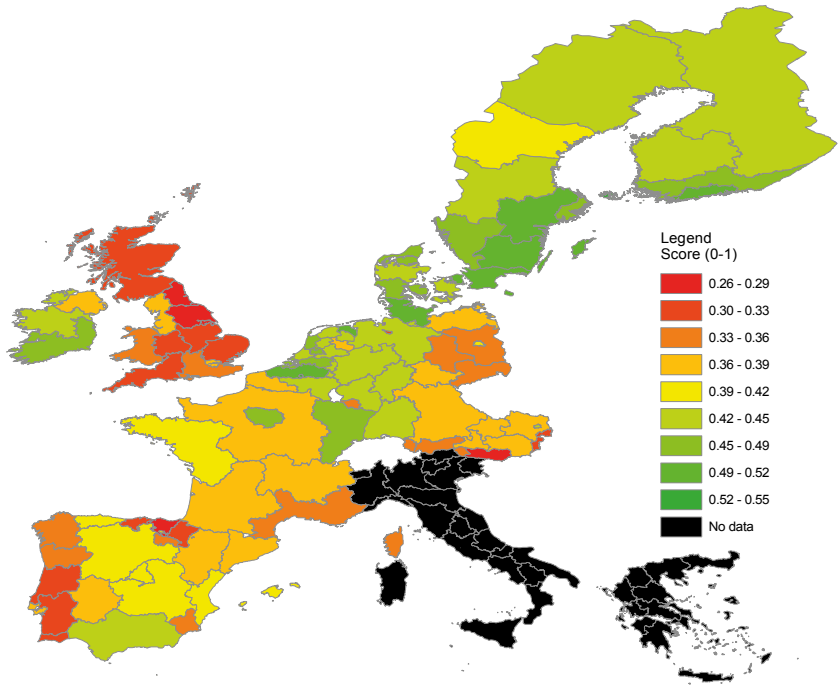
Figure 5.4 Development of attitudes towards European integration over time



Source: Own calculations based on the European Social Survey (ESS).

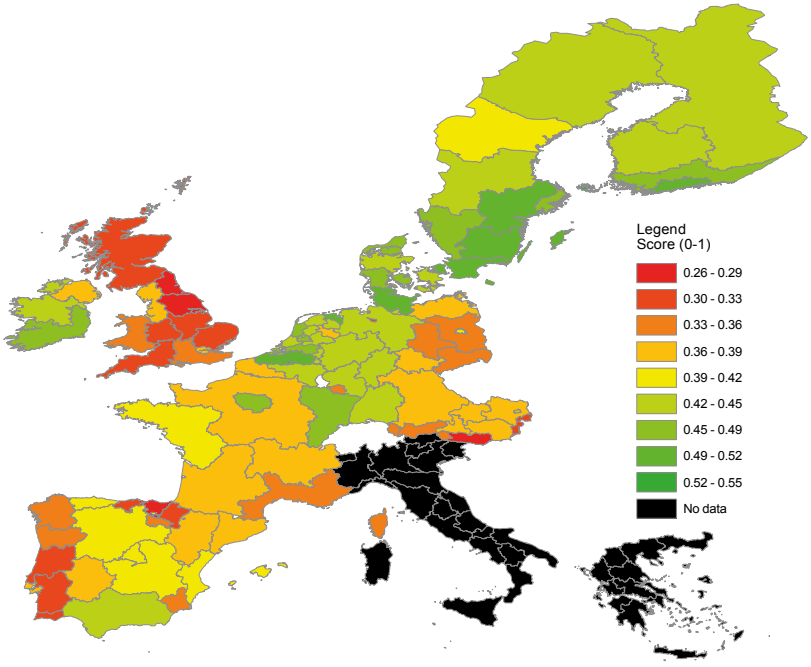
Figures 5.5 to 5.8, using data from the wave 7 of the European Social Survey (ESS), display the regional pattern in these same variables, for the year 2014, based on the region of residence of each respondent. These figures confirm the patterns discussed above, with Southern Europe having more trust in the European Parliament than national parliaments, and vice versa for Northern Europe. Support for EU integration is greater in Spain and Germany than in the other countries. There is also some variation across regions within countries.

Figure 5.5 Trust in the European Parliament across NUTS regions in Europe, 2014/15



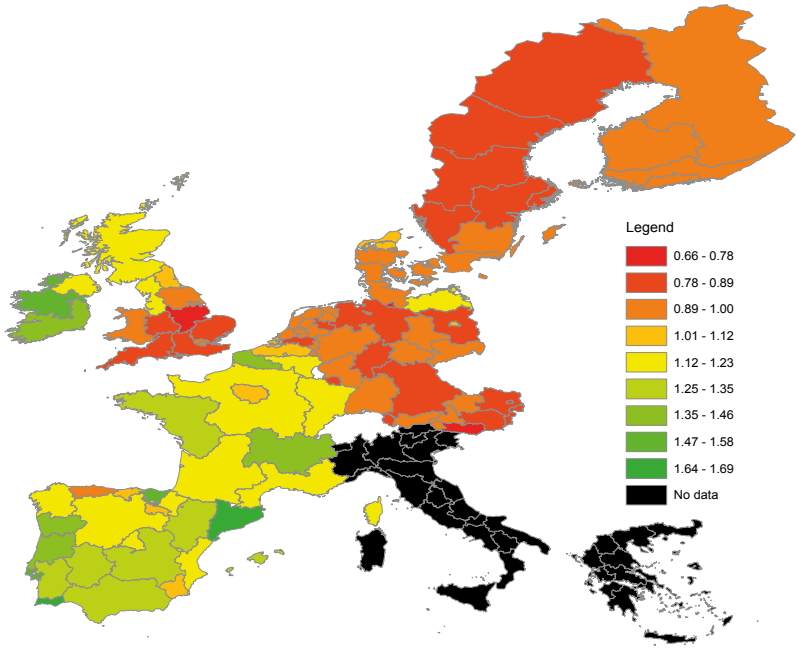
Source: Own calculation based on the European Social Survey (ESS), wave 7.

Figure 5.6 Trust in the national parliament across NUTS regions in Europe, 2014/15



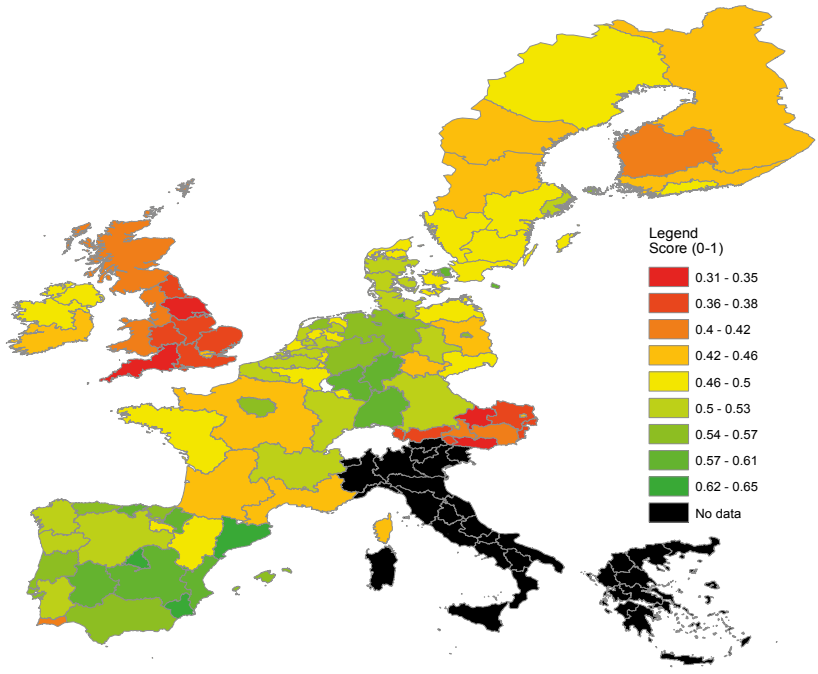
Source: Own calculation based on the European Social Survey (ESS), wave 7.

Figure 5.7 *Trust Ratio* across NUTS regions in Europe, 2014/15



Note: The trust ratio is the ratio of trust in the European Parliament to trust in the national parliament. Data *source*: Own calculation based on the European Social Survey (ESS), wave 7.

Figure 5.8 Attittudes towards European integration across NUTS regions in Europe, 2014/15



Source: Own calculations based on the European Social Survey (ESS), wave 7.

5.1.2 Election outcomes

Data on election outcomes at the European Parliament are coded at the regional level for almost all countries in our sample (the level of disaggregation varies across countries). The main source is the European Election Database (EED). Where the EED data were missing, we relied on national databases. Since we are interested in quantifying votes in favour of or against European integration, we exploit the data from the Chapel Hill Experts Survey (CHES), which classifies the position of each political party towards the European Union. Specifically, several experts in each country are asked to rank the position of each party on several policy issues. The CHES data then summarise these rankings in a single party indicator for each of several policy issues.

Our starting point is the variable *Position*, which measures the overall orientation of the party leadership towards European integration. This variable varies between 1 (strongly opposed) and 7 (strongly in favour), with 4 corresponding to a neutral position towards the European Union. Matching this variable with election outcomes at the European Parliament, we computed the vote shares received in each region by parties with a value of *Position* equal to or below 3.5, and we called the resulting variable *Against-EU Position*. Symmetrically,

we computed the vote shares received in each region by parties with a value of *Position* equal to or above 4.5, and we called the resulting variable *Pro-EU Position*. These two variables thus measure anti- or pro-EU election outcomes, combining voters' behaviour and party positioning.

Figures 5.9 and 5.10 show the time series plot of these two variables, both in the aggregate and in each country, weighting regions and countries by their population.[13] Again, note that Greece is missing data for 2014.

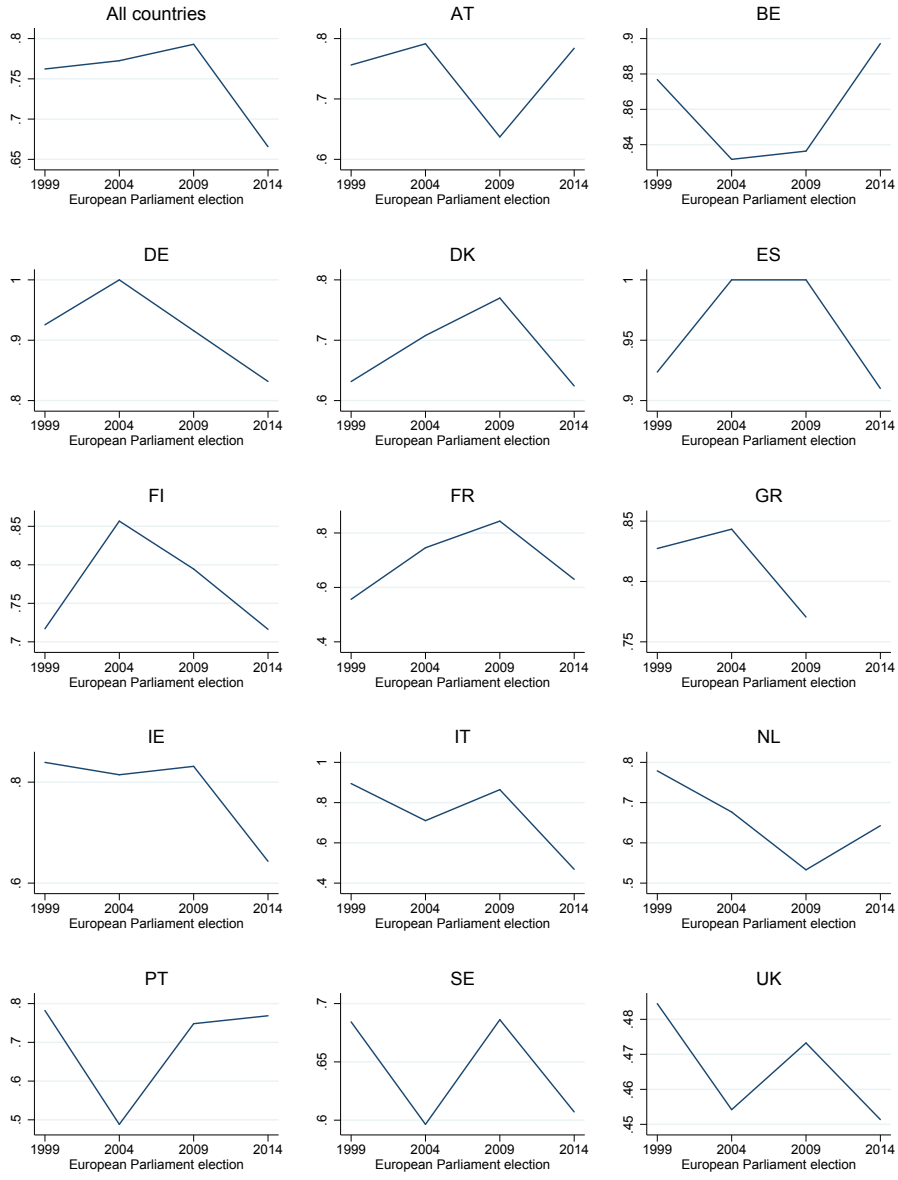
Several interesting patterns stand out from these pictures. First, in all countries except the United Kingdom, the vote share of pro-EU parties always exceeds 50%, and in most countries it fluctuates around 70% or higher. Conversely, anti-EU parties receive a vote share that fluctuates around 20%, with the United Kingdom being the exception. Second, comparing the 2014 election with the previous election for the European Parliament held in 2009, we observe a sharp drop in the vote shares received by pro-EU parties of almost 13 percentage points for all countries together, and a corresponding increase in the vote shares of anti-EU parties of about 12 percentage points (the two numbers don't add up to zero because some votes could go to parties with a neutral position towards the European Union). Third, although different countries exhibit different patterns, the direction of change between 2009 and 2014 is common to most countries, the only exception being Belgium where both variables indicate a more favourable outcome towards the European Union. The turn against the European Union is particularly pronounced, with both variables moving against the Union in Italy, Ireland, Finland, Germany (which started from a very pro-EU level, however), Denmark, France and the United Kingdom.

Note that these two variables also reflect the stance of the political leadership, not just voters' preferences. In particular, during the period some parties may have switched from a pro-EU (continuous variable *Position* ≥ 4.5) to an anti-EU (continuous variable *Position* ≤ 3.5) platform. Thus, one interpretation of the difference between survey data and actual election outcomes is that the latter may also reflect the positioning of political leaders in search of a scapegoat, who may have blamed Europe for the challenges posed by the recent financial and immigration crises. To detect whether existing political parties have become more or less pro-Europe during this period, in Figure 5.11 we plot the values of the original continuous variable *Position* for the two main parties in each country, unweighted by the votes received. The identity of these parties has remained the same by construction, although in some cases their name may have changed.[14] Thus, any change in the lines plotted in Figure 5.11 is due to different party positioning, and not to differences in the votes received. Most of these main parties tend to be strongly pro-Europe. The plots generally display a drop between 2009 and 2014 (although not in all countries), suggesting that in several countries the main parties have become less pro-Europe. The drop in Figures 5.9 and 5.10 is much more pronounced, however, indicating that voters (rather than the main parties) are mainly responsible for the electoral outcomes becoming less favourable to Europe in 2014.

13 Figure A2 in the Appendix illustrates the overall distribution of the variables *Pro-EU Position* and *Against-EU Position* (recall that, unlike the individual ESS data, this variable only varies by region).

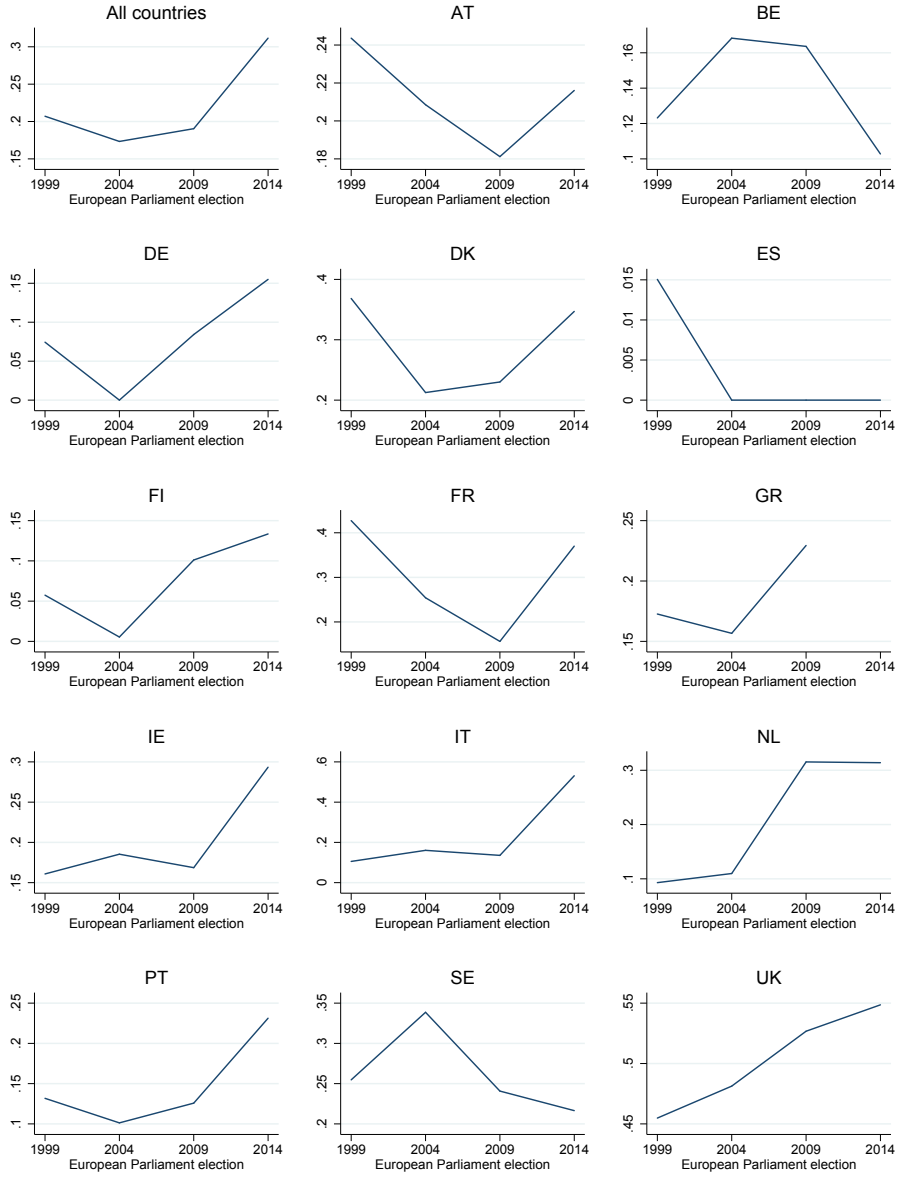
14 Belgium has four parties in Figure 5.11 because the Flemish and Walloon regions give different names to otherwise similar parties. Finland has three parties (rather than two) because they were all of a similar size.

