

Winners, losers, and the future of European integration

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What will the future bring?

- European integration – and EMU – depends on national government policies
- Governments constrained by constituents
- Policies have distributional effects; so too has the crisis
- Where do constituent interests, and attitudes, stand, especially in aftermath of crisis
- How might these affect future policy?

Analytical perspectives

- Attitudes function of views on broad process of economic integration
- Focus on material factors
- Build on political economy of trade/finance

Winners and losers

- Heckscher-Ohlin/Stolper Samuelson et al: abundant factors favor integration
- In EU context – and elsewhere – less relevant than skill and education bias in trade and tech
- Expect more skilled, more educated to favor, less skilled, less educated to oppose
- By country: those more affected by crisis likely to be more negative

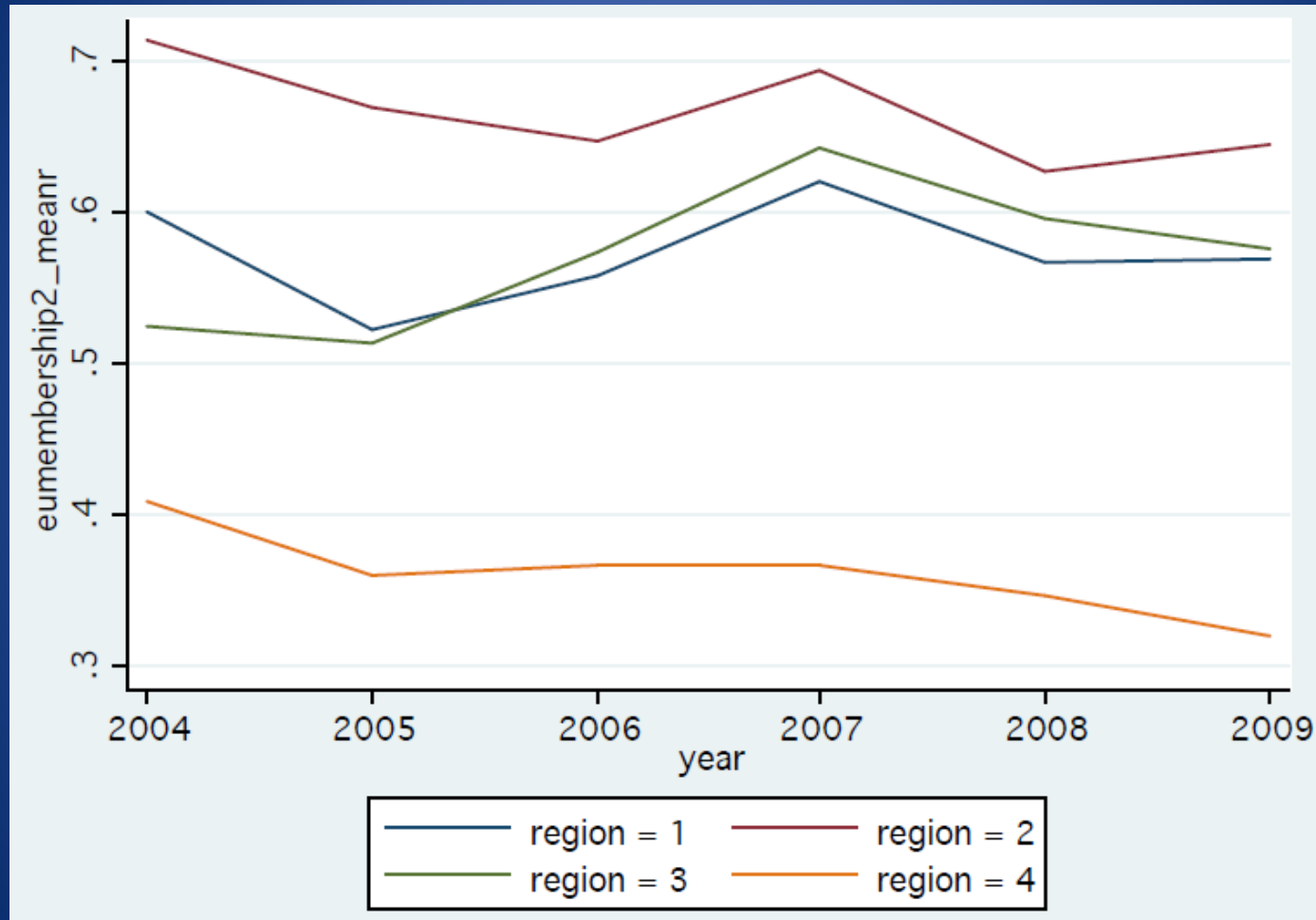
The data

- Eurobarometer waves, 2004-2014 for most questions
- General support for European integration
- Specific support for EMU/euro
- Attitudes toward institutions
 - Trust in EU, satisfaction with EU democracy
 - Trust in national government, satisfaction with national democracy (very similar)

