

Euroscepticism and the Global Financial Crisis*

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Abstract

This article explores the link between the financial crisis and Euroscepticism at the level of public opinion, building on and developing further the literature on the impact of economic, identity and institutional factors on Euroscepticism. It argues that the economic crisis did not substantially bring economic factors back in as an important source of Euroscepticism, even though the most pronounced increase in Euroscepticism has taken place in the countries most affected by the crisis. By contrast, national identity and political institutions play an increasingly important role in explaining public Euroscepticism.

Introduction

The global financial crisis delivered a major shock to the European economy: falling growth rates, rising unemployment, soaring public deficits and debts.¹ The crisis also had far-reaching social and political impacts – most notably the resignation of governments in office in some of the European countries most heavily hit by the crisis, such as Greece. This article asks whether there is a link between the financial crisis and Euroscepticism at the level of public opinion. In so doing, it revisits and updates the literature on the impact of economic, identity and institutional factors on Euroscepticism.

The article is organized as follows. Section I reviews the literature on the definitions and causes of Euroscepticism. Section II outlines the research design, including the hypotheses to be tested against the empirical data and the measurement of key variables. Section III reports the main findings of the statistical analysis. It is argued that, contrary to what could have been expected, the economic crisis did not substantially bring economic factors back in as an important source of Euroscepticism. By contrast, the crisis seems to have enhanced the role of public confidence in national political institutions, and that of national identity, in accounting for Eurosceptic tendencies at the level of public opinion.

I. The State of the Art

The study of public opinion with regard to European integration has been a growing field of empirical research since the 1970s, drawing on the tools and methods of the

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¹ In Ireland, Spain and Greece, the annual growth rate dropped, respectively, from 5, 3.9 and 3.7 in the period 2005–06 to a negative growth rate of –1.2, –3.1 and –4.8 in the period 2009–10. Spain and Ireland moved from a small budget surplus in the period 2005–06 to a budget deficit of –6.6 and –13.8 in the period 2008–09. In 2010, Italy and Greece had a debt-to-GDP ratio of 109 and 148, respectively (*New York Times*, 10 June 2011).

comparative study of regime support at the national level (Loveless and Rohrschneider, 2011, p. 5). The concept of 'Euroscepticism', originally crafted to analyze the positions of political parties towards European integration (Taggart, 1998), was imported to this field of study in the last decade (Krouwel and Abts, 2007; Wessels, 2007; Leconte, 2010) and is now commonly used to refer to a subset of negative attitudes towards the European Union (EU) and/or European integration (Boomgaarden *et al.*, 2010).

In contrast to earlier work on EU support which did not always clearly specify the object of the mass attitudes involved or their type, recent scholarship on public Euroscepticism distinguishes between 'authorities, regime and community' and 'diffuse' as well as 'specific' modes of opposition, adopting Easton's framework of regime support (Krouwel and Abts, 2007; Wessels, 2007; Boomgaarden *et al.*, 2010). 'Opposition to the authorities' refers to negative attitudes towards public officials and institutional actors that exercise EU governance. 'Opposition to the regime' refers to negative attitudes towards the political values, norms and structures of the EU. 'Opposition to the community' refers to negative attitudes towards other citizens understood as fellow members of the European collective (Wessels, 2007, p. 289). 'Diffuse opposition' is opposition towards the idea of European integration, while 'specific opposition' is opposition towards the EU as the current embodiment of that idea (Kopecký and Mudde, 2002, p. 300).

At the root of all discussions of the objects and modes of public Euroscepticism lies a distinction between mass attitudes towards the current workings of the EU and mass attitudes towards the project of European integration. McLaren (2006, p. 21) argues that the two are conceptually distinct but empirically closely connected; she expects that at the mass level, negative attitudes towards the EU partly reflect negative attitudes towards integration efforts. As Loveless and Rohrschneider (2011, p. 5) posit: '[I]f Europeans believe that EU institutions fail adequately to represent their interests and are no longer transparent, this undermines the core of the EU's *raison d'être*, certainly in the long run'. Wessels (2007, p. 290) makes a similar point when he argues that public Euroscepticism is cumulative. He argues that scepticism that is specific and directed towards 'authorities' and 'regime' will accumulate and develop into diffuse scepticism directed towards 'community'. What emerges from these discussions is that public Euroscepticism directed against the 'regime' is the most deleterious and perhaps most significant to monitor because in the long run it undermines support for the general project of European integration.