Figure 5.9 Development of vote shares received by pro-EU parties over time



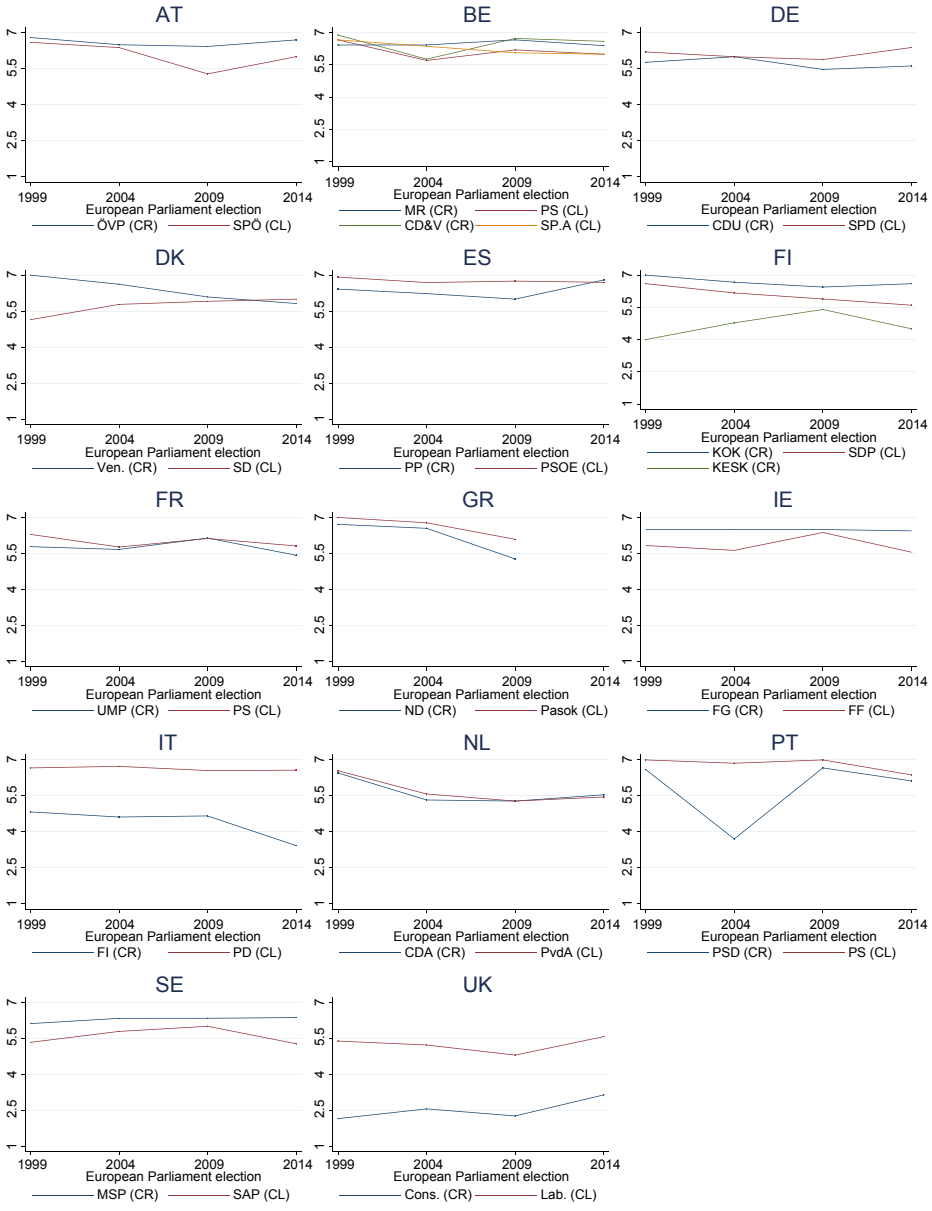
Source: Own calculations based on the European Election Database (EED) and the Chapel Hill Expert Survey (CHES).

Figure 5.10 Development of vote shares received by anti-EU parties over time



Source: Own calculations based on the European Election Database (EED) and the Chapel Hill Expert Survey (CHES).

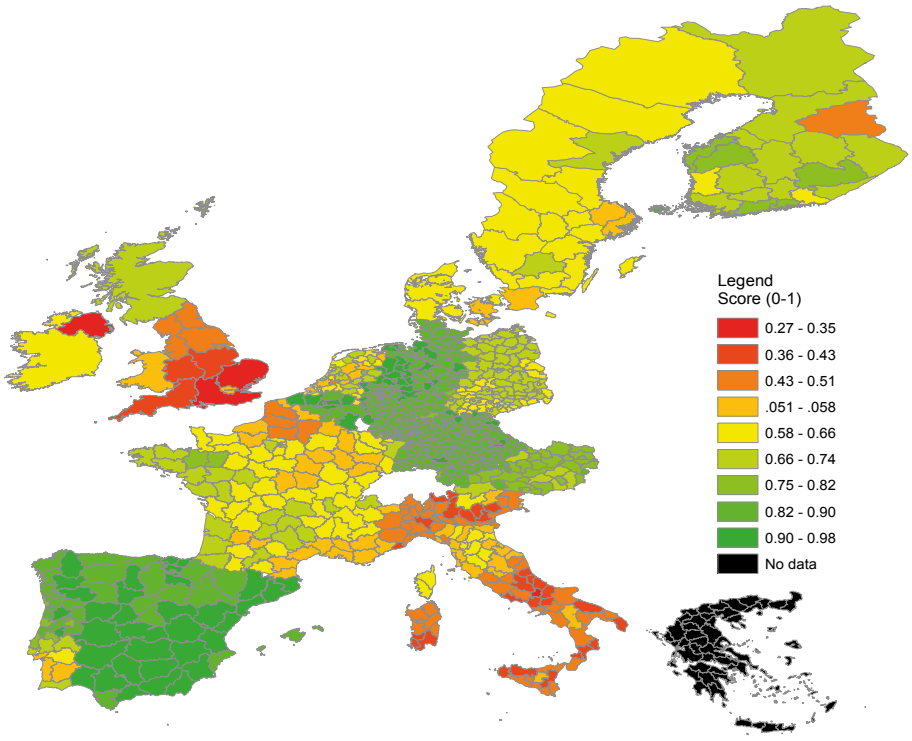
Figure 5.11 Major parties' positions towards the EU by country



Source: Own calculations based on the European Election Database (EED) and the Chapel Hill Expert Survey (CHES).

Figures 5.12 and 5.13 illustrate the pattern in regional votes for the two variables *Pro-EU Position* and *Against-EU Position*, again for 2014. Note that the regional aggregates are sometimes different than for the survey data displayed in Figures 5.5 to 5.8. Green indicates values more in favour of the European Union (i.e. higher vote shares of pro-EU parties, and lower vote shares of anti-EU parties). The United Kingdom, France and Italy stand out as more Eurosceptic than the rest of the Union, while Spain, Germany and Austria caste votes more in favour of Europe. There is also variation within each country.

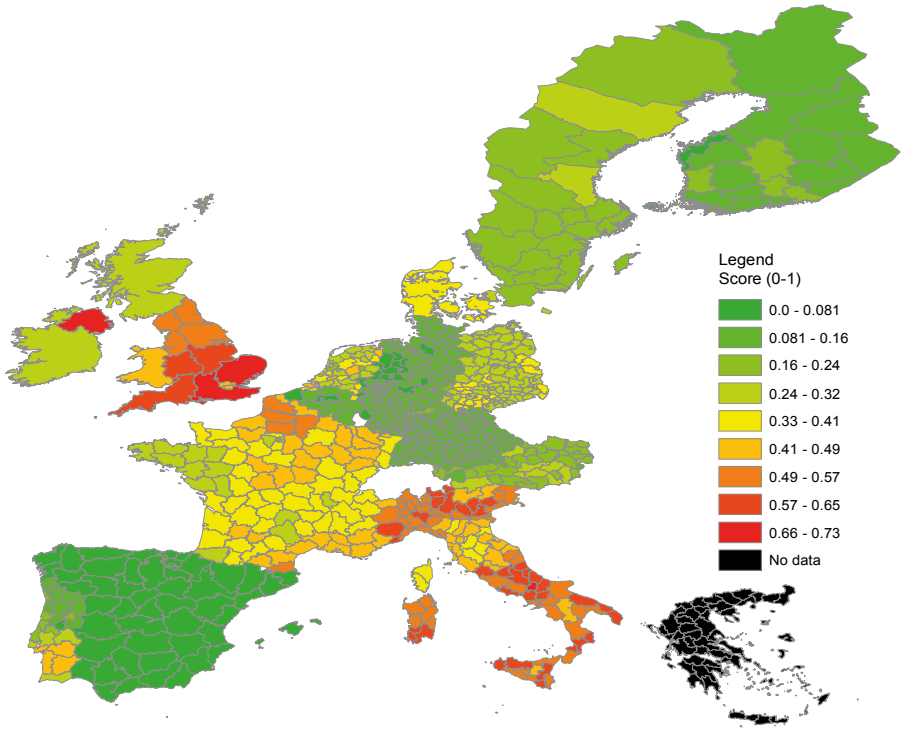
Figure 5.12 Vote shares received by pro-EU parties across NUTS regions in Europe, 2014



Notes: The map shows the vote shares received by pro-EU parties in each region. We define parties with a value equal to or above 4.5 in the overall orientation of the party leadership towards European integration as pro-EU.

Source: Own calculations based on the European Election Database (EED) and the Chapel Hill Expert Survey (CHES).

Figure 5.13 Vote shares received by anti-EU parties across NUTS regions in Europe, 2014

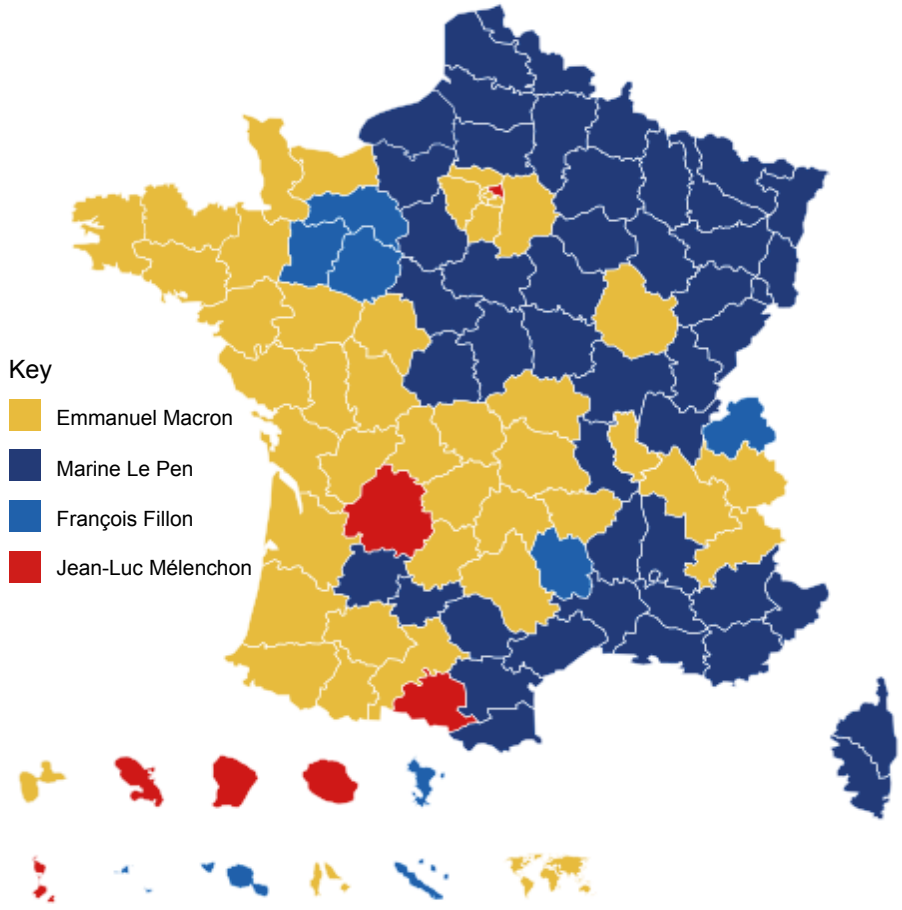


Notes: The map shows the vote shares received by anti-EU parties in each region. We define parties with a value equal to or below 3.5 in the overall orientation of the party leadership towards European integration as anti-EU.

Source: Own calculations based on the European Election Database (EED) and the Chapel Hill Expert Survey (CHES).

In the case of France, the variables capturing the vote shares of pro- and anti-EU parties in the European Parliament in 2014 match very closely the recent presidential election outcomes. Figure 5.14 illustrates the regional distribution of relative majorities in the first round of the presidential election. The regions that tend to be high in the variable *Position* favoured Macron, while the regions that tend to be low in the variable *Position* favoured Le Pen. This confirms that the two variables *Pro-EU Position* and *Against-EU Position* capture key political cleavages between pro-European and populist parties.

Figure 5.14 Map of first round results in 2017 French presidential election



Source: Wikipedia.

5.1.3 Explanatory variables

In the analysis that follows, we estimate correlations between the above indicators of attitudes or behaviour towards the European Union, and a number of possible explanatory variables.

A large literature, surveyed in Chapter 3, attributes the shift towards populist and nationalistic parties to two broad classes of explanatory variables: economic insecurity and cultural factors. To assess the role of these factors in shaping attitudes towards Europe, we collected measures of both aggregate macroeconomic shocks and cultural traits.

As indicators of macroeconomic shocks, we collected data on regional unemployment and regional real GDP per capita provided by Eurostat. The time series data on GDP per capita starts in 2000. To allow the analysis of the election in 1999, GDP per capita is imputed for the year 1999 by using linear extrapolation. Furthermore, we impute 63 missing values in the unemployment data using linear inter- and extrapolation. To minimise the potential error, we only extrapolate the data by one year.

The ESS also asks questions soliciting specific cultural traits. We focus on ten questions about society and individual priorities, which seek to capture authoritarian and traditional versus liberal and modern cultural traits. From these ten questions, we extract the first two factors (that by construction are orthogonal to each other) and aggregate the individual-level data to the regional level. The first factor (which we call Authoritarian) is highly correlated with cultural traits such as attributing importance to living in safe and secure surroundings, following rules, having a strong government that ensures safety, behaving properly and following traditions. The second factor (which we call Liberal) captures instead the importance of having new ideas and being creative, equal treatment of individuals, trying new and different things in life, understanding different people, and making own decisions and being free. The list of questions and their loading onto the two factors are described in Table A2 in the Appendix.

All questions are measured only in the first wave available for each country (2002 for all countries besides Italy), and thus the aggregated factors exhibit only regional variation and no time variation. Hence, these variables measure pre-existing cultural traits in the region, which are not affected by the subsequent macroeconomic shocks or political events.[15] Both variables, Authoritarian and Liberal, have been standardised so that their mean is zero and their standard deviation is one.[16] Note that the ESS data are representative at the country level but not for single regions, so the measurement error in these variables is probably non-negligible.

Finally, from the ESS we also collected data on several socioeconomic features of the respondents, such as age, gender and education, and whether they live in a rural or urban area, are an immigrant or belong to a minority group. Table A3 in the Appendix provides summary statistics for each of these variables separately for the four different samples used in the analysis of the ESS outcomes. Regarding the gender composition, the samples are balanced. Around 22% of the individuals belong to the youngest age group (below 30), compared to around 26% or 27% for each of the other three age groups. Individuals' educational attainment is divided into three groups: low (lower secondary education or less), mid-level (upper secondary or post-secondary non-tertiary education) and high education (tertiary education). While the shares do not differ substantially between the first and the second group (between 36% and 40%) the share of individuals with a tertiary degree is around 12 percentage points smaller than the share of the mid-level group. Regarding the shares of immigrants and minority groups in the sample, Table A3 shows that around 10% of the individuals were not born in the country in which they were interviewed, and around 5% belong to an ethnic

15 While this is the case for the ESS-based analysis, for the election outcome analysis we also use the 1999 EU election, which took place three years before the first ESS wave.

16 Both variables haven been standardised by subtracting the weighted sample mean and dividing by the respective standard deviation.

minority group in the respective country. Finally, around 31% of the respondents live in big cities or suburbs of big cities. The means of the variables are very similar across the different samples, suggesting that differences in sample size (due to missing information in the dependent variables) are unsystematic.[17]

5.2 Who opposes European integration?

We now analyse in more detail trust in the European Parliament (benchmarked against trust in own national parliaments) and support for European integration among different demographic groups. We investigate two important dimensions: first, how trust/support for European integration differs across demographic groups (defined by age and education); and second, how such attitudes evolve over the life cycle and time, decomposing age groups differences in cross-section data into cohort–age differences, and time trends. Both dimensions are important to assess future support for European integration.

