

**CURRENT POLITICAL PHENOMENA (30481)**

# **Declining Trust in the European Union**

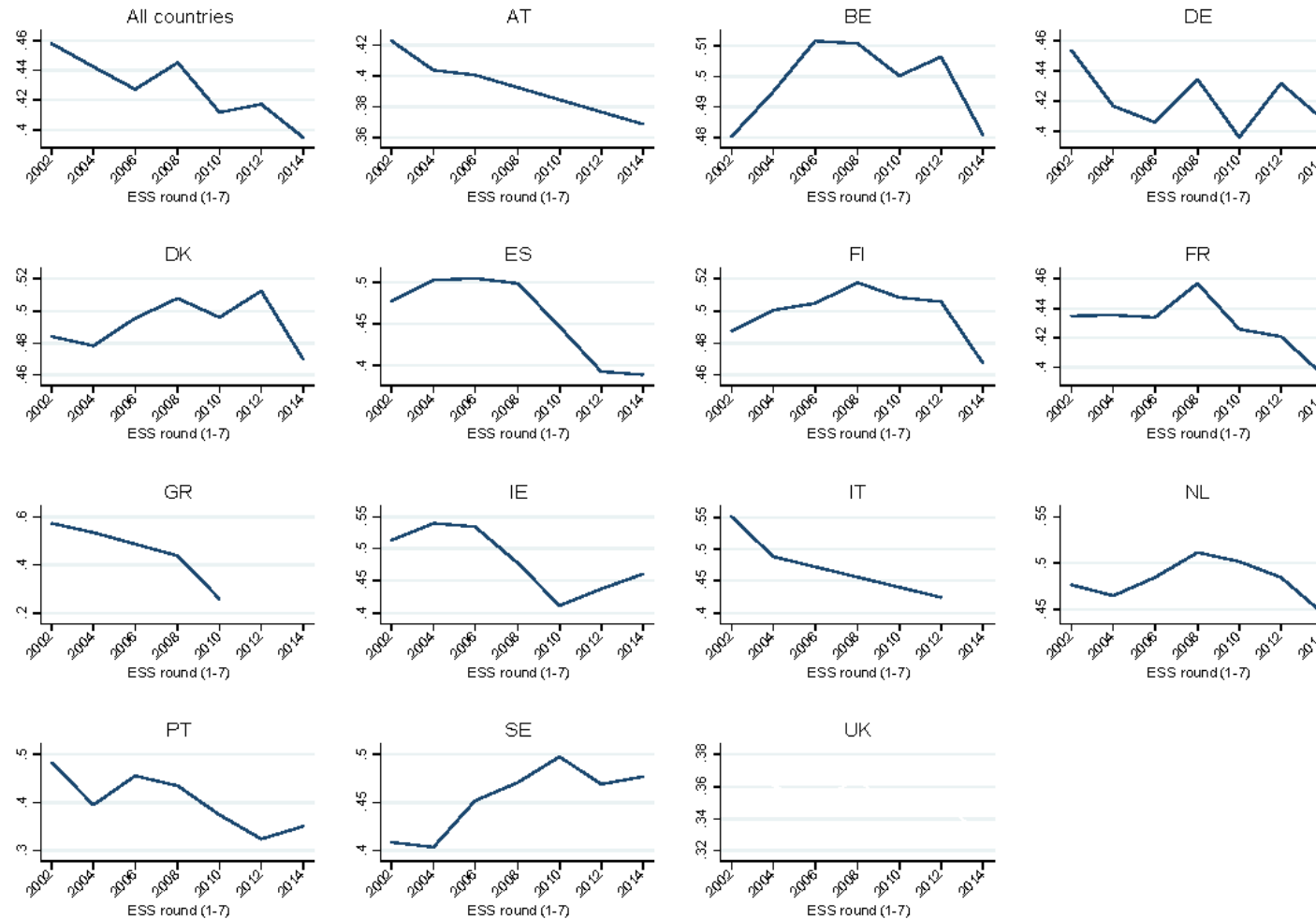
**Tommaso Nannicini (Bocconi University)**

# Europe's trust crisis

- According to the Eurobarometer, trust in the EU dropped from 60% in 2004 to 36% in 2015 (while trust in national government from 36% to 29%)
- Now less confidence in the EU among debtor countries of Eurozone periphery as opposed to Central and Northern Europe (exactly the opposite of previous 30 years)
- What's going on? Again: cultural backlash or economic insecurity?
  - Foster and Frieden (2017)
  - Dustmann et al. (2017)
  - Algan et al. (2017)

# Declining trust in European institutions

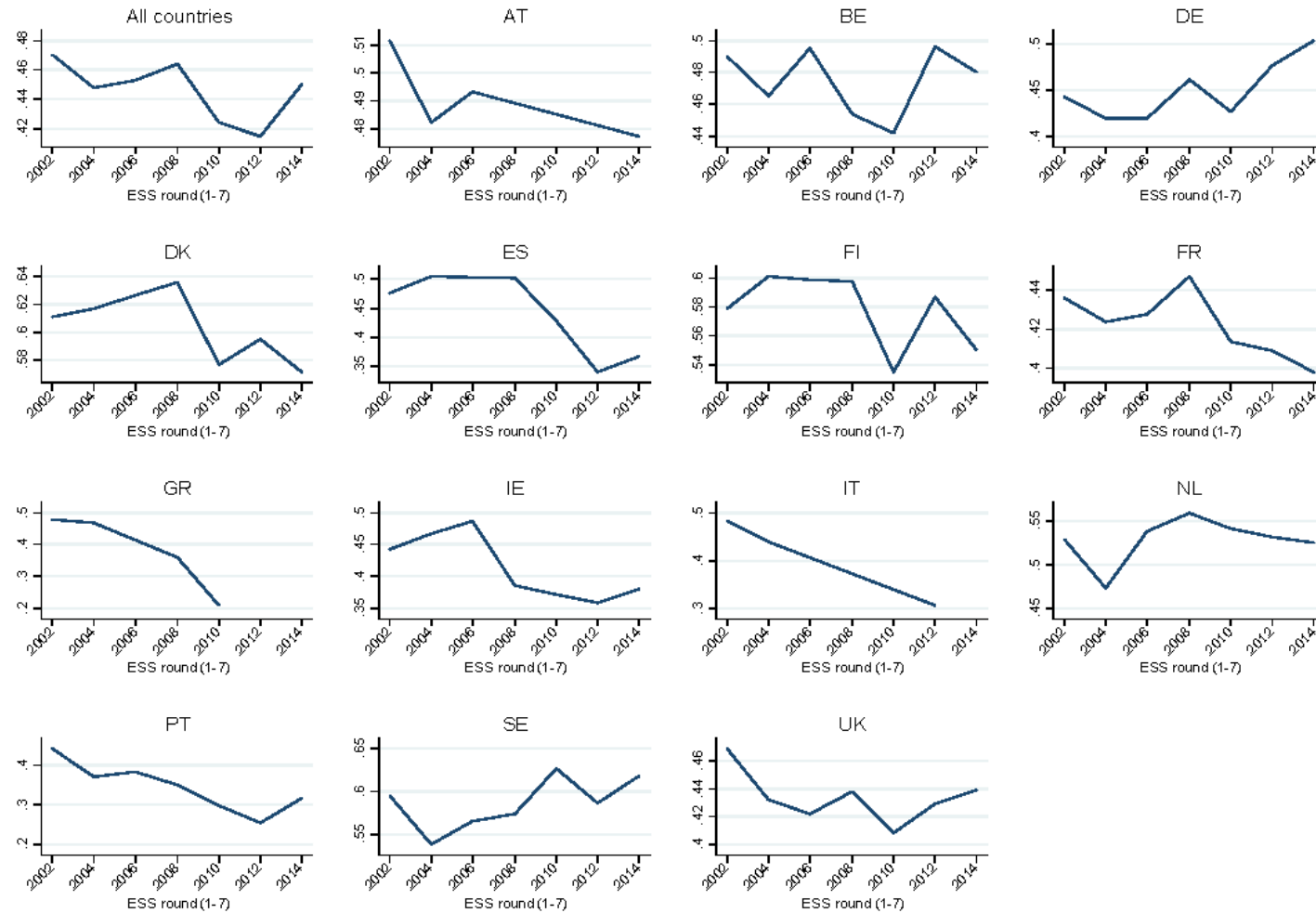
Figure 5.1: Development of Trust in the European Parliament over Time