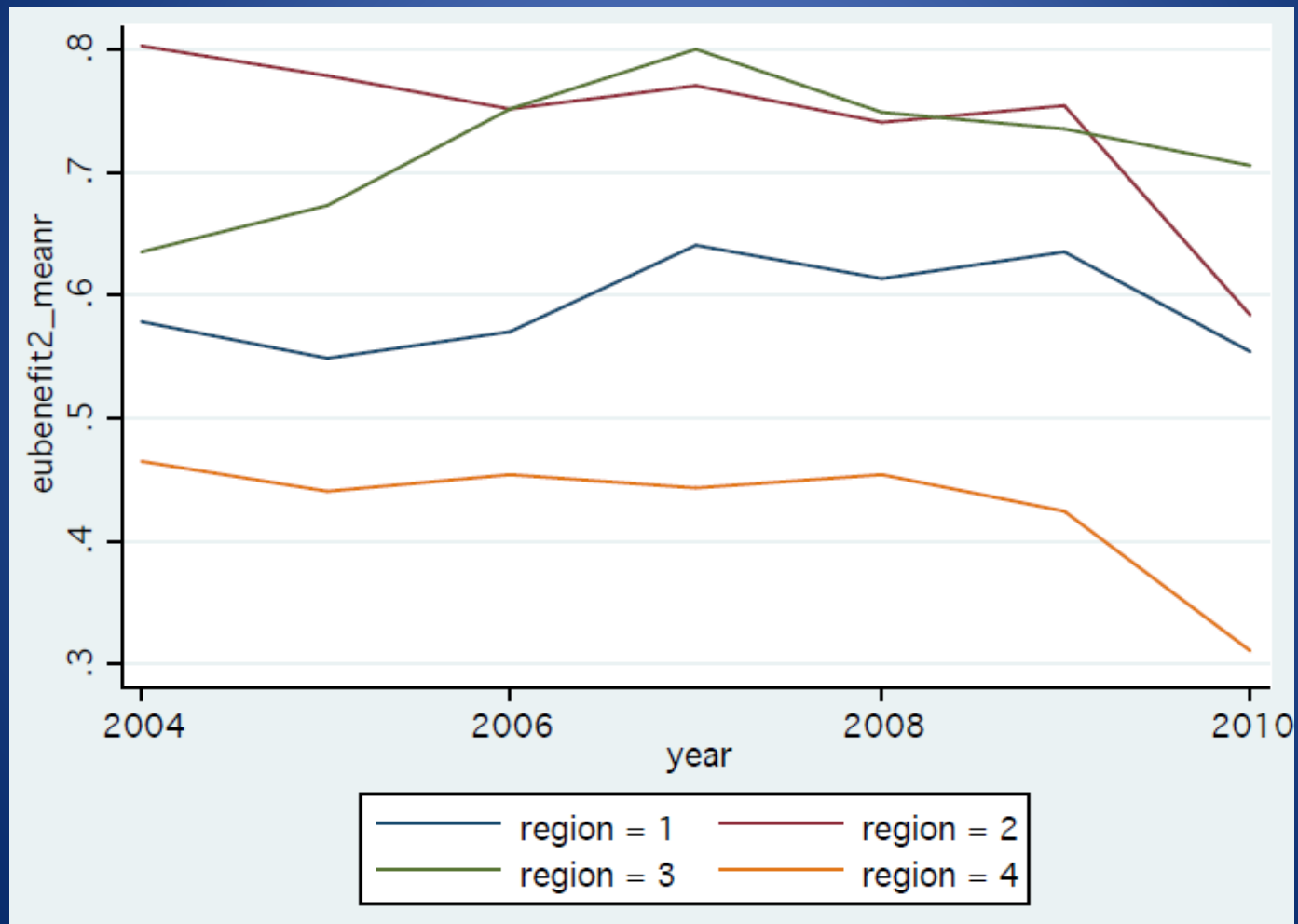
What the data show

- First, descriptive statistics (in figures)
- More systematic empirical evaluation: logistic regressions with many explanatory variables
- Regressions largely bear out descriptive statistics, with some nuances