As described in the previous section, we focus on four questions in the ESS: European integration, trust in the European Parliament, trust in the national parliament, and the ratio between trust in the European Parliament and in the national parliament.

5.2.1 Differences across demographic groups

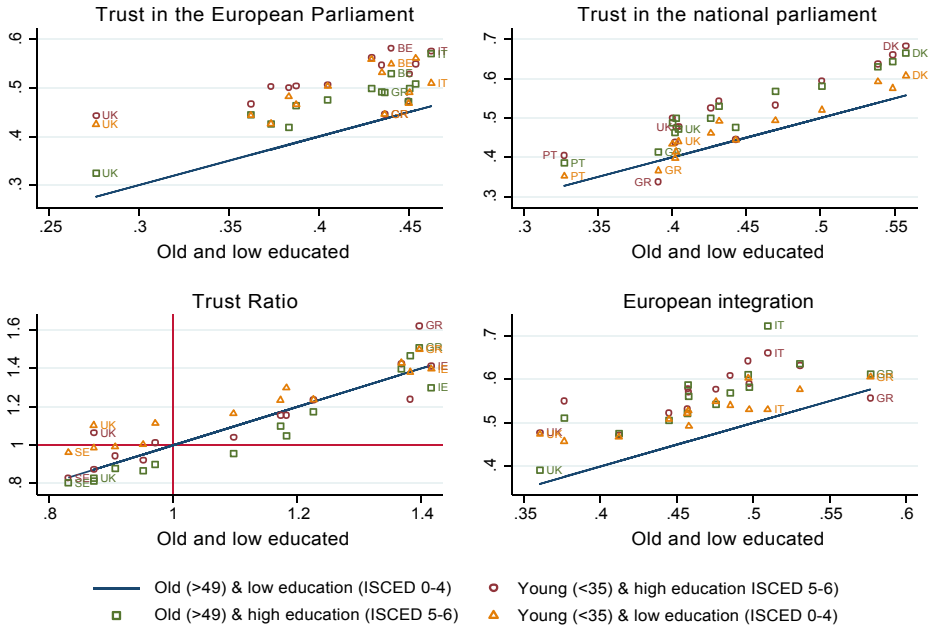
We first investigate whether there are differences between demographic groups in terms of attitudes related to the four questions described above. To assess this, we pool for each country the responses to each of these questions over the entire observation period, and distinguish between four demographic groups: (i) older (above 49) and low educated (primary and secondary education only), (ii) older and highly educated (tertiary education), (iii) younger (below age 36) and low educated, and (iv) younger and highly educated.[18] We present a visual summary of our results in Figure 5.15. Detailed responses for each country can be found in Table A4 in the Appendix. In the different panels in Figure 5.15, we report on the horizontal axis for each country the mean response for the group "older and low educated", where we order countries from less to more sympathetic, and on the vertical axis the average response for all four groups. As a result, responses for "older and low educated" are all lined up on the solid 45-degree line. Responses for any of the other three demographic groups are lined up along the same vertical segment for each country (since, by construction, the horizontal axis corresponds to the same value for each country). These other group averages lie above the solid line if the respective demographic group has a more sympathetic attitude compared to the "older and low educated" with regards to the particular question (e.g. trust in the European Parliament), and below the solid line if that group has a less sympathetic view. We have singled out some of the extreme countries – such as the United Kingdom (UK) or Italy (IT) – in the figures.[19]

17 A description of all variables used in the empirical analysis and their respective data sources is provided at the end of the Appendix in Table A15.

18 To aggregate the data, we use the post-stratification weights provided by the ESS.

19 Recall that Italy and Greece are missing the 2014 data, however. This may lead to an overestimation of support for European integration and institituions in these two countries, because other sources suggest a large rise of Euroecepticism in Italy and Greece after the sovereign debt crisis.

Figure 5.15 Comparison of age-education groups by country



Source: Own calculations based on the European Social Survey (ESS).

As already noted, there are large differences between countries in the responses to these questions. What stands out, however, is a consistent age and education gradient across demographic groups in almost all countries (with Greece being the exception). The older, least educated individuals are less trusting of the European and national parliaments as well as less supportive of European integration than the younger, better educated. The highly educated groups are more sympathetic towards European integration and have overall the highest level of trust in their national parliament. The young, highly educated have the most trust in the European Parliament, with the other two groups in between. The differences are quantitatively large, with young, educated individuals having on average 10 percentage points more trust in the European Parliament, 7 percentage points more trust in the national parliament, and about 9 percentage points more support for European integration than the old, uneducated (see Table A4 in the Appendix).

The pattern is somewhat different when we present responses to trust in the European Parliament relative to trust in the national parliament. This is not surprising, as the computation of the ratio largely eliminates distances between demographic groups that are reflected in attitudes towards both the European Parliament and national parliaments. Overall, the young tend to have more trust than the old in the European Parliament relative to their national parliament, confirming the previous insight that the young are more pro-European than the old. But here education has an opposite effect on *relative* trust: controlling for age, the less educated (young and old) tend to have a higher relative trust in the European Parliament versus their national parliament in most countries, compared to the less educated corresponding age group.

5.2.2 Cohort and age effects

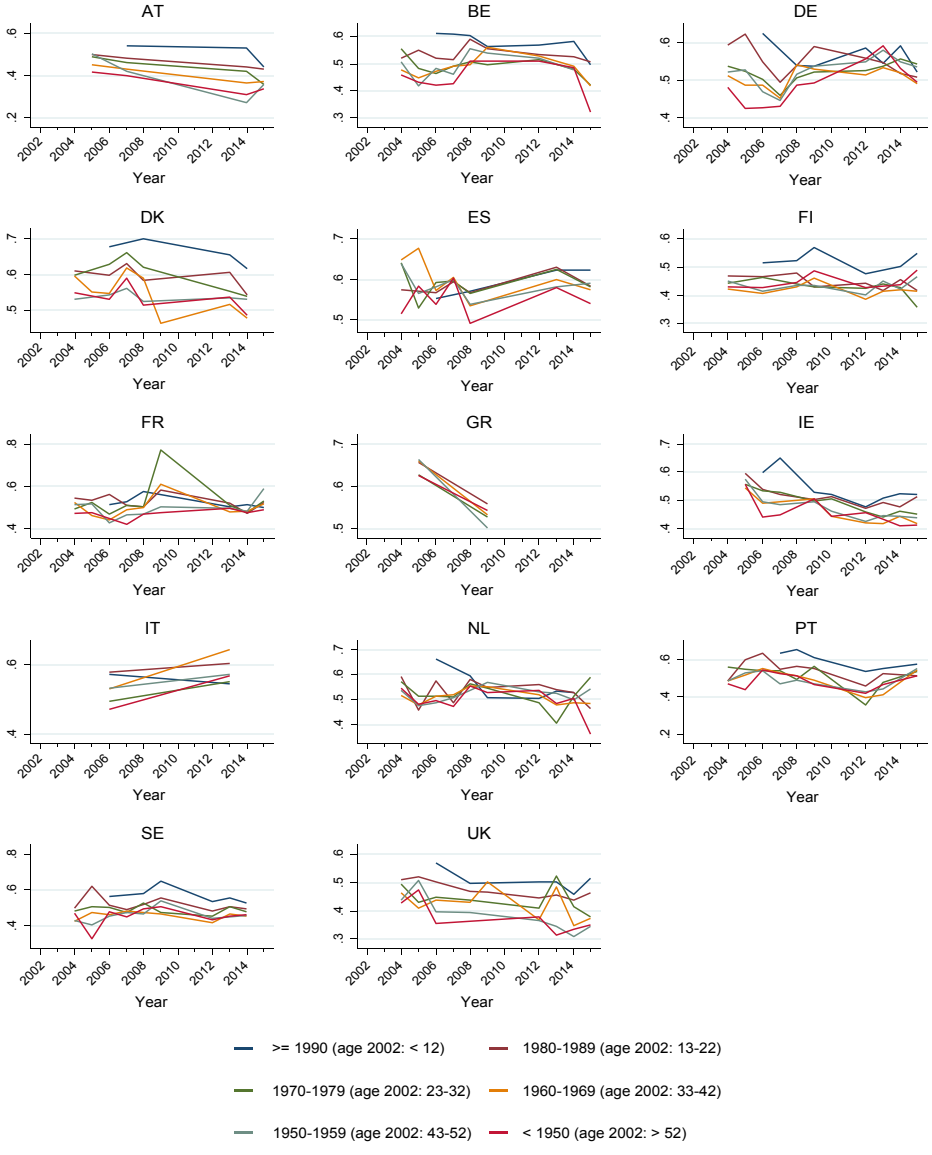
The ESS covers 14 years of data (2002-2015), which allows us to decompose the overall age gradient that was visible in Figure 5.15 into time effects, and a combination of age and cohort effects.[20] We illustrate that in Figures 5.16 to 5.19. We distinguish six different birth cohorts (born before 1950, 1950-1959, 1960-1969, 1970-1979, 1980-1989, and after 1989), and follow their responses to the different questions from the first wave of the ESS in 2002 until the last wave in 2014/2015 (except for Greece and Italy, which end earlier). Each figure represents one of our four outcome variables, and each panel represents a country. Reading the figures from left to right shows the change in attitudes when cohorts are ageing over the period between 2002 and 2015. The slope of the lines therefore represents cohort-specific combinations of age and year effects. Comparing the different lines compares different cohorts in the same year. However, note that different cohorts also belong to different age groups in the same year, so that the vertical differences between lines reflect a combination of cohort effects and age effects. For instance, while those born between 1970 and 1979 are between 23 and 32 years of age in 2002, those born between 1950 and 1959 are between 43 and 52 in the same year.

Focusing first on Figure 5.16, there are a number of features common to nearly all countries. First, older cohorts seem to be generally less sympathetic towards European integration, which could be due to cohort or age effects. Exceptions are Italy and Greece, where this pattern seems not to hold. Second, attitudes towards European integration exhibit different patterns over time, and with cohorts ageing. While attitudes in countries such as Austria, Ireland, and the United Kingdom seem to become less sympathetic, they are largely stationary in France, and seem to become more sympathetic in Germany and Italy. These country trends are largely similar for all cohorts within a country, so that at the end of the observation window, the differences between cohorts remain largely intact. Note that the within-cohort patterns may be due to age or time effects, although the pattern is similar in Figure 5.4, which mainly reflect time effects (since Figure 5.4 refers to country averages).

Figures 5.17 and 5.18 present similar panels for trust in European and national parliaments. Overall, the pattern across cohorts is similar to that for attitudes towards further integration. For all cohorts and similarly across all countries, there is a slight decline in trust towards the European Parliament, particularly in the Southern Mediterranean countries. For trust in national parliaments, the pattern is more diverse. Cohort-age effects are less pronounced, and trust clearly declines in Southern European countries, while it increases in Sweden and Germany.

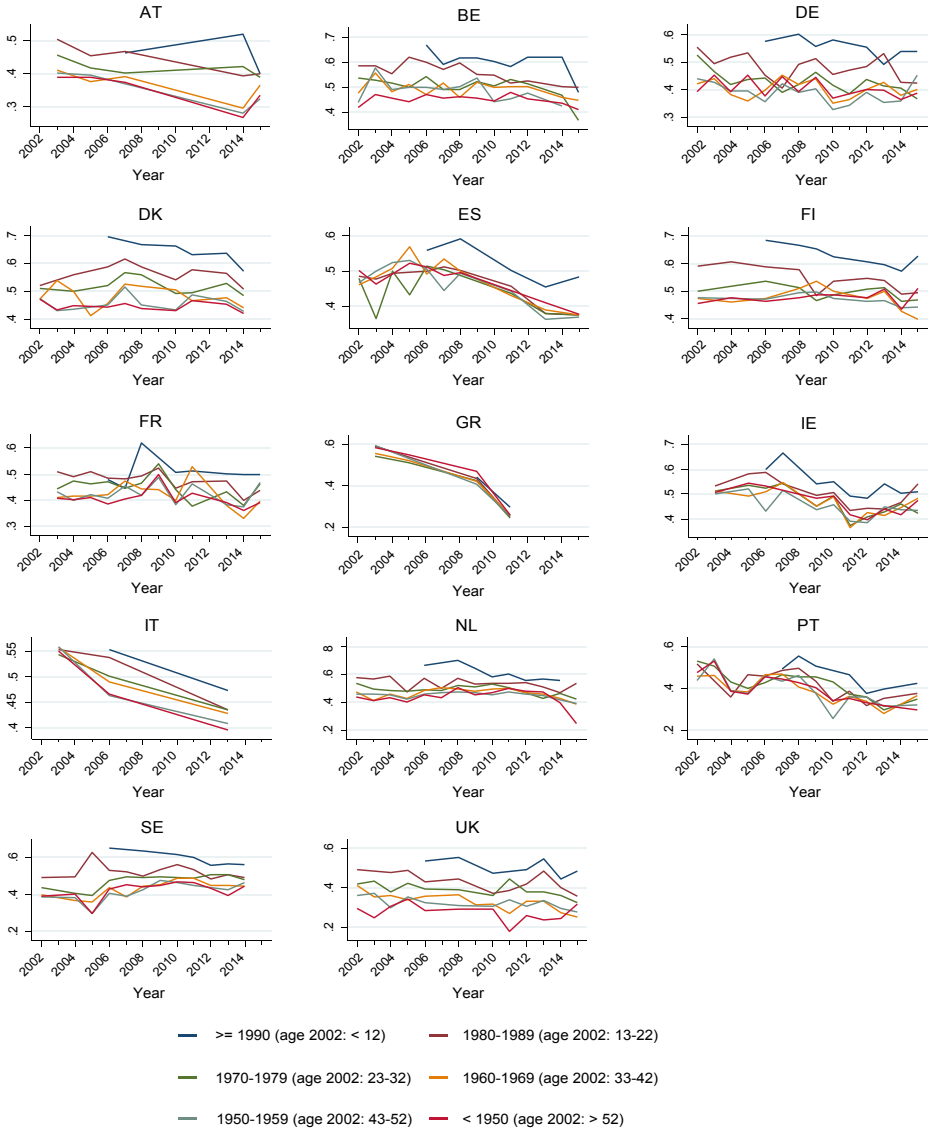
20 It is well known that using repeated cross-sectional data, time, cohort and age effects are not separately identified without making further assumptions (e.g., Mason and Fienberg, 1985).

Figure 5.16 Development of attitudes towards European integration by birth-cohort



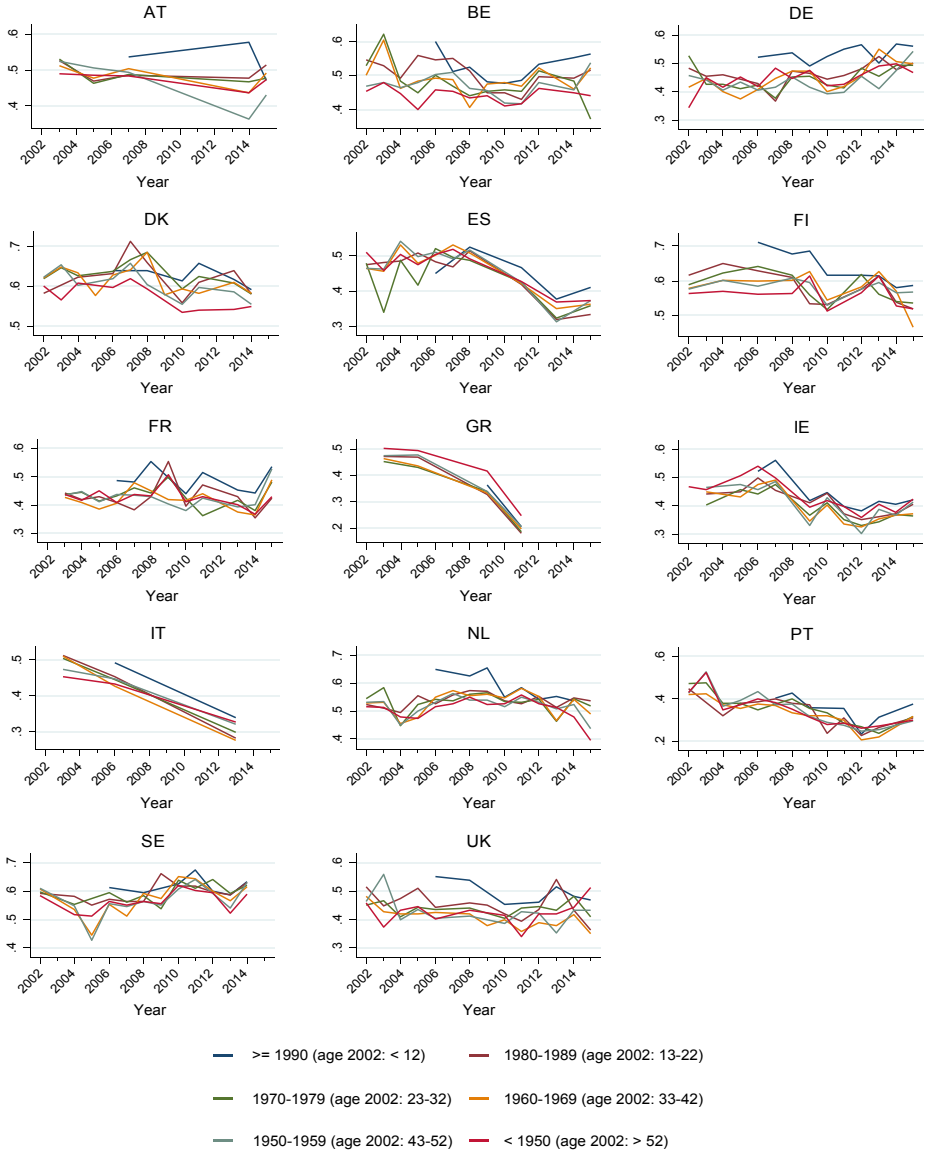
Source: Own calculations based on the European Social Survey (ESS).