Source: Dustman et al. (2017)

# Declining trust in national institutions

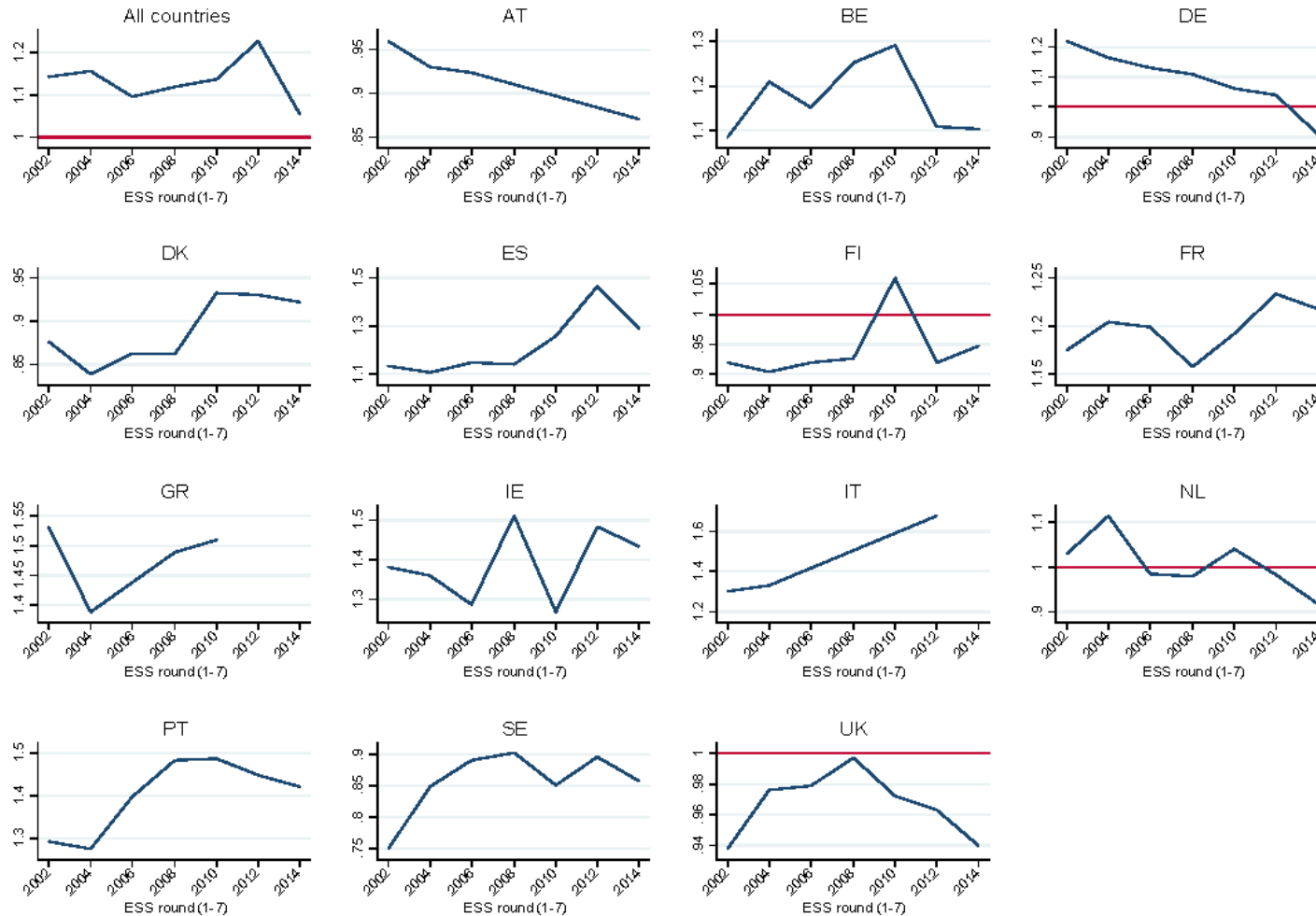
Figure 5.2: Development of Trust in the National Parliament over Time



Source: Dustman et al. (2017)

# The trust ratio

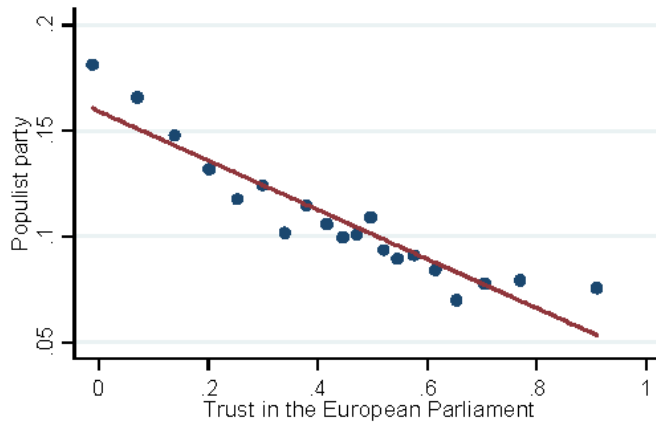
Figure 5.3: Development of the Trust Ratio over Time



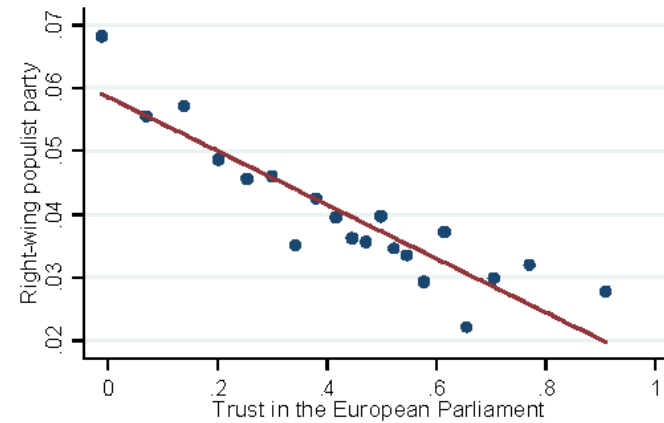
Source: Dustman et al. (2017)

# Populist votes and European trust

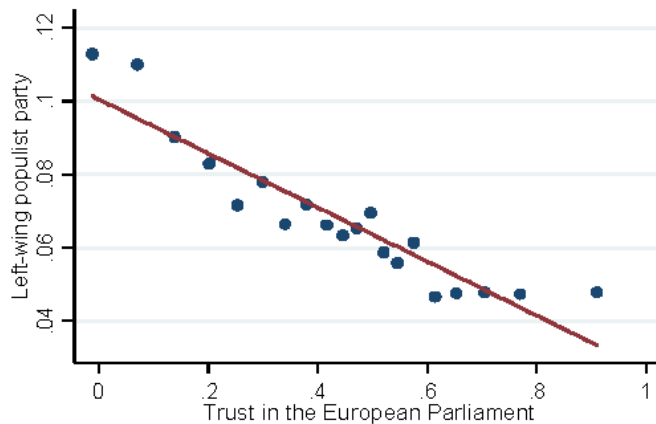
Figure 4.3: Correlation between Voting for Populist Parties and Trust in the European Parliament



(Coef. = -0.116, Std. Err. = 0.004, t-stat. = -32.72, N = 113,624)



(Coef. = -0.043, Std. Err. = 0.002, t-stat. = -18.44, N = 113,624)

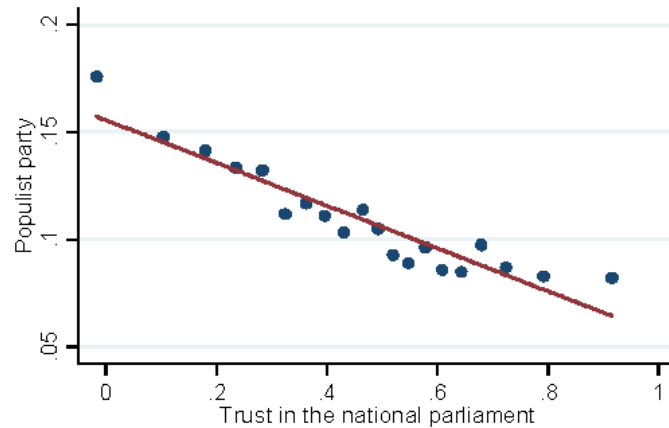


(Coef. = -0.074, Std. Err. = 0.003, t-stat. = -26.57, N = 113,624)

