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If the Euro fails, Europe fails

Explaining scepticism directed towards the common currency, 2009-2014

Master's thesis in European Studies
Trondheim, May 2016

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Abstract

Euroscepticism is a multifaceted term capturing opposition towards various aspects of European integration. Using data from four Eurobarometer datasets, this thesis examines the development and the causes of opposition directed towards the Euro from 2009 to 2014. As the Euro crisis affects the member states of the European Union (EU) differently, the thesis applies multilevel analysis in order to explain how individual attitudes are affected by contextual variables on the macro level. For this purpose, the EU member states are divided into five clusters; core Europe, Eastern European Euro members, Southern European crisis countries, as well as Eastern and Northern European Euro outsiders. Scepticism directed towards the Euro developed differently in the five clusters and the results from five logistic multilevel regression models confirm that individual attitudes towards the Euro are affected by contextual variables. The thesis finds that Euroscepticism is a multicausal phenomenon and that differences between the clusters are related to assessments of the national economic situation. Perceptions of the national economy do not affect attitudes in the creditor states of the Eurozone. Yet, in the debtor states and in the outsider countries, support for the Euro is higher among those evaluating the situation of the national economy as bad. Hence, in the debtor nations, the Euro is perceived not as the cause of the Euro crisis, but rather as a means that will help overcome the deterioration of the national economy.

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Abbreviations

Akaike's Information Criterion	AIC
Alliance of Liberals and Democrats for Europe	ALDE
Alternative für Deutschland	AfD
Bayesian Information Criterion	BIC
Coalition of the Radical Left (Greece)	SYRIZA
Common Agricultural Policy	CAP
Degrees of freedom	df
Economic and Monetary Union	EMU
Emergency Liquidity Assistance	ELA
Eurobarometer	EB
European Banking Authority	EBA
European Banking Union	EBU
European Central Bank	ECB
European Community	EC
European Conservatives and Reformists Group	ECR
European Financial Stability Facility	EFSF
European Financial Stability Mechanism	EFSM
European Monetary System	EMS
Europe of Freedom and Democracy Group	EFD
Europe of Freedom and Direct Democracy	EFDD
Europe of Nations and Freedom	ENF
European Parliament	EP
European People's Party	EPP
European Stability Mechanism	ESM
European Union	EU
European United Left-Nordic Green Left	GUE/NGL
Exchange Rate Mechanism	ERM
Greens/European Free Alliance	Greens/EFA
Gross Domestic Product	GDP
Hypothesis	H
Intra-class correlation	ICC
Leibniz-Institut für Sozialwissenschaften	GESIS
Logit	L

Member of the European Parliament	MEP
Non-attached members of the European Parliament	NI
Odds Ratio	OR
Ordinary Legislative Procedure	OLP
Optimum Currency Area	OCA
Ordinary Least Squares	OLS
Outright Monetary Transactions	OMT
Portugal, Italy, Ireland, Greece, Spain	PIGS countries
Probability	P
Progressive Alliance of Socialists and Democrats in Europe	S & D
Securities Markets Program	SMP
Single Resolution Mechanism	SRM
Single Supervisory Mechanism	SSM
Stability and Growth Pact	SGP
Trans-European Automated Real-time Gross Settlement Express Transfer System	TARGET
United Kingdom	UK
United Kingdom Independence Party	UKIP
Variance Inflation Factor	VIF

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1.0 Introduction

“If the Euro fails, Europe fails,” the German chancellor Angela Merkel said in a speech to the German parliament in May 2010. In the fall of 2009, the Greek government had revealed that the country’s public debt and deficit were higher than previously reported, an announcement that raised the interest rates on Greek bonds and posed the danger of a Greek solvency crisis. A Greek default was considered a danger for the stability of the Euro, the common currency held by 19 of the 28 member states of the European Union (EU). However, the emerging Euro crisis is a “complex crisis” (Gustavson, 2013:26); countries are differently affected by this asymmetric economic shock, and especially the Southern European economies have experienced economic downturn in the past years. The crisis has turned the Euro into a “major worry for the political stability of Europe as a whole” (Cramme & Hobolt, 2015:2), and it has had a negative impact on public attitudes towards the EU (Braun & Tausendpfund, 2014). European integration is an elite-driven process and was for a long time based on a “permissive consensus” (Lindberg & Scheingold, 1970) of the European public. Yet, public opinion,¹ defined here as “a collection of individual opinions on a topic of interest” (Davison, 1968), matters. Public opinion matters directly through national referenda on EU treaties, as the rejection of the Maastricht Treaty in Denmark first illustrated (Franklin, Marsh & McLaren, 1994), but it also constrains policy makers in the EU indirectly via domestic parliaments and elections to the European Parliament (EP). Although the latter have been characterized as “second order elections” (Reif & Schmitt, 1980; Schmitt, 2005), the success of Eurosceptic parties in the elections in 2014 has revealed that Euroscepticism, or opposition towards European integration, has become a “persistent phenomenon” (Usherwood & Startin, 2013).

1.1. Definitions of Euroscepticism

Breaking down the components of the word Euroscepticism, “Euro” refers to the EU and “sceptic” is another word for doubtful (Spiering, 2004:127). The term Euroscepticism is a “catch-all term used in popular discourse and the media as well as politics to cover negative attitudes to the EU” (Flood & Usherwood, 2005:1).² Ever since the beginning of the process of integration, there have been opponents of further transfers of national sovereignty to the EU, and the former British Prime minister Margaret Thatcher’s (1988) “Bruges speech” is

¹ There is not one agreed definition of the term “public opinion.” Neither “public” nor “opinion” are clearly defined terms and definitions differ between research traditions (Donsbach & Traugott, 2008).

² The term was first used in the United Kingdom and the earliest citation in the media appeared in the newspaper *The Times* in 1990 (Spiering, 2004).

considered the first break on support for integration by a European head of state (Usherwood, 2004). In the aftermath of Thatcher's speech, "sentiment[s] of disapproval reaching a certain degree of durability directed towards the EU or a particular area or developments" (Sørensen, 2008:6) have turned from a peripheral non-issue into a mainstream issue (Leconte, 2015:215). However, the meaning of Euroscepticism is related to the more general question "What is Europe?" (Daddow, 2006:65), it has nation-specific connotations and differs across time (Leconte, 2010:4). In this thesis, I rely on the definition proposed by Taggart (1998:366), who defines Euroscepticism as both "contingent or qualified [...] and unqualified opposition to the process of European integration." This broad definition can be further refined by distinguishing different strengths of opposition. Soft Euroscepticism refers to criticism of a specific policy area or emerges when national interests are at odds with the EU's trajectory, whereas hard Euroscepticism is principled opposition directed towards the EU, aiming at withdrawal of a country's EU membership (see Taggart & Szczerbiak, 2000, 2008a). Hence, Euroscepticism can be principled or contingent (Conti, 2003), and recognizing that it has different strengths, Flood and Usherwood (2005) propose a scale of attitudes, ranging from rejectionists to revisionists, minimalists, gradualists, reformists and maximalists.³ Finally, neologisms like Euro-enthusiasts, Euro-pragmatists and Euro-rejects (Kopecký & Mudde, 2002)⁴ or Euro-confidence, Euro-distrust, and Euro-alienation (Krouwel & Abts, 2007) aim at capturing the degree of opposition towards and support for the EU.

1.2. The research question

Euroscepticism can be examined on the individual level, among parties, regions and countries.⁵ Although there is a range of research on opposition towards the EU, as well as attitudes towards institutions like the European Central Bank (ECB) (Roth, Gros, & Nowak-Lehmann, 2014), the European Parliament (Gabel, 2003), the Commission president (Gelleny & Anderson, 2000) and the European Court of Justice (Caldeira & Gibson, 1995; Gibson & Caldeira, 1998), there is a lack of research on scepticism towards the Euro, especially in times of the Euro crisis. Hence, this thesis aims at answering the following research questions:

*How has scepticism directed towards the common currency developed from 2009 to 2014?
Which factors explain scepticism directed towards the Euro on the individual level?*

³ See also Rovny (2004) for a typology distinguishing between the motivation of Euroscepticism, that is, ideology or strategy, and its magnitude on the soft-hard dimension.

⁴ Kopecky and Mudde (2002) propose a model with two dimensions; support for the ideas of integration (Europhiles versus Europhobes) and support for the EU (EU-optimists versus EU-pessimists).

⁵ For studies of Euroscepticism in civil society, see Fitzgibbon (2013) and Leconte (2010).

Public attitudes towards the Euro are important for policy makers as their choices depend on the “willingness of the national public to approve of and support the decisions made by a government in return for benefits” (van Kersbergen, 2000:4). In the case of European integration, such allegiance, defined as elements inducing citizens to express loyalty to institutions (Milward, 1995:14), is double-edged, as integration depends both on the primary allegiance to the nation state and on the secondary allegiance to the EU.⁶ According to Dalton and Eichenberg (1998:254), public support should be greater for issues generating benefits from international cooperation. Yet, public support is higher for issues concerning low politics, such as tariff or welfare policies, and support is lower when high politics like national security are concerned (Dalton & Eichenberg, 1998:254). But often, public opinion on the EU is not clear-cut for or against. It can also be ambivalent (De Vries & Steenbergen, 2013), especially when elite division is pronounced (Stoeckel, 2013). Opposition towards the Economic and Monetary Union (EMU) and the EU may cause greater incidences of non-compliance in implementation and cases of opting-out of specific policy proposals (Hooghe & Marks, 2006:249). Moreover, opposition has a normative impact, connected to the democratic deficit of the EU (Taggart & Szczerbiak, 2008a; Anderson & Gabel, 2004).⁷ Finally, a common currency requires trust on the part of its users (Kaelberer, 2007), and as growing opposition towards the Euro may cause a higher turnout for Eurosceptic parties, increasing scepticism will affect the future of the EMU via elections.

Domestic discourses on European integration have become more critical over time (Harmsen & Spiering, 2004b:26). Yet, European public opinion consists of different national public opinions reflecting various national cultures and contexts (Flood, 2002:74), which illustrates the “importance of country of citizenship as a central factor in explaining popular support for European unification” (Deflem & Pampel, 1996:138). Since the Euro crisis is an asymmetric economic shock, and countries are differently affected, it is difficult to generalize individual attitudes as “political and economic factors can cut across the cultural dimension to produce contrary effects” (Flood, 2002:75). This thesis analyzes scepticism directed towards the Euro in the member states of the EU,⁸ relying on data from Eurobarometer surveys collected between 2009 and 2014. In order to account for the fact that individual attitudes are affected by the national context, the thesis relies on multilevel analysis, a quantitative research

⁶ The latter exists only to the extent that integration facilitates states to provide the resources that primary allegiance exists upon (De Vries & van Kersbergen, 2007, see also Milward, 2000).

⁷ The democratic deficit concerns both the EU’s institutional inconveniences and the lack of a European identity (Chrysochoou, 2010:379). For different views on whether the EU suffers from a democratic deficit, see for example Moravcsik (2004); Follesdal and Hix (2006).

⁸ On Euroscepticism among non-members, see Skinner (2013).

method that makes it possible to introduce independent variables located on the individual and on the macro level in a single comprehensive model, as well as cross-level interactions examine variations in the effect of individual level variables across countries.

1.3. Different types of Euroscepticism

Euroscepticism occurs if policies move away from citizens', parties' or interest groups' preferences about the EU's institutional design (Hix, 2007), but the concept has a "multidimensional character" (Vasiopoulou, 2013:3). Lubbers and Scheepers (2005) differentiate between political Euroscepticism, referring to the rejection of increased transfer of power to EU institutions and instrumental scepticism, which is related to the perceived benefits derived from EU membership. Easton's (1975) distinction between specific and diffuse support for political institutions, the former depending on institutions' output performances and varying with perceived benefits,⁹ the latter connected to trust in the institutions and identification with the regime, can also be applied to the concept of Euroscepticism (Krouwel & Abts, 2007; Wessels, 2007). Hence, specific Euroscepticism can be directed both to the authorities and to the regime, whereas diffuse scepticism is directed towards the European community (Krouwel & Abts, 2007).

Sørensen (2007; 2008) proposes to distinguish between various, not mutually exclusive, categories ranging from utilitarian economic scepticism to principled opposition to the very idea of integration.¹⁰ Boomgarden, Schuck, Elenbaas and De Vreese (2011:258) rely on a similar concept, stating that Euroscepticism is connected to emotional responses, European identity, the performance and democratic functioning of the EU, as well as utilitarian attitudes and support for further integration. Furthermore, scepticism can be related to the legitimacy of the EU institutions, or it may occur when national interests contradict European policy goals (Riishøj, 2007). Finally, there is policy based or functional scepticism directed towards a particular issue (Riishøj, 2007). Recognizing that the different types of Euroscepticism overlap, this thesis focuses on scepticism directed towards the Euro as a functional type of Euroscepticism. Such scepticism is first and foremost economic scepticism related to output performance and benefits derived from membership in the Eurozone. Yet, given the link between a currency and a nation state (see Helleiner, 1998), lack of trust in the Euro also affects the diffuse dimension of support for the EU.

⁹ As specific support is connected to output-performance, it is less stable than diffuse support (Easton, 1975).

¹⁰Sørensen (2007, 2008) differentiates between economic, sovereignty-based, democratic and social/political Euroscepticism, as well as principled opposition towards the entire idea of integration.

1.4 Organization of the thesis

The second chapter of the thesis briefly reviews the causes of the Euro crisis and the EU's reaction towards it. It illustrates that the Euro crisis has multiple causes and that the EU's response to the crisis focuses mainly on the implementation of structural reforms, financial assistance to the states in crisis and an extended role of the European Central Bank. Overall, the measures taken have led to further macroeconomic integration within the Eurozone, but they also had an impact on domestic elections in the EU's member states. Chapter 3 gives an overview on theories of Euroscepticism and deduces the hypotheses that the thesis attempts to test. Compared to the amount of research on attitudes towards EU membership, there is a lack of studies focusing on scepticism directed towards the Euro. Hence, in order to develop a more comprehensive account of the phenomenon of Euroscepticism, the chapter presents previous work on attitudes towards the Euro, as well as research on attitudes towards the EU in general. The first part of chapter 3 presents theories that explain Euroscepticism on the individual level, while the second part introduces research on cross-country differences in attitudes towards the Euro, as well as party-based Euroscepticism.

Chapter 4 presents the methodological framework of multilevel analysis and the application of this method to the analysis of the research question. Furthermore, the methodological chapter provides an overview on the datasets used and on the coding of the variables. The fifth chapter starts with descriptive analyses that account for the development of scepticism directed towards the Euro in the member states of the EU. Taking into account that the countries have different economic structures, that they differ in their length of membership in the EU and that some countries have not adopted the Euro, the thesis divides the member states into five clusters; core Europe, Eastern European countries having adopted the Euro, the Southern European countries most severely hit by the crisis, the Eastern European and the Northern European Euro outsiders. The analysis shows that from 2009 to 2014, scepticism directed towards the Euro developed differently in the five clusters. Results from five multilevel regression models confirm that scepticism directed towards the Euro is a multicausal phenomenon and that individual attitudes are affected by contextual variables. Differences between the clusters are related to assessments of the national economic situation, since the effect of the latter variable differs across the clusters. The variable does not have a statistically significant effect in the core European and Eastern European Euro members. Yet, in the countries in crisis and in the outsider nations, those perceiving the situation of the economy as bad are less opposed to the Euro than those who do not, which suggests that they see the Euro not as a cause of the crisis, but rather as a means to overcome the crisis.

2.0 The context of the Euro crisis

2.1 *The Euro and the Euro crisis*

The idea to create a common European currency originated already in the beginning of the 1970's. Yet, the Werner Plan, the first proposal laying out how to achieve a monetary union, was never implemented, and instead, the member states of the European Community (EC) tied their currencies to dampen exchange rate fluctuations. The decision to form the EMU was finally taken in the context of the negotiations on the Maastricht Treaty in the beginning of the 1990's. EMU can be interpreted as a "spillover" (Haas, 1958) from the Single Market, but also national economic interests and relative bargaining power played an important role, as Liberal Intergovernmentalism predicts (Moravcsik, 1998).¹¹ In order to join, a country had to meet convergence criteria, which set requirements on the public debt and deficit, the inflation rate and a two-year membership in the Exchange Rate Mechanism (ERM).¹² EMU was achieved in a three-stage process and in 2002, the Euro replaced national currencies. Entering a monetary union involves benefits like the elimination of conversion rates and the fostering of cross-country competition, yet as a member of EMU, a country can no longer have an autonomous monetary policy (see Mundell, 1963). But while the Eurozone's monetary policy is executed by the ECB, fiscal policy is still decided on the national level. Because of the asymmetric relationship between monetary policy and fiscal policy, EMU's institutional design remains unfinished (Verdun, 2013:306), and the lack of transfer mechanisms is one of the reasons EMU does not qualify as an optimum currency area (OCA) (Steinnes, 2013:21).¹³

Already before the Euro was introduced, Feldstein (1997:61) claimed that "instead of increasing intra-European harmony and global peace, the shift to EMU [...] would be more likely to lead to increased conflicts within Europe [...]." Growing business cycle symmetry following the Euro's introduction was expected to make EMU an OCA (Frankel & Rose, 1996, 1998). Yet, EMU member states have divergent monetary preferences and strategies for economic growth and whereas growth in Northern Europe is largely driven by export, domestic demand accounts for growth in Southern Europe (Hall, 2012:357). At the same time, the introduction of a common currency and a monetary policy based on German preferences of price stability led to interest rate convergence (Overtveldt, 2011:53). Lower interest rates

¹¹ The German Central Bank resisted EMU. Yet, German reunification gave chancellor Kohl the possibility to surmount the resistance (Loth, 2013). On the launch of EMU, see also Chang (2009) and Wooley (1994).

¹² The ERM was established as part of the European Monetary System (EMS) in 1979 and allowed currencies to fluctuate ± 2.25 percent vis-à-vis each other. The ERM-2, established in 1993, defines exchange rates vis-à-vis the Euro, yet margins of fluctuation are more flexible (see Baldwin & Wyplosz, 2012:392).

¹³ An OCA is a currency union in which the costs of being member of the union are lower than the benefits entailed (see Baldwin & Wyplosz, 2012:410-417). The economic criteria for an OCA imply labor mobility and trade diversification. The members should also be open economies that trade heavily with each other. On the political side, the criteria imply transfer mechanisms and political solidarity, as well as homogenous preferences.

and the availability of capital triggered capital exports to Southern Europe (Sinn, 2014:88), leading to rising account imbalances and increasing debt levels (Sinn, 2012:145).¹⁴ Furthermore, the appreciation of relative unit labor costs in the South implied a loss in competitiveness compared to Northern European countries, especially Germany (Bibow, 2013; Wihlborg, Willet & Zhang, 2010). It is in this context that the subprime crisis emerging in the United States caused a global financial crisis in 2008. Losses of European banks led to a liquidity crisis, as banks were not willing to loan money to each other (Gustavson, 2013:32). Thus, the ECB provided liquidity to the banks (Trichet, 2010), and the national governments took measures to prevent economic recession (see Hodson & Puetter, 2013:369-371).