Much of the recent literature on public Euroscepticism also makes a welcome attempt to specify the range of negative attitudes that fall under the label of 'Euroscepticism' (see Vasilopoulou in this issue). Scholars do so by drawing a line between critics and sceptics (Szczerbiak and Taggart, 2008), although not all will draw the line at the same point. Krouwel and Abts (2007, p. 263), for instance, classify attitudes towards Europe to range between trust, scepticism, distrust and cynicism, and alienation (reflecting degrees of reflexivity), arguing that only the cynics and the alienated oppose the EU and the European project more broadly, whereas the sceptics and the distrustful are simply critically disposed towards both. Wessels' (2007) distinction between critical Europeans, Eurosceptics and adamant Eurosceptics (reflecting degrees of identification with the EU) incorporates a different palette of attitudes under the Eurosceptic banner. For Wessels (2007, p. 300), critics are likely to demand a better or a different Europe, while sceptics

(adamant or not) will not wish to see the EU survive altogether. The conceptualization and measurement of public Euro-scepticism should therefore be sensitive to the fact that scepticism towards the EU and/or European integration is represented in a more narrow set of attitudes which takes opposition one step beyond criticism.

As for the causes of Euro-scepticism, after the ‘permissive consensus’ (Inglehart, 1970) of the early decades of European integration, several explanations have been put forward in the literature to account for the support (or the lack thereof) for it. In the period up to the early 1990s, the literature mostly focused on national economic performance, as indicated by measures such as growth rate, inflation and unemployment (Anderson and Kaltenthaler, 1996), country net benefits from EU membership (Eichenberg and Dalton, 1993; Anderson and Reichert, 1995; Carrubba, 1997) and subjective ‘economic perceptions’ (Eichenberg and Dalton, 1993), in order to explain public attitudes towards the EU. This was referred to as the ‘sociotropic economic explanation’.²

Subsequently, this explanation was challenged by works that adopted ‘egocentric utilitarianism’ by looking at the impact of subjective individual-level indicators on public support for the EU (Gabel, 1998; Gabel and Whitten, 1997). These works considered individuals’ cost–benefit analysis, combining socio-economic perceptions with social variables (Loveless and Rohrschneider, 2011). The logic informing this explanation was that the socio-economic location of individuals, such as economic positions, education or occupation, affect whether individuals are winners or losers from the process of European integration (Gabel, 1998). As can be expected, the winners (the most well off, educated, skilled individuals) are much more likely to support integration than the losers (Gabel and Palmer, 1995; Gabel, 1998).

Public support for European integration dropped in the 1990s, despite some favourable economic conditions such as low inflation rates in Europe. The Treaty on European Union (TEU) (also known as the ‘Maastricht Treaty’) transformed the nature of the EU from a primarily economic project into a political one. The ‘deepening’ of the EU, resulting from the new competences acquired by the EU following the TEU (first and foremost, the project of economic and monetary union [EMU]) was combined with the ‘widening’ of the EU through enlargement to central and eastern European countries. These watershed events changed the public’s cost–benefit calculations, bringing social and political variables, such as identity and political institutions, to the forefront in explaining public opinion support (or otherwise) for the EU (Eichenberg and Dalton, 2007; Loveless and Rohrschneider, 2011).

Consequently, some research has focused on ‘national identity’ in order to explain public support for the EU, reaching somewhat different conclusions. Carey (2002) and McLaren (2002) argue that a strong national identity is an obstacle to European integration as it is likely to foster Euro-sceptic attitudes. By contrast, for Duchesne and Frogner (1995), Bruter (2005) and Citrin and Sides (2004) a strong national identity is fully compatible with pro-European attitudes. Hooghe and Marks (2005) stress the impact of ‘exclusive national identity’ on the negative perception of Europe. According to exclusive national identity, citizens feel attachment only to their nation and not to Europe. By contrast, ‘cumulative national identity’ means that citizens see themselves as European and national at the same time. Sanders *et al.* (2012; see also Serricchio, 2011, for the

² For an excellent review of the literature on the causes of Euro-scepticism, see Loveless and Rohrschneider (2011).

Italian case) stress the different role of various components of national identity. The achieved (or civic) component of identity promotes pro-European attitudes, while the ascribed (or ethnic) component is positively correlated with Euroscepticism.

Other research has argued that trust (or its lack) in 'domestic political institutions' shapes public attitudes towards the EU. According to Anderson (1998), trust in domestic political institutions positively influences attitudes towards the EU. Hence a mechanism of institutional proxy is at work: national institutions provide citizens with a cognitive short cut towards trust in EU institutions (Loveless and Rohrschneider, 2011). By contrast, Sanchez-Cuenca (2000) argues that low levels of trust in national political institutions result in stronger public support for the EU. Hence a mechanism of substitution is at work: EU institutions are substitutes for ineffective/weak domestic political institutions (see also Sanders *et al.*, 2012). Rohrschneider and Loveless (2010) model country characteristics in order to understand mass attitudes towards the EU.