Figure 5.17 Development of trust in the European Parliament by birth-cohort



Source: Own calculations based on the European Social Survey (ESS).

Figure 5.18 Development of trust in the national parliament by birth-cohort

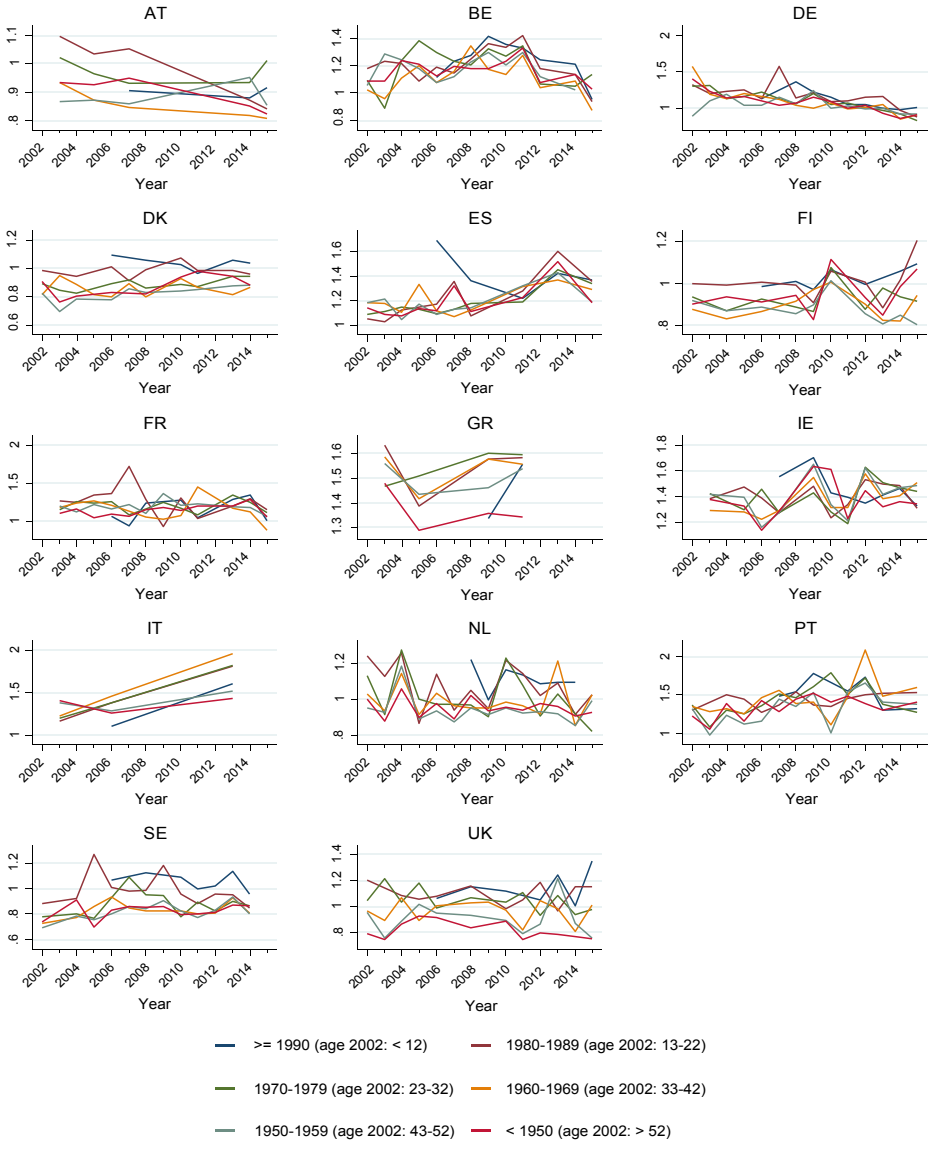


Source: Own calculations based on the European Social Survey (ESS).

The combination of these two variables – the ratio of trust towards the European Parliament versus the national parliament – is displayed in Figure 5.19. The ordering of cohort/age groups is now less clear, while level differences across countries are starker. Remember that an index above 1 means more trust in the European Parliament than in the national parliament, while entries below 1 suggest the opposite. In Belgium, Spain, France, Greece, Ireland, Italy and Portugal the index is above 1 for almost all years and cohorts. Over the time window we consider, indices are overall increasing in Greece, Italy and Spain. On the other hand, indices are mostly below 1 in Austria and the Nordic countries. The index seems to decrease in Germany, and is largely stationary in the United Kingdom. It is interesting that the younger cohorts in the United Kingdom seem to have more trust in the European Parliament than in the national parliament.

It is often said that older generations are more supportive of European integration because they have a stronger memory of the destruction of the war, while young generations don't give adequate weight to the role of the European Union in securing peace. In a recent interview with the Italian newspaper *La Repubblica,* the French sociologist Emmanuel Todd (a supporter of the left-wing candidate Mélenchon) criticised the imminent victory of Emmanuel Macron in the presidential election with these words: "This election is decided by older voters, who became afraid of the idea of abandoning Europe" (*La Repubblica,* 2017). The patterns in the ESS data illustrated above contradict this idea and Todd's assertion. It is the young, not the old, who share the European vision and who see their future in a more integrated Europe. The same was true in the Brexit referendum (e.g., BBC, 2016). The same patterns that we show in Figures 5.16 to 5.19 is present also when conditioning on education, and does not merely reflect the fact that younger cohorts are more educated.

Figure 5.19 Development of the *Trust Ratio* by birth-cohort



Source: Own calculations based on the European Social Survey (ESS).

5.3 Macroeconomic shocks

The previous subsections indicate large differences between countries in terms of attitudes towards European integration and trust in the European Parliament and national parliaments. They also illustrate within-country differences among demographic groups. In this section, we explore the effects of (changes in) GDP per capita and unemployment on both individual attitudes and regional election outcomes.

5.3.1 Macroeconomic shocks and individual attitudes

For each country in the ESS, we have regional information on the NUTS 1 or 2 level (see Appendix Table A5 for details), which allows us to match to the ESS respondent's region of residence regional data on GDP per capita and the unemployment rate. We then use this information to explore how attitudes change in response to changes in these macroeconomic variables. We report results conditional on individual demographic characteristics, so that differences due to demographic composition across regions are eliminated. The generic estimation equation is given by:

$$y_{itr} = \beta_0 + X'_{itr}\beta_1 + Z'_{tr}\beta_2 + T_t + R_r + u_{itr}, \quad (2)$$

where y_{itr} is the respective attitude measure of individual i in period t living in region r (where region is a NUTS region within a country), and X_{itr} is a vector of individual specific characteristics that include dummies for female, immigrant, minority status, city size, three education groups and four age groups. Further, the vector Z_{tr} contains the macroeconomic variables of interest (GDP per capita expressed in logs and unemployment), T_t are year of interview dummies, and R_r are region dummies. It should be noted that the inclusion of region fixed effects eliminates all persistent region characteristics and identifies the coefficient vector β_2 using only within-region variation, i.e., variation in the macro variables and outcomes within regions over time.

Columns (2) through (5) of Table 5.1 only report the estimated coefficients of the macroeconomic variables (full results are available in Appendix Table A6). Each column corresponds to a different attitude indicator. As we have scaled the dependent variables to lie between 0 and 1 (except for the *Trust Ratio* variable), the estimates in Table 5.1 can be interpreted as the percentage impact of a one unit change of the right-hand side variable on the respective attitude measure. Since we always include region and year fixed effects, the estimated coefficients only reflect the within region (time series) correlations between the dependent variables and the explanatory variables of interest that is due to idiosyncratic regional shocks (i.e., to shocks that were not common to all regions in our sample).

Table 5.1 Determinants of attitudes and vote shares of pro-EU and anti-EU parties: Base specification

	EU integration	Trust European Parliament	Trust national Parliament	Trust Ratio	Pro-EU	Against-EU
Log GDP per capita	0.0177	0.2039***	0.4020***	-0.7747***	0.2960***	-0.3726***
	(0.0936)	(0.0764)	(0.0664)	(0.2316)	(0.0753)	(0.0794)
Unemployment rate	-0.1206	-0.2655**	-0.4559***	0.9813***	-0.1007	0.0888
	(0.1039)	(0.1056)	(0.1035)	(0.2503)	(0.1404)	(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

Notes: OLS regressions. Post-stratification and population size weights are applied in columns 2-5. In columns 6 and 7 the population size in each NUTS region is used as weight. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. As individual control variables dummies for female, immigrant, minority, big city, 3 education groups, and 4 age groups are included in columns 2-5. Columns 6 and 7 include log population size as control variable. Year and NUTS region fixed effects are included in all models. Significant at: ***1% level; **5% level; *10% level.

The estimates suggest that growth in GDP per capita increases support for European integration, and trust in both the European Parliament and national parliaments, while increases in the unemployment rate have a negative effect on these same variables (the effects on European integration are not statistically significant, however).[21] If political populism is associated with less trust in parliamentary institutions and more Euroscepticism – a correlation that we illustrate in Figures 4.2 to 4.4 in Chapter 4 – then adverse macroeconomic shocks tend to increase the demand for populist political platforms. The effect of macroeconomic shocks is almost twice as large on national as opposed to European parliament. Thus, citizens blame national politicians more than their European counterparts for adverse economic conditions in their region. As a result, the variable *Trust Ratio* (the *relative* trust in the European Parliament) improves with adverse macro shocks, as measured by both unemployment and GDP per capita. The estimates of the macro variables are all statistically significant. Benchmarked against the mean of the outcome variables, the magnitude of the estimates seems modest. For instance, if regional unemployment increases by 1 percentage point, trust in the national parliament is reduced by about 0.46 percentage points, or by about 1% of the overall sample average of trust in the national parliament (0.445, see Table A3).[22] Conversely, an increase in GDP per capita by 1 percent increases trust in the national parliament by about 0.4 percentage points, a bit less than 1 percent of the overall sample average. However, if benchmarked against the *change* in trust towards European and national parliaments, the effects are larger, particularly in the case of trust in national parliaments. Over the period between 2002 and 2014, trust in the European Parliament and national parliaments decreased by 6.3 and 2 percentage points, respectively. Hence, a 1 percentage point increase in the regional unemployment rate explains 4.2% of the decrease in trust in the European Parliament and 22.8% of the decrease in national parliaments. Conversely, a 1% decrease in GDP per capita explains 3.2% of the decrease in trust in the European Parliament and 20.1% of the decrease in national parliaments.

In 2014, average trust in the national parliament was about 1.4 percentage points below its average value in 2008, pooling all countries together by ESS wave and weighting them by population. If our estimates capture causal effects, they would imply that, to bring this variable back to its level in 2008, European unemployment would have to drop by about 2.8 percentage points and GDP per capita would have to increase by 3.5 percentage points (relative to their long run trends) from their 2014 levels, or some combination thereof. The drop in overall trust towards the European Parliament between 2014 and 2008 was larger (about 5 percentage points) and the estimated coefficients on GDP and unemployment are smaller, implying that regaining trust in the European Parliament through macroeconomic changes alone would be more difficult for Europe as a whole, compared to trust in national parliaments.

21 Recall that GDP per capita and unemployment are highly correlated (their correlation coefficient conditional on region and year fixed effects is about 0.65), and they both reflect similar macroeconomic shocks (though in opposite directions).

22 The unemployment rate is defined as between 0 and 1, so that the estimated coefficient reflects the effect of a 1 percentage point increase in the unemployment rate on the dependent variables. Likewise, we measure GDP per capita in logs, so that the estimated coefficient corresponds to a 1% increase in GDP.

Besides being affected by changes in regional economic indicators, individuals' attitudes may also be influenced by their own economic situation. To investigate that, we extend our baseline specification and further control for the respondent's labour market status, in the form of simple binary variables. Focusing on the variable "unemployed", the estimates in Table A7 show that those who are unemployed have a level of trust in the national parliament around 5 percentage points lower than that of the reference group of employed individuals. Note, however, that this estimate has no causal interpretation, as factors that are correlated with individual unemployment may at the same time be related to less trust in the European Parliament or national parliament. The inclusion of the individual labour market status in the baseline specification has no effect on the estimated magnitude of the macroeconomic variables.

The estimates above capture the average correlation in the time series variation throughout the whole period. One may wonder whether the recent recession had larger effects on attitudes, both because of its special magnitude and because of its origin (i.e., a financial crisis). In Table A8 in the Appendix we thus add to the specification the interactions between a dummy variable for the period after 2007, and GDP per capita and unemployment, respectively. The estimated effects tend to be slightly larger after 2007, but not by much (in the trust regressions, only the interaction with GDP per capita is statistically significant, with an estimated coefficient of 0.03-0.04).

Do macroeconomic shocks affect different countries differently? To answer this question, in Appendix Tables A9 and A10 we present estimates where we distinguish between three country groups: continental European countries (I), Nordic and Anglo-Saxon countries (II), and Mediterranean countries including France (III). The estimates are qualitatively similar to those in Table 5.1 where we pool all countries. However, there are some differences in the magnitude of coefficient estimates. Shocks to GDP per capita seem to have a substantially stronger impact on trust in the European Parliament or national parliaments in Mediterranean countries, while the impact is lowest for continental European countries, with the group of Nordic and Anglo-Saxon countries being in an intermediate position. Changes in unemployment, however, affect trust in Nordic and Anglo-Saxon countries the most. As before the least responsive group of countries are continental European countries.

To compare the above estimates with other measures of satisfaction towards institutions and democracy more generally, we re-estimate our baseline specification using the following questions from the ESS: (i) satisfaction with the national government, (ii) satisfaction with the way democracy works, (iii) trust in politicians, (iv) trust in political parties, and (v) trust in the United Nations. As before, all variables have been linearly rescaled to lie between 0 and 1. Higher numbers represent a more positive opinion towards the respective outcome, for example, being more satisfied with the national government or having more trust in political parties. The estimates for the first four outcomes, shown in Table A11 in the Appendix, depict a similar pattern as the estimates in our baseline specification. Growth in GDP per capita increases satisfaction with the government and with democracy more generally, as well as trust in both politicians and political parties, while increases in the unemployment rate have the opposite effect on these same variables. Thus, regional economic conditions

influence trust in democracy and politicians more generally. This confirms that, if one were to consider trust towards the European Parliament in isolation, one may pick up general trends induced by economic decline, and may come to overly negative conclusions about the evolution of trust in European institutions.

The results in Table 5.1 have shown that citizens blame national politicians more than their European counterparts for their poor economic situation. Does this reflect some general frustration with international institutions, or does it reflect a view about the degree to which European and national politicians are thought responsible for national or local economic outcomes? If the latter, we should expect, for instance, no association between local economic conditions and international institutions that are clearly unrelated in their responsibilities to local economic conditions.

To check this, we report in the last column regression results on trust in the United Nations (an institution that – although international – clearly has no responsibility or mandate that links it to local economic market conditions) on the same set of variables. In contrast to both the national parliament and the European Parliament, trust in the United Nations is not affected by growth in GDP per capita or the unemployment rate.

5.3.2 Macroeconomic shocks and election outcomes

We now repeat the same analysis, except that here the dependent variable is the outcome of the elections to the European Parliament, and in particular the pro-EU and anti-EU vote shares defined above. Note that the sample is also somewhat different than for the ESS data, both in the time and the regional dimension: regions tend to be smaller units than with the attitudes data (see, for example, Figure 5.5 versus Figure 5.12), and elections are held every five years between 1999 and 2014. Here too, we always include regional and time fixed effects, but the only explanatory variables are regional GDP per capita, regional unemployment and regional population. Throughout we weight observations by regional population to reflect the greater importance and lower variance of the larger regions.

Compared to attitudes, election outcomes have the advantage of measuring actual political behaviour. Since they determine who is elected, they also refer to the political outcomes that have a real impact on the political decision making. Moreover, as explained above, the variables *Pro-EU Position* and *Against-EU Position* reflect both the behaviour of voters as well as the positions taken by political parties, in other words they measure both the demand and the supply for populist policies towards Europe.

An important caveat is in order, however. Turnout in the European elections is endogenous and varies substantially across countries and over time. Some of this variation is also likely to be correlated with unobserved determinants of voters' satisfaction with the EU: regions and periods where there is more European discontent are likely to have both lower turnout and lower values of the dependent variable *Position*. Thus, the estimates that we report are a combination of election outcomes, measured as the position of political parties weighted by

the vote share, and the composition of those who turned out for European elections (see the discussion in Guiso et al., 2017). In other words, estimates of, for example, macro variables reflect the impact on the vote-share-weighted party positions for those individuals who decided to vote.[23]

Columns (6) and (7) in Table 5.1 report the estimated coefficients, weighting observations by regional population. The estimates suggest that positive economic shocks, measured by increases in GDP per capita and decreases in unemployment, increase the vote share of pro-EU parties, and decrease the vote shares of anti-EU parties. Only GDP per capita is statistically significant, however. This is in line with the attitude analysis where trust in the European and national parliaments responded positively to economic shocks. The magnitude, however, is smaller. Consider GDP per capita shocks. Since this variable is measured in logs, and the dependent variable is scaled between 0 and 1, a 1% increase in GDP per capita increases the vote shares of pro-EU parties by about 0.3 percentage points, and decreases the vote shares of anti-EU parties by almost 0.4 percentage points, corresponding to 1% and 2% of a standard deviation, respectively (see Table A3). An increase of the unemployment rate by 1 percentage point has even smaller, and not statistically significant, effects.