The combination of low growth in the aftermath of the financial crisis and the measures taken by national governments increased the public debts, which is the “immediate cause for the next crisis, the Eurozone debt crisis” (Baldwin & Wyplosz, 2012:530). In the fall of 2009, the Greek government revealed that the public debt and deficit of the country were much higher than what had been previously reported.¹⁵ Following this announcement, the financial markets lost confidence in the country’s ability to serve its public debt (Arghyrou & Tsoukalas, 2011), and Greece’s credit rating was downgraded. The loss of confidence triggered a liquidity crisis, and in a monetary union characterized by tight integration of the financial systems, such a crisis can trigger a solvency crisis with potential spillover effects to other countries (De Grauwe, 2012:257). Especially French and German banks would have been exposed to a Greek default, but also Spain, Portugal, Italy and Ireland were struggling with economic recession, debt and rising interest rates on government bonds.¹⁶ The reasons for the economic discrepancies in these countries, collectively referred to as the PIGS nations, differ (Fernandez-Villaverde, Garicano & Santos, 2013). Unsustainable public debt is a problem in Greece and Portugal, where the introduction of the Euro had triggered a consumption boom due to public borrowing (Sinn, 2014:54). In Ireland and Spain, the spread of a real estate bubble is the main reason for the crisis. Because of the uncertainty connected to a Greek default and fear of spillovers to other countries, measures to rescue the common currency were taken. These measures changed the nature of the EMU (Baldwin & Wyplosz, 2012:394) and led to further macroeconomic integration within the Eurozone (Hix, 2015).

¹⁴ The Euro crisis is also a crisis of Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET)-balances, which reflect the amount of credits issued by the Central Bank in excess of the needs of liquidity for transactions in a country (Sinn, 2014:180)

¹⁵ The Greek deficit amounted to 13.6 percent of the GDP instead of previously reported 3.6 percent (Featherstone, 2011:199).

¹⁶ See also Kitromilides (2012) on the crisis in Ireland, Leao and Palacio-Vera (2012) on the situation in Portugal and Ferreiro and Soriano (2012) on Spain.

2.2 The EU's response to the crisis

2.2.1 Bailouts and rescue mechanisms

Rescuing the Euro is not a simple task because of the complex nature of the causes of the crisis. In response to the high public deficits, both the Greek and the Spanish government announced austerity plans in February 2010, and Greece, still in danger of default, had to seek economic assistance from the Eurozone. In April 2010, the governments of the EMU member states agreed on providing Greece with bilateral loans in order for the country to be capable of financing the debt until being able to return to the financial markets (Baldwin & Wyplosz, 2012:533).¹⁷ The so-called Troika, consisting of the European Commission, ECB and the International Monetary Funds (IMF),¹⁸ provides the loans conditional on the implementation of structural reforms, cuts in public expenditure, tax increases and wage reduction. In 2011, the EU set up new institutions, the European Financial Stabilization Mechanism (EFSM) and the European Financial Stability Facility (EFSF), which issue debt instruments in order to provide financial assistance to the states in difficulties and to recapitalize banks.¹⁹ These temporary mechanisms were replaced by the European Stability Mechanism (ESM) in 2012.²⁰ Greece had to be bailed out a second time in the summer of 2011, a bailout which also involved a restructuring of Greek debt,²¹ and the country got a third rescue program in the summer of 2015. However, Greece was not the only country in need of financial assistance. Both Ireland and Portugal got assistance in May 2011, and Cyprus, whose banks were exposed to the Greek crisis, got loans in March 2013. In December 2013, Ireland was the first country to exit a financial assistance program.

2.2.2 The role of the European Central Bank

The ECB is politically independent and its main task is to provide price stability within the Eurozone. In 2012, ECB president Mario Draghi (2012) stated that “within our mandate, the ECB is ready to do whatever it takes to preserve the Euro. And believe me, it will be enough.” In order to stimulate economic activity, the ECB set down the interest rate for the Eurozone several times, and in June 2014, the interest rate was for the first time negative (see Hodson, 2015). However, the interest rate has to meet the needs of all 19 members of the Eurozone,

¹⁷ On the bailout's conformity with the European treaties, see Baldwin and Wyplosz (2012:533) and Sinn (2014).

¹⁸ Especially Germany wanted the IMF to be involved to achieve more objectivity in the assessment of a country's load-bearing capacity (Sinn, 2012:153).

¹⁹ The EFSM and EFSF can borrow up to 60 billion Euro and 440 billion Euro respectively. The former is guaranteed by the EU budget, the latter by all of the member countries of the Eurozone.

²⁰ Gocaj and Meunier (2013) apply a Historical Institutionalist perspective, interpreting the ESM as a path-dependent decision.

²¹ The haircut amounts to 105 billion Euros, or 36 percent of the Greek GDP of 2013 (Sinn, 2014:346).

and it has different effects on the countries because of divergent domestic economic situations (Sadeh, 2012:124). The ECB implemented the temporary Securities Markets Program (SMP) in May 2010, which allows interventions and the purchase of state obligations in secondary bond markets in order to safeguard “an appropriate monetary policy transmission and the singleness of the monetary policy” (European Central Bank, 2012). Hence, the ECB purchased Greek, Irish and Portuguese bonds (Sinn, 2014:263), but the program was replaced by the Outright Monetary Transactions (OMT) Program in September 2012. The OMT Program expands the ECB’s possibilities as the bond purchase is not constrained by temporal constraints or budgetary limits (Hodson & Puetter, 2013:371).²² Furthermore, through the Emergency Liquidity Assistance (ELA), the national Central Banks of the Euro system can provide credits to financial institutions having liquidity problems, as happened in the case of Greece, Ireland and Cyprus (Sinn, 2014:169-170). Finally, Draghi started a quantitative easing program²³ in January 2015, lasting until September 2016. Limits posed on the purchase of sovereign bonds aim at ensuring that the program does not affect the political independence of the ECB, nor lead to monetary financing (see Claves, Leandro & Mandra, 2015).

2.2.3 Consolidation of public finances

Another part of the EU’s response to the crisis is to consolidate public finances. Before the introduction of the Euro, the Stability and Growth Pact (SGP) was meant to provide an assurance that the public debt and deficits do not become unsustainable,²⁴ but new treaties have extended the enforcement of the rules regarding public finances. The European Semester, introduced in 2011, gives the Commission the right to oversee national budget plans. It can issue recommendations, which aim at improved macroeconomic coordination. These have to be adopted by the Council of the European Union, yet the European Semester is criticized for a lack of transparency and legitimacy (Darvas, 2012:5).²⁵ Furthermore, there is the Euro Plus Pact adopted in March 2011, an agreement to foster competitiveness,

²² OMT is only available for countries getting assistance from the ESM. A decision of the German Constitutional Court in June 2015 considered OMT to be in line with the ECB’s mandate, but the program is criticized for affecting the ECB’s political independence (Mody, 2015) and because tax payers cannot hold the ECB responsible for the risks resulting from redistribution (Yiangou, O’Keeffe & Glöckler, 2013:231).

²³ Quantitative easing implies Central Bank purchases of government securities from the market to increase money supply by providing financial institutions with liquidity. On the impact of the program implemented by the ECB, see also Claves, Leandro and Madra (2015).

²⁴ The public debt and deficit must not exceed 60 percent and three percent of the GDP respectively. The SGP did not remove fiscal sovereignty and the sanctions lacked credibility, as both Germany and France broke the rules without sanctions being imposed (Baldwin & Wyplosz, 2012:485).

²⁵ Furthermore, the European Semester is criticized for violating the EU’s principle of subsidiarity and taking into account experiences with the SGP questions the efficiency and the credibility of the Euro Plus Pact (Begg, 2012:118).

employment and financial stability by implementing structural reforms. This pact is enhanced by the Two-Pack and the Fiscal Compact²⁶ from December 2011. The former strengthens surveillance mechanisms for countries in danger of breaking debt rules, whereas the latter is supposed to strengthen fiscal discipline by launching a debt brake, and both can contribute to guaranteeing a sustainable debt level. Finally, a European Banking Union²⁷ (EBU) was set up, and the European Banking Authority (EBA) was created as an institution responsible for the surveillance of the banking sector. These are steps leading to further integration, but several complementing measures have been proposed by the presidents of the European institutions in order to complete the EMU (see Juncker, Tusk, Dijsselbloem, Draghi & Schulz, 2015).

2.3 Impacts of the crisis on elections and legitimacy concerns

The measures taken in the context of the Euro crisis also had an impact on national elections. In Greece, for instance, the former Prime Minister Papandreou wanted the EU's bailout plan of 2011 to be subject to a referendum, but as the other European states declared that Greece's exit from the Eurozone was no longer a taboo, domestic political pressures led to his resignation. Papandreou was succeeded by the former ECB vice president Papademos, and also in Italy, with Mario Monti, a former technocrat became prime minister in November 2011. The two former prime ministers are pro-Europeans, which underlines elites' support for EU membership (Verdun, 2012:119). In the PIGS countries, austerity programs caused public demonstrations and triggered the formation of anti-austerity movements like the *Indignados* in Spain and led to the rise of populist parties like the Italian *Five Star Movement*. Moreover, in many countries, Eurosceptic parties did well in national elections and in elections to the EP. This holds true both for left-wing parties opposing austerity and for right-wing parties resisting further financial assistance to the countries in crisis. In Greece, the Coalition of the Radical Left (SYRIZA) won the elections in January 2015 after having promised its voters to renegotiate the conditions for financial assistance with the EU and to put an end to austerity in Greece. After several months of discussions on an extension of the second rescue package, the ECB's announcement that the ELA credits would not be expanded coincided with Greece's inability to pay back a loan to the IMF and caused Greece having to implement capital controls in June 2015. Close to striking a new deal with the EU, the Greek government

²⁶ As the United Kingdom (UK) and the Czech Republic opted out, the Fiscal Compact is an intergovernmental agreement.

²⁷ Motivations for the creation of the Banking Union are the tight link between the credit rating of a bank and that of the respective countries and the high integration of banks within the Eurozone (see Breuss, 2013). The EBU implies greater supervision of European banks by European institutions, namely the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM).

withdrew from the negotiations and Prime Minister Tsipras announced a referendum on the package proposed by the EU. In the referendum held in the beginning of July 2015, more than 60 percent of the Greek electorate said “no” to continued austerity. It was only in the aftermath that an agreement on a third rescue package between Greece and the other members of the Eurozone was finally reached.²⁸

The measures taken to solve the Euro crisis have raised questions on the legitimacy and the accountability of the Euro system (Scharpf, 2015). Austerity constrains national sovereignty but the measures also prevent the price adjustments necessary for regaining competitiveness (Sinn, 2012). In fact, the reforms have not led to economic growth but rather to a slowdown of the economy, which decreases the efficiency of cuts in public spending (De Grauwe & Ji, 2013:33). The Euro crisis has altered the institutional balance and shifted power towards the European Council (Dawson & Witte, 2013), but at the same time, redistributive politics and austerity measures make the democratic deficit of the EU an even more important question (Hix, 2015; Majone, 2014). The politicization of the crisis is a factor that has led to a Europeanization²⁹ of this debate (Kriesi & Grande, 2015; Risse, 2014), but it also opened up for the rise of Eurosceptic parties as new actors influencing the political debate (De Wilde, 2016).³⁰ Although the measures may strengthen the Eurozone in the long-run and show the political will to sustain the Euro, they do not provide a comprehensive solution to the debt crisis itself (Steinnes, 2013:25). Hall (2012) argues that the EU’s response is not adequate because of disagreement on what the problems of the common currency really consist of, different preferences about the bearing of the costs and boundaries of European solidarity. Hence, as the interaction of national and collective interests reduces the room for action (Begg, 2012:120), a “decisive solution” (Hodson & Puetter, 2013:374) to the Euro crisis still remains to be found. The measures taken have led to further integration but also to growing cleavages between debtor states and creditor states (Sinn, 2014:19). Generally, for issues that are difficult to resolve on the national level and that trigger potential benefits from coordination, there should be greater public support (Dalton & Eichenberg, 1998:254), but which are the factors that explain individual attitudes towards the Euro and the EU?

²⁸ Yet, these negotiations were complicated and the German minister Schäuble even proposed that Greece might leave the Eurozone for a period of five years in order to regain competitiveness. On the consequences of a so-called “Grexit,” see Alcidi, Giovanni and Gros (2012); Hoffmann and Richter (2012) and Polychroniou (2012).

²⁹ Europeanization is a term with multiple meanings (see Olsen, 2002). In this thesis, Europeanization refers to processes of diffusion of rules, policy paradigms and norms defined at the European level and incorporated into national discourses and policies (Radaelli, 2004 :3)

³⁰ For an assessment of how crises affect the integration process, see De Wilde (2016).

3.0 Explanations of Euroscepticism³¹

3.1 Euroscepticism on the individual level

3.1.1 Human capital and utilitarian benefits

The introduction of a common currency generates economic benefits as conversion rates between currencies and uncertainty arising from fluctuations of exchange rates are eliminated. A single European market with free movement of labor provides job opportunities, but integration favors especially the highly skilled and diminishes their risks of unemployment. Thus, the “Eurostars” (Favell, 2008), highly educated people that live and work in a European country other than their home country, are most supportive of the Euro (Banducci, Karp & Loedel, 2003) and European integration in general (Gabel, 1998a, 1998b).³² However, attitudes towards the Euro also correlate with sensitivity of the employee’s sector to exports and intra-EU trade (Gabel, 1999), as well as personal income (Kuhn, van Elsas, Hakhverdian & van der Brug 2014). Those working in multinational corporations and export-oriented sectors are most supportive of a common currency as conversion rates are eliminated (Frieden, 1991, 1993). Also public employees tend to favor the introduction of a common currency (Oscarsson, 2004), whereas the self-employed are somewhat more sceptic because they have a less flexible position in wage deliberations compared to those organized in big enterprises (Deflem & Pampel, 1996:122). In general, professionals, executives and students are more likely to appraise integration than manual workers, farmers, the unemployed and the retired (Gabel, 1998a; 1998b). Hence, utilitarian benefits increase support for integration (Mau, 2005), but the impact of occupational differences varies across countries (Hooghe, Huo & Marks, 2007) and is connected to national characteristics and relative wages (Gabel, 1998a:69).³³ In the context of the Euro crisis, cuts in public spending in the crisis countries affect the personal welfare of the low-skilled and the unemployed, and previous research suggests that the impact of unemployment on Euroscepticism increases the more a country has to reduce its public debt (Banducci et al., 2003). This leads to two hypotheses:

Hypothesis (H)₁: Low education increases scepticism towards the Euro.

H₂: Professionals, executives and students are less sceptic towards the Euro than other occupational categories.

³¹ An overview on previous research is provided in appendix 3. Previous studies differ regarding countries and period of time covered, which complicates the generalization of results. This study differs in terms of the level two variables used and in its focus on the period from 2009 to 2014, a period characterized by the Euro crisis.

³² Yet, the gap in support between the high and the low educated has narrowed over time (Hakhverdian, van Elsas, van der Brug & Kuhn, 2013).

³³ Thus, the relative value of human capital matters. Unskilled workers from low-wage countries are more competitive than those from countries with a higher wage level, whereas technological development increases the value of human capital of the highly skilled living in advanced economies (see Gabel, 1998a:61).

3.1.2. Economic voting

According to the literature on economic voting, rational voters reward an incumbent government with re-election if the economy does well, and they do not re-elect it when the economy is in a bad condition (Lewis-Beck, 1986, 1990; MacKuen, Erikson & Stimson, 1992). Voting is egocentric when the individual considers his own pocketbook, and sociotropic when it is related to the state of the national economy. Moreover, there is a distinction between retrospective voting, concerning the current state of the economy, and prospective voting, which is related to the government's ability to improve the future economic situation. These theories explain attitudes towards the Euro as well. National economic conditions shape individual support as those best situated to benefit are more supportive of integration (Duch & Taylor 1997:68), and because changing economic circumstances affect support over time (Bosch & Netwon, 1995:75-76). Even before its introduction, people in countries with strong currencies were less likely to support the Euro than those in weak-currency countries (Banducci et al., 2003). Today, differences in unemployment and interest rates play an important role in analyzing support for the Euro, especially during the Euro crisis (Gomez, 2015). Even regarding attitudes towards further fiscal integration, support increases with expected benefits for the country (Gianmarco & Geys, 2015). This is in line with previous findings according to which national economic factors like export to other EU member states and economic growth shape individual attitudes towards European integration (Anderson & Kaltenthaler, 1996; Anderson & Reichert, 1995; Eichenberg & Dalton, 1993, 2007).

Although support for the Euro is related to domestic economic performance, objective economic indicators do not capture regional differences, which makes subjective assessments of the economy useful variables to employ instead (Gabel & Whitten, 1997). There is a relation between subjective evaluations of the national economic situation and support for the Euro (Kaltenthaler & Anderson, 2001; Banducci, Karp & Loedel, 2009), but the nature of the effects of economic voting differs across countries (Wlezien, Franklin & Twigg, 1997). During the Euro crisis, the impact of economic assessments has increased (Hobolt & Leblond, 2014; Hobolt & Wratil, 2015), but while negative financial expectations have a positive effect on Euroscepticism in Western European countries, the relationship is inverse in the former Communist countries (Ritzen, Zimmermann & Wehner, 2014). However, the relation between national economic performance and EU support is only spurious as the EU constrains national policy choices by setting rules while not being directly responsible for economic outcomes (Duch & Taylor, 1997:67). Most citizens hold national governments accountable for the

economy, but especially the Eurosceptics tend to blame the EU for worsening economic situations (Hobolt, 2015).³⁴

H₃: Those considering the current state of the personal/national/European economy as bad are more sceptic towards the Euro than those who do not.

H₄: Those expecting a worsening of the personal/national/European economic situation are more Eurosceptic than those who do not expect a worsening.

3.1.3 Trust in institutions

The national context influences individual attitudes towards European integration, since there are economic as well as political differences between the member states (Hix & Høyland, 2011:111). In addition to individual skills, national institutions and the consequences of integration for the national welfare state matter for the calculation of benefits derived from integration (Brinegar & Jolly, 2005). Anderson (1998) proposes that attitudes towards the EU are mediated by attitudes towards national institutions, since citizens lack information to be able to calculate utilitarian benefits. Satisfaction with the national government, the national parliament and the way democracy works in the country serve as proxies employed by the citizens. If national institutions are evaluated more negatively than those of the EU, people are more willing to cede sovereignty to the EU (Kritzinger, 2003; Sánchez-Cuenca, 2000). However, the relationship between incumbent support and EU support is complex (Ray, 2003a). Many Europeans perceive the EU as an effective actor to handle the crisis (Hobolt, 2015), as well as trust in the EU increases support for further fiscal integration (Gianmarco & Geys, 2015; Kuhn & Stoeckel, 2014). Yet, Rohrschneider (2002) maintains that the quality of national institutions rather mediates how much weight citizens attribute to the EU's democratic deficit, whereas other findings suggest that low satisfaction with national democracy causes a decline in support for the EU (Martinotti & Stefanizzi, 1995; Serricchio, Tsakatika & Quaglia, 2013). Hence, the patterns of this relation are not consistent across countries and there is no straightforward relation between satisfaction with the national democracy and support for the EU or the Euro (Martinotti & Stefanizzi, 1995).