Finally, some research has looked at the importance of 'political ideologies', arguing that supporters of centrist parties are less likely to be Eurosceptic, whereas supporters of extreme left-wing or right-wing parties are more likely to be Eurosceptic (Steenbergen *et al.*, 2007; Lubbers and Scheepers, 2010). As Taggart (1998) puts it in the title of his seminal article, Euroscepticism is a 'touchstone of dissent'.

II. The Research Design

The most common measure of public Euroscepticism has been negative attitudes towards one's country's membership of the EU (Eichenberg and Dalton, 1993; Kuhn, 2012). Other common measures have relied on data regarding the desired speed of integration (Garry and Tilley, 2009), feelings towards the prospect of EU disintegration (Wessels, 2007) and other variations which record negative attitudes towards the general project of European unification. Data for attitudes towards membership have been steadily available in the Eurobarometer poll since the 1970s, which is not the case for the measurement of general attitudes towards European integration.

Several doubts can be expressed about the reliability of negative attitudes towards membership as an indicator of public Euroscepticism. One objection has been that levels of knowledge about the EU have historically been low (see Guerra in this issue); therefore the answers to the membership question do not reflect a balanced or accurate judgement on behalf of citizens. Also, the volatility of these attitudes has been greater than that associated with attitudes towards unification (Leconte, 2010, p. 165). While acknowledging those potential limitations, in this study we will use the membership indicator to measure the dependent variable.

One major advantage of this measure is that it mainly reflects public opposition to the EU as a 'regime' (Niedermayer and Westle, 1995). As argued in the previous section, opposition to the regime is a key aspect of mass Euroscepticism since it undermines support for the overall project of European integration in the long run. Furthermore, citizens' negative view of their country's EU membership can be taken to reflect scepticism, rather than criticism, of the EU. We assume that critics would want their country to stay in an improved EU or would want to suspend judgement until the EU is reformed in the 'right' direction, while sceptics would rather see their country withdraw from membership altogether.

In line with much of the relevant literature, we therefore measure Euro-scepticism by using the ‘membership’ question, which has appeared in the Eurobarometer survey regularly since the 1970s:

Q1: Generally speaking do you think (our country’s) membership is: a good thing; a bad thing; neither good nor bad; do not know; refusal?

We recoded this variable into a binary in which 0 indicates membership is neutral or a good thing and 1 indicates membership is a bad thing. ‘Do not know’ and ‘refusal’ are recoded as missing and excluded from the analysis.

The independent variables are derived from the literature on Euro-scepticism reviewed in the previous section. The description and measurement of the variables is reported in Table 1. They can be grouped into four main paradigms:

Table 1: Description of the Variables

	<i>Description</i>	<i>Source</i>
<i>Dependent variable</i>		
Euro-scepticism	Binary variable membership indicator recoded as: 0 membership is neutral or good thing; 1 membership is a bad thing	Eurobarometer 67.2, 2007; 75.3, 2010
<i>Independent variables</i>		
Economic expectations	1–3 scale. This is an index based on the combination of national economic and financial expectation (1 pessimistic; 2 neutral; 3 optimistic)	Eurobarometer 67.2, 2007; 75.3, 2010
Exclusive national identity	Exclusive national identity is based on a combination of two attachment scales (national and European attachment) in 2007; exclusive national identity in 2010 (Moreno question recoded as 0 European and other; 1 national identity)	Eurobarometer 67.2, 2007; 75.3, 2010
Political ideology	Left–right scale recoded as: 0 left and right; 1 centrism	Eurobarometer 67.2, 2007; 75.3, 2010
National institutional confidence	An index with level of confidence in parliament and government (national): 1 tend to not trust; 2 tend to trust	Eurobarometer 67.2, 2007; 75.3, 2010
European institutional confidence	An index with level of confidence in parliament and Commission (European): 1 tend to not trust; 2 tend to trust	Eurobarometer 67.2, 2007; 75.3, 2010
Professional occupation: manual	Binary variable: 0 other; 1 manual occupation	
Professional occupation: manager	Binary variable: 0 other; 1 manager	
Education	Age education recoded as: 1 no full-time education; 2 still studying; 3 15+ years; 4 16–19 years; 5 20+ years	
<i>Aggregate variables</i>		
Level of corruption	Corruption perception index: 0 high corruption; 10 low corruption	Transparency International
GDP growth	Differences in % to previous year	Eurostat
Unemployment rate	Annual unemployment rate	Eurostat
Annual inflation rate	Annual inflation rate	Eurostat

Source: Provided in the right-hand column of the table.