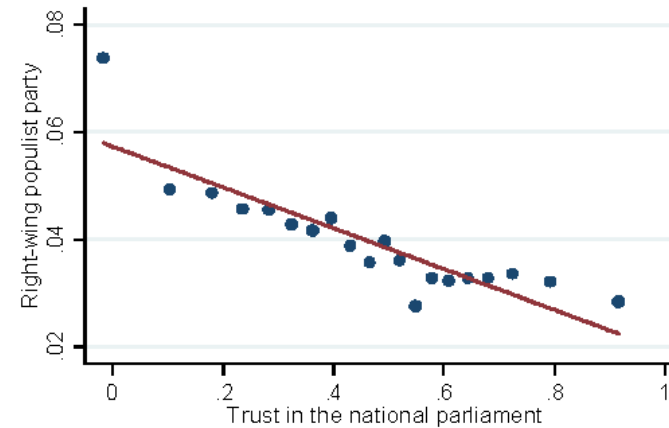
Source: Dustman et al. (2017)

# Populist votes and national trust

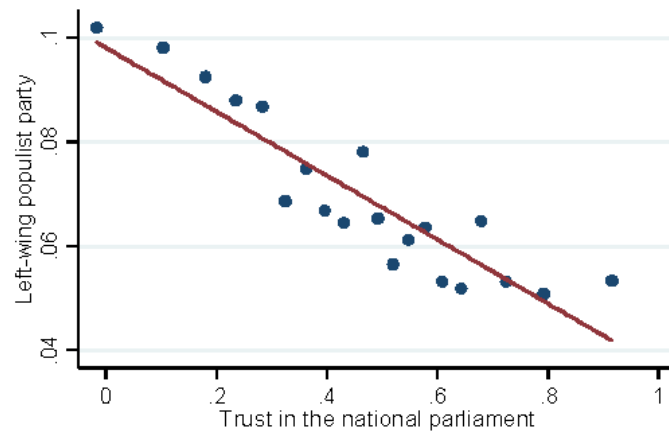
Figure 4.4: Correlation between Voting for Populist Parties and Trust in the National Parliame



(Coef. = -0.100, Std. Err. = 0.004, t-stat. = -28.75, N = 121,735)



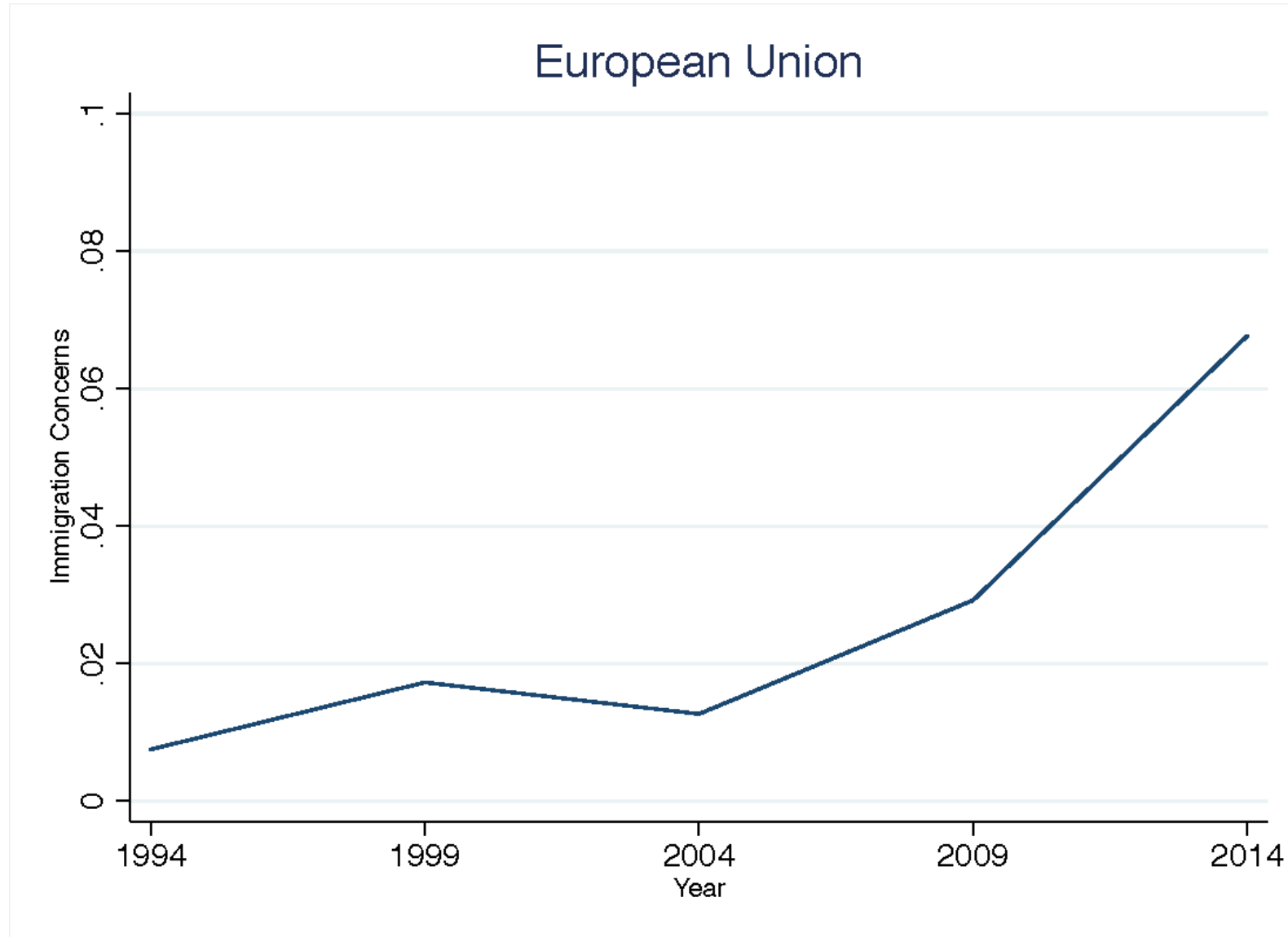
(Coef. = -0.038, Std. Err. = 0.002, t-stat. = -17.08, N = 121,735)



(Coef. = -0.062, Std. Err. = 0.003, t-stat. = -22.65, N = 121,735)

Source: Dustman et al. (2017)