In order to function properly, a common currency relies on trust among its users, but as a supranational currency, the Euro lacks factors that facilitate the emergence of trust among citizens in a nation state (Kaelberer, 2007). Trust has a vertical dimension, relying on

³⁴ Research on the EU referenda in the Nordic countries reveal that attitudes towards EU membership and the economic consequences of membership were to a great extent mediated by political actors and by the media (Jenssen, 1998). Also in the case of EMU membership, it has to be assumed that the estimated consequences of membership in the Eurozone are mediated.

institutional mechanisms and agents of monetary trust (Kaelberer, 2007). Hence, not only attitudes towards national institutions matter, as the creation of a single monetary authority, the ECB, implies a loss of national sovereignty on monetary policy. Countries which had a loose monetary policy in the past gained credibility from becoming members of the Eurozone. On the other hand, public support was lower in countries with stable monetary policies and strong currencies (Banducci et al., 2003; Gärtner, 1997).³⁵ Yet, attitudes towards the Euro are not consistent with attitudes towards the ECB (Gärtner, 1997). In fact, trust in the ECB is to a large extent correlated to the inflation rate in the Eurozone, trust being high when inflation is low (Fischer & Hahn, 2008). However, during the economic crisis, there has been a drop in support for the ECB and other EU institutions (Cramme & Hobolt, 2015). Citizens blame the ECB for the deterioration of the economic situation and the increase in distrust is correlated to higher unemployment in the Southern European states (Roth et al., 2014).

H₅: Trust in national institutions and satisfaction with democracy decrease Euroscepticism.

H₆: Trust in the ECB decreases Euroscepticism.

3.1.4. Identity and the symbolism of the Euro

A growing amount of research focuses on the impact of identity and threats to group-resources on support for the EU (McLaren, 2006, 2007). People can hold multiple identities and feel attached to their nation state and to Europe at the same time (Risse, 2010).³⁶ Hooghe and Marks (2001:54) distinguish between those holding multiple identities, those identifying exclusively with the nation state, and those having no attachment to either the EU or their country. While a strong national identity decreases support for the EU (Carey, 2002) and the Euro (Meier-Priesti & Kircher, 2003), the extent of exclusiveness of national identity explains cross-country variations of the impact of identity (Hooghe & Marks, 2004:417, 2005:433).³⁷ The effect of national identity is both direct and indirect, mediated through expectations and macroeconomic concerns (van Everdingen & van Raij, 1998). Although economic pride does not function well as an identity marker (Kaelberer, 2005), Garry and Tilley (2009) find that in wealthy countries, the negative effect of an exclusive national identity increases, whereas the effect is lower in countries that are net recipients from the EU budget. Also in the case of attitudes towards economic bailouts, nationalist sentiments matter more than personal economic considerations (Bechtel, Hainmueller & Margalit, 2014). Moreover, there is a

³⁵ Even the impact of education is less pronounced in countries with weak currencies (Banducci et al., 2003:699).

³⁶ On the multi-dimensionality of identity and its relation to support for the EU, see Müller-Peters (1998).

³⁷ In a social constructivist view, identities are not stable but in flux, and a collectively shared identity is the result of construction of a group defining itself (Risse, 2010).

growing cleavage between multiple and national identities along social lines (Schild, 2001), as the young and educated and those having much cross-border interaction tend to identify more with the EU and are more supportive of integration (Kuhn, 2011).

Euroscepticism is an element of domestic debates responding to discourses legitimizing the EU, and hence unfolding through the mass media (De Wilde & Trenz, 2012). Thus, although national identities have become Europeanized (Risse, 2010), individual attitudes towards the Euro depend on differences in collective identification (Risse, 2003) and on the framing of the EU in national discourses (Diez-Medrano, 2003).³⁸ Frames and contents differed across countries when the Euro was introduced (De Vreese, Peter & Semetko, 2001), but the effect of media coverage is significant only at the aggregate level (Brettschneider, Maier & Maier, 2003).³⁹ Identity concerns are relevant in the debate on the Euro since money is a symbol of adherence to the same political and cultural entity (Burgoyne, Routh & Ellis, 1999:95). National currencies have contributed to the emergence of national identities (see Helleiner, 1998) and in old nation states, citizens are more critical towards the Euro (Anderson, 2006:127). In the case of “imagined communities,” (Anderson, 1991) such as the nation state or supranational communities like the EU, symbols are of crucial importance in making people feel part of the same community (Kaelberer, 2004). Hence, introducing a common currency is “as much about ‘culture’ as it is about economics and law” (Shore, 2000:90) and a strong orientation towards symbols of national culture adds to the problem of gaining acceptance for the Euro (Burgoyne et al., 1999).⁴⁰

H7: Those identifying exclusively with the nation state are most opposed towards the Euro.

3.1.5. Alternative explanations

The theory of the Silent Revolution predicts that changes in value orientations and skill endowment on the individual level after the Second World War contribute to increasing support for European integration (Inglehart, 1970, 1971, 1977, 1990). First, economic and physical security lead to a higher emphasis on postmaterialist values such as interest in abstract causes like European integration, as well as postmaterialists have a cosmopolitan world view (Inglehart, 1977:58). Moreover, cognitive mobilization, supported by rising levels of education and skills to cope with such an abstract political community, makes individuals

³⁸ In Germany, for example, support for the Euro was seen as necessary in order to overcome the nationalist past (Risse, 2010:187; Kaelberer, 2005). See also Daddow (2006) on the relationship between modern history and Euroscepticism in the British case.

³⁹ On Euroscepticism in the media and the predominant use of national frames of reference, see Leconte (2010).

⁴⁰ Although the Euro has become a symbol of integration, the relationship between money and identity is highly abstract and there is in fact no causal logic in the one nation-one money relation (Kaelberer, 2004).

more capable of receiving and interpreting messages relating to European integration (Inglehart & Rabier, 1978). Having knowledge of and discussing European politics makes integration a familiar subject and leads to higher support (Inglehart, 1990; Karp, Banducci & Bowler, 2003), while information deficiency relates to Euroscepticism (Downs, 2011). However, the patterns of theory of cognitive mobilization are not consistent with regard to support for EU membership (Janssen, 1991; Elenbaas, De Vreese, Boomgaarden & Schuck, 2012), and also in the case of support for the Euro, the influence of political interest is not consistent (Isengard & Schneider, 2007:44).⁴¹

Inglehart's theory predicts intergenerational differences in Euroscepticism because of cohort effects, yet there may also be life-cycle effects (Down & Wilson, 2013). During the crisis, younger citizens have reacted stronger to the impact of the economic conditions, and the gap in support between the young and the old has narrowed (Gomez, 2015). In the PIGS nations, the younger citizens are even more sceptic towards further fiscal integration (Gianmarco & Geys, 2015). Moreover, scepticism is subject to gender variations. Men tend to be more supportive of the EU and the Euro than women, but the strength of the gender gap varies between countries (Banducci et al., 2003; Nelsen & Guth, 2000). Additionally, religion matters, but only on the macro level, as protestant countries tend to be more Eurosceptic than catholic countries (Boomgaarden & Freire, 2009). Moreover, xenophobia increases Euroscepticism, but the strength of the effect is subject to cross-country variations (De Master & Le Roy, 2000; Lubbers & Scheepers, 2007). Lastly, trust in a currency has a horizontal dimension linked to the emergence of trust through routines and repetitive interaction (Kaelberer, 2007). Converting from the former national currencies to Euros triggered the so-called "money illusion," a phenomenon referring to the fact that price levels were perceived as higher than before the introduction of the Euro, which triggered difficulties in adapting to the new currency (Marques, 1999; Gamble, Gärling, Charlton & Ranyard, 2002).⁴² Although such practical issues matter, this effect disappeared soon (Ranyard, Burgoyne, Saldanha & Routh, 2005) and should matter only in countries that have recently adopted the Euro, such as Lithuania and Latvia.

⁴¹ Gabel (1998b) finds that cognitive mobilization has a curvilinear rather than a linear effect. This is supported by the theoretical framework of Zaller's (1992) Receive-Accept-Sample model, according to which the influence of information is dependent on the individual's previous knowledge on a specific issue.

⁴² The money illusion phenomenon is influenced by trade-offs between accuracy and effort, conversion strategy, as well as attitudes towards the former currency (Gamble, 2007).

3.2. Macro level explanations

3.2.1 Different patterns in support and in economic performance

The review of research on Euroscepticism on the individual level suggests that the effects of certain variables may vary across countries. Different patterns in support for the Euro were prevalent already before the Euro was introduced, and Pepermans and Verleye (1998) use the three dimensions of national economic pride, self-confident open-mindedness and progressive non-nationalistic attitudes in order to map public attitudes into three different clusters. Germany and the Netherlands constitute the Northern/Central region of prosperous economies where citizens had negative attitudes towards the Euro. Also in the pseudo Scandinavian region, constituted by Finland, Sweden, Denmark and Austria, citizens were negative towards the common currency.⁴³ On the other hand, in the Central region, consisting of Belgium, France and Luxemburg, as well as in the Latin South, comprising Italy and Spain, attitudes towards the Euro were more positive. Finally, in Greece and Portugal, countries with less dominant economies, citizens displayed average levels of support for the Euro. Müller-Peters et al. (1998) confirm that the Southern European states and Ireland were most supportive of the Euro before its introduction. Overall, with the exception of the Netherlands and Germany, the original six member states had high levels of support (Anderson, 2006),⁴⁴ which is consistent with findings that length of membership increases support for European integration (Inglehart & Rabier, 1978). Citizens in the United Kingdom (UK) and in the Scandinavian countries, however, were more sceptic. Expectations about the economic effects of the Euro mattered in all countries, but in the Central region, satisfaction with the national economic and political systems were also important indicators (Pepermanns & Verleye, 1998).

Wortmann and Stahl (2015) use a number of economic indicators⁴⁵ in order to group the EU member states into three economic clusters. Group one encompasses the economically strong Central and Northern European countries. This core group consists of the original six member states, Austria, Finland, Hungary, Slovenia, Slovakia, Denmark, Great Britain, Malta and Sweden. Group two is the Eastern periphery, consisting of Bulgaria, Latvia, Estonia, the Czech Republic, Poland, Lithuania and Romania. Finally, there is the Southern periphery,

⁴³ See also Archer (2000) on Euroscepticism in Northern Europe.

⁴⁴ In Germany, satisfaction with the national democracy has a more powerful impact than economic variables (Scheuer & Schmitt, 2009). Although there was no permissive consensus on the introduction of the Euro, attitudes towards EU membership were not influenced by opposition towards the Euro (Pappi & Thurner, 2000).

⁴⁵ These are the average balance of current transactions of the past three years, net external position, real effective development of the exchange rate vis-à-vis 42 main trade partners over three years, change in shares of export markets over five years, change in nominal unit labor costs over three years, change in house prices compared to the previous year, lending to the private sector, debt position of the private sector, lending to the public sector, debt position of the public sector and change in the liability of the financial sector compared to the previous year, as well as change in unemployment over the past three years.

comprising Greece, Ireland, Portugal and Spain, together with Cyprus and Croatia. There are great discrepancies between the EMU members regarding competitiveness, unemployment and the amount of public debt, and the measures taken during the Euro crisis have contributed to widening the gap between Southern debtor countries and creditor countries in Northern Europe.⁴⁶ High support for the Euro in Southern Europe stems from identification with Europe (Luna-Arocas, Guzman, Quintanilla, & Farhangmehr, 2001), but attitudes are also affected by the fear that the national culture is threatened (Llamares & Gramacho, 2007). Moreover, Kokkinaki (1998) finds that anticipated economic benefits and attitudes towards EU membership in general are significant determinants of support for the Euro in Greece.

The Euro crisis has increased the salience of integration as an issue in domestic politics (Verney, 2015), and although citizens in the PIGS countries were enthusiastic about EMU membership, the externally imposed policies of internal devaluation have led to an erosion of support for both the domestic and the European political system (Armingeon, Guthmann & Weisstanner, 2015). For them, EMU membership has become more costly, as they have to undertake internal devaluations to regain competitiveness. Although the Euro is still supported by a majority of citizens, attitudes towards EU membership have become more sceptic, both in the EMU member states and in the non-members of the Eurozone (Debomy, 2013). Increasing opposition towards EU membership is most pronounced in the PIGS countries (Serricchio et al., 2013), and especially in Greece, Euroscepticism rose across all social groups (Clements, Nanou & Verney, 2014). Yet, there is still considerable support for the Euro (Verney, 2011) and increased European economic governance in Southern Europe countries with low economic growth (Kuhn & Stoeckel, 2014). However, support for the Euro in Southern European countries may also be based on a fear of alternatives to the Euro and uncertainty connected to leaving the Eurozone (Hobolt & Leblond, 2014).

H₈: Scepticism is lower in the core European countries than in the European periphery.

H₉: The effect of sociotropic, retrospective voting is less pronounced in the PIGS nations than in the other clusters of countries.

3.2.2. The Euro outsiders

Erosion of support for the EU is caused by both individual and country level variables but the effects are stronger in the member states of EMU (Fischer & Hahn, 2008). A “Euro outsider”

⁴⁶ Whereas the core European countries have positive account balances, the peripheral countries have a negative account, and they have to become more competitive. Further results of Wortmann & Stahl’s (2015:16-17) analyses show that Italy’s can also be classified as one of the countries belonging to the Southern periphery, whereas Slovakia can be seen as a country of the Eastern periphery.

is “a country that is a full member of the EU, yet remains outside of the Euro area and thus has not adopted the Euro” (Miles, 2005:4). Today, there are nine member states that still use their national currencies. Yet, there are differences between these countries in regard to the degree of opposition towards the Euro and different reasons why the countries have not adopted the Euro. According to Howarth (2005), the Euro outsiders are more hostile towards further integration, and make limited efforts to meet the convergence criteria. Furthermore, there are concerns tied to the democracy and accountability of the EMU’s institutions, as well as opposition is related to the constraints that EMU membership poses on national policies (Howarth, 2005). In both Sweden and Denmark, the public voted against EMU membership in national referendums. Whereas fear of the loss of national identity and sovereignty mattered in both countries, calculations of political and economic benefits mattered only in Sweden (Jupille & Leblang, 2007). In contrast to Denmark,⁴⁷ Sweden has not pegged its currency to the Euro, and the country is a “conscious outsider” (Lindahl & Naurin, 2005:67), where there is a gap in support between the elites and the public. Although Swedish opposition is linked to democratic concerns and fear that the EU will develop into a federal direction (Pettersson, 2004), there are also regional differences, and opposition is less pronounced in the center as well as among public employees (Oscarsson, 2004). Finally, in the UK, in addition to opposition towards federalism and concerns about the accountability of the ECB (Miles & Doherty, 2005), scepticism is to a strong extent linked to identity concerns and fear of loss of sovereignty (Gabel & Hix, 2005; Diez-Medrano, 2003).⁴⁸ Moreover, scepticism occurs because the UK’s political influence is perceived to be greater as a non-member of EMU (Miles & Doherty, 2005).

Finally, there are the former Communist countries in Eastern Europe. When these countries joined the EU in 2004 and 2007 respectively, the debate on the adoption of the Euro was underdeveloped, and it was argued that the Euro removes sovereignty of the recently independent states (Johnson, 2005). Today, some countries still do not meet the convergence criteria, and Poland, the Czech Republic, Bulgaria, Romania, Hungary and Croatia have not yet adopted the Euro. Because of the fact that these countries have less experience with EU membership compared to the old EU member states, the notion of human capital has only limited evidence in these countries (Loveless, 2010:1095-1096), and utilitarianism is only a good predictor of attitudes towards the EU as individuals gain experiences with membership (Elgün & Tillman, 2007). According to Herzog and Tucker (2010), preferences on integration

⁴⁷ On Denmark’s relation to EMU, see also Marcussen (2005).

⁴⁸ On the relation between Euroscepticism and sovereignty, see also Gifford (2010).

follow from economic experiences during the transition period, rather than occupation based interests, and expected gains matter more than individual competitiveness (Ehin, 2001). During the crisis, the Eastern European countries have become more sceptic towards the EU, and there is a gap between EMU members and EMU outsiders regarding their perceived voice in the EU (Radu, Negrea-Busuioac & Bargaoanu, 2014).

H₁₀: Citizens in the Euro outsider countries are more Eurosceptic than those in EMU member states.

3.2.3. Party cues⁴⁹

Political parties use the topic of European integration as material to attract voters (Reungoat, 2015) and the European elections of 2014 saw an increase in Eurosceptic representatives in the EP (Brack & Startin, 2015) as *figure 3.1* shows. There are different types of Eurosceptic parties (see Usherwood & Startin, 2013), such as single-issue and protests parties with Eurosceptical elements, like the *United Kingdom Independence Party (UKIP)* or the German *Alternative für Deutschland (AfD)*,⁵⁰ but there are also mainstream parties with Eurosceptic positions, like the *British Conservative Party*. A further distinction goes between radical right-wing parties⁵¹ like the French *Front National* and left-wing parties such as the Greek government party *SYRIZA*. Centrist parties favor integration, whereas parties on the extreme left and on the extreme right of the political spectrum oppose it.⁵² While leftist parties argue that the EU is too neoliberal, those located on the right of the political spectrum criticize the loss of sovereignty of the nation state (Aspinwall, 2002; Dandolov, 2014; De Vries & Edwards, 2009). The left-right dimension (Hix, 1999) and party family (Marks, Wilson & Ray, 2002) explain much of the variation in party attitudes, but although ideology is more important than nationality (Aspinwall, 2002), the influence of party family is decreasing (Hooghe & Marks, 2001:168).⁵³ Moreover, there are national variations within the party families (Marks & Wilson, 2000).

⁴⁹ There are different research traditions on party based scepticism (Mudde, 2011), the Sussex school and the North Carolina school. The former relies on the distinction between hard and soft Euroscepticism (Taggart & Szczerbiak, 2008a), the latter on the political cleavage theory (Ray, 2007; Hooghe, Marks & Wilson, 2002).

⁵⁰ On UKIP, see also Usherwood (2008). See Arzheimer (2015) on the AfD.

⁵¹ The 2014 elections led to increased turnout for right-wing parties, yet in Southern Europe, turnout increased especially among the radical left-wing parties (Brack & Startin, 2015). On the success of radical right-wing parties in the 2014 EP elections, see Mudde (2014). See Halikiopoulou & Vlandas (2015) on the relation between turnout for these parties and the situation of the domestic economy.

⁵² Conservative, Christian democratic and liberal parties favor integration. Despite concerns in the beginning of the integration process, Social Democrats and Green parties have become more supportive of integration (Hooghe & Marks, 2001).