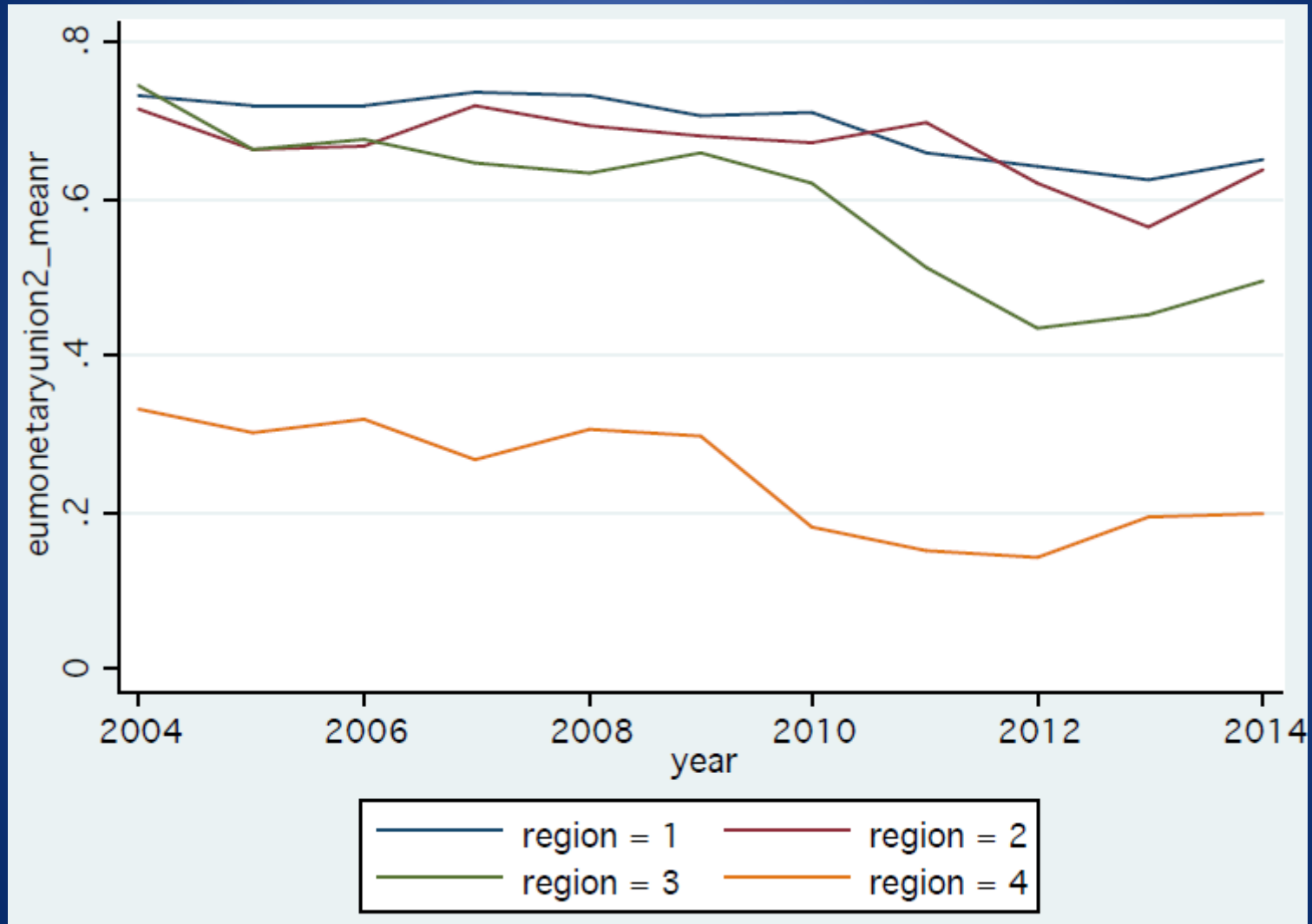
EU membership is a good thing (to 2009)