1. *Instrumental/economic* explanation
 - *sociotropic*: economic expectations
 - *egocentric*: occupation (manual and manager)
2. *Affective identitarian* explanation
 - exclusive national identity
3. *Political–institutional* explanation
 - national institutional confidence
 - European institutional confidence
4. *Political–ideological* explanation
 - location along the political spectrum, in particular centrist versus extreme right- and left-wing positions

As for the relationship between the dependent and independent variables, on the basis of the literature review the following hypotheses can be put forward:

- The more positive the evaluation of the economy, the lower the level of Euroscepticism (*H1*).
- The higher the socio-economic status, the lower the level of Euroscepticism (*H2*).
- The higher the trust in EU institutions, the lower the level of Euroscepticism (*H3*).
- The higher the exclusive national identity, the higher the level of Euroscepticism (*H4*).
- The role of trust in national institutions is not clear in the literature: a high trust in national political institutions can strengthen or weaken the level of Euroscepticism.
- Finally, positions towards either extreme of the political spectrum will be associated with higher levels of Euroscepticism.

We included control variables at the individual level (age, sex, education) and aggregate level (gross domestic product [GDP] growth, annual inflation rate, unemployment rate and Corruption Perception Index (CPI)). The time frame of the research covers the period from the onset of the financial crisis in 2007 until 2011. We use Eurobarometer data for this period.³

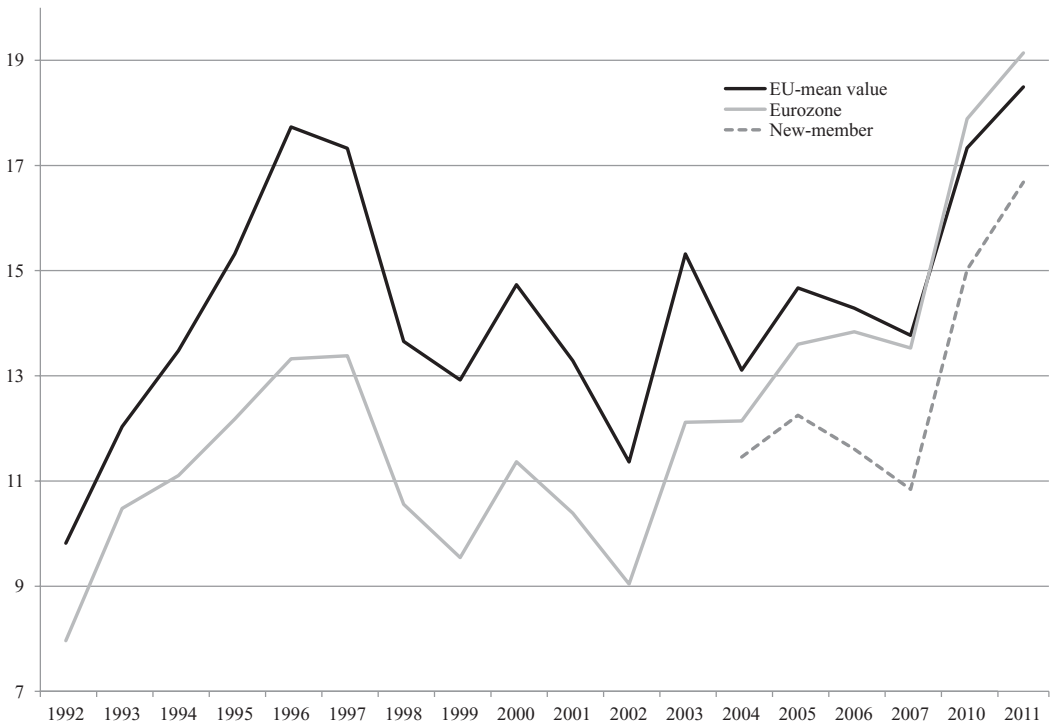
III. Data Analysis

The analysis of the dependent variable – namely support for EU membership – shows that there has been a steady increase in Euroscepticism from the onset of the crisis in 2007 (see Figure 1). This increase is more pronounced in the eurozone countries (5.6 per cent) compared to the non-eurozone countries (3.3 per cent), which is to be expected given the fact that the impact of the economic crisis exposed the structural weaknesses of EMU. Interestingly, the rise in Euroscepticism is, on average, more pronounced for the Member States that joined the Union after 2004 (5.75 per cent) compared to ‘old’ Member States (4 per cent). This trend indicates that the crisis may have reversed the ‘accession effect’, according to which new Member States become less Eurosceptic as they become integrated into EU norms and practices (Evans and Butt, 2007; Verney, 2011, p. 6).