⁵³ Moreover, new political cleavages are important (Hooghe, Marks & Wilson, 2002; Marks, Wilson & Ray, 2002). For a comparison of radical right-wing Eurosceptic parties, see Vasilopoulou, (2011).

The links between parties and their voters are complex (see Carrubba, 2001). Until the 1990s, the “permissive consensus” (Lindberg & Scheingold, 1970) among the European citizens permitted policy makers to move into a more integrative direction. However, the intensification of political integration with the Maastricht Treaty marks the turn from a permissive consensus to a “constraining dissensus” (Hooghe & Marks, 2006:248). Hellström (2008) argues that parties influence voters’ opinions but not the other way round. However, the mobilization efforts of parties do not lead to a linear growth in support (Wessels, 1995), and the impact of party preferences is strongest among supporters of small parties (Isengard & Schneider, 2001, 2007). The patterns of the political effects of party cues vary also with disagreement among parties, issue salience and party attachment (Ray, 2003b). Overall, the ability of parties to shape voters’ views is declining (Hix & Høyland, 2011), and an increase in cues due to elite division may rather lead to ambivalence towards the EU (Stoeckel, 2013).⁵⁴ In contrast to the top-down approach of the cueing hypothesis, Stimson’s (1991) model of policy moods assumes that becoming informed on policy issues is costly for voters. Therefore, rational individuals only become interested in issues that are outside their acceptable “zone of acquiescence.” The electorate’s willingness to tolerate policies thus flows from strategic premises, and as rational policy makers will try to stay within the electorate’s acceptable zone, they respond to voter preferences, which leads to cross-country differences in relations between parties and the electorate (Stimson, 1991). The two cueing processes do not have to be mutually exclusive. Rather, there is a “mutual reinforcement between the two types of cueing process” (Steenbergen, Edwards & de Vries, 2007:26), as the process of shaping the perception of the EU between public opinion and political elites is reciprocal.

Both ideology and the perceived interests of party supporters play an important role in determining party positions on the EU (Taggart & Szczerbiak, 2008c),⁵⁵ as well as there is interaction between different parties from the same party family in the EP through transnational party groups (see Hix & Lord, 1997). However, the nature of the domestic institutional system and the distribution of power within the political system provide incentives or disincentives for party based Euroscepticism (Lees, 2002, 2008). “Political opportunity structures” are constitutive constraints on political action, which is why the degree of centralization, type of legislature, electoral system and party system matter (Lees, 2008). Despite the differences between domestic systems, forms of soft Euroscepticism are

⁵⁴ This relevant in the case of the Euro crisis, as elites are divided on the issue, and Bechtel et al. (2014) find that party orientation has a significant impact on support for bailouts.

⁵⁵ For assessments of how domestic parliaments are affected by European integration and the Euro crisis, see Auel and Höring (2014), Miklin (2014) and Raunio (2009).

more widespread than hard Euroscepticism, as only protest parties are likely to express hard Euroscepticism in order to differentiate themselves from the mainstream parties (Taggart & Szczerbiak, 2000, 2001; Ray, 2007, Hix, 2007). Governing parties, on the other hand, are in a better position to shape EU politics. Their voters are less sceptic (Sitter, 2001, 2002), as well as participation of Eurosceptic parties in government may have a moderating effect on Euroscepticism (Taggart & Szczerbiak, 2013).⁵⁶ Hence, Euroscepticism is a form of tactical “politics of opposition” (Sitter, 2001, 2002), shaped by the dynamism between the government and opposition parties. Overall, political elites are more supportive of EU than their supporters and as the gap in support is growing (Hooghe, 2003), parties have become less representative of their voters (Mattila & Raunio, 2012). Especially the Eurosceptic members of the EP are worse at representing their electorates (Vasilopoulou & Gattermann, 2013), but congruence is higher in small parties and in extremist left-wing parties (Mattila & Raunio, 2006, 2012). Finally, intra-party dissent has an exogenous effect and increases variation in support for EU among the voters (Gabel & Scheve, 2007).

Figure 3.1. Results of the European Parliament elections, seats and turnout

Party group (ideological placement)	2009	2014
European People's Party - EPP (center-right)	274 seats (35.77%)	221(29.43%)
Progressive Alliance of Socialists and Democrats in Europe - S&D (center-left)	196 (25.59%)	191 (25.43%)
Alliance of Liberals and Democrats for Europe – ALDE (liberal)	83 (10.83%)	67 (8.92%)
Greens/European Free Alliance - Greens/EFA (Greens and regionalists/nationalists)	57 (7.44%)	50 (6.66%)
European United Left-Nordic Green Left - GUE/NGL (left-wing and Eurosceptic)	35 (4.57%)	52 (6.92%)
European Conservatives and Reformists Group – ECR (right-wing, Eurosceptic)	57 (7.44%)	70 (9.32%)
EFDD - Europe of Freedom and Direct Democracy (right-wing, Eurosceptic) ⁵⁷	31 (4.05%)	48 (6.39%)
Non-attached members - NI (non inscripts – therein Eurosceptics and anti-EU parties)	33 (4.31%)	52 (6.92%)

Source: European Parliament (2014a, 2014b)

EP elections are characterized with low voting turnout, and small parties tend to do better than in national elections (Hix & Marsh, 2007, 2011; Kousser, 2004). However, there is

⁵⁶ Different patterns of inter-party competition can be distinguished, the most prevalent being that characterized by a consensus on integration among the major parties (Taggart & Szczerbiak, 2008b). In systems with open contestation, one or more governing parties are Eurosceptical, whereas scepticism is not likely to affect domestic party competition directly in systems with constrained contestation.

⁵⁷ The Europe of Freedom and Democracy Group (EFD) was reformed after the 2014 elections and the EFDD comprises members of the former EFD as well as new member parties.

no linear relation between public opposition and electoral support for Eurosceptic parties because of the lack of salience of the EU issue in domestic politics, as well as non-voting can be interpreted as an evidence of Euroscepticism (Taggart & Sczerbiak, 2008a:22-23). Overall, turnout is affected by contextual differences (van der Eijk, Franklin & Marsh, 1996; Mattila, 2003), and a high percentage of votes for Eurosceptic parties can be interpreted as a punishment for the national government rather than as a protest vote against the EU (Hix & Marsh, 2007). The higher the issue salience, the more parties have to seek public endorsement of policies actively (Oppermann & Viehring, 2008), but there are different policy agendas between old and new member states (Klingemann, Volkens, Bara, Budge & McDonald, 2007).⁵⁸ Members of the European Parliament (MEP) are not divided into national groups, but organized according to ideology. As *figure 3.1* shows, there are different Eurosceptic party groups in the EP,⁵⁹ the two right-wing groups European Conservatives and Reformists Group (ECR) and Europe of Freedom and Direct Democracy (EFDD), as well as the radical left European United Left-Nordic Green Left (GUE/NGL).⁶⁰ Furthermore, in June 2015, the radical right-wing group Europe of Nations and Freedom (ENF)⁶¹ was founded and finally, there are non-attached members of the EP (NI) that express Eurosceptic views.⁶² Until now, Eurosceptic parties have had little influence on European politics as their heterogeneity leads to a failure to organize as a Eurosceptic opposition (Brack, 2013; Benedetto, 2008). However, it can be questioned whether the 2014 elections are still second order (Corbett, 2014), as the election results shown in *figure 3.1* provide evidence for the increased turnout for Eurosceptic parties. The success of Eurosceptic parties is affected by the national economic situation, as well as regional characteristics (Mudde, 2014), and as chapter 2 has shown, the Euro crisis also had impacts on domestic elections and led to increased success of Eurosceptic parties in many countries.⁶³ Although the links between parties and their voters are complex, there is evidence that the increase in domestic Eurosceptic discourses has an impact on individual attitudes towards the Euro.

H₁₁: The higher the proportion of Eurosceptical parties represented in the EP, the higher the level of opposition towards the Euro in the country.

⁵⁸ The new member states are more concerned with constitutional questions and welfare limitation (Klingemann, et al., 2007). On Euroscepticism in Eastern European countries, see also Pridham (2008) and Henderson (2008).

⁵⁹ On public support for the EP, see Gabel (2003). For more information on party-based Euroscepticism in different countries, see the volumes edited by Sczerbiak & Taggart (2008) and by Harmsen & Spiering (2004a).

⁶⁰ For an overview on the detailed turnout of Eurosceptic parties in all countries, see appendix 2.

⁶¹ The ENF-group has 38 representatives, equaling five percent of the total number of MEPs.

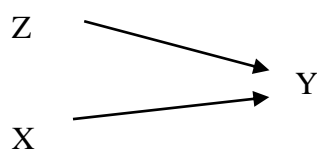
⁶² See Brack (2015) on the role of Eurosceptic MEPs.

⁶³ For assessments of how domestic parliaments are affected by European integration and the Euro crisis, see also Raunio (2009), Auel and Höring (2014) and Miklin (2014).

4.0 Method

4.1 Using a multilevel model

In order to assess the development and the causes of scepticism towards the Euro, this thesis relies on quantitative methods of analysis. Quantitative methods aim at providing generalizable findings, whereas qualitative approaches such as interviews, focus on an in-depth understanding of individual cases. As the aim of this thesis is to analyze Euroscepticism in all EU member states, quantitative methods are more appropriate than a qualitative approach. Relationships between a dependent variable and a set of explanatory variables can be analyzed with multiple regression models, and much of the research on Euroscepticism relies on Ordinary Least Squares Regression (OLS) or on Logistic Regression in case of a dichotomous dependent variable. However, as the theoretical framework suggests, individual attitudes towards the Euro are affected by the national context. Models that contain both variables on the individual level and aggregated contextual variables are referred to as contextual models (Kreft & De Leeuw, 1998:8).⁶⁴ These models take into account that data are hierarchically structured and that secondary units are not selected independently (Snijders & Bosker, 2011:7). Applying OLS in the case of clustered data leads to unreliable results and inflated standard errors (Snijders & Bosker, 2011:15).⁶⁵ Multilevel analysis is an approach that can handle such data and that permits the analysis of substantive contextual effects while at the same time allowing for heterogeneity between the units (Steenbergen & Jones, 2002:219). The basic idea of this method is “that the outcome variable Y has an individual as well as a group aspect” (Snijders & Bosker, 2011:43). The dependent variable is always located on the lowest level, but the number of levels is only restricted by the data available. The impact of different variables on the outcome variable can be illustrated as follows:



In this example, (Z) is a country level variable, and (X) is an individual level variable. Both variables have an impact on the outcome variable (Y), which is located on the individual level.

⁶⁴ Contextual models have been rarely used in previous research on individual attitudes towards the Euro and European integration (for exceptions, see Banducci et al., 2003, 2009; Hobolt & Wartli, 2015; Hooghe & Marks, 2004; Kuhn & Stoeckel, 2014). Alternative ways to introduce contextual factors are the use of country dummy variables or the inclusion of subgroup predictors, but both approaches have limitations (see Steenbergen & Jones, 2002:220-221).

⁶⁵ Hence, results are only spuriously significant, implying risks of making ecological fallacies (Hox, 2010:5).

In addition to the statistical reasons for the analysis of hierarchically structured data, there are theoretical reasons for the use of multilevel analysis. First, in multilevel models, variables located on different levels can be studied in one comprehensive model, which makes it possible to explore causal heterogeneity and the generalizability of findings (Steenbergen & Jones, 2002:219). Individuals sampled from the same group or country share common influences and are more similar to each other than to observations from other groups (Hox, 2010:15). The Intra-class correlation (ICC) measures how much of the variance is explained by the population's grouping structure and hence accounts for the dependence of the units sampled from the same group (Hox, 2010:15). Multilevel analysis should be used if the ICC is higher than 0.05 (Christophersen, 2013:112) and the higher the ICC, the more homogenous are the level two units (Steenbergen & Jones, 2002:222).⁶⁶

4.2 The logistic multilevel model

As the dependent variable that I will use in the analysis is a dichotomous one with only two values, 0 and 1, I have to rely on a logistic model. Linear regression models would lead to predicted values outside of the 0-1 interval, as well as assumptions of homogenous variance of the residuals are broken (Skog, 2009:353). Logistic regression can handle dichotomous dependent variables, and this method is based on the transformation of the odds of the dependent variable into its natural logarithm (Skog, 2009:355). The odds is defined as the “probability of an event occurring divided by the probability of the event not occurring” (Grimes & Schulz, 2008:423). Because of the transformation of the odds into its natural logarithm, the outcome variable is a logit (L), yet logits can be transformed into probabilities.⁶⁷ In a random intercept model, only the intercept varies between the level two units, whereas the effect of the independent variables is constant. In such a model, the outcome variable is the sum of the individual level variables, the population average intercept, an individual error term and a random group-deviation (Snijders & Bosker, 2011:296).⁶⁸ The models of the level one units are linked together by the level two model in which coefficients of the level one model are regressed on the explanatory variables on level two (Kreft & De Leeuw, 1998:2). Furthermore, there are random slope models, in which not only the intercept but also the effect of one or several explanatory variables varies across level two units. However, models with a grand number of random coefficients are very complex and a researcher should prefer models that are parsimonious. Hence, an alternative way to explore

⁶⁶ See appendix 1 for the calculation of the ICC.

⁶⁷ See appendix 1 for the equation used for this transformation.

⁶⁸ See appendix 1 for formulas and an extended assessment on logistic multilevel regression models.

causal heterogeneity is the introduction of cross-level interaction terms between variables located on different levels. However, as both logistic models and multilevel models are estimated with maximum likelihood estimation, the calculation of such models very complex (Snijders & Bosker, 2011:300).⁶⁹ Thus, multilevel analysis has many advantages, but it also sets demands on both theory and data (Steenbergen & Jones, 2002:234).

4.3 The dataset

The data used in this thesis stem from the Eurobarometer surveys which are conducted on behalf of the European Commission. Eurobarometer data have been collected since the 1970's and offer the possibility to compare developments across countries and across time. The sampling of the respondents is based on a random, multistage design, and samples are drawn in proportion to density and size of population (Leibniz-Institut für Sozialwissenschaften [GESIS], 2015).⁷⁰ Several Eurobarometer surveys provide specific modules on the Euro crisis, and this thesis relies on data from the Eurobarometer waves 73.4 from May 2010 (European Commission, 2012), 77.3 from May 2012 (European Commission, 2015a), 79.3 from May 2013 (European Commission, 2016a), and 81.4 from May 2014 (European Commission, 2015b). These surveys are chosen because they all include the battery of items on the economic crisis, as well as other theoretically important items that make it possible to test the hypotheses. As all surveys rely on exactly the same indicators, they have a high degree of comparability.⁷¹

4.4 Coding of the variables⁷²

4.4.1 The dependent variable

The dependent variable, scepticism towards the Euro and the EMU, is based on the following indicator:

“What is your opinion on each of the following statements? Please tell me for each statement, whether you are for it or against it.

A European Economic and Monetary Union with one single currency, the Euro.”

⁶⁹ Other estimation options are available, such as the Laplace approximation, numerical integration or Bayesian methods (Snijders & Bosker, 2011:300), yet approximation methods should only be used in extreme cases as they can produce biased estimates.

⁷⁰ Croatia joined only in 2013, but data for this country are also available in the pre-accession years.

⁷¹ The Eurobarometer surveys are carried out by TNS Opinion & Social, Brussels. The data are arranged and placed at disposal in anonymous form by the GESIS Data Archive for Social Sciences. Neither TNS Opinion & Social nor GESIS are responsible for the analysis of the data and for the interpretations provided here.

⁷² For descriptive statistics of the variables, see Appendix 5.

This indicator has two possible answers, for and against. Additionally, there is a category for those who do not know. This dependent variable is recoded into a dummy variable, where value (0) is being for the Euro and EMU, whereas (1) is being Eurosceptic. Don't know responses are omitted. As explained above, the binary nature of the dependent variable requires the use of a logistic multilevel model. The use of a binary dependent variable is, however, not ideal as it does not permit to analyze different degrees of opposition towards the Euro, and thus does not make it possible to consider different strengths of opposition.

4.4.2 Independent variables on the individual level

Human capital

Several independent individual level variables are used in order to test the hypotheses stated above. The respondent's human capital is measured with the level of education and a set of dummy variables for different occupations.⁷³ In the original datasets, education is measured as a continuous variable displaying the age at which the respondent finished education, but in order to analyze differences between different categories of educational levels, I code a dummy set. Categories used are below 14 years, 15 to 18 years, 19 to 21 years and more than 22 years, as well as there is a category for those still studying. The reference group is the category 15 to 18 years, which captures the highest number of respondents. As for occupation, I code a dummy set consisting of the categories unemployed, students, retired, professionals, self-employed, farmers and fishermen, executives, employed, and manual workers.⁷⁴

Economic voting

As for the hypotheses concerning the theories on economic voting behavior, I include the respondent's personal assessments of the situation of the personal and the national economic situations. The Eurobarometer datasets contain the respondent's assessments of the current situation of his personal, the national and the European economy. Possible answers are very good, rather good, rather bad, very bad and don't know. The variable is recoded so that very good, rather good and don't know, as well as rather bad and very bad are combined respectively to measure the retrospective evaluation of the state of the economic situations. As for the prospective measure, the respondent is asked to evaluate whether the financial situation of his household, the national economic situation and the economic situation of the

⁷³ Appendix 4 provides an overview on the exact categorization of the dummy set for occupation.

⁷⁴ The employed are the reference category. Unfortunately, the dataset does not include public employment. This category is of theoretical interest as Oscarsson (2004) finds that public employees favor the Euro, yet in the crisis countries, reforms imply a reduction of the public sector.

EU will be better, worse or the same in one year compared to the current situation. The original answers are recoded into a binary variable, where worse is one category and the other categories are combined to a reference category comprising those not expecting a worsening of the economic situation.

Trust in institutions

The impact of trust in institutions is measured with the following item:

“I would like to ask you a question about how much trust you have in certain institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it.”

The respondent is asked to evaluate her trust in the national government, the national parliament and the ECB. Answers are tend to trust, tend not to trust and don't know. In each case, the variables are recoded into dummy variables, where trust has the value (1) and the other responses are combined to the reference category. Moreover, I include a measure of satisfaction with the way in which democracy works in the country in which the respondent lives. Those being satisfied or fairly satisfied are combined to a category, and also those not very satisfied, not at all satisfied and those not knowing are combined to one category. I also include a measure of which actor is perceived to have the greatest ability to take effective actions in order to dampen the effects of the financial and economic crisis. I construct a category for those perceiving the national government as most effective and another one for those mentioning the EU. Other categories, comprising the US, G20, the International Monetary Fund (IMF), other, none and don't know, are combined to the reference category.

Identity

In order to measure identity concerns, I rely on the following indicator:

“In the near future, do you see yourself as...?”

(NATIONALITY) only

(NATIONALITY) and European

European and (NATIONALITY)

European only

None (SPONTANEOUS)

Refusal/Don't know”

I code a dummy set with the categories nationality only, European only, multiple identities (both national and European identity), and one category capturing the remaining alternatives. Multiple identities are the reference category in the analyses.