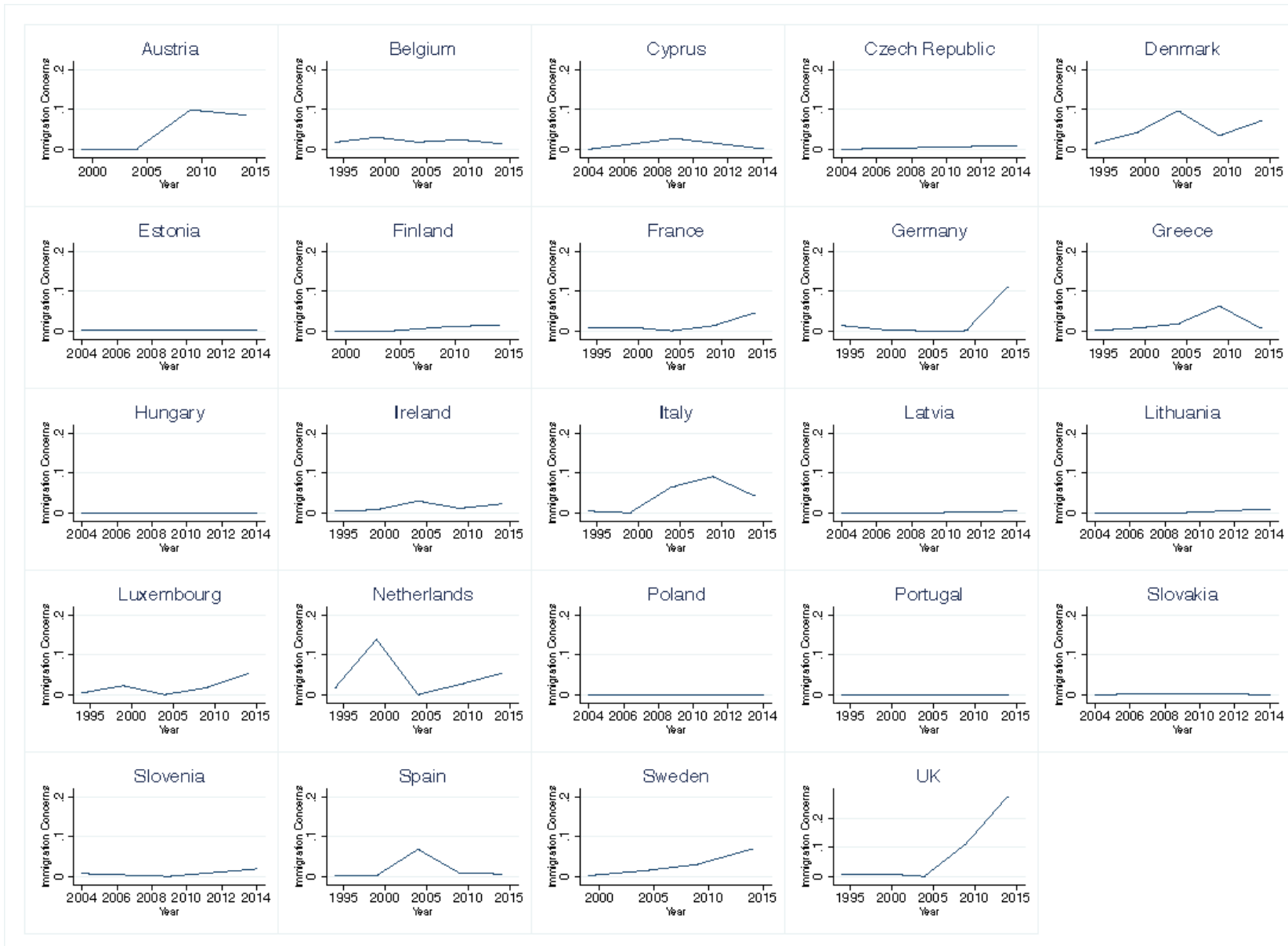
# Immigration concerns (EU)



Source: Dustman  
et al. (2017)



# Immigration concerns (by country)

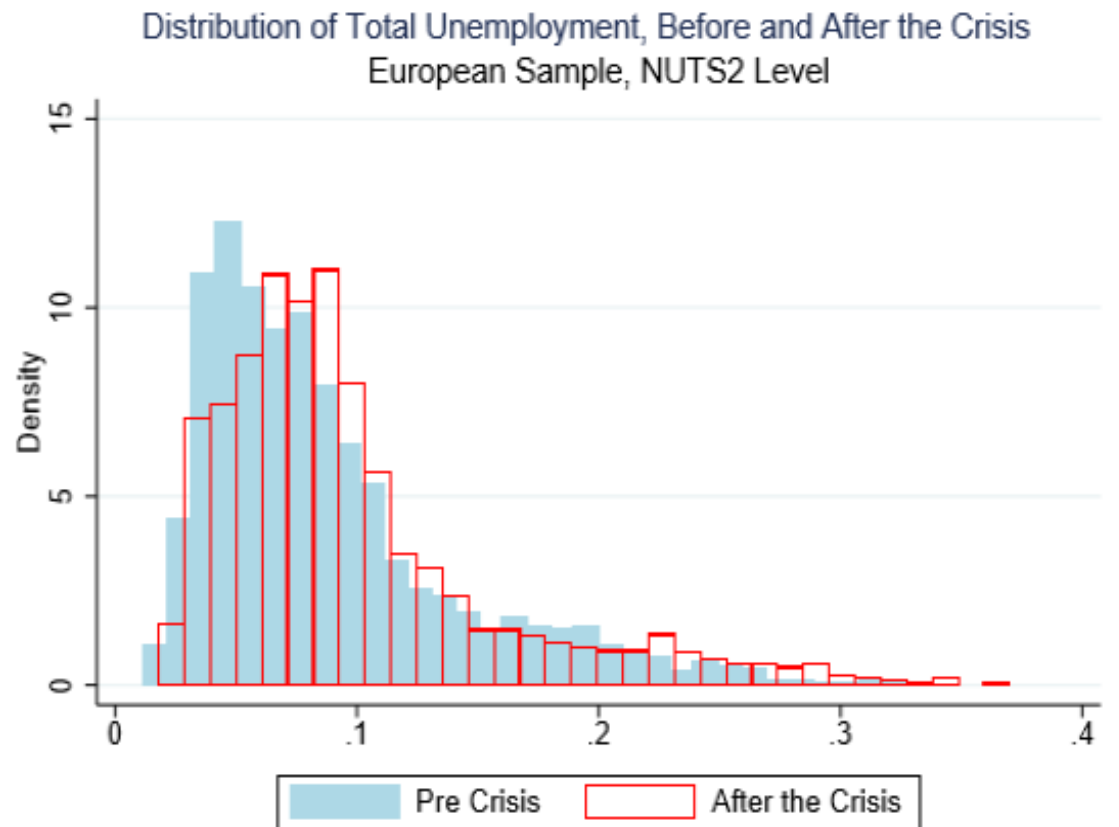
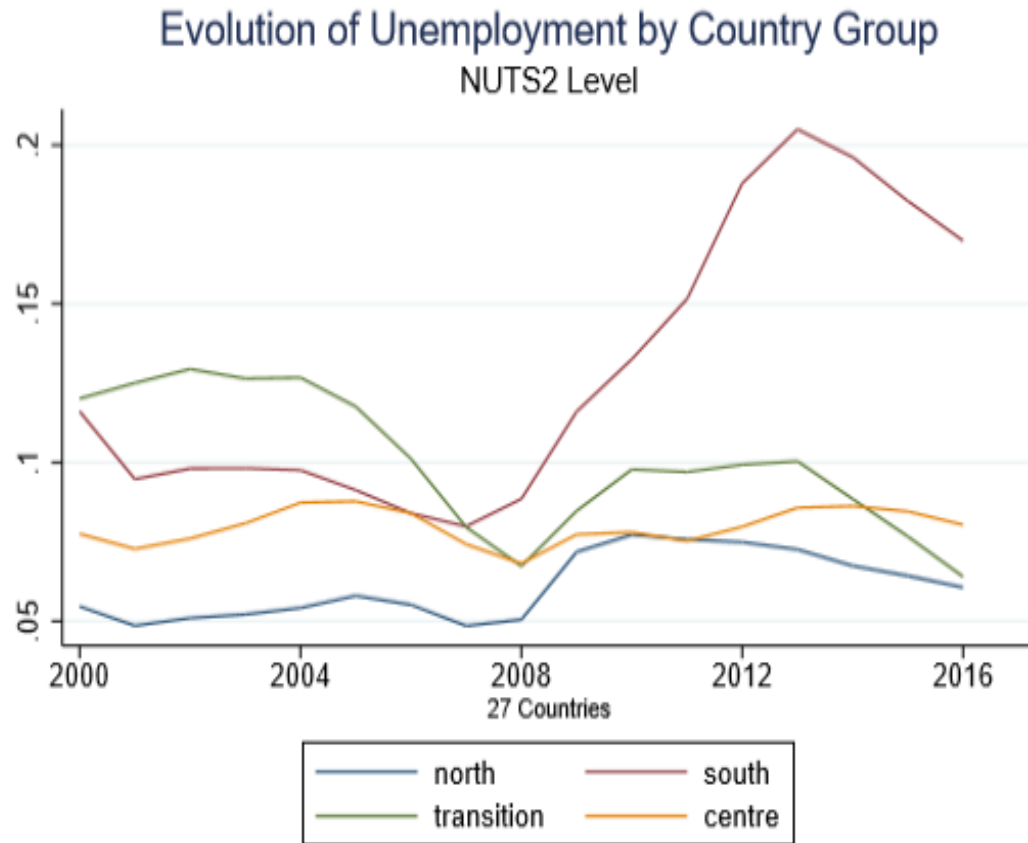