Between 1999 and 2014, the vote shares of pro-EU parties in the elections for the European Parliament dropped by about 10 percentage points, and the vote shares of anti-EU parties increased by about 11 percentage points. Hence, a 1% decrease in GDP per capita explains only about 3% of the observed decrease in the vote shares of pro-EU parties, and about 4% of the increase in vote shares of anti-EU parties. Thus, adverse macroeconomic shocks alone can explain only a small fraction of the large drop in overall political sentiment towards the European Union.

Such small magnitudes are perhaps surprising, but they are consistent with the fact that in 2014 electoral support for the European Union dropped in countries that were badly hurt by the latest recession (such as Italy and Portugal), but also in countries were macroeconomic conditions were much stronger (such as Germany). In other words, the rise of political populism and the associated drop of political support for Europe between 1999 and 2014 is a fairly general phenomenon throughout our sample of regions, and thus it cannot easily be explained by macroeconomic shocks that affected different countries and regions differently.

Here too, we ask whether the effects of adverse economic shocks are larger during the financial crisis. Thus, Table A8 in the Appendix adds the interaction between a dummy variable for the period after 2007, and GDP per capita and unemployment, respectively. The effects of shocks to unemployment on the pro-EU vote shares are indeed stronger in the post 2007 period, with higher unemployment now significantly reducing the pro-EU vote shares only in the post-crisis period. But the overall magnitude of the estimates remains small and the remaining interaction coefficients are not statistically significant different from zero.

23 A hypothetical alternative parameter is the effect of macro indicators on vote-share-weighted position if all eligible voters were to vote. This parameter cannot be recovered without modelling the selection of individuals into voting.

Table A12 in the Appendix distinguishes between groups of countries, results also adding the interaction with the post-crisis dummy variable are shown in Table A13. GDP per capita has a significant effect only, or mainly, in the Mediterranean countries, and the size of the effect is now larger in these countries compared to the average effect reported in Table 5.1. Thus, not surprisingly, the political salience of adverse economic shocks seems stronger in the countries of Southern Europe that suffered the most. But even in these countries, the overall effect of adverse macroeconomic shocks continues to explain only a small fraction of the overall change in vote shares of pro- or anti-EU parties.

5.4 Macroeconomic shocks and culture

As discussed in Chapter 3, some recent papers have argued that the shift towards populist parties reflects specific cultural traits, and it is stronger amongst voters who display more authoritarian and traditional attitudes towards society. Culture is very slow moving and persistent, however, and by itself cannot explain the large changes that we have observed in political support for the European Union or in trust towards the European Parliament or national parliaments. If culture plays a role, therefore, it must be in conjunction with other shocks or more volatile variables.

In this subsection, we explore whether the effects of macroeconomic shocks are amplified or dampened by specific regional cultural traits. First, we study the effects on attitudes, then on election outcomes. The cultural variables are the factors *Authoritarian* and *Liberal* described above and in Appendix Table A2. Recall that they measure average cultural traits in the region, in the first wave available for each country. In other words, they do not capture the traits of the same individual for whom we measure the dependent variable, but a pre-existing and time-invariant condition in the region of the respondent.[24]

Consider first trust in the European Parliament and national parliament, and their ratio. For each of these dependent variables, Table 5.2 reports three specifications (full results are available in Appendix Table A14): first, we add to the specification shown in Table 5.1 the interaction between both an authoritarian and liberal culture and GDP per capita; second, we add to the base specification the interactions of both cultural variables with the unemployment rate; third, we include all four interaction terms.

24 As the cultural variables are time-constant and only vary across regions, the region fixed effects control for the impact of initial cultural traits on the attitudes variables and the election outcomes, respectively. Therefore, we do not estimate the separate effects of authoritarian and liberal cultural traits on the outcome variables.

Table 5.2 Determinants of trust in politics – adding cultural factors

	Trust EU Parliament			Trust National Parliament			Trust Ratio		
	I	II	III	I	II	III	I	II	III
Log GDP per capita	0.1934***	0.2197***	0.2232***	0.3891***	0.4126***	0.4053***	-0.7730***	-0.7728***	-0.7625***
	(0.0721)	(0.0732)	(0.0677)	(0.0660)	(0.0638)	(0.0638)	(0.2079)	(0.2369)	(0.2094)
Unemployment rate	-0.2516**	-0.0432	-0.0435	-0.4550***	-0.3241***	-0.3326***	1.0240***	1.1115***	1.0903***
	(0.1046)	(0.1123)	(0.1056)	(0.1067)	(0.1130)	(0.1133)	(0.2366)	(0.3120)	(0.2812)
Authoritarian x log GDP per capita	0.0835*	-	0.0093	0.0563	-	0.0095	0.1101	-	0.0894
	(0.0472)		(0.0537)	(0.0414)		(0.0456)	(0.1501)		(0.1467)
Liberal x log GDP per capita	-0.0883**	-	-0.0576	0.0181	-	0.0494	-0.3302***	-	-0.3331**
	(0.0398)		(0.0466)	(0.0333)		(0.0435)	(0.0932)		(0.1278)
Authoritarian x unemployment rate	-	-0.2995***	-0.2875***	-	-0.1771**	-0.1744*	-	-0.1859	-0.0883
		(0.0744)	(0.0909)		(0.0806)	(0.0906)		(0.2463)	(0.2421)
Liberal x unemployment rate	-	0.1262***	0.0912	-	0.0454	0.0737	-	0.2161**	0.0096
		(0.0441)	(0.0575)		(0.0421)	(0.0543)		(0.0997)	(0.1332)
Observations	150,759	150,759	150,759	160,626	160,626	160,626	149,457	149,457	149,457
Clusters (NUTS regions)	132	132	132	132	132	132	132	132	132
Adjusted R^2	0.090	0.091	0.091	0.089	0.089	0.089	0.044	0.044	0.044

Notes: OLS regressions. Post-stratification and population size weights are applied. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. All models include dummies for female, immigrant, minority, big city, three education groups, and four age groups as well as year and NUTS region fixed effects. The 'Pro authoritarian index' and the 'Pro liberal index' have been standardised to a mean of zero and a standard deviation of one. Index values are calculated as averages across all individuals within each NUTS region in ESS wave 1 (2002/2003). For Italy ESS wave 2 (2004/2006) is used. Significant at: ***1% level; **5% level; *10% level.

The estimates suggest that an authoritarian culture generally amplifies the effects of macroeconomic shocks on trust towards parliamentary institutions, while a liberal culture has the opposite (dampening) effect. The effect is particularly pronounced on trust in the European Parliament. For instance, according to column I, a positive shock to GDP per capita has a stronger effect on trust in the European Parliament in predominantly authoritarian regions, and a weaker effect in more liberal regions. The same is true for unemployment shocks (column II): a rise in unemployment leads to a much stronger drop in trust towards the European Parliament in regions with a more authoritarian culture, and to a weaker effect in the more liberal regions – and this effect is robust across specifications.

An amplification effect of authoritarian culture is also present in the reaction of trust in the national parliament, but it is weaker. As already noted, trust in national institutions is more sensitive to macroeconomic conditions compared to trust in the European Parliament. This differential impact of macroeconomic conditions on the European Parliament versus national parliaments is thus dampened by an authoritarian regional culture. As a result, when macroeconomic conditions improve the trust in national relative to the trust in the European Parliament, the trust ratio (European Parliament versus national parliaments) drops, but it does so by more in the more liberal (or less authoritarian) regions.

Table 5.3 repeats the same exercise for the electoral variables *Pro-EU Position* and *Against-EU Position*. Here the interaction with regional cultural traits is never statistically significant, and the estimated coefficients in the macroeconomic shocks are not very different from those reported in Table 5.1.

Summarising, we conclude that illiberal cultural traits have indeed acted as amplifiers of adverse macroeconomic shocks, but they have done so mainly with regard to trust in the European Parliament (and to a lesser extent to trust in national parliaments).

Table 5.3 Determinants of vote shares of pro-EU and anti-EU Parties – adding cultural factors

	Pro-EU			Against-EU		
	I	II	III	I	II	III
Log GDP per capita	0.2893***	0.2992***	0.3028***	-0.3653***	-0.3734***	-0.3702***
	(0.0705)	(0.0760)	(0.0713)	(0.0705)	(0.0804)	(0.0726)
Unemployment rate	-0.1008	0.0129	0.0244	0.0883	0.0529	0.0492
	(0.1385)	(0.1843)	(0.1808)	(0.1553)	(0.1847)	(0.1808)
Authoritarian x log GDP per capita	0.0038	-	-0.0195	-0.0010	-	0.0053
	(0.0655)		(0.0655)	(0.0698)		(0.0704)
Liberal x log GDP per capita	0.0308	-	0.0169	-0.0395	-	-0.0283
	(0.0497)		(0.0477)	(0.0575)		(0.0503)
Authoritarian x unemployment rate	-	-0.2046	-0.2207	-	0.0625	0.0678
		(0.1514)	(0.1504)		(0.1441)	(0.1433)
Liberal x unemployment rate	-	-0.1025	-0.0931	-	0.0825	0.0701
		(0.0830)	(0.0810)		(0.1057)	(0.0976)
Observations	3,317	3,317	3,317	3,317	3,317	3,317
Clusters (NUTS regions)	858	858	858	858	858	858
Adjusted R^2	0.756	0.758	0.758	0.780	0.781	0.781

Notes: OLS regressions. The population size in each NUTS region is used as weight. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. The 'Pro authoritarian index' and the 'Pro liberal index' have been standardised to a mean of zero and a standard deviation of one. Index values are calculated as averages across all individuals within each NUTS region in ESS wave 1 (2002/2003). For Italy ESS wave 2 (2004/2006) is used. Log population size, year FE, and NUTS region FE are included. Significant at: ***1% level; **5% level; *10% level.

5.5 Summary

Political populism is often associated with mistrust of representative institutions and nationalistic tendencies. In the previous section, we have explored patterns in attitudes data and in election outcomes. These are the main lessons we have learned.

- First, age and education are important drivers of both trust in parliaments and support for the EU. Older cohorts and less-educated individuals have less trust in parliaments (both national and European) and are less supportive of the European Union. This contradicts the idea that younger generations are less supportive of European integration because they have a weaker memory of World War II. It also suggests that age and education have become important cleavages, in a world where globalisation and technology are often leaving behind the old and less educated, namely, those that are less able to cope with these new challenges. Finally, this finding also justifies some optimism for the future of European integration, because new generations seem more supportive than older generations.
- Second, there are important differences across countries. Traditionally, Southern Europeans, where the quality of government is weaker, have less trust in their own political institutions compared to the EU institutions, while the opposite is true in Northern Europe.
- Third, trust in parliaments and support for the European Union are affected by macroeconomic shocks. As economic conditions deteriorate, trust in parliaments drops (more so in national than in European institutions), and political support for the European Union diminishes. This effect was stronger during the recent financial crisis, but not by much. In other words, the recent experience in the effects of adverse shocks on support for the European Union is roughly in line with past evidence.
- Fourth, although the direction is the same, the magnitude of these effects is quite different on attitudes and electoral outcomes. While adverse macroeconomic shocks can explain a large fraction of the observed drop in trust towards national parliaments, they explain a much smaller fraction of the recent changes in electoral outcomes pro or anti the EU. The electoral effects of macroeconomic shocks are stronger in the countries of Southern Europe and in France, but not in the order of magnitude, which remains small. One often hears the idea that, to restore trust and support for the European Union, one needs to restore economic growth and reduce unemployment. As desirable as this may be for its own sake, the evidence suggests that improved macroeconomic conditions would indeed help to restore trust in national political institutions and (to a lesser extent) trust in the European Parliament. But improved macroeconomic conditions would not make a large difference to electoral and political support for the European Union.

- Fifth and finally, there is some evidence that culture played a role, and that adverse macroeconomic shocks hurt trust towards the European Parliament more in the regions with more authoritarian and traditional cultural traits. But this interaction between culture and macroeconomic conditions seems confined to attitudes data, and there is no evidence that it mattered much for electoral outcomes.

6 Policy implications

We started this report by asking whether Europeans have become more sceptical about the merits of European integration and whether they have lost trust in European institutions, perhaps to the point where the European Union could disintegrate. Implicitly, we pointed to the question of what might be done to head off this populist reaction.

In an effort to answer these questions, we analysed two sets of data: European Social Survey (ESS) data on the attitudes of European citizens, where we used data for the period 2002-2014; and actual voting outcomes (at the regional level) in elections for the European Parliament, where we used data for the period 1999-2014. We also explored the personal values, nationality and demographic attributes that made it more likely that an individual voted for a right-wing populist party during the 2002-2014 period. Our study focuses mainly on the EU15 – the 15 countries whose EU membership predates the 2004 and subsequent EU enlargements – for which we have data both on attitudes and voting patterns, but also explores briefly the Central and Eastern European countries.

For each of these two datasets, we constructed an indicator of support for the European project. In the case of the ESS, the principal dependent variable is the ratio of the trust of citizens in the European Parliament relative to their trust in national parliaments. Using the data on voting, we constructed two variables measuring the pro- and anti-European slant of the vote cast in each region, taking into account both party platforms and actual votes. Our main findings can be summarised as follows:

1. Trust in the European Parliament is higher than trust in national parliaments over the entire period 2002-2014. There are, however, important differences across countries and over time:
    a. In some countries (Austria, Denmark, Finland, Sweden and the UK), trust in the national parliament was consistently higher than trust in the European Parliament.
    b. In two countries (Germany and the Netherlands), trust in the national parliament was consistently lower than trust in the European Parliament, but this changed during the euro area crisis (in 2012 and 2014).
    c. In other countries, trust in the national parliament was consistently lower than trust in the European Parliament. In some of these countries (Greece, Spain, Ireland, Italy and Portugal) trust in the European Parliament was, in fact, much higher than trust in the national parliament, though it dipped during the Eurozone crisis.

2. On average for all EU15 countries, the voting scores for pro-EU parties in European Parliament elections were high (at around 70%) over the period 1999-2009, but there was then a significant decline during the 2014 election (to around 60%). This mainly reflects the pro-EU stance of the main parties in most countries. Here, too, we found important differences across countries and over time:
    a. In the UK, the score for pro-EU parties was consistently below the EU15 average and never exceeded 50%.
    b. In a number of other countries (Belgium, Germany and Spain), in contrast, the voting score for pro-EU parties never fell below 80% over the entire period 1999-2014. In several other countries (Portugal, Finland, Denmark and France) the share of pro-EU parties remained consistently above 60%.
    c. The remaining countries display more complicated patterns that are not easily summarised in synoptic fashion.

The message we take from these results is that trust in the European Parliament (compared to trust in national parliaments) and voting for pro-European parties in European Parliament elections have been high among the EU15 citizens in general. There is no existential threat to the European Union as a popular project, at least yet.

But this message is subject to two qualifications. The first concerns the economic situation. Recall that support for Europe declined at the end of our sample period (2012-2014). The empirical analysis confirms that macroeconomic shocks have had a negative impact on support for Europe, although the magnitude of the effect is limited. Adverse macroeconomic shocks, however, had a much larger effect on trust in the national parliament than on trust in the European Parliament, especially in Southern Europe and during the financial and sovereign debt crises in 2012-14. This is consistent with national political outcomes in this region, where there was a rise of left-wing populist parties against the national political establishment, without much backlash against Europe. The implication is that improving macroeconomic conditions is an important factor for having well-functioning democracies in Europe – although, presumably, the reverse must also be true: having well-functioning democracies is a key for improving economic conditions.

At the same time, our empirical analysis suggests that the main determinants of attitudes towards and electoral support for the Europe Union are socioeconomic characteristics rather than the economic situation of the country or region in which individuals live. In particular, age, cohort, education and residence (big city or not) play important roles – more important, as we measure them, than economic conditions at the national or regional level. Higher education is consistently associated with higher support for Europe. Another result is that older individuals and older generations – unfortunately we cannot separate the age and cohort effects – are generally less supportive of Europe than younger ones in most countries, even after controlling for the fact that they are less educated. This finding runs counter to the conventional wisdom that older individuals and older generations are more supportive of Europe because they are more attached to the founding narrative of the European project – namely, peace – due to their own experience with or knowledge of World War Two. The implication is either that younger individuals or younger generations care more about the

European project's contribution to peace than is generally assumed, or that they attach another positive narrative to Europe (such as freedom to travel, study and work). Whatever the exact reason, it should give hope to those wishing for more European integration that younger individuals and younger generations support the project.

A second caveat concerns the United Kingdom. Whether we measure support for Europe based on relative trust in the European Parliament (compared to the national parliament) or on actual voting patterns in European Parliament elections, the UK is an outlier. It is the only EU15 country where trust in the European Parliament is consistently lower than trust in the national parliament, and where voting for pro-European parties is significantly below the EU15 average.

Together, these findings provide at least modest grounds for hope to those wishing that support for European integration is not on a permanent downward trend. Exit from the EU and European disintegration are not what large portions of European citizens were thinking about even in 2014, when many indicators of economic performance were still at very low levels as a result of the financial and sovereign debt crises. True, British voters did choose to leave the EU in 2016, but this only underscored the fact that UK citizens have a different relationship to, and perceptions of, the European Union than other EU15 citizens.

Note that this conclusion derives from the analysis of data ending in 2014. We will have to wait until the results of the 2016 ESS round become available and for the next European Parliament election in 2019 to determine whether our conclusions are validated by subsequent events. In the meantime, supporters of EU integration can provisionally take comfort from the fact that two recent national elections were won by pro-European, anti-populist politicians: the Dutch general election in March 2017, which was a setback for a populist, anti-EU candidate who previously run high in the polls; and the April 2017 French presidential election, which was won in the second round by the only overtly pro-EU candidate among 11 first-round contestants.