Control variables

The first control variable used in this thesis is the age of the respondent. Age is displayed as a continuous variable, but I recoded the variable into a dummy set consisting of the categories 15 to 24 years, 25 to 39 years, 40 to 54 years and more than 55 years, the latter being the reference category. Gender serves as a control variable, men being the reference category. Finally, I use political discussion and political knowledge as proxies for cognitive mobilization. Political discussion is measured with the frequency of discussion about European political matters with friends and relatives. In this case, I code a dummy set with the categories frequently, occasionally and never. Don't know responses are omitted. Political knowledge is made out of an index consisting of three items where the respondent has to state whether the statement is true or false.⁷⁵ The index is coded as a dummy variable with the categories good knowledge (two or three correct answers) and bad knowledge (none or one correct answer). Understanding the EU is also an important variable. There is one item asking the respondent whether he agrees or disagrees with the affirmation "*I understand how the EU works.*" The item is dummy coded, where category (1) is understanding how the EU works, and (0) is not understanding.

4.5 Country level variables

4.4.1 Economic patterns

The EU has 28 member states, but in the Eurobarometer data sets, both Germany and Great Britain are divided, and I also rely on the division between East- and West-Germany and the United Kingdom and Northern Ireland respectively. First, there might be contextual factors that lead to significant differences within the countries. Additionally, relying on this distinction increases the number of level two units and hence the reliability of the results, as the number of level two units should not be too small in order to avoid biased results (Stegmueller, 2013). Since the accuracy of the results in multilevel analysis improves as the number of level two units increases (Bell, Morgan, Kromrey & Ferron, 2010), I chose to limit the number of contextual variables to two variables in order to avoid biased results. Previous

⁷⁵ The questions are: 1) The EU currently consists of 27/28 Member States (true). 2) The members of the European Parliament are directly elected by the citizens of each Member State (true). 3) Switzerland is a member of the EU (false).

research has used variables such as debt level, inflation and unemployment level as country level variables. In this thesis, I rely on a different approach, as many variables can explain cross-country differences in scepticism towards the Euro. Hobolt (2015) proposes categories such as Euro creditor-states, Euro debtor-states, Euro opt-outs and Euro-hopefuls, the latter category referring to countries that do not yet qualify for EMU membership but aim at introducing the Euro in the future. I combine this approach with the cluster-analysis of Wortmann and Stahl (2015) presented in chapter 3 and I code a dummy set in order to model economic differences between countries in a more comprehensive way than is allowed by introducing only one or two variables. In the analysis, I rely on the following categorization:

- Core Europe (Belgium, France, the Netherlands, Luxembourg, West-Germany, East-Germany, Austria, Finland)
- Eastern periphery (Estonia, Latvia, Lithuania,⁷⁶ Slovenia, Slovakia, Malta)⁷⁷
- Southern periphery (Portugal, Ireland, Italy,⁷⁸ Greece, Spain, Cyprus)
- Euro outsiders (Great Britain, Northern Ireland, Denmark, Sweden)
- Eastern peripheral Euro outsiders (Poland, Czech Republic, Bulgaria, Croatia, Hungary, Romania)

My approach differs from previous categorizations as I divide the Eastern periphery into two groups; countries having adopted the Euro and EMU outsiders. Furthermore, this grouping not only takes into account differences regarding the distinction between creditor and debtor states, but also EMU membership and the length of membership in the EU. Hence, countries that are combined have a similar length of EU membership, similar economic structures, as well as I examine differences between Euro members and outsiders.

4.4.2 Party cues

As the Euro crisis is a complex crisis, it is not reasonable that most citizens understand its implications for the Eurozone, which is why politicians and the media have to explain the crisis to them. Hence, I take into account possible influences on citizens by party cues. The

⁷⁶ Lithuania adopted the Euro on January 1, 2015 and Latvia on January 1, 2014. Yet, both countries are included in the cluster of Euro members as they have taken part in the ERM-2 since 2004 and 2005 respectively.

⁷⁷ Although Malta is not a former communist country, it is included in this category as the country also joined the EU in the 2004 enlargement, also because Wortmann and Stahl's (2015) analysis shows that the country is more similar to the core- and Eastern European countries in economic structure than to the PIGS countries.

⁷⁸ Although Italy is qualified as a core European country in one of the analyses, more detailed assessments show that Italy is more similar to the other PIGS countries geographically and economically, which is why Italy should be seen as one of the crisis countries (Wortmann & Stahl, 2015:16-17).

question of how to introduce domestic discourses and party cues is very complex. The datasets of the Eurobarometer do not include measures of party attachment or votes in the last domestic or European elections. Party positions can be measured in different ways; either with the help of public statements of parties, voting of a party on key issues and treaties or with the analysis of party programs and manifestos (see Taggart & Sczerbiak, 2008c; Ray, 1999). In this thesis, I use the results of EP elections as a proxy for Eurosceptic party cues. EP elections are chosen for two main reasons. First, the power of the EP has increased over time, and with the Lisbon Treaty, the Ordinary Legislative Procedure (OLP), in which the EP is the co-legislator, has become the standard decision-making procedure.⁷⁹ Second, EP elections offer the possibility to compare countries, because they are held on the same day and because there are common voting rules.⁸⁰ The variable accounting for the influence of party cues is coded as a continuous variable that displays the percentage of votes gained by Eurosceptic parties in the respective countries in the 2009 EP elections.⁸¹ As the Eurobarometer data for wave 81.4 were conducted in May, the same month in which the 2014 elections took place, I do not take into account the turnout of these elections. Parties considered to be Eurosceptic are those represented in the EP's transnational party-groups EFDD, ECR, GUE/NGL, as well as I take into account non-attached members from Eurosceptic parties.⁸² Hence, this variable is a proxy for the influence of the Eurosceptic parties within the domestic political system.⁸³

4.6 Missing data

Missing data represent a problem because lack of data will lead to a decrease of representativeness of the population (Christophersen, 2013:81). This does not necessarily have to be a problem if the dropout is low, but it has to be analyzed whether there is a systematic dropout. There are different ways to treat missing data, for example using the mean or leaving out the whole case (Christophersen, 2013:81). As can be seen from the description of the coding above, I tried to minimize dropout by coding dummy variables in which don't know responses were included in one of the categories. Only in the case of the

⁷⁹ See Rittberger (2014) on the EP's influence on measures taken during the Euro crisis.

⁸⁰ In some countries, voting is compulsory, as well as countries can introduce hurdles of up to five percent of the total turnout. On the voting system in EP elections, see European Parliament (2016).

⁸¹ Croatia joined the EU in 2013. Neither in the 2013 nor in the 2014 election of Croatian representatives to the EP, Eurosceptic delegates gained a seat, which is why Croatia scores 0 on the variable.

⁸² Although the Hungarian center-right party *Fidesz* is member of the EPP, it is considered a soft-Eurosceptic party (see Batory, 2008; Taggart & Sczerbiak, 2013) and therefore treated as such in this thesis. An overview on the turnout of Eurosceptic parties is provided in appendix 2. The data are retrieved from the website of the European Parliament (2014a, 2014b) and the Norwegian Social Science Data Services (2015).

⁸³ Yet, the variable does not take into account that the extent to which parties cue their voters depends on the nature of the domestic political system, which is a task that has to be left to further research.

dependent variable and the frequency of discussion of European matters, don't know responses were left out because it was not meaningful to include them in another category. The dataset hence includes 100,493 respondents from originally 110,887 respondents, which means that there is a dropout of 9.37 percent. Most of this is accounted for by the dependent variable, which has 7,530 missing cases. Hence, missing values should not lead to biased estimates in this thesis.

4.7 Organization of the analysis

The analyses are performed with Stata 14 and with the *melogit* command.⁸⁴ In order to obtain more reliable results by increasing the number of observations, the four datasets were merged into a single one.⁸⁵ I ran stepwise regression models in order to analyze how the introduction of further variables improves the model fit and to control for the robustness of the findings. *Model 1* contains the variables accounting for human capital and economic voting, as well as the control variables. *Model 2* includes items measuring trust in institutions, and *model 3* introduces identity concerns. Furthermore, *model 4* includes the two country level variables, the dummy set of the five clusters of countries and votes for Eurosceptic parties in the 2009 EP elections. Finally, *model 5* introduces a cross-level interaction term between the retrospective assessment of the national economic situation and the dummy set of country clusters. Cross-level interaction terms are defined as “interactions between variables measured at different levels in hierarchically structured data” (Kreft & De Leeuw, 1998:12) and such interaction terms explore whether the effect of an individual level variable is dependent on a macro level variable. Interaction terms can lead to biased results because they lead to high correlations between the variables that interact and the interaction term (Kreft & De Leuw, 1998:114). Hence, variables can be centered in order to avoid biased results. However, in order to facilitate the interpretation of the interaction terms, I follow Dalal & Zickar (2012:356), who propose that categorical variables should not be altered.⁸⁶

⁸⁴ Stata uses the mean-variance adaptive Gauss-Hermite quadrature as estimation procedure.

⁸⁵ The time aspect could be introduced with dummy variables. This may improve the model fit, but does not give much meaning if the samples differ. It would also require to include interaction terms between the time-dummy and other variables, which would make the model very complex and difficult to estimate.

⁸⁶ Centering means to subtract the mean from the variable for each respondent. Variables can be centered both on the grand mean of the dataset and the group mean (Kreft & de Leeuw, 1998:107). Centering of a variable changes the interpretation of the intercept, and the means of the outcome of the dependent variable are adjusted for differences in the proportion of group case comparisons (Kreft & De Leeuw, 1998:135). For more information on centering, see Kraemer and Blasey (2004); Enders and Toighi (2007).

5.0 Analysis

5.1. Development of scepticism directed towards the Euro, 2009-2014

Attitudes towards the common currency vary across the 28 member states of the EU, as well as they vary across time. Chapter 3 gave an overview on the causes of Euroscepticism on the individual and on the macro level, and this chapter analyzes the development of scepticism directed towards the Euro, as well as the determinants of this form of functional Euroscepticism during the Euro crisis. As the theoretical framework suggests, there are different patterns in attitudes towards the common currency. This thesis distinguishes between five clusters and examines differences between the core European countries, Eastern European countries having adopted the Euro, the PIGS nations, the Northern Euro outsiders and the Eastern peripheral Euro outsiders. Based on data from the Eurobarometer surveys collected between summer 2009 and autumn 2014 (see European Commission, 2016b), I calculated the mean values of scepticism towards the Euro for the five different clusters of countries. *Figure 5.1* shows the development of this type of Euroscepticism graphically.

Evidently, scepticism towards the Euro is highest in the countries that are Euro outsiders, both in the Northern European and in the Eastern European non-members. In 2009, around 55 percent of the population in the Northern outsiders are opposed to the Euro, yet scepticism increases already when the first rescue package for Greece is agreed in 2010. After the decision to set up the EFSF and the EFSM in spring 2011 the level of scepticism reaches 75 percent in November 2011 and it is only in November 2014 that the level of Euroscepticism falls below 70 percent of the population. While scepticism towards the Euro is clearly highest in the Northern Europe Euro outsiders, the Eastern European countries that have not adopted the Euro stand out as the group with the second highest values of scepticism. In summer 2009, with 30 percent of the population being opposed to the Euro, scepticism in this group is only slightly higher than in the PIGS countries and the Eastern European countries that are member of the Euro area. As the crisis intensifies, however, scepticism in the Eastern European outsider countries increases. What is remarkable is the nearly linear increase in scepticism in this cluster. As Greece gets the first rescue package, scepticism rises only slightly in this cluster and the first sharp increase occurs, as in the Northern European outsider countries, in 2011. The second increase occurs in 2012, at a time when scepticism in the other group of outsiders remains stable and opposition reaches 47 percent in November 2012. Afterwards, the level of scepticism drops again, falling to 43 percent in November 2014.

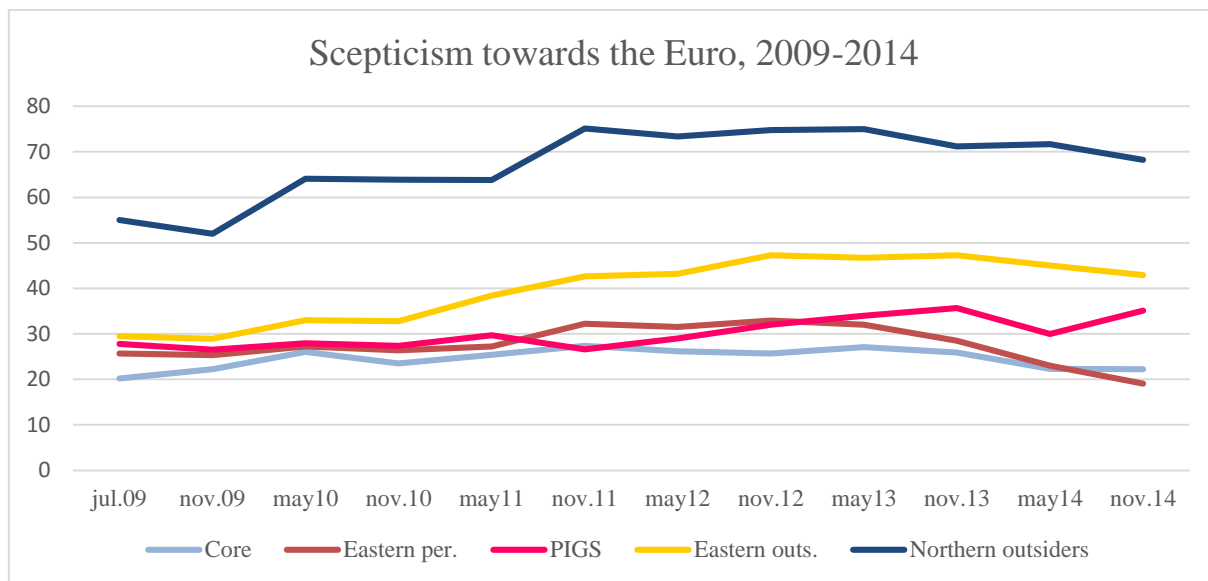


Figure 5.1 Percentage of the population being Eurosceptic, 2009-2014
Source: European Commission (2016b)

As for the other groups, the Eastern peripheral countries having adopted the Euro, the PIGS countries and core Europe, scepticism is lower compared to the outsiders. In the Eastern European Euro members, 26 percent of the population oppose the Euro in 2009. This level is unaffected by the decision to launch the first rescue package for Greece in 2010. Scepticism remains stable and rises only after the agreement to set up the EFSF in May 2011. Scepticism directed towards the Euro reaches its highest level with 33 percent in May 2012, but keeps falling afterwards, which is in line with the development in the outsider countries. In fact, in November 2014, scepticism is lowest in this cluster, with 19 percent of the population being opposed to the common currency. In the core European countries, scepticism has the lowest initial level, and in 2009, 20 percent of the population in this group are opposed to the Euro. In contrast to the other clusters of countries, scepticism in this group rises already slightly in the fall of 2009, when the Greek government announced the amount of its public debt. Scepticism reaches a first top of 26 percent in May 2010, but falls again afterwards. There is a new slight increase in November 2011 after the introduction of the EFSF, when scepticism reaches a level of 27 percent of the population. Again, however, scepticism falls and is around 22 percent in November 2014 and overall, in this group of countries, attitudes towards the Euro show rather small fluctuations.

In the PIGS countries, on the other hand, there are higher fluctuations in the level of Euroscepticism during the crisis. Initially, scepticism is only slightly higher than in the Eastern European peripheral countries that have adopted the Euro. During the fall of 2009, scepticism falls in the PIGS countries, whereas it remains stable or even rises in the other

clusters. In 2010, there is no change in the level of scepticism in this group, and it is stable at around 27 percent. Yet, in May 2011, there is a slight increase in Euroscepticism in the PIGS countries, which is in line with the development in the other clusters. Thereafter, scepticism falls again slightly. It is between May and November 2012 that an increase in scepticism towards the Euro can be observed in the PIGS, which corresponds to the Spanish bailout and the final decision to replace the EFSF and the EFSM with the permanent rescue mechanism ESM. In November 2012, opposition amounts to 32 percent of the population, but thereafter, the level of scepticism fluctuates. In November 2014, 35 percent of the population in this cluster oppose the Euro, which is the highest level of the groups of countries that have adopted the Euro at this point of time. Clearly, scepticism towards the Euro developed differently in the five clusters of countries. Also within the clusters, the level of scepticism differs between nations, but overall, opposition towards the Euro follows certain patterns. Opposition is higher in the countries that are not member of the Eurozone, and the Northern European outsiders, comprising the UK, Denmark and Sweden, stand out as the countries in which opposition is highest. Scepticism rose in all countries, but at different points of time, and also the amount of fluctuations differs. Opposition is more volatile in the debtor countries compared to the creditor countries being members of the Eurozone, where it remains relatively stable. But are these country level differences statistically significant?

5.2 Determinants of Euroscepticism on the individual level

5.2.1. The Intra-class correlation

Previous research on Euroscepticism and on attitudes towards the Euro relies on different data sources, examines different periods of time and covers different countries.⁸⁷ As described in the methodological chapter, the analysis provided in this thesis covers data from four Eurobarometer surveys, collected between 2009 and 2014, that have been merged into a single dataset. By applying multilevel analysis, the thesis tests the hypotheses presented in chapter 3, and it examines whether the differences in attitudes towards the Euro between the clusters illustrated in section 5.1 are statistically significant. Before running the first regression model, I run an empty model in order to calculate the ICC, the proportion of the total variability in the outcome attributable to the country level.⁸⁸ The estimation of the empty model gives the output displayed in *table 5.1*. The ICC that is calculated on the basis of this output is 0.3626, and multilevel analysis should be used if the ICC is higher than five percent

⁸⁷ See appendix 3 for an overview on previous research.

⁸⁸ See appendix 1 for the calculation of the ICC in logistic multilevel models.

(Christophersen, 2013:112). As the ICC reveals that 36 percent of the variation in individual attitudes is explained at the country level, the use of a multilevel model is appropriate.

Table 5.1 Empty multilevel model

Variable	B	Exp(B)
Constant	-0.468*** (0.007)	0.626
Variance(cons)	1.872 (2.681)	
AIC	134414.4	
BIC	134433.5	
Log likelihood	-67205.222	

5.2.2 Regression models

The analysis relies on a stepwise estimation of logistic multilevel models and the results of the analyses are displayed in *tables 5.2* and *5.3*. The tables show both the B-coefficients, their standard errors, the odds ratios (OR) and the statistical significance of the results. In logistic regression models, the B-coefficients show how much the natural logarithm of being opposed towards the Euro changes when the independent variables are changed with one unit (Skog, 2009:361). Odds ratios, on the other hand, have a more intuitive interpretation, as they indicate the strength of the relationship between the dependent and the independent variable. When the formula $[100*(OR-1)]$ is applied, odds ratios reveal percentwise changes in odds of being opposed to the Euro (Ringdal, 2007:414). Furthermore, in models estimated with Maximum Likelihood estimation, z-values⁸⁹ are reported in order to assess the statistical significance of the regression coefficients. In this thesis, a significance level of five percent is chosen as the maximally allowed probability for a relation being attributed to coincidences.⁹⁰ The results from the regression models 1 to 3 are displayed in *table 5.2*.