Source: Dustman et al. (2017)

# The impact of the Great Recession

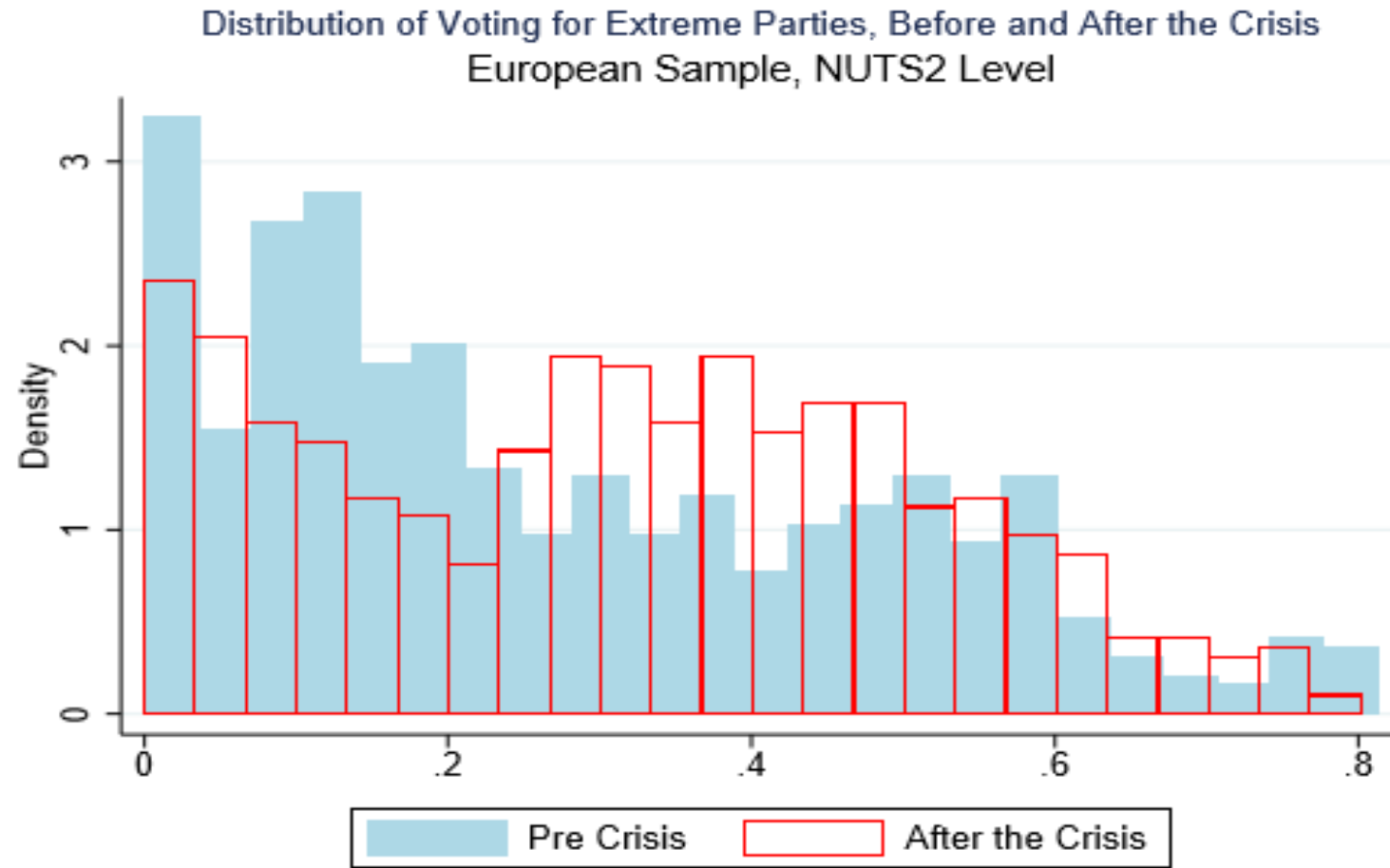
- Birth of the “transnational” cleavage (Hooghe and Marks 2017): against external actors who penetrate the state by migrating, exchanging goods or exerting rule
- Algan et al. (2017) use OLS/2SLS to estimate the impact of unemployment rise after the Great Recession on populist votes and attitudes (instrument: sectoral composition of the regional economy before the recession)
- They find that unemployment increases votes for populist and anti-EU parties (+1 p.p.  $\rightarrow$  +2-3 p.p.)
- Unemployment reduces trust in the EU institutions (one s.d. that is +5 p.p.  $\rightarrow$  +3.5 p.p.)

# Before/after unemployment



Source: Algan et al. (2017)