If we look at Eurosceptic trends in a long-term perspective – that is, from the signing of the TEU (1992) onward – Euroscepticism peaked between 1995 and 1997 and was

³ The strategy is to compare identical models in different years. So, in the multivariate analysis we focus on 2007 and 2010 (and not 2011) because of the availability of the same indicators in the two data sets.

Figure 1: The Evolution of Euroscepticism since the TEU



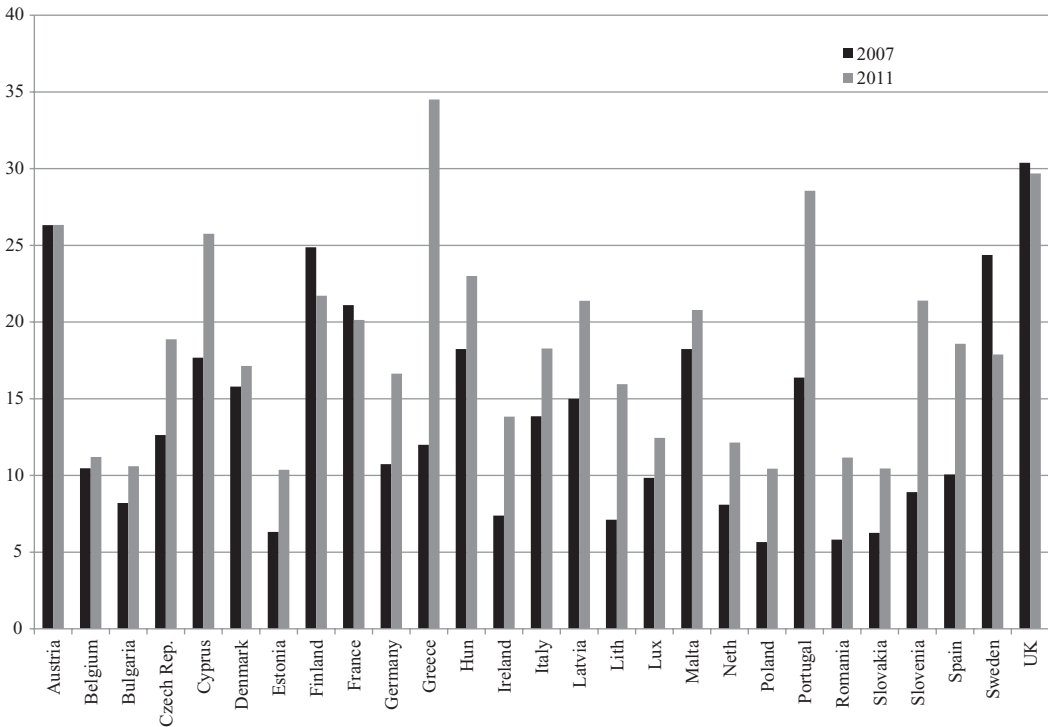
Source: Eurobarometer.

subsequently reduced on the run-up to the final stage of EMU in late 1998. After the global financial crisis, Euroscepticism reached (and later surpassed) the 1995–97 level, exceeding 18 per cent in 2011. Hence, in historical perspective, the increased level of Euroscepticism following the financial crisis is significant.

If we look at the upward trend in Euroscepticism between 2007 and 2011, we observe considerable variation across countries (Figure 2). We can distinguish between three groups of countries according to the degree of change in Euroscepticism levels involved. The most pronounced upward increase in Euroscepticism has taken place in Greece (23 per cent), Portugal (13 per cent) and Slovenia (12 per cent), followed by Lithuania (9 per cent), Spain (9 per cent), Cyprus (8 per cent) and Ireland (7 per cent). A second group of countries (BE, BG, CZ, ES, DK, DE, HU, IT, LV, LU, MT, NL, PL, RO, SK), which is the largest of the three groups, has experienced a moderate increase in Euroscepticism ranging from 6 per cent to 1 per cent. At the other end of the continuum, Euroscepticism has remained constant and even decreased in a third group of countries comprising, notably, Austria (0 per cent), the United Kingdom (0 per cent), France (–1 per cent), Finland (–3 per cent) and Sweden (–6 per cent).