At the same time, it is important not to adopt too complacent a reading of both our results. Even though there is strong evidence that the UK is special, and even though election outcomes in the Netherlands and France were positive from an EU integration standpoint, it does not follow that anti-European feeling and voting cannot flourish in other EU countries or at other times in the future.

We see two immediate grounds for vigilance. A first reason is that many of the distinctive socioeconomic factors associated with the victory for Leave in the June 2016 UK referendum are also present in other EU countries. Like the UK, other EU member states are also divided between those who are optimistic about their future versus those who are pessimistic, between those who embrace change and globalisation versus those who fear them, and between those who live in large metropolitan areas and adopt what might be referred to as cosmopolitan attitudes versus those who live in small towns or the countryside.

Relatedly, the same factors that are associated with negative attitudes toward European integration – age, cohort, education and residence – are also those that explain a pessimistic attitude towards the future, towards change and towards globalisation. The younger, more educated and more urban tend to be more optimistic about the future, more open to change and globalisation, and more positive towards European integration. But the opposite is true of the older, the less educated and the less urban. Evidence in this direction can be found in an

earlier Eurobarometer survey (Eb66, European Commission, 2007) that asked EU25 citizens whether they viewed globalisation as a threat or an opportunity, and whether they considered EU membership a good or a bad thing. The survey found that 41% of EU25 citizens viewed globalisation as a threat, while 40% considered it an opportunity (the remaining 19% had no opinion). Among those aged 15-24, only 37% viewed globalisation as a threat, while 44% viewed it as an opportunity. By contrast, 41% of those aged 55 or over said it was a threat, while only 34% said it was an opportunity. Likewise, among those who had stopped school before the age of 15, 41% considered globalisation as a threat and 30% as an opportunity. Conversely, among those who had stopped school after the age of 20, 49% saw it as opportunity and only 40% as a threat. The same Eurobarometer survey showed that there is a positive correlation between support for the European Union and optimism regarding globalisation. Among those who responded that "[t]he EU is a good thing", only 33% viewed globalisation as a threat, while 51% viewed it as an opportunity. Of those who responded that "[t]he EU is a bad thing", 60% viewed globalisation as a threat, while only 23% viewed it as an opportunity. Scepticism about globalisation, which overlaps with scepticism about the European Union, is therefore widespread in Europe and not unique to the UK.

Neither is pessimism about the future, which overlaps with pessimism about the European Union, unique to the United Kingdom. In a survey conducted by IPSOS (2016) in November 2016, adults aged 16-64 were asked: "To what extent, if at all, do you feel that your generation will have had a better or worse life than your parents' generation, or will it have been the same?" The share of those responding "slightly or much worse" was 61% in France, 60% in Italy, 56% in Spain, 53% in Belgium, 44% in Germany, 43% in the United Kingdom and 38% in Sweden.[25]

Nor is the division of societies between optimists and pessimists unique to Europe. The same IPSOS survey in November 2016 found that 47% of Americans worry that their generation will have a worse life than their parents. While we don't present evidence on the United States here, pessimism and insecurity about the future plausibly played an important role in the 2016 election of President Trump.

We would suggest that there is a similar pattern at work on both sides of the Channel and on both sides of the Atlantic as well: a substantial section of the population feels pessimistic about its life prospects compared to those of their parents, rendering them sceptical and, in the extreme, outright hostile to national political institutions, globalisation and the European Union. This phenomenon is not simply a European problem linked to the European Union's difficulty in responding to the financial and refugee crises. In fact, it reflects a more general pessimistic malaise. In the European context, it reflects the tendency for populist politicians to target the Union as the culprit responsible for the stagnation or decline in living standards of European voters.

So, despite the defeat of far-right populists and nationalists in recent elections in France and the Netherlands, supporters of EU integration cannot ignore that the forces that generated the victories of the Leave camp in the United Kingdom and of Donald Trump in the United States are also at work in EU countries. This

25 The IPSOS survey only covered these seven EU15 countries.

suggests that it will be important for the institutions of the European Union and national political systems alike to deliver effective responses to the malaise facing their societies if support for European integration is to be maintained, much less rebuilt to earlier levels.

A second reason for resisting complacency is that the European Union is less firmly established than national political systems, and therefore more vulnerable to a populist reaction. In most cases, those national political systems have longer histories and more firmly rooted legitimacy. The United States will survive President Trump, at least after a fashion. France would survive the election of a President Le Pen, at least after a fashion. But the European Union may not survive the accession to power of populist, anti-EU, anti-globalisation leaders in one or more of Europe's large countries.

The European Union's greater fragility, compared to national political systems, reflects the fact that it does not enjoy the same legitimacy as those constituent nation states; it does not possess the same legitimacy as political institutions in the United Kingdom and the United States, for example. As political scientists have long argued in reference to the European Union,[26] the democratic legitimacy of a political system has two sources: input legitimacy, which means the political system's responsiveness to citizens' concerns as mediated by the participation of the people; and output legitimacy, measured in terms of the effectiveness with which the system delivers policy outcomes desired by its constituents.[27]

The European Union's input legitimacy is weak because it lacks two essential preconditions: a "thick" collective identity and a European demos. These are not easy constraints to relax. A European identity will, under the most favourable scenario, take considerable time to develop. And until it does, there will be resistance to transferring consequential political functions from national systems to the Union's political institutions.

Output legitimacy is therefore more important for the legitimacy of the European Union than for democratic nation states, which tend to enjoy greater input or process legitimacy. That trust in the European Union as measured by the bi-annual Eurobarometer published by the European Commission dropped sharply with the financial, sovereign debt and refugee crises suggests that the Union suffered a problem of output legitimacy as a result of its (mis)handling of these crises. For the European Union to regain the trust of Europe's citizens, it will therefore need to better deliver the kind of policy outcomes they desire. According to a special Eurobarometer of the European Parliament (2017) conducted in March 2017, Europeans value better outcomes from EU action not only on economic matters (specifically in relation to unemployment and tax fraud) but also on non-economic matters (such as migration, terrorism and the environment).

To be sure, perceptions of the current effectiveness of EU action and wishes for future EU action differ significantly across member states. Interestingly, however, issue-specific differences across countries are lower for wishes (for future EU action) than for perceptions (about present EU action). This suggests that common future policies towards areas such as border security, national security and environmental security can help to build support for Europe across

26 See, in particular, Scharpf (1999), Moravcsik (2002) and Hix (2008).

27 Recently, Schmidt (2013) has proposed adding a third criteria to judge legitimacy in the European Union, namely, throughput legitimacy, which consists of governance processes with the people, measured in terms of the quality of their interest consultation.

the whole Union. This is especially the case in relation to policies combatting terrorism, where the share of citizens wanting more EU action ranges between 96% in Cyprus and 71% in Austria. For the fight against unemployment, wishes for the future are again quite similar across member states, with the share of citizens wanting more EU action ranging between 93% in Spain and 59% in Denmark.

Returning to the economic agenda, although our results suggest that reducing unemployment won't magically restore support for the European Union, it can't hurt. What then can the Union do to fight unemployment? The most straightforward response would be policies to promote growth, where the logical starting point is completing the Single Market and revamping the EU budget.

There is broad consensus that a dynamic Single Market, which stimulates competition and efficiency, is the European Union's main asset for spurring productivity and economic growth. Unfortunately, major areas of the single market remain fragmented in the Union. The Juncker Commission has singled out two crucial areas: the Digital Single Market and Capital Markets Union. Sadly, however, progress is both areas has been disappointing to date.

The EU budget is small, accounting for roughly 1% of EU GDP and 2.5% of all public expenditures in the Union and its members. It needs to focus therefore on a few items where it really makes sense to spend EU rather than national money due to the presence of scale economies and cross-border spillovers. Research and innovation and certain types of infrastructure projects are two examples, which also offer the potential to increase productivity and economic growth. The next Multiannual Financial Framework (MFF), which will be negotiated during 2018-19 and enter into force in 2021, offers a welcome opportunity to rethink the EU budget's spending priorities. It is broadly acknowledged that the new MFF priorities should include both economic subjects (in particular, growth and employment) and non-economic subjects (in particular, defence and security, and migration and border management), but the unanimity requirement for the MFF will likely prove once again to be a major hindrance to bold initiatives.

But EU growth policies can be, at best, only part of the arsenal in the fight against unemployment. In most EU countries, unemployment rates are especially high among workers with low levels of education, who tend to be left behind by globalisation and technological change and, as our results indicate, are also less supportive of the European Union. The Union is not well equipped to deal with this problem.[28] The European Social Fund financed by the EU budget contributes to training or re-training workers; and the European Globalisation Adjustment Fund, also financed by the EU budget, helps in particular workers who lose their jobs as a result of major structural changes linked to globalisation. But while these EU funds could and should be better used, responsibility for education and training rests mainly with the member states. It is therefore up to the member states to improve their labour market and social policies in ways that help ensure that their citizens are equipped to cope with the challenges of globalisation and technological changes. In practice, this means two things. First, the quality of education, training and life-long learning systems needs to be substantially improved. Second, labour market policies should be reformed in the direction of greater flexibility and better security for workers.

28 Buti and Pichelmann (2017) argue that this makes the European Union and European integration an easy target for populist onslaught, and acknowledge that there is no quick fix to this problem. They recommend, however, a series of measures that could help.

While the priority for EU action should focus on regaining output legitimacy, the European Union should also consider steps to address its input legitimacy problem. This is, of course, easier said than done. We have sympathy for the argument of Hix (2017) that "the EU has become increasingly centralised, with little discretion for the member states once decisions are made", resulting in a situation where if "voters would like to significantly change policy status quos – either in a leftward or rightward direction – [they] must also support anti-European positions". His proposed solution is a new constitutional model, which he calls "decentralised federalism". This model would enable some new policies to be centralised (for instance, a common European refugee policy or a common defence structure), while at the same time permitting greater decentralisation and flexibility in other areas (such as macroeconomic policy choices and certain regulatory policies where cross-border spillovers are not first order).

Like other proposals in this domain, Hix's "decentralized federalism" would not be easy to implement, requiring as it does major changes in the European Union's constitutional order.

Another dimension of the input-legitimacy problem relates to the management of the Eurozone sovereign debt crisis. As Matthijs (2017) explains, the fact that the crisis response largely reflected the preferences of the Northern creditor countries at the expense of the Southern debtor member states led to "the significant erosion in national democratic strength in the Eurozone's 'Southern' periphery since 2008, while there has not been a similar weakening of national democracy in the 'Northern' core". Our empirical analysis suggests a somewhat different interpretation of events but leads to similar conclusions. Already before the crisis, the trust of citizens in the South in their national institutions was low compared to their trust in European institutions, while the reverse was true in the North. With the onset of the crisis, the North/South gap widened further, due to a loss in trust towards the national parliaments in the Southern countries, where governments and parliaments essentially lost policy and even political autonomy at the expense of the Troika and the creditor countries. This suggests that one should be careful when drawing conclusions about the high levels of trust in the European Parliament compared to the national parliaments in the Southern countries.

We should not wish for citizens to have high trust in the European Parliament and low trust in their national parliament. Rather, one should wish that citizens have high trust in both. We do not propose avenues to achieve this goal, but simply note that ideas that have been floated for the involvement of the European Parliament in Eurozone crises and the greater involvement of national parliaments in EU or Eurozone decisions are worth exploring further. Indeed, an important message of our empirical findings is that regaining trust in national and European institutions, which has been eroded by economic insecurity, is central to fighting populism.

We derive some reassurance from the declaration adopted on 25 March 2017 (European Council, 2017) by the leaders of 27 EU member states (the UK prime minister did not participate) and of the institutions of the European Union, who met in Rome to celebrate the 60th anniversary of the Treaty of Rome, which founded what went on to become the European Union. The Declaration acknowledges that: "The European Union is facing unprecedented challenges, both global and domestic: regional conflicts, terrorism, growing migratory pressures, protectionism and social and economic inequalities." The text of the

Declaration shows that leaders realise that the European Union has both an input and an output legitimacy problem when it states that: "We want the Union to be big on big issues and small on small ones. We will promote a democratic, effective and transparent decision-making process and better delivery." Leaders committed to a safe and secure Europe; a prosperous and sustainable Europe; a social Europe; and a stronger Europe on the global scene. They also committed to "listen and respond to the concerns expressed by our citizens and [to] engage with our national parliaments".

These are admirable intentions. But they will need to be complemented by effective action to justify our cautious optimism about the future of the European Union.

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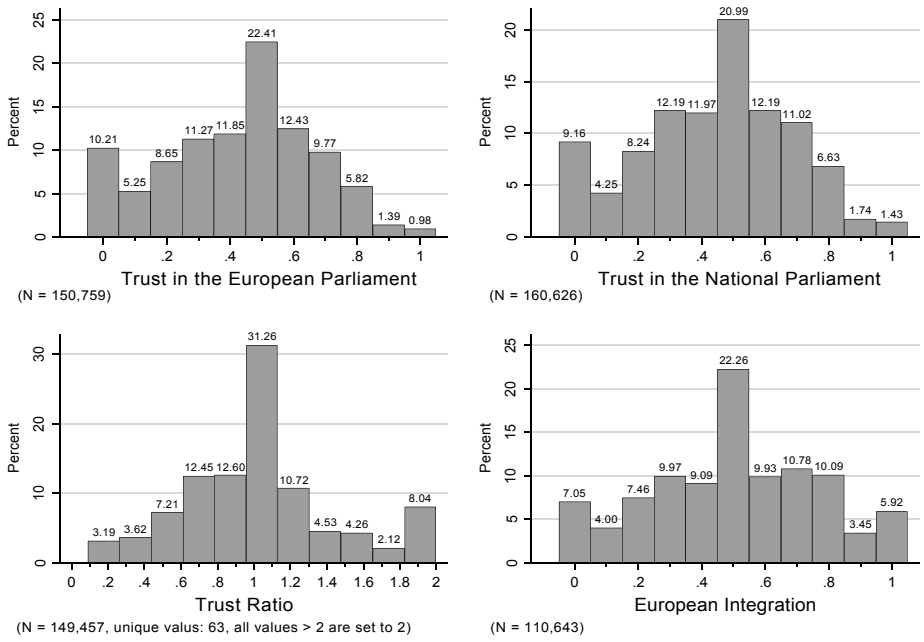
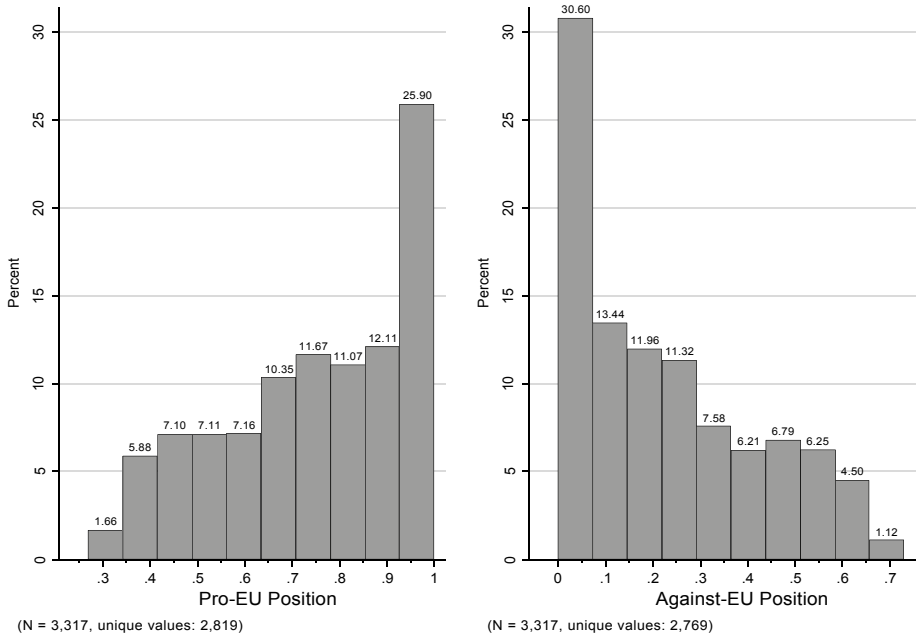
Appendix

Figure A1 Frequency distribution of attitudes outcomes



Source: Own calculations based on the European Social Survey (ESS).

Figure A2 Frequency distribution of the vote shares received by pro-EU and anti-EU parties



Source: Own calculations based on the European Election Database (EED) and the Chapel Hill Expert Survey (CHES).

Table A1 Descriptive statistics: Mean and standard deviation

	EU Integration		Trust EU Parliament		Trust National Parliament	
	Mean	**StdD**	**Mean**	**StdD**	**Mean**	**StdD**
Voted for populist party	0.106	0.308	0.108	0.310	0.109	0.312
Voted for right-wing populist party	0.039	0.194	0.040	0.196	0.040	0.195
Voted for left-wing populist party	0.067	0.250	0.068	0.252	0.070	0.255
European integration	0.525	0.273	-	-	-	-
Trust in the European Parliament	-	-	0.440	0.241	-	-
Trust in national parliament	-	-	-	-	0.463	0.250
Female	0.494	0.500	0.493	0.500	0.501	0.500
Age below 30	0.133	0.339	0.136	0.342	0.133	0.340
Age btw 30-44	0.253	0.435	0.255	0.436	0.251	0.433
Age btw 45-59	0.299	0.458	0.301	0.459	0.299	0.458
Age above 59	0.316	0.465	0.308	0.462	0.317	0.465
Low education (ISCED 0-2)	0.285	0.451	0.289	0.453	0.300	0.458
Mid-level education (ISCED 3-4)	0.446	0.497	0.444	0.497	0.441	0.497
High education (ISCED 5-6)	0.270	0.444	0.267	0.443	0.259	0.438
Observations	85,453		113,624		121,735	

Notes: Post-stratification and population weights are applied. Values are based on the respective estimation samples used in the regressions in Chapter 4.