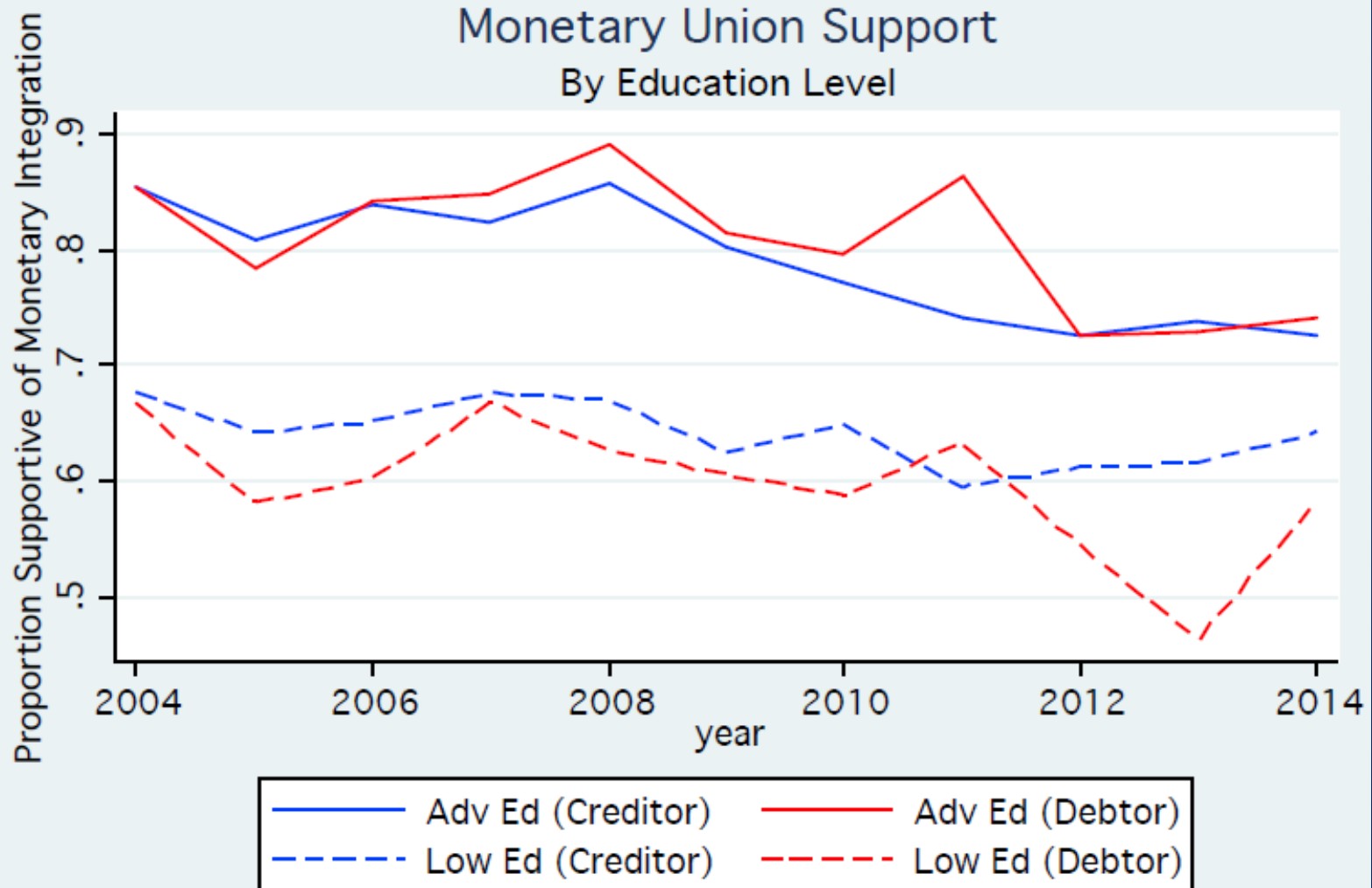
The EU benefits my country (to 2010)