Most countries in the third group, as well as a few of the countries in the second group, have consistently nourished high levels of public Euroscepticism (McLaren, 2006, pp. 23, 160; Leconte, 2010, p. 70), particularly after 1992. On the contrary, Greece, Portugal, Ireland and Spain (except in the mid-1990s) experienced low levels of public

Figure 2: Euroscepticism across Countries, 2007 and 2011



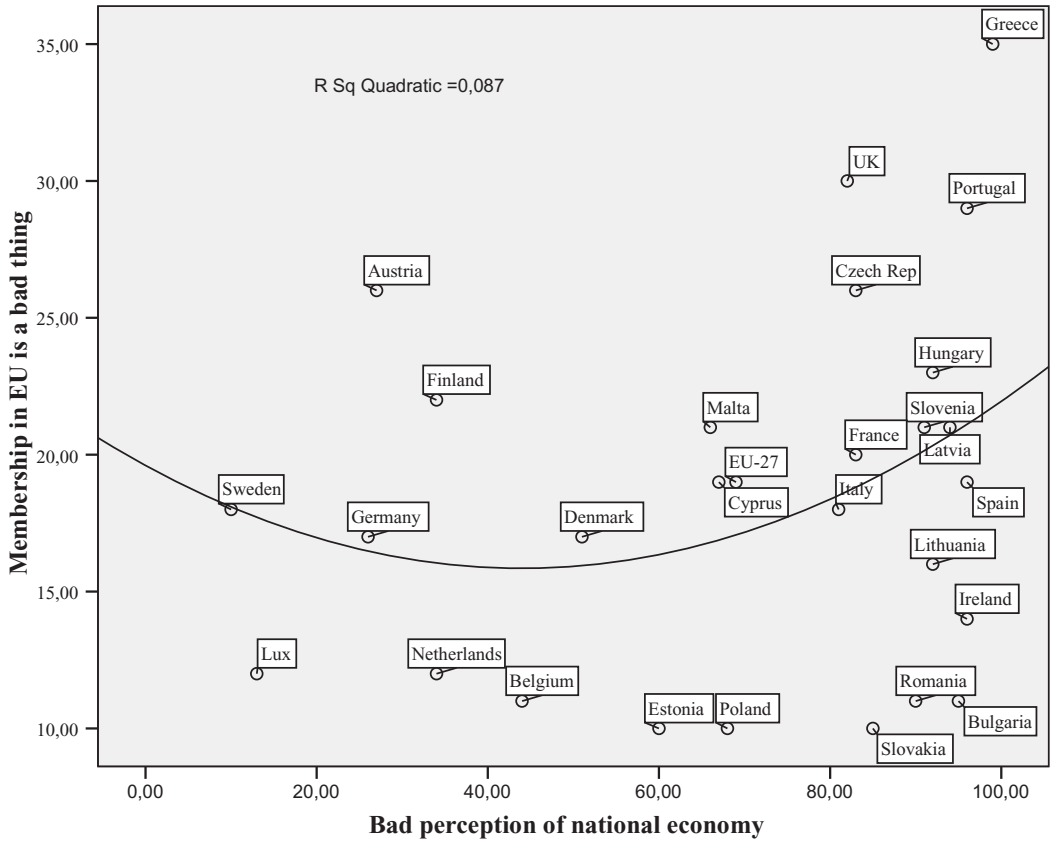
Source: Eurobarometer 67.2 (2007) and 75.3 (2011) (percentage answering EU membership is a bad thing).

Euroscepticism throughout the 1990s and most of the 2000s (Llamazares and Gramacho, 2005; Verney, 2011) with regard to the EU average. Clearly, the countries where public Euroscepticism has registered the most pronounced increase are those that have been most hard-hit by the sovereign debt crisis in 2010–11. After the outbreak of the crisis, public Euroscepticism in these countries has risen to levels that match or exceed the EU average and are traditionally observed in countries such as Austria, Denmark, Finland, Sweden and the United Kingdom.

Having established that there was a considerable change in levels of public Euroscepticism during the time of the global financial crisis, the question that we address in the rest of this section is which factors are likely to have been most significant in explaining that change. Since the countries that have demonstrated the most significant rise in Euroscepticism are those that have been hardest hit by the crisis, we would expect economic factors, particularly those pertaining to the sociotropic explanation, to yield enhanced explanatory power. We would thus expect to find that the post-1992 trend, which is characterized by the rising importance of political factors such as identity and trust in national institutions, would be reversed with economic factors coming back as most significant.