⁸⁹ The z-statistics are estimated by dividing the regression coefficient with its standard error (Skog, 2009:374). Other statistic programs report the chi-square distributed Wald-statistic, yet the z-statistics in Stata equal the square root of the Wald-statistics (Acock, 2014:346).

⁹⁰ The null hypothesis for testing a regression coefficient is that the coefficient does not have an impact on the dependent variable. As the null hypothesis concerns the regression coefficient, it is not causal and it does not equal the research hypothesis (Christophersen, 2013:50). Hence, the null hypothesis is rejected and the coefficient is considered to have a statistically significant impact if the p-value, which displays the probability of obtaining the given result if the null hypothesis is true, is below 0.05.

Table 5.2 Multilevel logistic regression, models 1 to 3

Variable	Model 1		Model 2		Model 3	
	B	Exp(B)	B	Exp(B)	B	Exp(B)
Constant	-1.016*** (0.032)	0.362	-0.124** (0.036)	0.884	-0.549*** (0.038)	0.577
Education^a						
< 14 years	-0.025 (0.023)	0.976	-0.037 (0.024)	0.963	-0.036 (0.024)	0.965
19-21	-0.033 (0.019)	0.968	0.002 (0.020)	1.002	0.048* (0.020)	1.049
> 22	-0.119*** (0.020)	0.888	-0.046* (0.020)	0.955	0.045* (0.021)	1.046
Occupation^b						
Student	-0.189*** (0.040)	0.828	-0.129** (0.041)	0.879	-0.042 (0.042)	0.959
Executive	-0.131*** (0.030)	0.877	-0.109** (0.031)	0.897	-0.081* (0.032)	0.922
Farmer	-0.148* (0.069)	0.862	-0.136 (0.070)	0.873	-0.202** (0.071)	0.817
Professional	-0.108** (0.039)	0.897	-0.116** (0.040)	0.890	-0.089* (0.040)	0.915
Self-employed	-0.114** (0.035)	0.893	-0.140*** (0.036)	0.870	-0.119** (0.037)	0.887
Manual worker	0.108*** (0.026)	1.114	0.093*** (0.026)	1.098	0.073** (0.027)	1.076
Unemployed	-0.064** (0.024)	0.938	-0.088*** (0.024)	0.915	-0.098*** (0.025)	0.906
Retired	0.033 (0.025)	1.034	0.032 (0.026)	1.033	-0.013 (0.026)	0.987
Economy retrospective^c						
National economy bad	-0.058** (0.017)	0.943	-0.266*** (0.018)	0.766	-0.284*** (0.019)	0.753
Personal household bad	0.203*** (0.016)	1.226	0.111*** (0.016)	1.118	0.098*** (0.017)	1.103
European Economy bad	0.268*** (0.015)	1.307	0.237*** (0.016)	1.267	0.250*** (0.016)	1.284
Economy prospective^d						
National economy worse	-0.040* (0.018)	0.961	-0.103*** (0.018)	0.902	-0.097*** (0.019)	0.907
Pers. household worse	0.111*** (0.020)	1.118	0.075*** (0.020)	1.078	0.067** (0.021)	1.070
Eur. economy worse	0.176*** (0.017)	1.192	0.152*** (0.017)	1.164	0.144*** (0.018)	1.155
Job market worse	0.455*** (0.014)	1.577	0.304*** (0.015)	1.355	0.256*** (0.015)	1.291
Institutional trust						
National government			-0.343*** (0.022)	0.710	-0.347*** (0.022)	0.707
National parliament			-0.048* (0.022)	0.953	-0.022 (0.022)	0.978
ECB			-0.706*** (0.016)	0.494	-0.638*** (0.016)	0.529
Satisf. with democracy			-0.179*** (0.016)	0.836	-0.138*** (0.016)	0.871
Most effective actor^e						
National government			0.135*** (0.019)	1.145	0.100*** (0.019)	1.105
EU			-0.519*** (0.018)	0.560	-0.452*** (0.019)	0.636

Table 5.2 continued

Identity^f						
National only					0.806***	2.239
					(0.015)	
European only					-0.057	0.944
					(0.049)	
Other					0.256***	1.292
					(0.040)	
Control variables						
Age						
15-24	-0.114**	0.892	-0.153***	0.858	-0.093*	0.911
	(0.035)		(0.036)		(0.037)	
25-39	-0.059**	0.943	-0.095***	0.910	-0.053*	0.949
	(0.023)		(0.023)		(0.024)	
40-54	-0.055*	0.946	-0.072**	0.930	-0.044	0.957
	(0.21)		(0.022)		(0.022)	
Woman	0.119***	1.126	0.113***	1.119	0.096***	1.101
	(0.014)		(0.014)		(0.014)	
Political discussion^h						
Frequently	0.025	1.025	-0.008	0.992	0.011	1.011
	(0.021)		(0.021)		(0.022)	
Never	0.134***	1.143	0.085***	1.089	0.017	1.017
	(0.015)		(0.016)		(0.016)	
Bad knowledge	0.557***	1.746	0.356***	1.428	0.323***	1.381
	(0.014)		(0.015)		(0.015)	
Understand EU	-0.274***	0.761	-0.160***	0.852	-0.106***	0.899
	(0.015)		(0.015)		(0.015)	
Variance country level	1.562		1.226		1.201	
	(2.234)		(1.757)		(1.714)	
R²_{MF}	0.049		0.085		0.107	
R²_{CS}	0.063		0.107		0.133	
R²_N	0.085		0.145		0.180	
AIC	127882.3		123058.9		120095.5	
BIC	128148.8		123382.5		120447.6	
Log likelihood	-63913.129		-61495.432		-60010.727	
	(df=26)		(df=32)		(df=35)	

Number of observations=100,493

Observations per group: minimum: 1,094 average: 3,349.8

Number of groups=30

maximum: 3,970

Notes: B: logistic regression coefficient, Exp (B): the odds ratio is the antilogarithm of the regression coefficient. Standard error displayed in parentheses.

*** p< 0.001; ** p< 0.01; * p< 0.05.

^a The reference category is having finished education with an age of 15 to 18 years. “Still studying” is displayed as the occupation category student.

^b The employed are the reference category.

^c In all instances, coefficients are displayed for assessing the retrospective economic situation as bad. Reference category is assessing the retrospective economic situation as good.

^d Coefficients are displayed for expected worsening of the economic situation and expecting that the impact of the crisis on the job market has not yet reached its peak respectively.

^e Expecting another actor to be the most effective actor is the reference category.

^f The Reference category is identification with both the nation state and Europe.

^g 55 years and older is the reference category.

^h The reference category is discussing European matters occasionally.

Model 1 introduces the variables that account for human capital, theories of economic voting and the control variables. The results displayed in *table 5.2* reveal that those having finished education with 22 years or more are significantly less sceptic towards the Euro than those having finished between 15 and 18 years. There are, however, no statistically significant differences between the reference group and those having finished with less than 14 years or with 19 to 21 years. Furthermore, results show that students, executives and professionals are less opposed to the Euro than the employed. The same holds true for farmers and for the self-employed, and also the unemployed are less sceptic towards the Euro than the employed. Manual workers, on the other hand, have higher scepticism than the employed, and all of these effects are statistically significant. Yet, there is no significant difference in opposition towards the Euro between the employed and the retired. As for the variables accounting for economic voting, all of the seven items provide statistically significant results. Evaluating the personal or the European economic situation as bad leads to higher scepticism, whereas those who say that the national economy is in a bad state have less scepticism than those arguing the opposite. Expecting the personal or the European economic situation to worsen increases scepticism, whereas expected worsening of the national economy decreases it. Finally, stating that the impact of the crisis on the job market has not yet reached its peak increases scepticism compared to those who argue the opposite. Results for the control variables show that all age groups are significantly less opposed towards the Euro than the reference category consisting of those being older than 55 years. Women have higher scepticism than men, and also this effect is significant. Those never discussing European matters are more Eurosceptic than those discussing them occasionally, yet there are no significant differences between the reference group and those discussing frequently. Finally, those having bad knowledge of the EU are more opposed than those with good knowledge, as well as understanding the EU decreases scepticism towards the Euro, both effects being statistically significant.

Model 2 adds the variables accounting for trust in institutions. In order to assess whether the model is a significant improvement compared to the previous model, log likelihood tests can be performed.⁹¹ As the results in *table 5.2* show, *model 2* provides a significant improvement compared to the first one. The introduction of new variables leads to slight changes in the coefficients of the variables that were already introduced in *model 1*.

⁹¹ The log likelihood ratio is computed by estimating the difference between the log likelihood values of the two models to be compared, and multiplying the difference by (-2). The test statistic is chi-square distributed, and the number of degrees of freedom (df) equals the number of the variables added in the second model (Skog, 2009:375), which gives the following formula: $\chi^2 = -2(LL_{\text{model2}} - LL_{\text{model1}})$.

This model confirms the effect of the variables introduced in *model 1*, the only difference being that the effect of being a farmer is no longer statistically significant. For the measures of institutional trust, results reveal that both trust in the national government, the national parliament and the ECB reduce scepticism directed towards the Euro significantly. The same holds true for satisfaction with the way in which democracy works in the country; those being satisfied with democracy have a lower probability of opposing the Euro. Finally, those seeing the national government as the most effective actor to combat the crisis are more sceptic towards the Euro, whereas those perceiving the EU as most effective have a lower probability of opposing the Euro, compared to those seeing another actor as most effective. Both of these variables are statistically significant.

Model 3 is the last model with individual-level variables only, and this model introduces a dummy variable accounting for identity concerns. As the results of this regression model show, the effect of education has changed compared to previous models. In *model 3*, both those having finished education with 19 to 21 years and those having finished with more than 22 years are more sceptic towards the Euro than the reference group. As for occupation, most of the results of the previous models are confirmed, but in this model, there are no statistically significant differences between students and the employed. On the other hand, the effect of being a farmer has turned significant again, farmers being less opposed to the Euro than the employed. Also the effects of the seven variables measuring prospective and retrospective economic assessments work in the same direction as in the two previous models, and all effects are statistically significant. Results furthermore confirm findings from *model 2* related to trust in the national government and the ECB, as well as satisfaction with national democracy and considerations of which actor is most capable of solving the crisis. Yet, in *model 3*, trust in the national parliament does not produce statistically significant results, and hence has no effect on opposition towards the Euro. Findings related to identity concerns show that there are no statistically significant differences between those identifying as Europeans only and the reference category consisting of those identifying with both their country and Europe. On the other hand, both those identifying with their nation state only and those having other identity concerns are more opposed than those having multiple identities, and both effects are statistically significant.⁹² Finally, as for the effects of the control variables, results from previous models are confirmed, and only the differences between age

⁹² The change of the effect of education compared previous models suggests that education and identity concerns may interact. According to Schild (2001), especially the highly educated tend have multiple identities, whereas those with low education tend to identify primarily with their nation state.

group 40 to 54 and the reference category, as well as the effect of never discussing European matters, have turned insignificant.

Table 5.3 Multilevel logistic regression, models 4 and 5

Variable	Model 4		Model 5	
	B	Exp(B)	B	Exp(B)
Constant	-1.140*** (0.043)	0.320	-1.221*** (0.045)	0.295
Education^a				
< 14 years	0.197*** (0.026)	1.217	0.196*** (0.026)	1.217
19-21	-0.022 (0.021)	0.979	-0.029 (0.021)	0.971
> 22	-0.194*** (0.023)	0.824	-0.200*** (0.023)	0.819
Occupation^b				
Student	-0.091* (0.044)	0.913	-0.093* (0.044)	0.912
Executive	-0.115** (0.034)	0.891	-0.111** (0.034)	0.895
Farmer	-0.210** (0.074)	0.811	-0.208** (0.074)	0.812
Professional	-0.110* (0.043)	0.896	-0.106* (0.043)	0.900
Self-employed	-0.054 (0.039)	0.948	-0.052 (0.039)	0.949
Manual worker	0.019 (0.028)	1.019	0.020 (0.028)	1.020
Unemployed	-0.036 (0.026)	0.965	-0.035 (0.026)	0.966
Retired	-0.098*** (0.028)	0.906	-0.099*** (0.028)	0.905
Economy retrospective^c				
National economy bad	-0.104*** (0.021)	0.901	0.062 (0.032)	1.064
Personal household bad	0.139*** (0.018)	1.149	0.144*** (0.018)	1.155
European Economy bad	0.177*** (0.018)	1.194	0.178*** (0.018)	1.194
Economy prospective^d				
National economy worse	0.007 (0.020)	1.007	0.007 (0.020)	1.007
Personal household worse	0.041 (0.022)	1.042	0.040 (0.022)	1.040
European economy worse	0.170*** (0.019)	1.185	0.169*** (0.019)	1.185
Job market worse	0.343*** (0.016)	1.409	0.339*** (0.016)	1.404
Institutional trust				
National government	-0.224*** (0.024)	0.799	-0.224*** (0.024)	0.799

Table 5.3 continued

National parliament	-0.229*** (0.024)	0.795	-0.230*** (0.024)	0.794
ECB	-0.758*** (0.017)	0.469	-0.758*** (0.017)	0.469
Satisfaction with democracy	-0.298*** (0.018)	0.742	-0.303*** (0.018)	0.739
Most effective actor^e				
National government	0.037 (0.020)	1.038	0.038 (0.020)	1.039
EU	-0.372*** (0.020)	0.689	-0.373*** (0.020)	0.688
Identity^f				
National only	0.723*** (0.016)	2.061	0.722*** (0.016)	2.059
European only	0.025 (0.052)	1.025	0.018 (0.052)	1.019
Other	0.194*** (0.042)	1.214	0.196*** (0.042)	1.216
Control-variables				
Age^g				
15-24	0.001 (0.039)	1.001	0.001 (0.039)	1.001
25-39	0.051* (0.025)	1.052	0.050* (0.025)	1.051
40-54	0.032 (0.024)	1.033	0.031 (0.024)	1.031
Woman	0.123*** (0.015)	1.131	0.123*** (0.015)	1.131
Political discussion^h				
Frequently	0.061** (0.023)	1.063	0.061** (0.023)	1.062
Never	0.006 (0.017)	1.006	0.005 (0.017)	1.005
Bad knowledge	0.305*** (0.016)	1.356	0.306*** (0.016)	1.357
Understand EU	-0.100*** (0.016)	0.905	-0.099*** (0.016)	0.906
Country levelⁱ				
Eastern periphery	0.096*** (0.024)	1.101	0.066 (0.045)	1.068
PIGS	-0.254*** (0.025)	0.775	0.093 (0.071)	1.098
Euro outsiders	2.354*** (0.029)	10.528	2.501*** (0.038)	12.194
Eastern outsiders	0.687*** (0.025)	1.989	1.012*** (0.048)	2.752
EP votes 2009	0.009*** (0.000)	1.009	0.009*** (0.000)	1.009
Interactions				
Easter Europe* nat. eco. bad			-0.018 (0.052)	0.982
PIGS* nat. economy bad			-0.439*** (0.076)	0.645
Outsiders* nat. economy bad			-0.315*** (0.056)	0.730
Eastern outs.* nat. eco. bad			-0.439*** (0.053)	0.645

Table 5.3 continued

Variance country level	1.178 (1.676)	1.038 (1.476)
R²_{MF}	0.189	0.190
R²_{CS}	0.224	0.224
R²_N	0.304	0.304
AIC	109064.7	108965.5
BIC	109464.4	109403.3
Log likelihood	-54490.33 (df=40)	-54436.747 (df=44)
<i>Number of observations=100,493</i>		<i>Number of groups=30</i>
<i>Observations per group: minimum: 1,094 average: 3,349.8</i>		<i>maximum: 3,970</i>

Notes: B: logistic regression coefficient, Exp (B): the odds ratio is the antilogarithm of the regression coefficient. Standard error displayed in parentheses.

*** p< 0.001; ** p< 0.01; * p< 0.05.

^a The reference category is having finished education with an age of 15 to 18 years. “Still studying” is displayed as the occupation category student.

^b The employed are the reference category.

^c In all instances, coefficients are displayed for assessing the retrospective economic situation as bad. Reference category is assessing the retrospective economic situation as good.

^d Coefficients are displayed for expected worsening of the economic situation and expecting that the impact of the crisis on the job market has not yet reached its peak respectively.

^e Expecting another actor to be the most effective actor is the reference category.

^f The Reference category is identification with both the nation state and Europe.

^g 55 years and older is the reference category.

^h The reference category is discussing European matters occasionally.

ⁱ Core Europe is the reference category.

Model 4 is the first model that introduces contextual variables and it includes the dummy set accounting for the different clusters of countries and the votes for Eurosceptic parties in the EP elections of 2009. The Log likelihood test shows that this model is a significant improvement compared to *model 3*, which is why the evaluation of the hypotheses and a more comprehensive analysis of the estimates and odds ratios are based on this model. The results displayed in *table 5.3* reveal that education has an impact on attitudes towards the common currency. Those finishing education before the age of 14 are significantly more sceptic towards the Euro and their odds of opposing it is 22 percent higher compared to those having finished education with an age of 15 to 18 years. Differences between those having finished education between 19 and 21 years and the reference group are not statistically significant. Yet, as for those having finished education with 22 years or more, their odds of being Eurosceptic is 18 percent lower compared to the reference group and this effect is statistically significant. The impact of education is not consistent throughout all models, but results reveal that low educational attainment increases scepticism, whereas the highly educated are less Eurosceptic. The effect of education is most pronounced when educational attainment is below or higher than the average educational attainment of finishing with an age

of 15 to 18 years. Hence, *hypothesis H₁* stating that low education increases Euroscepticism is confirmed by the results provided by *model 4*.

Hypothesis H₂ also concerns the theory of human capital. The statistical significance of some of the dummy categories is not consistent in all models. Yet, the results reveal that both students, executives and professionals are less sceptic towards the Euro than the employed. In fact, the odds for students to oppose to the Euro is nine percent lower compared to the employed, whereas both professionals and executives have an odds of opposing the Euro that is around ten and eleven percent lower compared to the reference group respectively. In *model 4*, both the unemployed and the self-employed have a lower probability of being opposed to the Euro compared to the employed. However, neither these differences nor the higher scepticism of manual workers are statistically significant. Moreover, the results reveal, contrary to the hypothesis, that the retired are less opposed to the Euro than the employed. In fact, also in this case the odds of being opposed to the Euro is nine percent lower compared to the reference group. Finally, farmers are also less sceptic and their odds of opposing the Euro is 19 percent lower compared to the employed. Through the Common Agricultural Policy (CAP), farmers get direct payments from the EU and hence benefit directly from EU membership. The Neofunctionalist theory (Haas, 1958), according to which those affected by EU policies will shift their loyalties to the supranational level, may provide explanations of this effect, which was also found in previous studies on support for the EU (Anderson & Reichert, 1995; Gabel 1998a).⁹³ In conclusion, there are differences in opposition towards the Euro between different occupational groups, but not all of these differences are statistically significant. Yet, *hypothesis H₂* is confirmed because the results of the analyses reveal that there is support for the hypotheses according to which human capital and utilitarian benefits diminish opposition towards the Euro, as both professionals, executives and students have lower probabilities of being opposed to the Euro, as well as scepticism decreases with education.⁹⁴

The next set of hypotheses concerns the literature on economic voting. *Hypothesis H₃* is that scepticism towards the Euro increases when the state of the national, the personal or the European economy is evaluated as bad. Results show that retrospective economic assessments are indeed all statistically significant in *model 4*. Yet, whereas assessing the economic situation of both the personal financial household and the European economy as bad increases

⁹³ Gabel (1998a:71) finds that the support among farmers for membership in the EU increases with the national level of CAP subsidies.