Table A2 Description of cultural factors: Variables and factor loadings

ESS Variable	Variable Description	Factor 1 (Authoritarian)	Factor 2 (Liberal)	Uniqueness
ipcrtiv	Important to think new ideas and being creative	-0.0126	0.6324	0.5999
ipeqopt	Important that people are treated equally and have equal opportunities	0.2356	0.4009	0.7838
impsafe	Important to live in secure and safe surroundings	0.6156	0.0988	0.6113
impdiff	Important to try new and different things in life	0.0042	0.5664	0.6791
ipfrule	Important to do what is told and follow rules	0.5684	-0.0239	0.6764
ipudrst	Important to understand different people	0.2340	0.4925	0.7027
impfree	Important to make own decisions and be free	0.0852	0.5262	0.7159
ipstrgv	Important that government is strong and ensures safety	0.6264	0.1599	0.5821
ipbhprp	Important to behave properly	0.6702	0.0283	0.5500
imptrad	Important to follow traditions and customs	0.5373	-0.0064	0.7113

Notes: Original 6-point responses are rescaled that higher numbers indicate agreement and lower numbers indicate disagreement. Columns 3 and 4 show the rotated factor loadings.

Table A3 Descriptive statistics: Mean and standard deviation

	EU Integration		Trust EU Parliament		Trust National Parliament		Trust Ratio		Vote Shares	
	Mean	StdD	Mean	StdD	Mean	StdD	Mean	StdD	Mean	StdD
European integration	0.503	0.265	-	-	-	-	-	-	-	-
Trust in the European Parliament	-	-	0.427	0.239	-	-	-	-	-	-
Trust in the national parliament	-	-	-	-	0.445	0.241	-	-	-	-
Trust ratio	-	-	-	-	-	-	1.136	0.917	-	-
Pro-EU position	-	-	-	-	-	-	-	-	0.747	0.200
Against-EU position	-	-	-	-	-	-	-	-	0.222	0.195
Female	0.505	0.500	0.504	0.500	0.511	0.500	0.503	0.500	-	-
Age below 30	0.215	0.410	0.218	0.413	0.215	0.411	0.216	0.412	-	-
Age btw 30-44	0.254	0.435	0.258	0.438	0.255	0.436	0.259	0.438	-	-
Age btw 45-59	0.260	0.439	0.260	0.439	0.258	0.437	0.261	0.439	-	-
Age above 59	0.271	0.445	0.264	0.441	0.272	0.445	0.264	0.441	-	-
Low education (ISCED 0-2)	0.380	0.486	0.390	0.488	0.401	0.490	0.388	0.487	-	-
Mid-level education (ISCED 3-4)	0.368	0.482	0.365	0.481	0.360	0.480	0.365	0.482	-	-
High education (ISCED 5-6)	0.251	0.434	0.246	0.430	0.239	0.427	0.247	0.431	-	-
Immigrant	0.100	0.300	0.096	0.295	0.096	0.295	0.094	0.292	-	-
Minority	0.049	0.216	0.048	0.213	0.048	0.215	0.047	0.212	-	-
Big city	0.307	0.461	0.306	0.461	0.305	0.460	0.306	0.461	-	-
Pro authoritarian index	0	1	0	1	0	1	0	1	0	1
Pro liberal index	0	1	0	1	0	1	0	1	0	1
Log GDP per capita	10.277	0.282	10.261	0.286	10.260	0.286	10.261	0.286	10.208	0.343
Unemployment rate	0.087	0.052	0.088	0.053	0.088	0.053	0.088	0.053	0.094	0.054
Log population	-	-	-	-	-	-	-	-	13.729	1.267
Observations	110,643		150,759		160,626		149,457		3,317	

Notes: Post-stratification and population size weights are applied in columns 2-9. In columns 10 and 11 the population size in each NUTS region is used as weight. Values are based on the respective estimation samples used in the regressions in Chapter 5.

Table A4 Differences in trust in politics and attitudes towards European integration across demographic groups

Country	ISO2 Code	Trust in the European Parliament				Trust in the national parliament				Trust Ratio				EU integration			
		Young & high ed.	Old & high ed.	Young & low ed.	Old & low ed.	Young & high ed.	Old & high ed.	Young & low ed.	Old & low ed.	Young & high ed.	Old & high ed.	Young & low ed.	Old & low ed.	Young & high ed.	Old & high ed.	Young & low ed.	Old & low ed.
Austria	AT	0.47	0.44	0.44	0.36	0.53	0.57	0.49	0.47	0.95	0.88	0.99	0.91	0.55	0.51	0.46	0.38
Belgium	BE	0.58	0.53	0.55	0.44	0.54	0.53	0.49	0.43	1.16	1.10	1.24	1.17	0.58	0.59	0.53	0.46
Denmark	DK	0.56	0.50	0.56	0.43	0.68	0.67	0.61	0.56	0.87	0.81	0.99	0.87	0.64	0.61	0.60	0.50
Finland	FI	0.55	0.51	0.56	0.45	0.64	0.63	0.59	0.54	0.92	0.87	1.00	0.95	0.47	0.48	0.47	0.41
France	FR	0.50	0.46	0.47	0.39	0.48	0.50	0.41	0.40	1.16	1.05	1.30	1.18	0.57	0.56	0.49	0.46
Germany	DE	0.50	0.42	0.48	0.38	0.53	0.50	0.46	0.43	1.04	0.96	1.17	1.10	0.61	0.57	0.54	0.49
Greece	GR	0.45	0.49	0.45	0.44	0.34	0.41	0.37	0.39	1.62	1.51	1.50	1.40	0.56	0.61	0.61	0.58
Ireland	IE	0.53	0.50	0.49	0.45	0.44	0.46	0.40	0.40	1.41	1.30	1.40	1.42	0.53	0.52	0.52	0.46
Italy	IT	0.57	0.57	0.51	0.46	0.50	0.49	0.43	0.40	1.24	1.47	1.38	1.38	0.66	0.72	0.53	0.51
Netherlands	NL	0.55	0.49	0.53	0.44	0.59	0.58	0.52	0.50	1.01	0.90	1.12	0.97	0.59	0.58	0.53	0.50
Portugal	PT	0.50	0.43	0.43	0.37	0.41	0.39	0.35	0.33	1.42	1.40	1.43	1.37	0.58	0.54	0.55	0.48
Spain	ES	0.47	0.47	0.47	0.45	0.45	0.48	0.44	0.44	1.24	1.17	1.24	1.23	0.63	0.64	0.58	0.53
Sweden	SE	0.51	0.48	0.50	0.41	0.66	0.64	0.58	0.55	0.83	0.80	0.96	0.83	0.52	0.51	0.51	0.45
United Kingdom	UK	0.44	0.32	0.43	0.28	0.48	0.47	0.44	0.40	1.06	0.83	1.10	0.87	0.48	0.39	0.47	0.36
Means		*0.49*	*0.43*	*0.47*	*0.39*	*0.49*	*0.50*	*0.45*	*0.42*	*1.13*	*0.98*	*1.22*	*1.12*	*0.56*	*0.53*	*0.52*	*0.47*

Notes: Post-stratification and population size weights are applied.

Table A5 Regional level of macroeconomic variables

Country	NUTS level ESS data	NUTS level election data	
		Log GDP per capita	Unemployment rate
Austria	2	3	2
Belgium	1	2	2
Denmark	2	2	2
Finland	2	3	2
France	1	3	2
Germany	1	3	2
Greece	2	3	2
Ireland	2	1	1
Italy	2	3	2
Netherlands	2	3	2
Portugal	2	3	2
Spain	2	3	2
Sweden	2	3	2
United Kingdom	1	1	1

Notes: For some regions in our data, if matching is otherwise impossible, we use a lower NUTS level than the listed levels in the table.

Table A6 Determinants of trust in politics and attitudes towards European integration: Full results

	EU integration	Trust EU Parliament	Trust National Parliament	Trust Ratio
Female	-0.0100***	0.0156***	-0.0160***	0.0457***
	(0.0034)	(0.0022)	(0.0018)	(0.0103)
Age group (Ref.: age above 59)				
Age below 30	0.0617***	0.0903***	0.0154***	0.1235***
	(0.0048)	(0.0061)	(0.0041)	(0.0153)
Age btw 30-44	0.0123***	0.0160***	-0.0218***	0.0845***
	(0.0042)	(0.0045)	(0.0033)	(0.0134)
Age btw 45-59	0.0104***	-0.0053*	-0.0177***	0.0218*
	(0.0033)	(0.0029)	(0.0031)	(0.0126)
Highest level of education (Ref.: low education)				
Mid-level education	0.0167***	0.0066**	0.0200***	-0.0624***
	(0.0034)	(0.0031)	(0.0028)	(0.0100)
High education	0.0809***	0.0526***	0.0805***	-0.1249***
	(0.0054)	(0.0037)	(0.0040)	(0.0138)
Immigrant	0.0502***	0.0562***	0.0513***	0.0107
	(0.0051)	(0.0054)	(0.0054)	(0.0136)
Minority	0.0100	0.0107**	0.0078	0.0514**
	(0.0074)	(0.0051)	(0.0052)	(0.0224)
Big city	0.0237***	0.0133***	0.0081**	0.0157
	(0.0048)	(0.0037)	(0.0036)	(0.0120)
Log GDP per capita	0.0177	0.2039***	0.4020***	-0.7747***
	(0.0936)	(0.0764)	(0.0664)	(0.2316)
Unemployment rate	-0.1206	-0.2655**	-0.4559***	0.9813***
	(0.1039)	(0.1056)	(0.1035)	(0.2503)
Observations	110,643	150,759	160,626	149,457
Clusters (NUTS regions)	132	132	132	132
Adjusted R^2	0.078	0.090	0.089	0.044

Notes: OLS regressions. Post-stratification and population size weights are applied. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. Year and NUTS region fixed effects are included in all models. Significant at: ***1% level; **5% level; *10% level.

Table A7 Trust in politics and attitudes towards European integration: Controlling for labour market status

	EU integration	Trust EU Parliament	Trust National Parliament	Trust Ratio
Labour market status (Ref.: employed)				
Unemployed	-0.0107*	-0.0317***	-0.0479***	0.0999***
	(0.0058)	(0.0058)	(0.0053)	(0.0263)
Inactive	0.0187***	0.0164***	0.0085***	0.0162
	(0.0031)	(0.0027)	(0.0022)	(0.0107)
Retired	0.0099***	0.0065	0.0107**	-0.0067
	(0.0037)	(0.0041)	(0.0044)	(0.0151)
Log GDP per capita	0.0199	0.1943**	0.3903***	-0.7358***
	(0.0944)	(0.0754)	(0.0656)	(0.2168)
Unemployment rate	-0.1184	-0.2551**	-0.4452***	0.9712***
	(0.1049)	(0.1045)	(0.1028)	(0.2414)
Observations	110,169	150,196	160,013	148,898
Clusters (NUTS regions)	132	132	132	132
Adjusted R^2	0.079	0.092	0.091	0.044

Notes: OLS regressions. Post-stratification and population size weights are applied. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. All models include dummies for female, immigrant, minority, big city, 3 education groups, and 4 age groups as well as year and NUTS region fixed effects. Significant at: ***1% level; **5% level; *10% level.

Table A8 Determinants of attitudes and vote shares of pro-EU and anti-EU parties: Post-crisis effects

	EU Integration	Trust EU Parliament	Trust National Parliament	Trust Ratio	Pro-EU	Against-EU
Log GDP per capita	-0.0756	0.1591**	0.3375***	-0.7373***	0.3075***	-0.3564***
	(0.1029)	(0.0764)	(0.0697)	(0.2448)	(0.0749)	(0.0805)
Unemployment rate	-0.4024***	-0.1447	-0.3746***	0.8496***	0.0773	0.0360
	(0.1345)	(0.1136)	(0.1013)	(0.3042)	(0.1737)	(0.1746)
Post-Crisis x log GDP per capita	0.0458**	0.0278**	0.0410***	-0.0232	-0.0267	-0.0291
	(0.0188)	(0.0110)	(0.0108)	(0.0367)	(0.0268)	(0.0218)
Post-Crisis x unemployment rate	0.3333***	-0.1370	-0.0824	0.1528	-0.3198*	0.0232
	(0.1166)	(0.1201)	(0.1230)	(0.2562)	(0.1693)	(0.1600)
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	0.079	0.091	0.090	0.044	0.758	0.781

Notes: OLS regressions. Post-stratification and population size weights are applied in columns 2-5. In columns 6 and 7 the population size in each NUTS region is used as weight. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. As individual control variables dummies for female, immigrant, minority, big city, 3 education groups, and 4 age groups are included in columns 2-5. Columns 6 and 7 include log population size as control variable. Year and NUTS region fixed effects are included in all models. Post-Crisis is defined as the period after 2007. Significant at: ***1% level; **5% level; *10% level.

Table A9 Determinants of trust in politics and attitudes towards European integration: Base specification by country groups

	EU Integration			Trust EU Parliament			Trust National Parliament			Trust Ratio		
	I	II	III	I	II	III	I	II	III	I	II	III
Log GDP per capita	-0.0466	-0.0254	-0.2938**	0.1153	0.2223*	0.3097***	0.1056	0.2344**	0.5077***	0.3631	0.0341	-0.9118**
	(0.1888)	(0.0844)	(0.1305)	(0.1053)	(0.1178)	(0.1162)	(0.1294)	(0.1020)	(0.0913)	(0.2709)	(0.3189)	(0.4062)
Unemployment rate	-0.4049*	-0.6629***	-0.0892	0.1056	-0.5153**	-0.2931*	-0.3039*	-0.7129**	-0.3810**	1.7534***	1.0728**	0.5749*
	(0.2393)	(0.1492)	(0.1088)	(0.1194)	(0.2356)	(0.1595)	(0.1574)	(0.2614)	(0.1502)	(0.3007)	(0.5251)	(0.3327)
Observations	37,688	41,196	31,759	49,447	54,108	47,204	51,782	58,681	50,163	49,088	53,654	46,715
Clusters (NUTS regions)	40	31	61	40	31	61	40	31	61	40	31	61
Adjusted R^2	0.050	0.074	0.077	0.076	0.134	0.068	0.069	0.110	0.083	0.029	0.042	0.024

Notes: Columns I show the results for continental Europe, columns II for Nordic and Anglo-Saxon countries, and columns III for Mediterranean countries (including France). OLS regressions. Post-stratification and population size weights are applied. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. All models include dummies for female, immigrant, minority, big city, 3 education groups, and 4 age groups as well as year and NUTS region fixed effects. Significant at: ***1% level; **5% level; *10% level.

Table A10 Determinants of trust in politics and attitudes towards European integration: Post-crisis effect by country groups

	EU Integration			Trust EU Parliament			Trust National Parliament			Trust Ratio		
	I	II	III	I	II	III	I	II	III	I	II	III
Log GDP per capita	-0.1312	-0.0891	-0.3973***	0.1136	0.1721	0.2494**	0.0846	0.1141	0.4449***	0.5245*	0.0837	-0.8753**
	(0.1715)	(0.0970)	(0.1252)	(0.1085)	(0.1099)	(0.1236)	(0.1285)	(0.1137)	(0.0876)	(0.2856)	(0.3754)	(0.4117)
Unemployment rate	-0.5130**	-1.3956***	0.0737	0.0806	-0.7069**	-0.2277	-0.4262**	-0.4528	-0.4634**	1.8338***	0.1216	0.7404
	(0.2028)	(0.2158)	(0.3128)	(0.1474)	(0.2942)	(0.2464)	(0.1585)	(0.3827)	(0.2056)	(0.3378)	(0.6238)	(0.5957)
Post-Crisis x log GDP per capita	0.0273	-0.0005	0.0572***	0.0086	0.0098	0.0297	0.0364	0.0496**	0.0327**	0.0297	-0.0526	-0.0197
	(0.0251)	(0.0156)	(0.0215)	(0.0196)	(0.0217)	(0.0228)	(0.0248)	(0.0195)	(0.0154)	(0.0748)	(0.0574)	(0.0722)
Post-Crisis x unemployment rate	-0.3625***	1.0172***	-0.0799	-0.0206	0.2423	-0.0370	-0.1670	-0.4386	0.1146	0.7589	1.3868***	-0.1848
	(0.1324)	(0.1930)	(0.2753)	(0.1125)	(0.2642)	(0.2418)	(0.1549)	(0.3098)	(0.2002)	(0.5491)	(0.4237)	(0.4699)
Observations	37,688	41,196	31,759	49,447	54,108	47,204	51,782	58,681	50,163	49,088	53,654	46,715
Clusters (NUTS regions)	40	31	61	40	31	61	40	31	61	40	31	61
Adjusted R^2	0.051	0.074	0.077	0.076	0.134	0.068	0.069	0.110	0.083	0.030	0.042	0.024

Notes: Columns I show the results for continental Europe, columns II for Nordic and Anglo-Saxon countries, and columns III for Mediterranean countries (including France). OLS regressions. Post-stratification and population size weights are applied. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. All models include dummies for female, immigrant, minority, big city, 3 education groups, and 4 age groups as well as year and NUTS region fixed effects. Post-Crisis is defined as the period after 2007. Significant at: ***1% level; **5% level; *10% level.