Going back to our first hypothesis, we test if there is a correlation between Euroscepticism, on the one hand, and the perception of the national economy (as it is now) as well as the expectations concerning the national economy (as it is expected to be in the future), on the other hand. Figure 3 suggests that this relationship is not systematic for each

Figure 3: Country Location in a Space Defined by Perception on National Economy and Negative View on Europe, 2011



Source: Eurobarometer 75.3 (2011).

country. Euro-scepticism is strongly related to a negative evaluation of the economy only in some countries: those located in the top-right corner of the figure. Notably, they are: Greece, Portugal, the United Kingdom and the Czech Republic. This evidence drives us toward a more comprehensive analysis of the link between increasing Euro-scepticism and economic crisis. Do factors other than the performance of the national economy have a greater explanatory power for Euro-scepticism?

The test is conducted *via* a multivariate analysis, building up a regression model in which all predictors are included.⁴ Our model fits reasonably well, both in 2007 and 2010, as the levels of the pseudo R² indicator reveal (0.20 in both years). Single observable predictors, such as economic expectations (which is a way to operationalize the sociotropic explanation) and occupational status (which is a way to operationalize egocentric utilitarianism), have limited explanatory power. Objective economic indicators, such as

⁴ Given the binary nature of our dependent variable, we employ a logistic regression technique. The models include, among predictors, both individual- and aggregate-level variables. The standard error is corrected for cluster (group/country) using Stata. Similar results could be reached with a 'classic' multi-level model, using other software (for example, HLM).

Table 2: The Predictors of Euroscepticism: Logistic Regression Model with Standard Error Corrected by Cluster (Country)

	2007	2010
<i>Instrumental/economic paradigm</i>		
Economic expectations	-0.16** (0.08)	-0.16*** (0.07)
Occupation: manual	0.12 (0.12)	-0.01 (0.07)
Occupation: manager	-0.21** (0.09)	-0.44*** (0.09)
<i>Affective/identitarian paradigm</i>		
National identity	0.77*** (0.13)	0.87*** (0.10)
<i>Political ideology paradigm</i>		
Centrism	0.04 (0.10)	-0.16** (0.07)
<i>Political institutional paradigm</i>		
National institutional confidence	-0.77*** (0.19)	-0.39*** (0.11)
European institutional confidence	-1.4*** (0.10)	-1.67*** (0.11)
<i>Sociodemographic variables</i>		
Education	-0.15*** (0.03)	-0.13*** (0.03)
<i>Aggregate control variables</i>		
Level of corruption	0.08 (0.06)	0.15** (0.07)
GDP growth	-0.13*** (0.05)	-0.01 (0.08)
Unemployment rate	-0.13 (0.09)	-0.03 (0.02)
Annual inflation rate	-0.05 (0.05)	0.07 (0.08)
Constant	1.03 (1.05)	-0.25 (0.78)
Pseudo R ²	0.20***	0.20***
Number of observations	17,310	17,939

Source: Eurobarometer 75.3 (2011).

Notes: Dependent variable: EU membership is a bad thing. Sex and age are not shown. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

GDP and level of unemployment, have very limited explanatory power only for 2007 and not for 2010. In sum, economic indicators, both individual and aggregate, seem not to be directly involved in fostering Euroscepticism. On the contrary, exclusive national identity in 2007 and 2010 is positively (and highly) correlated with Euroscepticism, and this variable actually increases its explanatory power between 2007 and 2010 (see Table 2).

The multivariate model analysis in Table 2 highlights a (negative) impact of national institutional confidence on Euroscepticism: this means that peoples who have more confidence in their national political system are also less Eurosceptic. This happens regardless of the level of corruption across countries (the CPI indicator), which can be seen as a systematic way of measuring the quality of domestic political institutions. In other words, our findings confirm that national institutions are a sort of proxy for Europeanism rather than a substitute, as argued by Anderson (1998). National governments and parliaments are directly involved in dealing with the financial crisis and citizens ask them for (efficient) solutions to economic problems.

It is noteworthy that this variable almost halves its explanatory power from 2007 to 2010. By contrast, confidence in European institutions slightly increased its explanatory power between 2007 and 2010. How can we make sense of these trends? We can postulate that a 'trade-off' effect was at work during the evolution of the financial crisis over time. In the first phase of the financial crisis, the so-called 'banking crisis', the main response came from national institutions. Indeed, the bail-out of specific banks (such as Northern Rock in the United Kingdom and IKB in Germany) in 2007 and the full-fledged banking

rescue plans in the autumn of 2008 were articulated and executed by the national authorities. The Member States were the main players in this policy area, even though they co-ordinated their actions at the EU level. They did this, for example, through EU-concerted action plans (Quaglia *et al.*, 2009). Citizens looked for solutions to the financial problems at the national level. Hence, a high level of confidence in national institutions resulted in a low level of Euro-scepticism.