Support for EMU and the euro

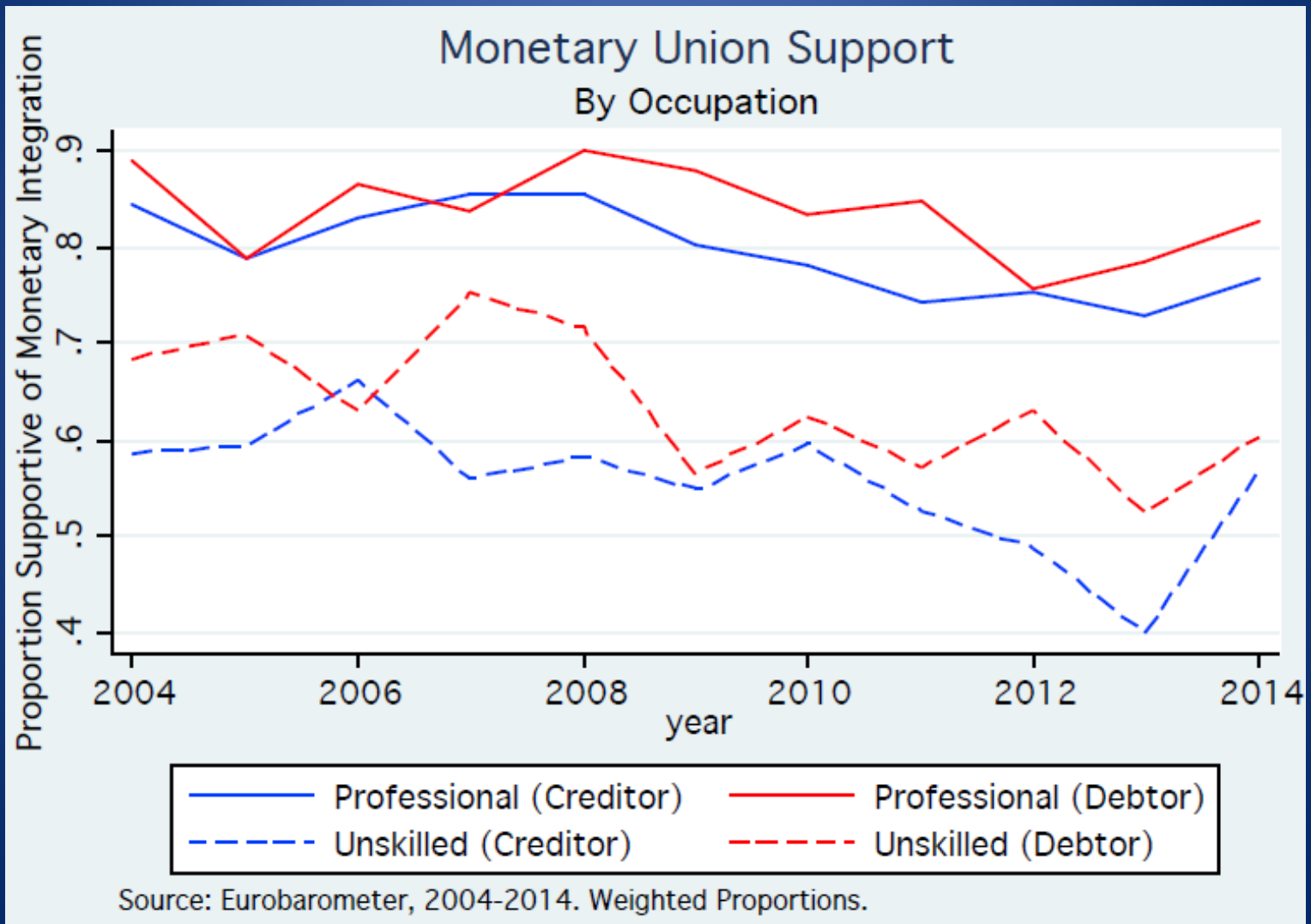


Attitudes toward EMU, by country group and