⁹⁴ The fact that some of the categories have turned insignificant after the introduction of country level variables may indicate that the effect of certain occupational categories varies across clusters.

opposition towards the Euro, the opposite holds for sociotropic assessments. The effects of the retrospective assessments of the situation of the personal and the European economy work in the opposite direction. The odds of being opposed to the Euro of those who see the financial situation of their household as bad is 15 percent higher compared to those who do not. Similarly, the effect of a negative evaluation of the European economic situation shows that the odds of opposing the Euro increases by 19 percent compared to those who do not see the European economy in a bad situation. On the other hand, the odds of being opposed to the Euro for those who say that the situation of the national economy is bad, is ten percent lower compared to those saying the opposite. In fact, this may indicate that support for the Euro is based on the absence of credible alternatives, and that a breakup of the Eurozone and a return to national currencies is not considered to provide a solution to the crisis. The hypothesis regarding retrospective assessments of the economic situations is thus only partly confirmed. Lewis-Beck (1990) finds that there are cross-national differences in the effect of economic voting in national elections and this thesis shows that during the Euro crisis, the effect of assessing the situation of the national economy as bad goes in the opposite direction of what would have been expected based on the results from previous research. However, the Euro crisis is an asymmetric shock that has different effects in the 28 member states of the EU and the national economy deteriorated especially in the PIGS nations. During the negotiations on a third rescue package in summer 2015, the majority of the Greek population expressed the will to keep the Euro, despite being sceptic about cuts in public spending. Thus, the Euro may rather be seen as a means that helps countries with a poor economic performance out of the crisis. On the other hand, the measures taken to cope with the crisis have had redistributive consequences as money was transferred from the wealthier countries to the countries in crisis. Hence, the finding implies that in countries in which the national economic situation is perceived as good, the probability of opposing the Euro increases. This raises the question of whether economic voting has different effects on attitudes towards the Euro, and this effect is further examined in *model 5* in order to test *hypothesis H₉*.

As for the prospective assessments of economic situations, findings reveal that these are not as relevant predictors of opposition towards the Euro as the retrospective assessments are. Expecting the national or the personal economic situations to worsen does not have a statistically significant impact in *model 4*, and the fact that the variables have turned insignificant after the introduction of country level variables may indicate that the effect varies among clusters. These variables were statistically significant in previous models and their effects turn only insignificant as the level two variables are introduced, which might

indicate possible interaction effects. On the other hand, those who expect the situation of the European economy to worsen tend to be Eurosceptical. In fact, their odds of opposing the Euro is nearly 19 percent higher compared to those who do not expect a worsening. Finally, expectations regarding the development of the job market are statistically significant predictors of attitudes towards the Euro. Those who say that the impact of the crisis on the job market has not yet reached its peak tend to be significantly more opposed to the Euro than those who argue the opposite, and for the former group, the odds of being sceptic towards the Euro is 41 percent higher compared to the latter group. Hence, there is mixed evidence for *hypothesis H4*. Whereas expectations regarding the European economy and the development of the job market are significant predictors of Euroscepticism, the same does not hold true for expectations for the national and the personal economic situations. Previous research found that the impact of sociotropic concerns on voters' attitudes is more important than that of egocentric evaluations (Fiorina, 1981; Kinder, 1981; Kinder & Kiewiet, 1979; but see also Mau, 2005), yet they also show that the impact of different macroeconomic variables varies over time (Lewis-Beck, 1990:92-93). The results provided in this thesis show that the future situation of the national economy as such is not a significant predictor of attitudes towards the Euro during the period of the Euro crisis, yet citizens are concerned about the situation of the domestic job market.

Another set of hypotheses relates to trust in institutions. Those who have trust in the national parliament and in the national government are less Eurosceptic than those who do not tend to trust these institutions. In both cases, trust in the respective institution decreases the odds of being Eurosceptic with roughly 20 percent. Moreover, being satisfied with the way democracy works in one's country has a statistically significant impact that is also in line with theoretical expectations. Satisfaction with national democracy decreases the odds of opposing the Euro by 26 percent compared to those that are not satisfied with the national democracy. Thus, results support Anderson's (1998) thesis according to which citizens use attitudes towards national institutions as proxies for attitudes towards European integration. Finally, trust in the ECB has a statistically significant impact and trust in this institution decreases the odds of being Eurosceptic by 53 percent. As for the actor considered to be most capable of providing a solution to the economic crisis, considering the national government as the most effective actor does not have a statistically significant impact. On the other hand, those who see the EU as most effective, are significantly less opposed to the Euro. In fact, the odds of opposing the Euro for this group is 31 percent lower compared to those that see another actor

as the most capable one. Hence, in addition to the proxy theory, there is evidence that trust in supranational institutions decreases scepticism, giving support for the *hypotheses H₅* and *H₆*.

Identity concerns also have an impact on attitudes towards the Euro. Compared to those having multiple identities and identifying both with the nation state and with Europe, those identifying with their nation state only are significantly more opposed to the Euro. The odds of this group for opposing the Euro is 106 percent higher compared to those with multiple identities. On the other hand, the effect of identifying as European is not statistically significant. Finally, those having other identity concerns are also more sceptic of the Euro, and their odds of opposing the common currency is 21 percent higher compared to the reference group. Hence, there is considerable support for the hypothesis according to which identity concerns have an impact on attitudes towards the Euro. In fact, the impact of exclusive national identity is strong and leads to a much higher level of opposition than is the case among those with multiple identities, which confirms *hypothesis H₇*.

The thesis did not introduce hypotheses connected to the control variables, yet it is important to evaluate their effects, too. Results reveal that age does not have a linear relationship with attitudes towards the Euro. Those being aged 25 to 39 years are more sceptic towards the Euro than those older than 55 years, yet their odds of opposing the Euro is only five percent higher. The effects of the other two dummy categories, on the other hand, are not statistically significant.⁹⁵ Furthermore, the results show that women are more opposed to the common currency than men. This effect is consistent in all models, and the odds of opposing the Euro is 13 percent higher for women compared to men. As for the frequency of political discussion, only the effect of frequent discussion of European matters is significant. Contrary to expectations, those who discuss such matters frequently are more sceptic than those who discuss them occasionally, and their odds of opposing the Euro is six percent higher compared to the reference group. Never discussing European matters does not have a statistically significant impact, however. Hence, results do not give support for the theory of cognitive mobilization and rather reveal that frequent discussion leads to more scepticism towards the Euro. On the other hand, understanding how the EU works and knowledge of the EU work in the expected direction. Whereas understanding of the EU decreases the probability of opposing the Euro, bad knowledge of the EU increases it. Those understanding how the EU works have an odds of opposing the Euro that is ten percent lower compared to those who do not understand the EU. On the other hand, the odds of opposing the common currency is 36

⁹⁵ The results might indicate a curve-linear relationship between age and attitudes towards the Euro, but this effect should be examined in more detail by comparing *model 4* with a model in which the age-variable is introduced as a continuous one, in combination with age squared.

percent higher in the case of those having bad knowledge of the EU compared to those with a good objective knowledge of the EU.

Finally, there are the variables on the country level. The dummy set that divides the EU member states into different clusters of countries shows that respondents in countries that belong to the Eastern European countries having adopted the Euro are significantly more opposed to the Euro than those from the core European countries, and the odds of being opposed to the Euro is ten percent higher compared to core Europe. As for the PIGS countries, the odds for a respondent from this cluster to oppose the Euro is 22.5 percent lower compared to a respondent from a core European country. In the outsider countries, on the other hand, the citizens are more sceptic. A respondent from an Eastern European outsider country has an odds of opposing the Euro that is 99 percent higher compared to the reference group. For the Northern European outsiders, on the other hand, the odds is 953 percent higher, which reveals the explanatory power of this dummy set and which provides statistical evidence of the descriptive analysis displayed in section 5.1. *Hypothesis H₈* is only partly confirmed as scepticism among citizens in core European countries is lower only compared to the Eastern European Euro members, whereas scepticism among citizens in the PIGS countries is even lower than in core Europe. This finding is related to evidence provided by the finding that opposition towards the Euro decreases if the national economic situation is perceived as bad and *hypothesis H₈* is further examined below. *Hypothesis H₁₀*, on the other hand, is confirmed by the findings as citizens in the Euro outsider countries are significantly more opposed towards the Euro than those in the EMU member states.

Lastly, votes for Eurosceptic parties in the 2009 EP elections have a significant impact. The higher the percentage of votes in the country, the higher the scepticism of the citizens. This variable is the only continuous variable in the model, and thus, the interpretation differs from that of the dummy variables. In this case, the odds of a citizen to be Eurosceptic, increases with roughly one percent increase in votes for Eurosceptic parties in the 2009 EP election in the respective country. There is no effect of this variable in countries where Eurosceptic parties were not elected into the EP in 2009. In Great Britain with 50 percent of Eurosceptic votes, the odds of being Eurosceptic is $OR_{EP \text{ votes}}: 1.009^{50} = 1.565$ which means that it is 56.5 percent higher compared to a citizen from Luxembourg, Malta or Estonia, where Eurosceptic parties did not gain a seat in these elections.⁹⁶ In conclusion, *hypothesis H₁₁* is confirmed, and there is evidence for an effect of party cues on individual attitudes. Whether party attitudes are also influenced by the voters is, however, a different question that has to be

⁹⁶ See Skog (2009:369-370) on calculation of the odds in case of a continuous variable.

left to further research. Furthermore, it has to be taken into account that voting in EP elections is characterized by low turnout. The overall turnout is 43 percent, yet there are big differences in the voter turnout in the elections of 2009, ranging from 90 percent in Belgium and Luxembourg to only 20 percent in Lithuania and Slovakia (see European Parliament, 2014c).

As the effect of retrospective assessments of the national economic situation is contrary to theoretical expectations, I suggested that the effect may occur because citizens in the crisis countries see the Euro as a means to overcome the crisis, rather than as a cause of the crisis. Hence, *model 5* tests whether there are significant interaction effects between the assessment of the national economic situation and the country-clusters. The results confirm findings from previous models regarding the hypotheses concerning education, occupation, identity and institutional trust. Also the control variables have the same effects as in the previous models, yet there are slight changes in the coefficients. As for the effects of retrospective, sociotropic assessments, the results from *model 5* display the effect of the variable for the reference group, core-Europe. Those who say that the national economy is in a bad state, are less sceptic, but in this model, the variable has no significant effect and thus, assessments of the national economic situation do not have an effect in the countries belonging to the cluster core Europe. The same holds true for respondents from Eastern European countries that have adopted the Euro, and in also this cluster, sociotropic, retrospective assessments of the economy do not affect towards the Euro significantly. This result contradicts the findings of Ritzen et al. (2014), showing that the negative financial expectations increase Euroscepticism in Western European countries, whereas they decrease scepticism in the former Communist countries. In the PIGS, however, the interaction term has a statistically significant effect that is negative. Hence, in contrast to core Europe and the Eastern periphery, citizens in the PIGS are less opposed towards the Euro when the national economy is evaluated as bad, which is in line with what is suggested above. In the outsiders, the variable also has a negative effect that is significant, though not as pronounced as in the PIGS nations. Overall, the results confirm that under the Euro crisis, the effects of the assessments of the national economic situations are contrary to what theoretical expectations might suggest. Estimating odds ratios for the different interactions gives the following result:

Eastern European Euro members $OR_{\text{national economy bad}}: 1.064*0.982 = 1.045$

PIGS countries $OR_{\text{national economy bad}} 1.064*0.645 = 0.686$

Northern outsiders $OR_{\text{national economy bad}} 1.064*0.730 = 0.777$

Eastern outsiders $OR_{\text{national economy bad}} 1.064*0.645 = 0.686$

In core Europe, the odds of being opposed to the Euro is only six percent higher if the respondent says that the national economy is going bad, but the effect is not statistically significant. In Eastern European Euro members, the odds of being Eurosceptic is 4.5 percent higher compared to those who say that the economy is in a good state, yet the effect is not significant, either. In the PIGS, however, the difference in the odds amounts to a 31 percent decrease in the odds of being sceptic, and in the outsider countries, the odds is 22 and 31 percent lower respectively, both being statistically significant. Thus, *hypothesis H₉*, according to which the effect of sociotropic, retrospective voting is less pronounced in the PIGS countries compared to other clusters, has to be rejected. In fact, the effect runs in the opposite direction of what would have been expected based on previous research, and the gap in support between the two groups is actually bigger in the PIGS countries than in other clusters. On the other hand, introducing the interaction term also changes the coefficients of the cluster dummy set. Differences between core Europe and the Eastern periphery and the PIGS are no longer statistically significant when controlled for the interaction term, which suggests that the economic expectations explain differences and fluctuations in support in the PIGS. Yet, the respondents from the two outsiders clusters are more Eurosceptic than those from countries belonging to the Euro area, even though interactions with the economic situation are significant. In conclusion, *hypothesis H₈* is rejected as results from *model 5* reveal that the higher rates of scepticism in the PIGS countries are caused by the assessment of the national economic situation as bad, as well as differences between core Europe and the Eastern peripheral Euro countries are not statistically significant.

Overall, the results confirm previous research as it is shown that Euroscepticism is the result of both utilitarian calculations and symbolic concerns (see McLaren, 2006:147) and that individuals take into account domestic economic performance, as well as individual level factors matter (see Banducci et al., 2003). On the other hand, the results provided in this analysis show that generalizations are difficult in the case of the Euro crisis. In order to illustrate this effect, I calculated predicted probabilities of opposition towards the Euro, in the first case with an assessment of the national economic situation as good, and in the second with an evaluation of this situation as bad. The calculation is based on a respondent with 15 to 18 years of education, who is employed and who says that the personal and the European economy are in a good situation. In all cases, the economic situations are not expected to worsen and the respondent expects the impact of the crisis on the job market to have reached its peak. The respondent is a male, he trusts the national government, the national parliament, but not the ECB, is satisfied with democracy in the country and identifies with both his

country and Europe. He considers other actors to be most effective to solve the crisis, is in the age-group 25 to 39 years, discusses European matters occasionally, understands the EU and has good objective knowledge of the EU. Furthermore, Eurosceptic parties gained 20 percent in the 2009 EP elections. *Table 5.4* displays logits (\hat{L}) and probabilities (\hat{P}) calculated based on *model 5*, and confirms that the effect of sociotropic, retrospective evaluations of the economy does not matter in the creditor states of the Eurozone, probabilities for being Eurosceptic being around 14 percent in both cases.⁹⁷ Yet, in the PIGS and in the outsiders, those arguing that the national economy is in a bad state, have significantly lower possibilities of opposing the Euro compared to those evaluating the economic situation as good.

Table 5.4 Predicted probabilities

Cluster	National economy good		National economy bad	
	\hat{L}	\hat{P}	\hat{L}	\hat{P}
Core Europe	-1.847	0.136	-1.785	0.144
Eastern Europe with Euro	-1.781	0.144	-1.737	0.150
PIGS	-1.754	0.148	-2.131	0.106
Outsiders	0.654	0.658	0.401	0.599
Eastern Euro outsiders	-0.835	0.303	-1.212	0.229

5.3 Comments on the regression models

The section concludes with an evaluation of the regression models. In simple logistic regression models, one can test whether the regression model meets the requirements for logistic regression. First, the relation between the dependent variable and the independent variables has to follow an S-curve, a requirement that can be tested with the Hosmer-Lemeshow-test (Skog, 2009:380).⁹⁸ Moreover, there must not be a strong tendency for multi-collinearity, meaning that an independent variable is a combination of several of the other independent variables, as multi-collinearity can lead to unreliable coefficients and inflated standard errors (Hamilton, 1992:233).⁹⁹ Neither the Hosmer-Lemeshow test nor a measure of collinearity are available in the post estimation commands in multilevel analysis in Stata.

⁹⁷ See appendix 1 for the transformation of the logits into probabilities.

⁹⁸ In this test, predicted and observed frequencies for each combination of the independent variables are compared, and a chi-squared test statistic shows whether the differences between the values are significant. If the p-value reported is higher than 0.05, the null hypothesis according to which the differences are statistically significant, can be rejected, and the variables form an s-curved relationship (see Skog, 2009).

⁹⁹ In OLS models, this requirement can be examined with the variance inflation factor (VIF) (Acock, 2014:287). If the VIF is higher than ten, multi-collinearity is a problem and the model should be reconsidered (Acock, 2014:288).

Yet, there are measures that make it possible to compare the explanatory power of different models. In OLS models, R^2 is a measure of how much variation in the dependent variable is explained by the independent variables. In logistic models, there are comparable measures based on the log likelihood output and in logistic multilevel models, three measures of the goodness of fit can be calculated (see Hox, 2010:134-135). The first measure is the McFadden's R^2_{MF} , and the second one is the Cox and Snell R^2_{CS} , which takes into account the number of observations. Finally, there is the Nagelkerke R^2_N that builds on the Cox and Snell R^2_{CS} .¹⁰⁰ The measures vary between 0 and 1 and the more they approach 1, the better the model fit. Although these measures do not measure the explained variance in the dependent variable and are often lower than the real R^2 , they help evaluating different models (Hox, 2010:135). The calculated R^2 -measures are provided in *table 5.2* and *table 5.3*. R^2_{MF} displays the lowest values, ranging from 0.049 in model 1 to 0.190 in model 5. R^2_{CS} -measures are somewhat higher, and R^2_N has the highest values ranging from 0.085 in model 1 to 0.304 in the last model. Although the measures cannot be interpreted as the percentage of the explained variance in the dependent variable, they show that every regression model is an improvement compared to the previous one. Especially the introduction of level two variables increases the model fit and a Log likelihood test indicates that also the interaction improves the model fit.

Other measures that take into account both the model fit and the complexity of models estimated with maximum likelihood, are the Akaike's Information Criterion (AIC) (Akaike, 1974) and the Bayesian Information Criterion (BIC), measures that can also be used to compare non-nested models (Hox, 2010:50).¹⁰¹ The model with the lowest values is considered to be the best. Results of both the AIC and the BIC confirm previous assessments of the models, as the models improve as more variables are introduced. Especially the introduction of the country level variables improves the model fit, and the introduction of these variables also leads to a reduction of the variance on the country level.¹⁰² The calculations show that the first three models with individual-level variables only reduce the variance with 17 percent, 35 percent and 36 percent respectively. However, *model 4* reduces the variance by 37 percent and *model 5* by 45 percent compared to the model without explanatory variables, which confirms the power of the interaction term in explaining variations on the country level.