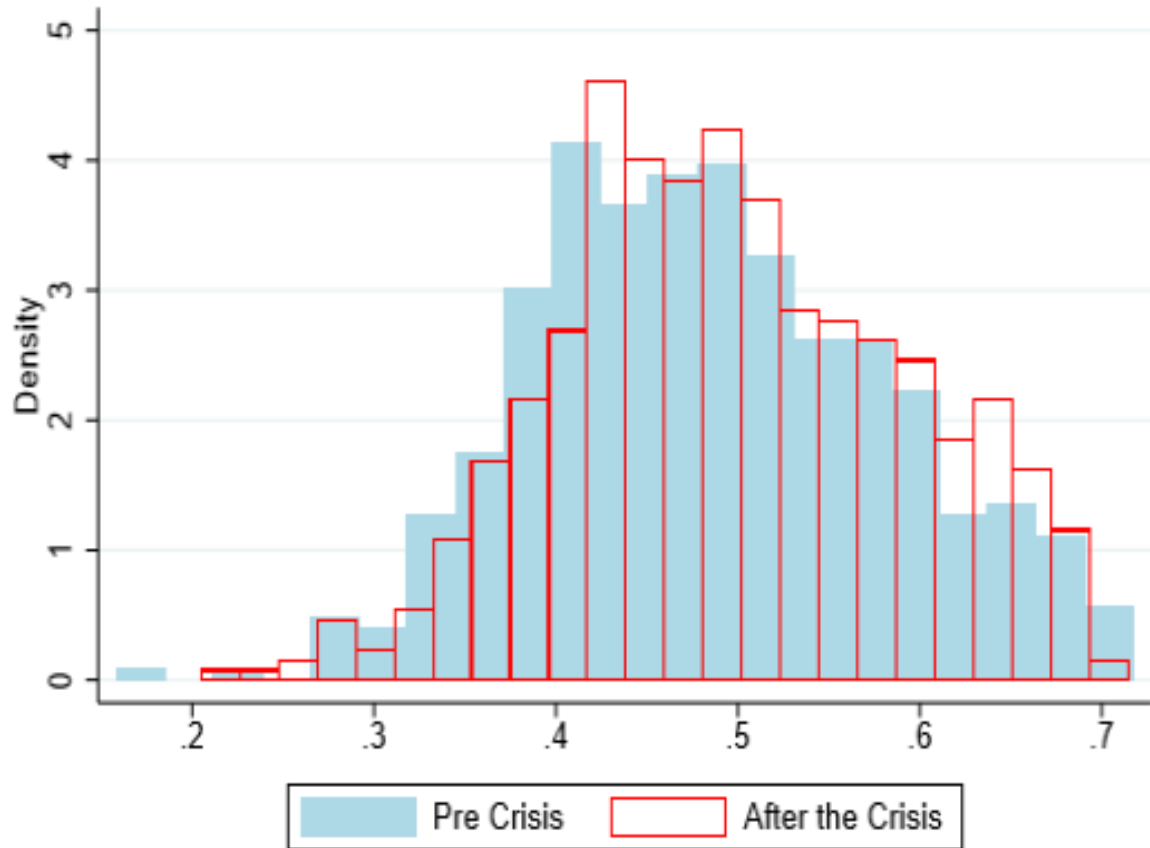
# Before/after populist support



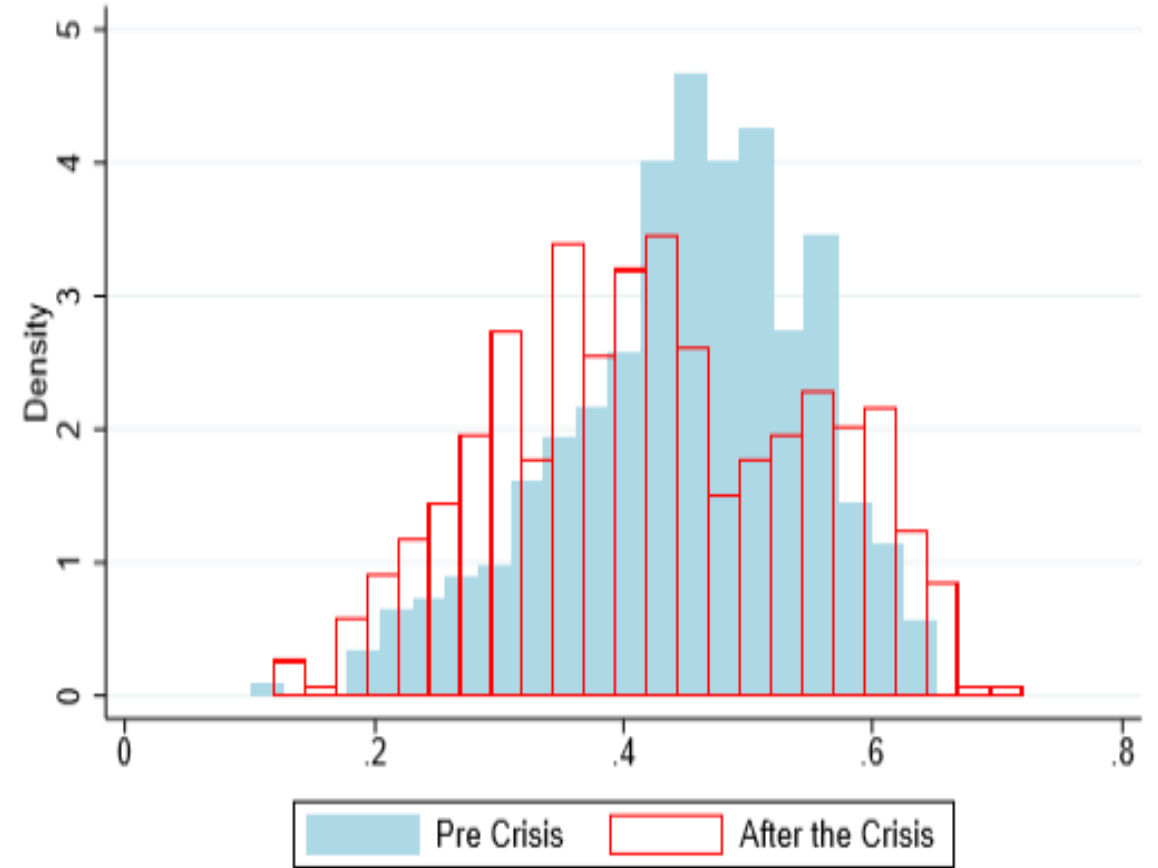
Source: Algan et al. (2017)

# Before/after general trust

Distribution of Trust in People, Before and After the Crisis  
European Sample, NUTS2 Level

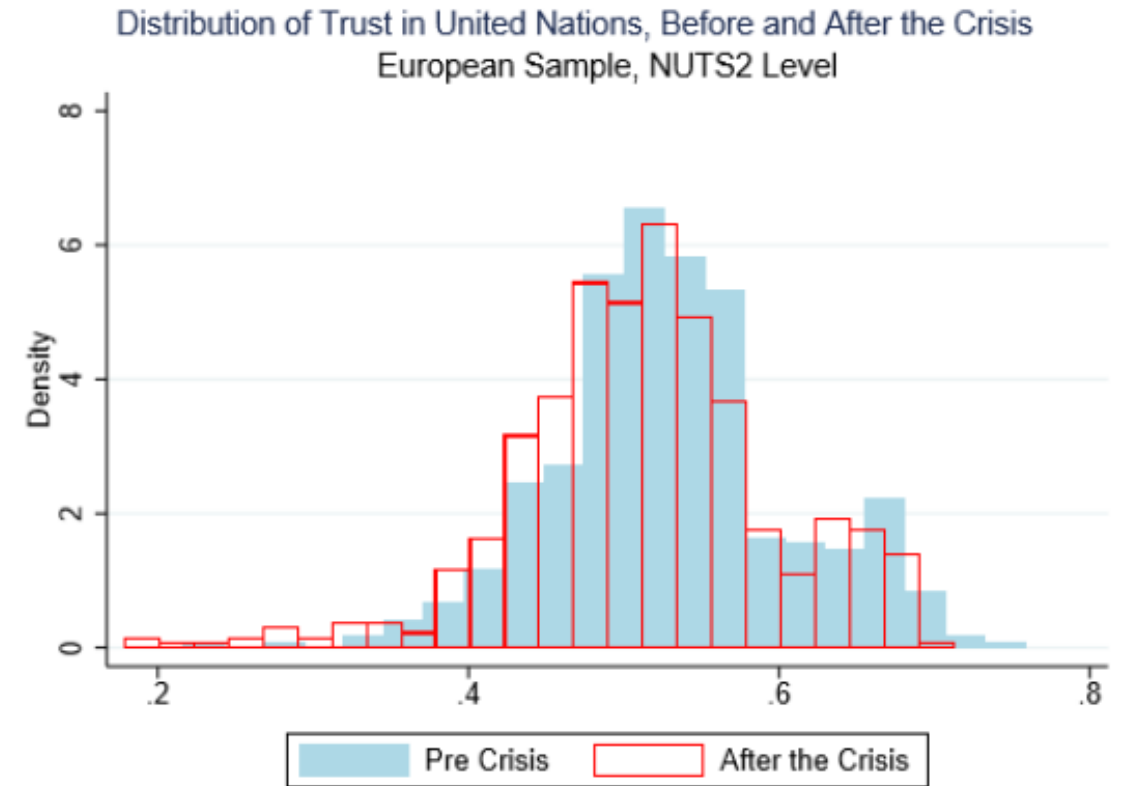
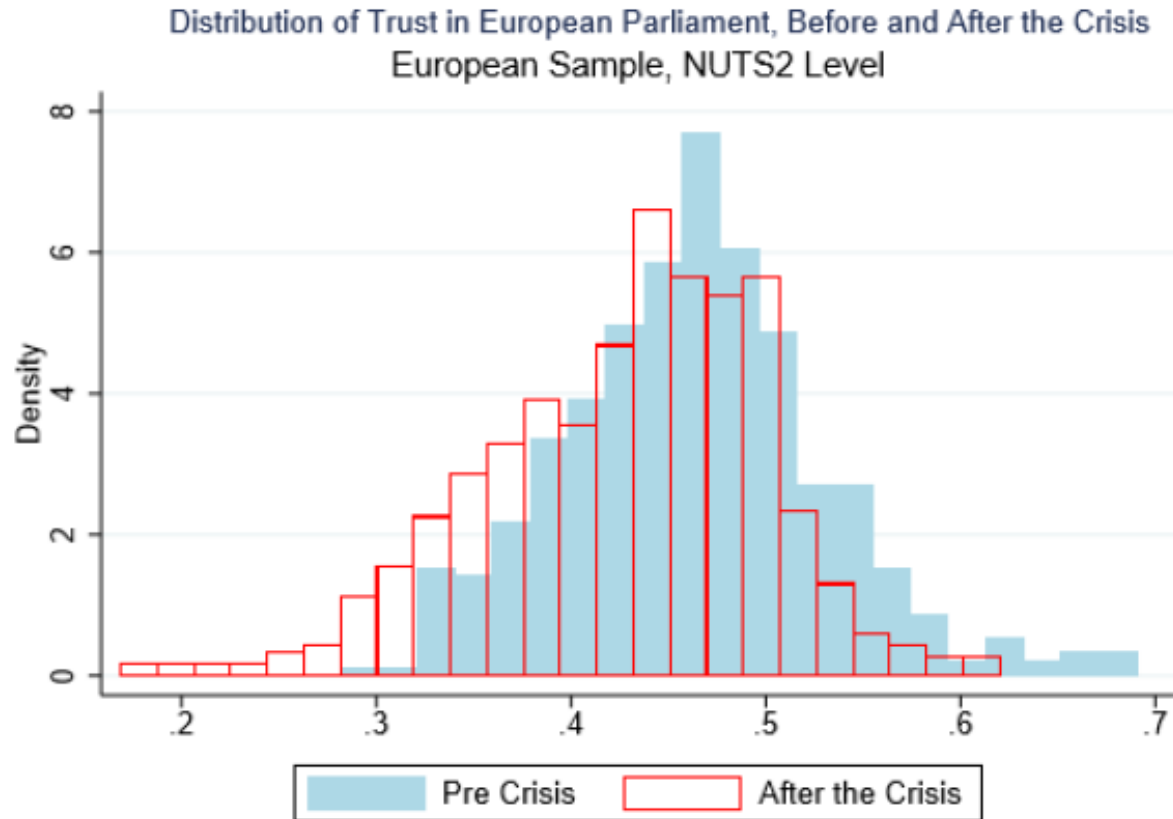