educational category

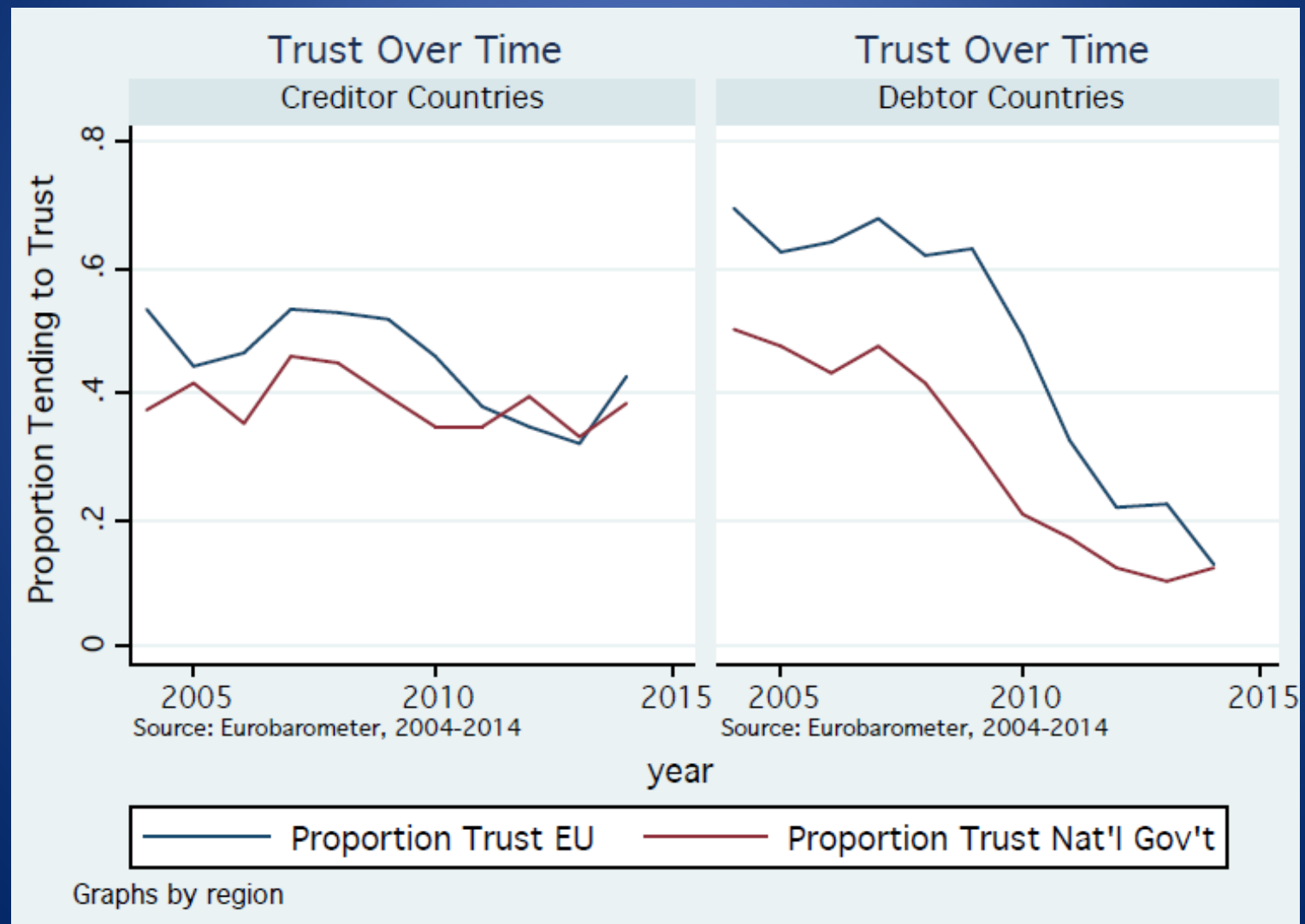


Source: Eurobarometer, 2004-2014. Weighted Proportions.