In the second stage of the financial crisis, the sovereign debt crisis, the EU played a more important role. Indeed, new EU institutions, such as the European Stabilization Fund, later the European Stability Mechanism, were created in 2010 and 2011. At this stage, confidence in national institutions became less important in explaining Euro-scepticism. By contrast, confidence in EU institutions has greater explanatory power for Euro-scepticism. The halving of the explanatory power of the variable confidence in national institutions is not entirely compensated for by the (limited) increase of the explanatory power of confidence in European institutions. Nonetheless, the evolution of the explanatory power of these two institutional variables seems to support this interpretation.

This analysis suggests that Euro-scepticism is rooted in national contexts; this corroborates the findings of previous research (Hooghe and Marks, 2005; Bellucci *et al.*, 2012). The economic crisis does not challenge this trend. The role of national institutional confidence still changes across countries (Table 3), but there are not uniform patterns. The examination of the sign and the magnitude of the relationship between national institutional confidence and Euro-scepticism in different countries confirm what we found in our pooled regression model: in general, national institutional confidence is less important in 2010 than in 2007. In 2010, it is statically significant only in five countries (Austria, Finland, Germany, Italy and Slovenia) and, in general, the magnitude of association is less strong in 2010. There are also few changes in the direction of the relationship: this happens only in some eastern European countries that recently joined the EU, such as Hungary, Poland and Romania, and, among the old Member States (Italy).

Conclusions

This work has explored the link between the global financial crisis and Euro-scepticism. In particular, it asked whether the crisis has caused an increase in Euro-scepticism, and what causal mechanisms have been at play. We have tested the explanatory power of the mainstream paradigms in the literature, concluding that the economic explanation has very limited analytical leverage. The crisis has not brought economics back in as the most important source of Euro-scepticism during the turbulent period of 2007–10. Rather, it has not only confirmed, but indeed exacerbated, the post-1992 trends, according to which national identity and political institutions play an increasingly important role in explaining public Euro-scepticism.

Exclusive national identity is positively correlated to Euro-scepticism and increases its explanatory power between 2007 and 2010. Confidence in national political institutions is negatively correlated to Euro-scepticism. However, this variable halves its explanatory power from 2007 to 2010. By contrast, confidence in European institutions slightly increases its explanatory power between 2007 and 2010. Why has this happened? It is possible to argue that a trade-off effect between confidence in national institutions and confidence in EU institutions was at work during the unfolding of the crisis. During the

Table 3: The Impact of National Institutional Confidence on Euroscepticism

	2007	2010
Austria	-0.49**	-0.72**
Belgium	-0.81**	-0.53
Bulgaria	0.41	0.34
Czech Republic	-0.88**	-0.38
Cyprus	0.29	0.28
Denmark	-0.49**	-0.30
Estonia	-1.6**	-0.14
Finland	-0.95***	-0.65**
France	-0.62**	-0.48*
Germany	-0.77**	-0.85***
Greece	-1.07**	-0.34
Hungary	-1.3***	0.06
Ireland	-1.5**	-0.18
Italy	0.20	-0.81*
Latvia	-1.3**	-0.30
Lithuania	-0.89*	-0.12
Luxembourg	-1.15	-0.00
Malta	-2.8***	-0.94
Netherlands	-0.75**	-0.06
Poland	-1.26*	0.45
Portugal	-0.47	-0.49
Romania	0.82*	-0.28
Slovakia	-0.39	-0.39
Slovenia	-0.70*	-0.99*
Spain	-0.37	-0.35
Sweden	-0.83***	-0.01
United Kingdom	-1.46***	-0.12

Source: Eurobarometer 75.3 (2011).

Notes: Entries are unstandardized coefficients derived from country-by-country logistic regression model as used in Table 2. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

first stage of the crisis, the banking crisis, citizens mainly looked for solutions to financial problems at the national level. Indeed, national institutions were the most involved in banking rescue plans and the like. Hence, confidence in national institutions was important in explaining Euroscepticism. In the second stage of the crisis, the sovereign debt crisis, EU institutions became more involved in dealing with the crisis and new institutions were created for that purpose. Confidence in EU institutions then became (slightly) more important than in the past in order to account for Eurosceptic tendencies.

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