Distribution of Trust in National Parliament, Before and After the Crisis  
European Sample, NUTS2 Level



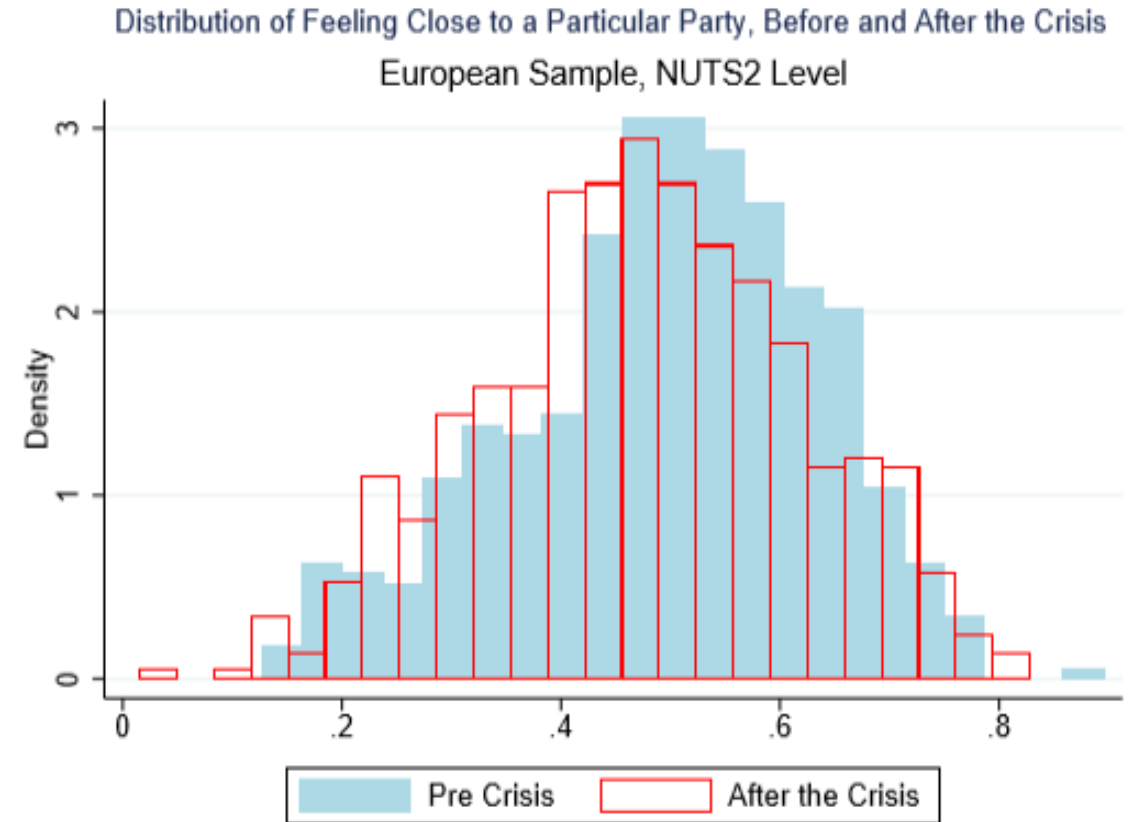
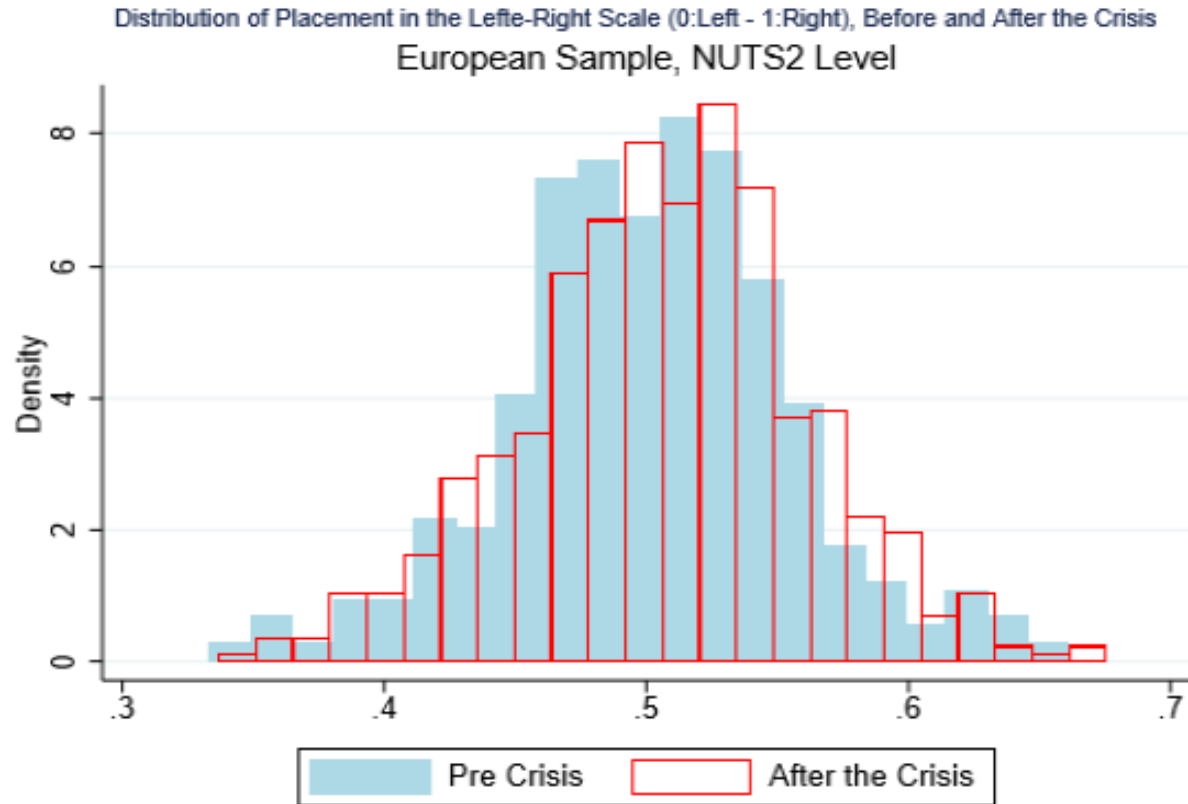
Source: Algan et al. (2017)

# Before/after trust in the EU



Source: Algan et al. (2017)