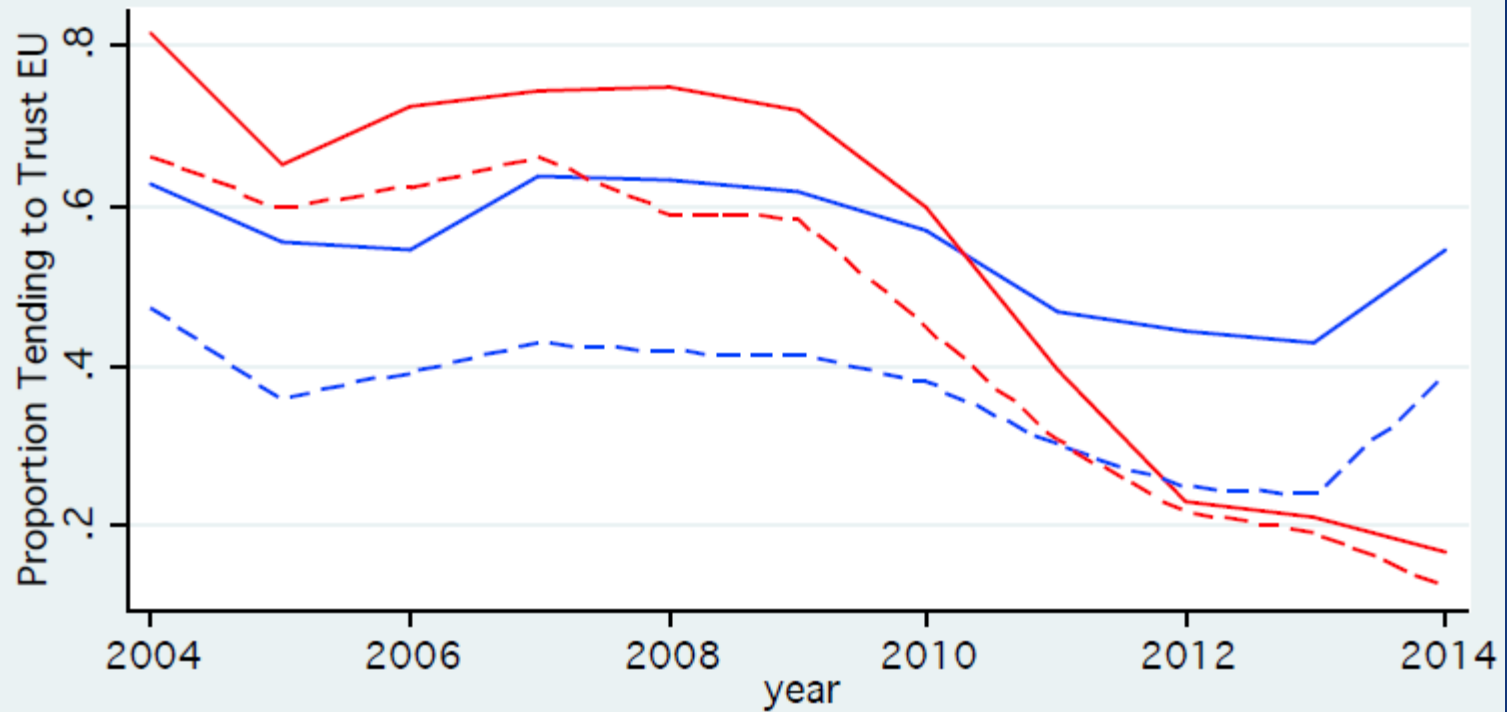
Attitudes toward EMU, by country group and occupational category