Table A11 Determinants of satisfaction and trust in politics and institutions: Base specification

	Satisfied National Government	Satisfied Democracy	Trust Politicians	Trust Parties	Trust UN
Log GDP per capita	0.4655***	0.3158***	0.3836***	0.2844***	0.0501
	(0.1183)	(0.0701)	(0.0591)	(0.0716)	(0.0811)
Unemployment rate	-0.9563***	-0.7730***	-0.4287***	-0.5656***	-0.0485
	(0.1617)	(0.1125)	(0.0984)	(0.1290)	(0.0879)
Observations	158,041	159,631	162,376	140,449	151,681
Clusters (NUTS regions)	132	132	132	132	132
Adjusted R^2	0.101	0.113	0.105	0.126	0.055

Notes: OLS regressions. Post-stratification and population size weights are applied. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. All models include dummies for female, immigrant, minority, big city, 3 education groups, and 4 age groups as well as year and NUTS region fixed effects. Significant at: ***1% level; **5% level; *10% level.

Table A12 Determinants of vote shares of pro-EU and anti-EU parties: Base specification by country groups

	Pro-EU			Against-EU		
	I	II	III	I	II	III
Log GDP per capita	0.0175	0.1744	0.4541***	-0.0361	-0.3196**	-0.4683***
	(0.0391)	(0.1931)	(0.1358)	(0.0424)	(0.1583)	(0.1405)
Unemployment rate	1.8522***	-2.1653***	-0.1968	-1.0170***	1.5254***	-0.1172
	(0.1759)	(0.6836)	(0.1435)	(0.2376)	(0.4325)	(0.1767)
Observations	1,922	203	1,192	1,922	203	1,192
Clusters (NUTS regions)	487	57	314	487	57	314
Adjusted R^2	0.820	0.860	0.590	0.687	0.884	0.650

Notes: Columns I show the results for continental Europe, columns II for Nordic and Anglo-Saxon countries, and columns III for Mediterranean countries (including France). OLS regressions. The population size in each NUTS region is used as weight. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. Log population size, year FE, and NUTS region FE are included. Significant at: ***1% level; **5% level; *10% level.

Table A13 Determinants of vote shares of pro-EU and anti-EU parties: Post-crisis effects by country groups

	Pro-EU			Against-EU		
	I	II	III	I	II	III
Log GDP per capita	0.0351	0.2697	0.4746***	-0.0341	-0.2899*	-0.4110***
	(0.0384)	(0.1899)	(0.1467)	(0.0400)	(0.1637)	(0.1498)
Unemployment rate	1.8041***	-0.9212	0.0341	-1.0218***	0.7365*	-0.1952
	(0.1825)	(0.6285)	(0.2334)	(0.2329)	(0.4061)	(0.2320)
Post-Crisis x log GDP per capita	0.0002	0.0723	0.0007	-0.0004	-0.1302**	-0.1058***
	(0.0118)	(0.0570)	(0.0380)	(0.0162)	(0.0610)	(0.0241)
Post-Crisis x unemployment rate	0.3798***	-1.9139***	-0.2979	0.0408	0.5861	-0.1444
	(0.1222)	(0.5597)	(0.2419)	(0.2361)	(0.5779)	(0.2264)
Observations	1,922	203	1,192	1,922	203	1,192
Clusters (NUTS regions)	487	57	314	487	57	314
Adjusted R^2	0.822	0.870	0.592	0.687	0.890	0.658

Notes: Columns I show the results for continental Europe, columns II for Nordic and Anglo-Saxon countries, and columns III for Mediterranean countries (including France). OLS regressions. The population size in each NUTS region is used as weight. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. Post-Crisis is defined as the period after 2007. Log population size, year FE, and NUTS region FE are included. Significant at: ***1% level; **5% level; *10% level.

Table A14 Determinants of trust in politics, adding cultural factors: Full results

	Trust EU Parliament			Trust National Parliament			Trust Ratio		
	I	II	III	I	II	III	I	II	III
Female	0.0156***	0.0156***	0.0156***	-0.0160***	-0.0160***	-0.0160***	0.0458***	0.0457***	0.0458***
	(0.0022)	(0.0022)	(0.0022)	(0.0018)	(0.0018)	(0.0018)	(0.0103)	(0.0103)	(0.0103)
Age group (Ref.: age above 59)									
Age below 30	0.0904***	0.0902***	0.0902***	0.0154***	0.0153***	0.0153***	0.1234***	0.1234***	0.1233***
	(0.0061)	(0.0061)	(0.0061)	(0.0041)	(0.0041)	(0.0041)	(0.0153)	(0.0153)	(0.0153)
Age btw 30-44	0.0160***	0.0159***	0.0159***	-0.0218***	-0.0218***	-0.0218***	0.0846***	0.0844***	0.0846***
	(0.0045)	(0.0045)	(0.0045)	(0.0033)	(0.0033)	(0.0033)	(0.0134)	(0.0134)	(0.0134)
Age btw 45-59	-0.0052*	-0.0051*	-0.0051*	-0.0177***	-0.0177***	-0.0177***	0.0222*	0.0220*	0.0223*
	(0.0029)	(0.0029)	(0.0029)	(0.0031)	(0.0031)	(0.0031)	(0.0126)	(0.0126)	(0.0126)
Highest level of education (Ref.: low education)									
Mid-level education	0.0066**	0.0063**	0.0064**	0.0199***	0.0198***	0.0198***	-0.0622***	-0.0625***	-0.0623***
	(0.0030)	(0.0031)	(0.0030)	(0.0028)	(0.0028)	(0.0028)	(0.0100)	(0.0100)	(0.0100)
High education	0.0525***	0.0524***	0.0524***	0.0804***	0.0804***	0.0803***	-0.1249***	-0.1250***	-0.1249***
	(0.0037)	(0.0037)	(0.0037)	(0.0040)	(0.0040)	(0.0040)	(0.0139)	(0.0138)	(0.0139)
Immigrant	0.0561***	0.0561***	0.0561***	0.0514***	0.0514***	0.0514***	0.0104	0.0104	0.0104
	(0.0054)	(0.0054)	(0.0054)	(0.0054)	(0.0054)	(0.0054)	(0.0137)	(0.0137)	(0.0137)
Minority	0.0108**	0.0107**	0.0107**	0.0079	0.0078	0.0078	0.0518**	0.0516**	0.0517**
	(0.0051)	(0.0051)	(0.0051)	(0.0052)	(0.0052)	(0.0052)	(0.0224)	(0.0224)	(0.0224)
Big city	0.0133***	0.0130***	0.0131***	0.0081**	0.0080**	0.0080**	0.0158	0.0155	0.0157
	(0.0037)	(0.0037)	(0.0037)	(0.0036)	(0.0035)	(0.0035)	(0.0121)	(0.0120)	(0.0121)
Log GDP per capita	0.1934***	0.2197***	0.2232***	0.3891***	0.4126***	0.4053***	-0.7730***	-0.7728***	-0.7625***
	(0.0721)	(0.0732)	(0.0677)	(0.0660)	(0.0638)	(0.0638)	(0.2079)	(0.2369)	(0.2094)
Unemployment rate	-0.2516**	-0.0432	-0.0435	-0.4550***	-0.3241***	-0.3326***	1.0240***	1.1115***	1.0903***
	(0.1046)	(0.1123)	(0.1056)	(0.1067)	(0.1130)	(0.1133)	(0.2366)	(0.3120)	(0.2812)
Authoritarian x log GDP per capita	0.0835*	-	0.0093	0.0563	-	0.0095	0.1101	-	0.0894
	(0.0472)		(0.0537)	(0.0414)		(0.0456)	(0.1501)		(0.1467)

	Trust EU Parliament			Trust National Parliament			Trust Ratio		
	I	II	III	I	II	III	I	II	III
Liberal x log GDP per capita	-0.0883**	-	-0.0576	0.0181	-	0.0494	-0.3302***	-	-0.3331**
	(0.0398)		(0.0466)	(0.0333)		(0.0435)	(0.0932)		(0.1278)
Authoritarian x unemployment rate	-	-0.2995***	-0.2875***	-	-0.1771**	-0.1744*	-	-0.1859	-0.0883
		(0.0744)	(0.0909)		(0.0806)	(0.0906)		(0.2463)	(0.2421)
Liberal x unemployment rate	-	0.1262***	0.0912	-	0.0454	0.0737	-	0.2161**	0.0096
		(0.0441)	(0.0575)		(0.0421)	(0.0543)		(0.0997)	(0.1332)
Observations	150,759	150,759	150,759	160,626	160,626	160,626	149,457	149,457	149,457
Clusters (NUTS regions)	132	132	132	132	132	132	132	132	132
Adjusted R^2	0.090	0.091	0.091	0.089	0.089	0.089	0.044	0.044	0.044

Notes: OLS regressions. Post-stratification and population size weights are applied. Robust standard errors (clustered at the NUTS region-level) are reported in parentheses. The 'Pro authoritarian index' and the 'Pro liberal index' have been standardized to a mean of zero and a standard deviation of one. Index values are calculated as averages across all individuals within each NUTS region in ESS wave 1 (2002/2003). For Italy ESS wave 2 (2004/2006) is used. Year and NUTS region fixed effects are included in all models. Significant at: ***1% level; **5% level; *10% level.

Table A15 Description of variables and data sources

Variable	Description	Source
I. Attitudes variables		
European integration	Respondent's answer to the question whether European unification should go further or has already gone too far. Original variable on a 0 to 10-point scale has been linearly re-scaled to lie between 0 and 1. A higher number represents a more sympathetic view to the European unification.	European Social Survey (ESS): www.europeansocialsurvey.org
Trust in the European Parliament	Respondent's answer to the question how much he/she trusts the European Parliament. Original variable on a 0 to 10-point scale has been linearly re-scaled to lie between 0 and 1. A higher number represents having more trust in the European Parliament.	European Social Survey (ESS): www.europeansocialsurvey.org
Trust in the national parliament	Respondent's answer to the question how much he/she trusts the national Parliament. Original variable on a 0 to 10-point scale has been linearly re-scaled to lie between 0 and 1. A higher number represents having more trust in the national Parliament.	European Social Survey (ESS): www.europeansocialsurvey.org
Trust ratio	Ratio of trust in the European Parliament to trust in the national parliament. To avoid zeros in the denominator of the ratio, we have added 1 to both the numerator and the denominator. Thus, the variable Trust Ratio varies between 1/11 and 11/1.	European Social Survey (ESS): www.europeansocialsurvey.org
Satisfaction with the national government	Respondent's answer to the question how satisfied he/she is with the work of the national government. Original variable on a 0 to 10-point scale has been linearly re-scaled to lie between 0 and 1. A higher number represents a higher satisfaction with the national government.	European Social Survey (ESS): www.europeansocialsurvey.org
Satisfaction with the way democracy works	Respondent's answer to the question how satisfied he/she is with the way democracy works in his country. Original variable on a 0 to 10-point scale has been linearly re-scaled to lie between 0 and 1. A higher number represents a higher satisfaction with the way democracy works.	European Social Survey (ESS): www.europeansocialsurvey.org
Trust in politicians	Respondent's answer to the question how much he/she trusts politicians. Original variable on a 0 to 10-point scale has been linearly re-scaled to lie between 0 and 1. A higher number represents having more trust in politicians.	European Social Survey (ESS): www.europeansocialsurvey.org
Trust in political parties	Respondent's answer to the question how much he/she trusts political parties. Original variable on a 0 to 10-point scale has been linearly re-scaled to lie between 0 and 1. A higher number represents having more trust in political parties.	European Social Survey (ESS): www.europeansocialsurvey.org
Tust in the United Nations	Respondent's answer to the question how much he/she trusts the United Nations. Original variable on a 0 to 10-point scale has been linearly re-scaled to lie between 0 and 1. A higher number represents having more trust in the United Nations.	European Social Survey (ESS): www.europeansocialsurvey.org
II. Demographics		
Female	Binary variable that is unity if respondent is a female.	European Social Survey (ESS): www.europeansocialsurvey.org
Age	Respondent's age measured in 4 age-groups: below 30, btw 30-44, btw 45-59, and above 59.	European Social Survey (ESS): www.europeansocialsurvey.org

Variable	Description	Source
Education	Respondent's highest level of education measured in 3 education-groups: low education (ISCED 0-2), mid-level education (ISCED 3-4), and high education (ISCED 5-6).	European Social Survey (ESS): www.europeansocialsurvey.org
Immigrant	Binary variable that is unity if respondent is not born in the interview country.	European Social Survey (ESS): www.europeansocialsurvey.org
Minority	Binary variable that is unity if respondent belongs to a minority ethnic group in the interview country.	European Social Survey (ESS): www.europeansocialsurvey.org
Big city	Binary variable that is unity if respondent describes the area where he/she lives as a big city, the suburbs or outskirts of big city, zero if area described as a town, small city, country village, farm or home in countryside.	European Social Survey (ESS): www.europeansocialsurvey.org
Labour market status	Four binary variables that indicate whether respondent's main activity in last 7 days was: (i) employed (paid work or community/military service), (ii) unemployed (but actively looking for job), (iii) inactive (education, unemployed and not looking for job, permanently sick or disabled, housework, looking after children, others), and (iv) retired.	European Social Survey (ESS): www.europeansocialsurvey.org
NUTS region	Binary variables that indicate the NUTS (Nomenclature of Territorial Units for Statistics) region of the respondent's residence. To link the regional data in the ESS to NUTS regions country specific information and correspondence tables have been used.	European Social Survey (ESS): www.europeansocialsurvey.org Eurostat: http://ec.europa.eu/eurostat/web/nuts/history
Year	Binary variables that indicate the interview year and the year of the European Parliament election, respectively.	European Social Survey (ESS): www.europeansocialsurvey.org
III. Cultural factors		
Pro authoritarian index	Constructed index based on a factor analysis of 10 variables that capture the respondent's authoritarian and traditional cultural traits. The individual-level data has been aggregated to the regional level. The index variable has been standardized by subtracting the weighted sample mean and dividing by the respective standard deviation, so that the mean is zero and the standard deviation is one.	European Social Survey (ESS): www.europeansocialsurvey.org
Pro liberal index	Constructed index based on a factor analysis of 10 variables that capture the respondent's liberal and modern cultural traits. The individual-level data has been aggregated to the regional level. The index variable has been standardized by subtracting the weighted sample mean and dividing by the respective standard deviation, so that the mean is zero and the standard deviation is one.	European Social Survey (ESS): www.europeansocialsurvey.org
IV. Election outcomes		
Pro-EU position	Vote shares received in each region by parties with a pro-EU position. Classification of each party's position towards the EU is based on the Chapel Hill Expert Survey (CHES), which measures the overall orientation of the party leadership towards European integration. The ranking ranges from 1 (strongly opposed) to 7 (strongly in favour). We define values equal to or above 4.5 as a pro-EU position.	European Election Database (EED): http://www.nsd.uib.no/european_election_database/ Chapel Hill Expert Survey (CHES): http://chesdata.eu/default.html

Variable	Description	Source
Against-EU position	Vote shares received in each region by parties with an against-EU position. Classification of each party's position towards the EU is based on the Chapel Hill Expert Survey (CHES), which measures the overall orientation of the party leadership towards European integration. The ranking ranges from 1 (strongly opposed) to 7 (strongly in favour). We define values equal to or below 3.5 as an against-EU position.	European Election Database (EED): http://www.nsd.uib.no/european_election_database/ Chapel Hill Expert Survey (CHES): http://chesdata.eu/default.html
V. Macroeconomic indicators		
Log GDP per capita	Logarithm of regional (NUTS 3 level) GDP per capita in constant 2010 prices in EURO. To create constant prices regional (NUTS 3 level) GDP per capita at current market prices has been deflated by employing the country's price index using 2010 as base period. Values for the year 1999 have been imputed by using linear extrapolation.	Eurostat, Regional statistics by NUTS classification, nama_10r_3gdp: http://ec.europa.eu/eurostat/web/regions/data/database
Unemployment rate	The regional (NUTS 2 level) unemployment rate represents the share of the total labour force aged 15 and over that is without work but available for and seeking employment. 63 missing values have been imputed by using linear inter- and extrapolation. To minimize the potential imputation error, the data extrapolation is restricted to one year.	Eurostat, Regional statistics by NUTS classification, lfst_r_lfu3rt: http://ec.europa.eu/eurostat/web/regions/data/database
Log population	Total resident population on NUTS 3 level measured on an annual basis.	Cambridge Econometrics, European Regional Database 2016: www.camecon.com

Notes: For a description of the ESS data see European Social Survey (2016), and for an introduction and an application of the Chapel Hill Expert Survey see Polk et al. (2017).

Has trust in political institutions in Europe fallen and populist politics risen to such levels that the European Union is at risk of disintegration? Could other countries follow the United Kingdom and leave the European Union? Or has the tide of populism and distrust in Europe receded and will Brexit be unique? This first report in the Monitoring International Integration series uses data from the European Social Survey on trust in national parliaments and in the European Union, disaggregated to the individual level and paired with information on regional macro variables such as GDP and unemployment, to identify economic and social characteristics associated with Europe's growing trust deficit in some EU countries. The report also uses data on elections to the European Parliament, disaggregated to the regional level, to identify factors associated with support for non-mainstream political parties and movements labelled as "anti-EU".

While the report confirms that economics matters, it does not suggest that it is the only, or even the main factor. Economic conditions are particularly important for trust in national parliaments, but trust in European institutions and political support for the European Union are less sensitive to the state of the economy. This suggests that improvements in the obvious economic variables will not magically restore support for the European project. In addition to a strong economy, citizens and voters want a European Union that, together with national governments, delivers global public goods and provides security, while respecting their national identities. Meeting these demands will not be easy and may require a change in policy priorities, but does not entail rolling back the ambitions of building a stronger and more integrated Europe.

CEPR PRESS 2017

Centre for Economic Policy Research
33 Great Sutton Street
London EC1V 0DX
Tel: +44 (0)20 7183 8801
Email: cepr@cepr.org www.cepr.org
Twitter: @cepr_org | Facebook @cepr.org

ISBN 978-1-912179-04-6