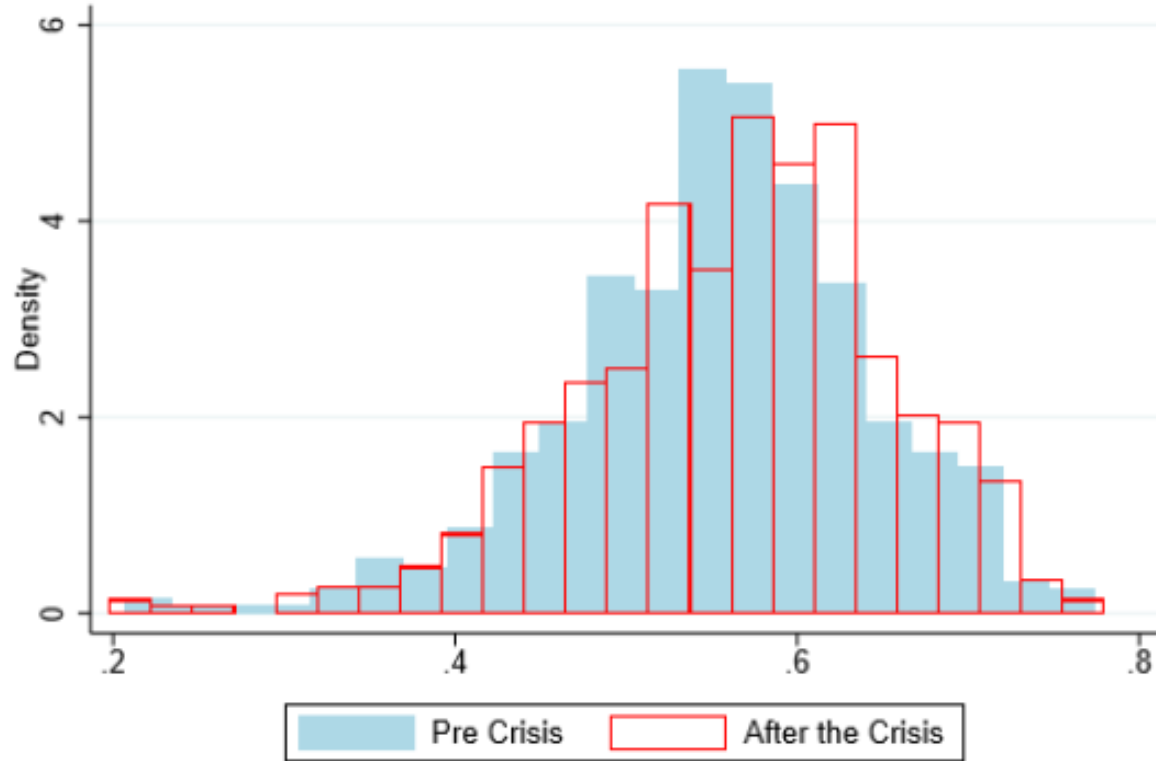
# Before/after ideology



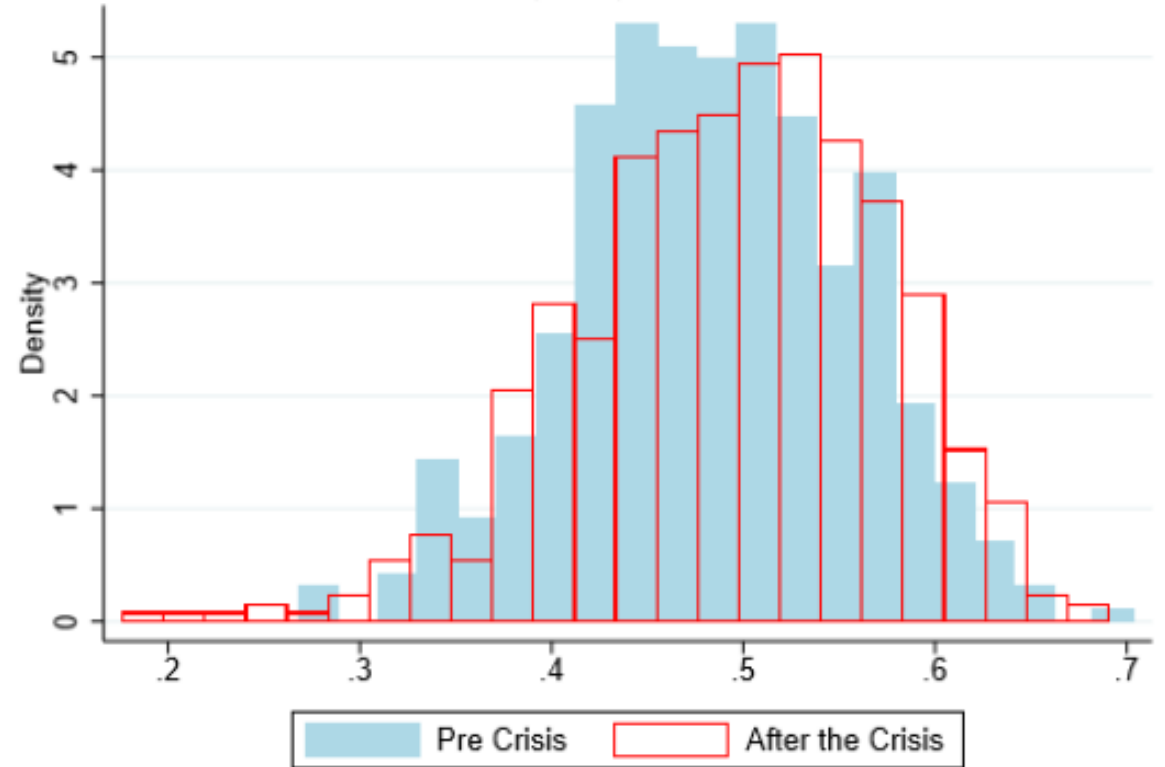
Source: Algan et al. (2017)

# Before/after attitudes toward immigration

Distribution of Belief that the Country's Cultural Life is Enriched by Immigrants, Before and After the Crisis  
European Sample, NUTS2 Level



Distribution of Belief that Immigrants are Good for the Country's Economy, Before and After the Crisis  
European Sample, NUTS2 Level



Source: Algan et al. (2017)



# European reforms' agenda

- Multiple crises (Great Recession, Euro, migrations) and poor governance system
- If European institutions are not part of the solution, they are part of the problem
- Avoid two false solutions: (1) business as usual vs (2) throwing the baby with bad water
- Progressive emptying of national democracies without corresponding strengthening of supranational democracy
- We have created highly centralized regulatory system devoid of democratic legitimacy
- Solution is not Europe *à la carte* (different speeds)

# European reforms' agenda (cont'd)

- **Input legitimacy vs output legitimacy**
  - ✓ Guiso et al. (2018): stronger link crisis/populism in Euro area
  - ✓ Alesina et al. (2017): EU as political area w.r.t. beliefs/trust
  - ✓ Institutional reform vs policy improvement
- Possible framework(s):
  - ✓ “Decentralized federalism” ([Simon Hix](#))
  - ✓ “Uncoupling” ([Sergio Fabbrini](#))
- Uncoupling: common mkt for all + Union for the willing
  - ✓ Establishment of (limited) policies that must be managed by the Union, with its resources and its authorities
  - ✓ Leaving the rest to national democracies
  - ✓ Transparent responsibilities + political pact (no opting out)

# European reforms' agenda (cont'd)

- Two distinct organizations with different goals
  - ✓ The first must guarantee free circulation of people, goods, capital, and services
  - ✓ The second must promote common policies on security, financial stability, social inclusion, development, infrastructure
  - ✓ These policies are just a few, but with no opting out
  - ✓ European elected politicians with executive power
- Example on economic governance → Fiscal Union (see Tabellini in Bénassy-Quéré and Giavazzi 2017):
  - ✓ Crisis management
  - ✓ Aggregate demand
  - ✓ Redistribution?

# References

- Alesina, Tabellini, and Trebbi (2017), [\*Is Europe an Optimal Political Area?\*](#)
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- Bénassy-Quéré and Giavazzi (2017), [\*Europe's Political Spring: Fixing the Eurozone and Beyond\*](#)
- Dustman et al. (2017), [\*Europe's Trust Deficit: Causes and Remedies\*](#)
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- Fabbrini (2017), [\*Which Democracy for a Union of States? A Comparative Perspective of the European Union\*](#)
- Fernandez-Villaverde and Santos (2017), [\*Institutions and Political Party Systems: The Euro Case\*](#)
- Foster and Frieden (2017), [\*Crisis of Trust: Socio-Economic Determinants of Europeans' Confidence in Government\*](#)
- Guiso et al. (2018), [\*Global Crises and Populism: The Role of Eurozone Institutions\*](#)
- Hix (2018), [\*Decentralized Federalism. A New Model for the EU\*](#)
- Hooghe and Marks (2017), [\*Cleavage Theory Meets Europe's Crises: Lipset, Rokkan, and the Transnational Cleavage\*](#)