Trust in EU and national institutions, over time, among country groups



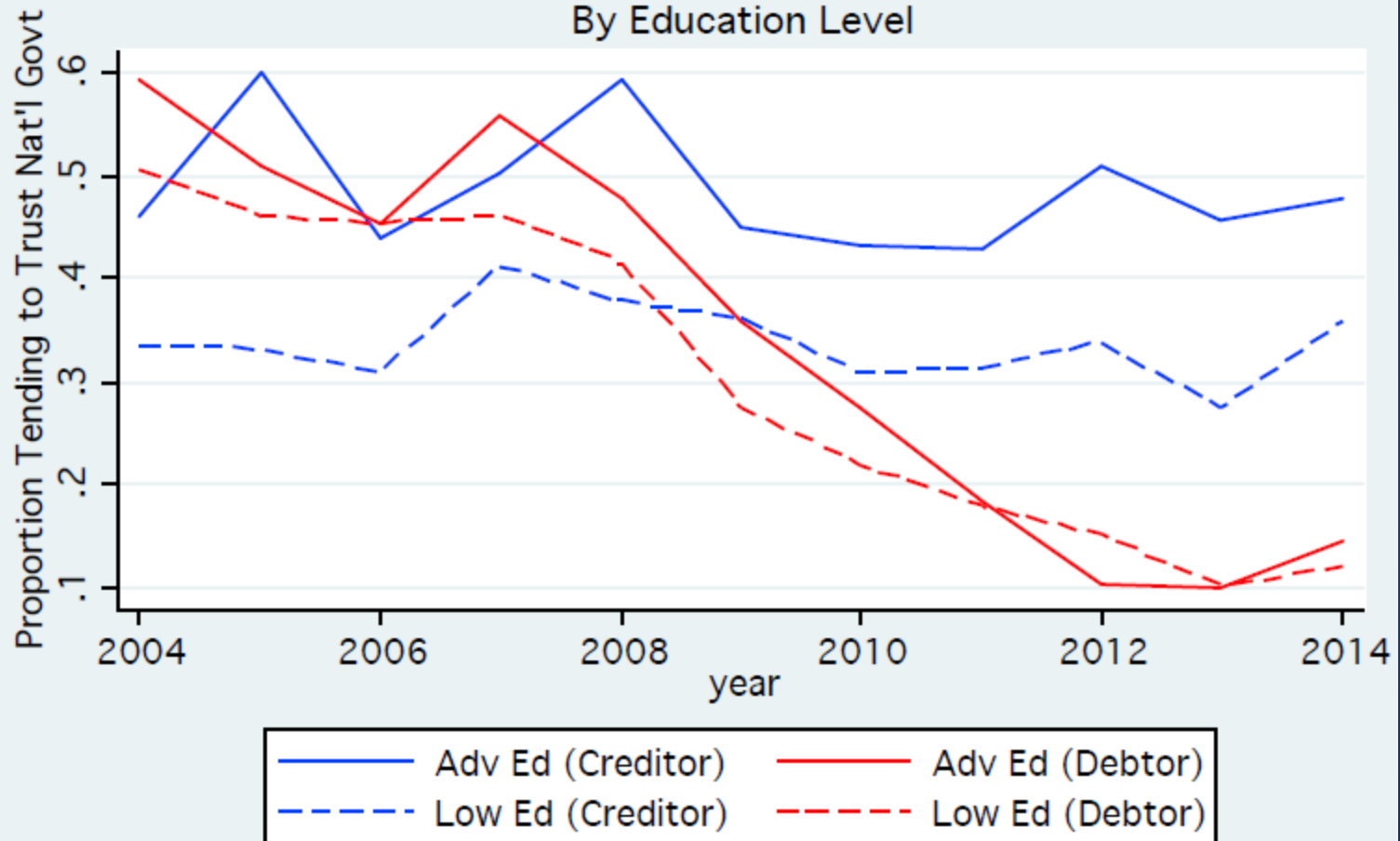
Trust in the EU By Education Level



— Adv Ed (Creditor) — Adv Ed (Debtor)
- - - Low Ed (Creditor) - - - Low Ed (Debtor)

Source: Eurobarometer, 2004-2014. Weighted Proportions.

Trust in National Government By Education Level



Source: Eurobarometer, 2004-2014. Weighted Proportions.

More systematic evidence

- Logistic regressions, 2004-2014, all EU member states (EMU membership as join)
- Mostly binary explanatory and dependent variables: substantive importance best expressed as odds ratios
- Regressions largely bear out descriptive statistics, with some nuances

Support for membership in the EU

Socio-economic variable	Odds ratio	t-statistic
Low education	0.598	18.690***
High education	1.120	4.040***
Advanced education	1.712	13.640***
Unskilled	0.719	6.150***
Unemployed	0.726	7.980***
Professional	1.383	9.600***

Support for EMU (EZ members)

Socio-economic variable	Odds ratio	t-statistic
Low education	0.685	20.170***
High education	1.181	8.670***
Advanced education	1.582	17.140***
Unskilled	0.777	6.540***
Unemployed	0.762	10.850***
Professional	1.275	10.090***
After crisis (2010-14)	0.563	37.140***
Crisis*Greece	2.799	22.100***
Crisis*Spain	1.295	5.580***
Crisis*Portugal	1.088	1.850
Crisis*Ireland	0.523	10.590***

Substantive effects

- EU and EMU still very popular
- Major cross-national differences: debtor countries less supportive of EMU than creditors
- Major differences among socio-economic groups
 - Education: More educated more positive; Less educated, less positive
 - Occupation: Professionals more positive; Unskilled and unemployed less positive
- Very similar numbers for support for EMU in EZ

The crisis

- Crisis generally reduces support for EMU by Eurozone citizens – although they remain generally positive
- Differential effects
 - Unemployed in Spain, Greece more negative after crisis
 - Unemployed in Germany more positive after crisis

Loss of trust

- With crisis, dramatic loss of trust in both EU and national governments
- Decline almost everywhere, but especially in Eurozone, and especially among Eurozone debtor nations
- Among groups, decline in trust greater among unskilled, less educated

Summary and conclusions

- European integration is still generally popular; so too (within Eurozone) is EMU and the euro
- Support much greater among more skilled/educated than among less skilled/educated
- Support for EMU among Eurozone debtor nations has declined appreciably with crisis
- Trust in EU and national governments has collapsed, especially in debtor nations

Implications

- Forward movement requires political support
- Mass public remains favorable to European integration and (in the Eurozone) to the euro
- However public, especially in countries and groups hardest hit by crisis, has lost faith in political leaders in EU and national systems
- Progress on any front – structural reforms, EMU, etc. – will require restoring confidence