¹⁰⁰ See appendix 1 for the calculation of these measures.

¹⁰¹ The formulas for the calculation of the AIC and the BIC are displayed in appendix 1.

¹⁰² The variance on level two can be decomposed by calculating the difference between the variance on the country level in the null model and another model and dividing it by the variance of the null model.

6.0 Conclusion

6.1 Brief summary and contribution of the thesis

The aim of this thesis was to give a comprehensive analysis of both the development of scepticism directed towards the Euro and the causes of this type of functional Euroscepticism in the period between 2009 and 2014. As the Euro crisis is an asymmetric shock, the thesis relied on multilevel analysis in order to assess how contextual variables affect individual attitudes. Considering economic structure, length of membership in the EU and membership in the Euro area, the thesis divided the EU member states into five clusters and it thereby differs from previous research on the topic. Results reveal that between 2009 and 2014, scepticism rose in all clusters, especially in countries that have not adopted the Euro. However, the amount of fluctuations varies between clusters, and opposition directed towards the Euro is a complex phenomenon, related both to human capital, trust in institutions and concerns related to identity and economic situations. This thesis thereby confirms findings from previous research on Euroscepticism and attitudes towards the Euro, but it also demonstrates that scepticism directed towards the Euro is a multicausal phenomenon. Individual attitudes are to a great extent influenced by contextual variables on the macro level, and the thesis offers important new insights by showing that the effect of subjective assessments of the national economic situation varies among clusters. While the variable does not have a statistically significant effect in core European countries and in the Eastern European Euro members, citizens in the PIGS countries who evaluate the situation of the national economy as bad have less scepticism towards the Euro. The same holds true for both the Northern European and the Eastern European Euro outsiders, although the effect of the variable is less pronounced in the Northern European Euro outsider countries. As shown in chapter 2, the measures taken to cope with the crisis implied economic assistance to the PIGS countries. This assistance and fear of alternatives to EMU membership thus provide explanations for the fact that citizens in these clusters fear leaving the Eurozone and do not consider an exit as a credible alternative to overcome the crisis.

6.2 Implications of the findings

In the beginning of the thesis, I suggested that public attitudes have an impact on further integration, as they constrain policy choices available to policy makers. In the case of the EU, this happens both through domestic and EP elections, as well as potential referendums on EU related issues. The findings provided by this thesis reveal that the national context has to be taken into account when studying individual attitudes. The effect of national economic

concerns revealed by the thesis supports the findings of Hobolt and Leblond (2014) according to which citizens in the countries in crisis fear an exit from the Euro area. Hence, citizens in the PIGS countries do not blame the Euro for worsening economic situations. Rather, they fear going back to their national currencies and they see the Euro and probably the economic assistance provided by wealthy member states as a means to overcome the crisis. Such an exit may be beneficial economically, as the reintroduction of the former currency implies that a country can conduct an autonomous monetary policy, which offers the possibility of regaining competitiveness by devaluating the currency. Hence, the decision not to leave the Euro is to a high degree politically motivated and the interests of national governments are constrained by domestic public opinion, which will also have an impact on the further development of the Euro crisis. Interestingly, also in the countries that have not adopted the Euro, those who evaluate the national economic situation as bad have less opposition towards the Euro, although the effect is somewhat less pronounced in the Northern European non-members. This finding suggests that also in these countries, the Euro is seen as a credible alternative to the national currencies, rather than a factor contributing to a deterioration of the national economic situation. In the creditor countries of the Eurozone, such concerns have no statistically significant impact, but should the redistributive measures be further institutionalized, this may change. Further transformation of the EMU into a transfer union may lead to growing opposition towards the Euro among those in the wealthier Eurozone members who perceive the national economy to be in a bad state. Hence, implications of financial assistance to the countries in crisis may lead to growing scepticism in the creditor countries.

In addition to the impact of concerns about the national economy, the thesis revealed the impact that holding an exclusively national identity has on scepticism towards the Euro. Today, many Europeans identify both with their nation state and with Europe, and holding a dual identity reduces Euroscepticism, as well as previous research has shown that dual identity also reduces ambivalence towards integration (De Vries & Steenbergen, 2013). One of the criteria for an OCA is the prevalence of solidarity among the members of the currency union (Baldwin & Wyplosz, 2012:417) and Risse (2014) proposes that the Europeanization of national identities is a sufficient requirement for the redistributive policies that the Euro crisis has triggered. Wessels (2007), on the other hand, argues that identity can function as a buffer against opposition, but this buffer will vanish if the EU's democratic deficit persists. Although the Euro is a concrete symbol of European integration, it does not seem to have contributed to the fostering of a genuine European identity that underpins support for the Euro. Discussions

about the rescue packages and the establishment of de facto redistributive policies have revealed that there is a lack of solidarity between the European citizens. Furthermore, the fact that countries have to undertake reforms demanded by the EU raises concerns about the input legitimacy of the Euro and the influence that the European citizens can assess on the common currency. As suggested in the introduction, attitudes towards the Euro capture both the utilitarian and the diffuse dimension of support, but as the level of diffusive support for the Euro is low, utilitarian support based on output performance becomes even more important for the legitimacy of the Euro (see Easton, 1975).

Yet, attitudes towards the Euro are mediated by attitudes towards national institutions, which suggests the importance of this form of institutional trust on attitudes towards the Euro. As Hobolt (2015) suggests, many citizens still hold the national government rather than the EU accountable for the economic problems in their country, so in order for the opposition towards the Euro to decrease, trust in domestic institutions is crucial, as well. All in all, opposition towards the Euro is a multicausal phenomenon, subject to fluctuations over time, and this type of functional Euroscepticism is only one of the components of principled opposition towards the EU. Thus, increasing opposition towards the Euro will contribute to the erosion of the legitimacy of the EU. Rising scepticism may also translate into success of Eurosceptic parties in future elections, both European and domestic ones, and as the thesis illustrated, the higher the turnout for Eurosceptic parties, the higher the opposition towards the Euro. This is important as a solution to the Euro crisis still remains to be found, as suggested in chapter 2. The introduction of Eurobonds, obligations collectively issued by the Eurozone, may be a solution to the crisis (Pisany-Ferry, 2012). Eurobonds would cement solidarity within the Eurozone (Baldwin & Wyplosz, 2012:545), but they would also present a further step in the transformation of the Euro area into a fiscal union. The latter would imply that member states surrender sovereignty over their national budgets and that transfer mechanisms between countries would be set up (De Grauwe & Ji, 2014). This would contribute to the EMU becoming an OCA, yet there is scepticism towards further political integration (Eichengreen, 2010). On the other hand, Sinn (2012) claims that the solution to the Euro crisis is less integration, arguing that the countries struggling economically should re-introduce their former national currencies and keep the Euro as a parallel currency. Gillingham (2013) even argues that the entire Eurozone should break up, whereas another solution may be to divide the Euro area into a Northern Euro and a Southern Euro (Meyer, 2011). Whatever the decisive solution to the Euro crisis will be, public attitudes have had an impact on the development of the EU previously, and are likely to continue to do so.

6.3 Reliability and validity of the data

Quantitative methods of research are appropriate if the aim of the research is to provide generalizable findings. Multiple regression analysis allows to control for the effects of a multitude of variables in a single model and hence reveals whether correlations between variables are statistically significant. As shown in Chapter 4, multilevel analysis is appropriate if data are hierarchically structured and individuals sampled from the same level two unit share common characteristics. As the ICC revealed, this is the case for the data used in this thesis. In order to assess quality of the findings provided by this thesis, however, the reliability and the validity of the data have to be evaluated. Data are reliable if repeated measures give the same result, whereas validity refers to the degree to which one measure the concept one attempts to measure (Ringdal, 2007:86). There are different types of validity. Content validity refers to the operationalization and the sampling of the data (Skog, 2009:89-90). Logistic regression models require a binary dependent variable, but this does not make it possible to take into account different degrees of soft and hard Euroscepticism (see Brinegar & Jolly, 2004:171). Variables shall not have measurement errors but measuring policy orientations is problematic because the interview situation may have an impact on the respondent's answers (Niedermayer & Sinnott, 1995:3), as well as respondent's answers may be influenced by what is socially desirable (Ringdal, 2007:331). However, in the case of subjective evaluations of objective economic indicators, it has to be taken into account that there are regional economic variations and that citizens' limited knowledge of the economic indicators may cause their perceptions not to be in line with the real economic situation (Gabel & Whitten, 1997). Hence, subjective evaluations are more appropriate and objective indicators of the economy might have produced findings that differ from the results provided in the analyses in this thesis. Finally, public opinion is ambivalent rather than clear-cut supportive or against integration (De Vries & Steenbergen, 2013) and attitudes are under fluctuation. Hence, the reliability might be increased by using a scale of several indicators of attitudes towards the Euro, as combining multiple indicators may give more reliable results than a single one (Christophersen, 2013:106; Ringdal, 2007:89). The construction of a scale is, however, constrained by the items available in Eurobarometer data.

Errors that may occur during the research process can be related to the sampling method, or they might occur if the sampling does not cover the whole population, resulting in a systematic dropout (Ringdal, 2007:197). A stratified sampling, as it is used in the Eurobarometer surveys, minimizes sampling errors. Furthermore, missing data account for less than ten percent of the observations in the analysis. Another requirement is conclusion

validity, or whether the hypotheses can be confirmed. In this thesis, I chose a significance level of five percent, meaning that a level one error of rejecting a hypothesis wrongly occurs in five of 100 cases (Christophersen, 2013:33). Moreover, the relation between the dependent and the independent variables must not be spurious and there must not be omitted variables that may have an effect on the dependent variable (Skog, 2009:381). Thus, internal validity assesses whether there is a causal relation between cause and effect (Skog, 2009:107). Through the stepwise estimation of the model and the use of control variables, the thesis attempted to control for possible confounding effects. Yet, the thesis could not take into account all variables that may have an impact on individual scepticism towards the Euro because the datasets do not provide items for all variables that are of theoretical interest. It would be interesting to examine whether public employment has an impact, and to analyze whether this impact is different in crisis the countries, where jobs in the public sector have to be cut, compared to other countries. In addition, the thesis accounted for party cues by relying on the results of the 2009 EP elections, as EP elections offer the advantage of being held on the same day and with similar electoral systems. However, as Euroscepticism has increased in the aftermath of the 2009 EP elections, I could have considered to introduce the 2014 election results, as well, or to use the calculated mean of both elections as an indicator of party cues. Yet, it is unlikely that this change would have led to major changes in the significance of the results, and it would rather be interesting to assess whether the effect of party cues has increased during the crisis. Furthermore, one could introduce party-attachment or individual votes in the EP elections rather than national results, yet neither option is available with data from the Eurobarometer surveys.

In addition, the operationalization of the clustering of the countries needs to be assessed. The grouping was based on both economic indicators, length of membership and a distinction between Euro insiders and Euro outsiders. The thesis did not test for the homogeneity of the clusters, and within the clusters, there are differences in regard to opposition towards the Euro between different countries and over time. Furthermore, the size of the clusters varies, with four cases in the Northern European outsiders to eight cases accounting for core Europe, and is hence unequally distributed. In this thesis, I chose to classify Malta as an Eastern European Euro member, although it is a Southern European country. Hence, one could argue that Malta does not fit well into this sample because of geographical considerations, but Malta's economic patterns are dissimilar to that of the PIGS countries, and the reason Malta was included in the Eastern European-cluster is rather the time of accession to the EU. Yet, the Maltese sample is small and it is not likely that results

are biased by this classification. Lastly, external validity, or the extent to which results can be generalized, has to be examined (Skog, 2009:113). This thesis includes all 28 member states of the EU, but examines only the period from 2009 to 2014. Because of this limited time period, the results cannot be generalized to previous or future periods. On the other hand, results show that the national context matters, which is why contextual variables have to be taken into account when studying individual attitudes.

6.4 Limits of the thesis and suggestions for further research

Multilevel analysis is an approach that is appropriate to the study of the datasets examined in this thesis, as individual attitudes towards the Euro are to a great extent affected by variables located on the country level. The approach used in order to introduce country level effects relies on economic indicators and membership in the Euro area, yet clustering countries in such a way does not make it possible to further examine which particular variables on the country level explain such differences. Differences may not only be explained by economic patterns, but also by cultural factors, identity concerns and media-coverage of the EU and the Euro crisis. In this thesis, I chose to include only two contextual variables in order to avoid biased results, as estimation results improve when the number of units on the contextual level increases (Bell et al., 2010). Further research could compare various models in order to analyze which are the most important predictors of Euroscepticism at the country level, a question that this thesis could not address. Furthermore, there are differences within countries, which suggests that one might introduce the regional level as a third level in a multilevel model. Finally, one could introduce the time aspect and examine scepticism directed towards the Euro over a longer period of time. Year dummies were not introduced in this thesis as it covered a period of only five years. Since the effect of the evaluation of the national economic situation as bad found in this thesis contrasts with previous findings, it would be interesting to examine the effect of this variable over a longer period of time, in order to assess in which way the effect of sociotropic economic considerations changed as the Euro crisis hit the EU. Hence, further research could examine interaction effects of year dummies and the assessment of the national economic situation. However, a researcher should prefer parsimonious and comprehensive models. In conclusion, one has to weigh the pros and cons of fitting a complex model versus a simpler model.

This thesis has only examined a particular type of functional Euroscepticism, yet there are multiple types of Euroscepticism which also relate to each other. Further research should compare the development of both utilitarian, social, democratic and political scepticism in

different countries and analyze how these types of Euroscepticism are affected by national contextual variables. Moreover, instead of just focusing on either the individual or party level, further research should analyze attitudes towards the Euro among political parties and examine the links between various types of scepticism on different levels. Such an analysis may be combined with a qualitative analysis of public discourses and party manifestos in order to assess whether parties cue the electorate, or whether public opinion has an effect on party positions concerning opposition towards the EU. Finally, the media provide cues for voters, but at the same time, the media are also influenced by public opinion (Katsourides, 2016). Hence, media-cues also should be taken into account in further research.

There is already a considerable amount of research on Euroscepticism, yet the topic is likely to remain of academic interest. Currently, the EU is confronted with at least three crises. As illustrated above, a decisive solution to the Euro crisis still remains to be found. Secondly, the refugee crisis has shown the lack of solidarity and burden sharing between the member states and endangers the future of the Schengen area. Finally, the British Prime Minister David Cameron announced that the British people will hold a referendum on the question of staying in the EU in June 2016. Should the UK decide to leave the EU, Euroscepticism in other member states might increase and fuel debates on an exit, as well.¹⁰³ All in all, Euroscepticism is a relevant concept, but it has to be kept in mind that the term has an ideological dimension and that Euroscepticism is a purely negative concept (Flood, 2002:77). On the other hand, in times where the EU still suffers from a democratic deficit, Euroscepticism is an important element in debates on the future of the EU.

Overall, this thesis has shown that Euroscepticism directed towards the Euro is a complex phenomenon. The Euro is an important symbol of the European integration process and political leaders are determined to rescue the common currency. Hence, understanding Euroscepticism directed towards the Euro is crucial to the future of the common currency and the EU as public opinion constrains the choices of policy makers and affects which options are available to them. Scepticism towards the Euro is first and foremost utilitarian scepticism, but because of the symbolism of a currency, attitudes capture the affective dimension of political support, as well. Hence, because of the interaction of different types of Euroscepticism, increasing scepticism towards the common currency may cause increasing opposition to the integration process as such. Or, to put it in Merkel's (2010) words, "if the Euro fails, Europe fails."

¹⁰³ On different scenarios of the UK leaving the EU, see Emerson (2016).

7.0 References

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8.0 Appendix

Appendix 1 Multilevel models

The logistic multilevel model

An empty logistic multilevel model without explanatory variables has the following equation:

$$L_{ij} = \beta_{0j} + e_{ij} + u_{0j}$$

The outcome variable is a logit (L), as the odds is transformed into its natural logarithm. This logit is the sum of the population average intercept for the whole data set, β_{0j} , an individual error term e_{ij} and a random group-deviation u_{0j} (Snijders & Bosker, 2011:296). The subscript ij indicates that the residual error term varies across individuals nested in countries, whereas j is the subscript referring to the level two units. The empty model is extended by introducing independent variables and has the following form:

$$L_{ij} = \beta_{0j} + \beta_1 X_{1ij} + \beta_2 X_{2ij} + \beta_3 X_{3j} + e_{ij} + u_{0j}$$

Hence, the outcome variable in such a random intercept model is the sum of the individual level variables, the population average and the two error terms. The indexes i and j indicate that the variables $\beta_1 X_{1ij}$ and $\beta_2 X_{2ij}$ vary across individuals nested in countries, whereas the indexation j indicates that the variable $\beta_3 X_{3j}$ varies only on the country level. A random slope coefficient would add another error term $u_{1j} X_{1ij}$ to capture the difference between the actual effect of the variable and the coefficient. If the variable $\beta_1 X_{1ij}$ varied across level two units, the model would have the following equation:

$$L_{ij} = \beta_{0j} + \beta_1 X_{1ij} + \beta_2 X_{2ij} + \beta_3 X_{3j} + e_{ij} + u_{0j} + u_{1j} X_{1ij}$$

Adding cross-level interactions, as done in model 6 in this thesis, leads to a model having the following equation if there is an interplay between the variable $\beta_1 X_{1ij}$ on the individual level and the variable $\beta_3 X_{3j}$ on the country level and again adds a new error term:

$$L_{ij} = \beta_{0j} + \beta_1 X_{1ij} + \beta_2 X_{2ij} + \beta_3 X_{3j} + \beta_4 X_{1ij} X_{3j} + e_{ij} + u_{0j} + u_{1j} X_{1ij}$$

The predicted outcome variables are logits (\hat{L}) and can be transformed back into probabilities (\hat{P}) by using the following equation (see Ringdal, 2007:410):

$$\hat{P} = \frac{1}{(1 + e^{-\hat{L}})}$$

Calculation of the Intra-class correlation in a logistic multilevel model

The ICC is a measure of the homogeneity of the individual units sampled from the same level two unit. The higher the ICC, the higher the degree of homogeneity of the units. In a linear multilevel model, the ICC is calculated by dividing the level two variance, $\text{Var}(u)$, by the sum of the individual level variance, $\text{Var}(e)$, and the variance on level 2, as expressed in the following formula:

$$\frac{\text{Var}(u)}{\text{Var}(u) + \text{Var}(e)}$$

In a logistic multilevel model, the calculation of the ICC is different compared to a linear multilevel model, as the variance on the lowest level is determined when the mean of the dependent binary variable is known (Hox, 2010:127-128). An additional problem is that the country level variance is on the logistic scale, whereas the individual level variance is expressed on the probability scale. Expression of the variances on different scales makes comparison of the two variances difficult (Merlo, Chaix, Olsson et al., 2006:291). There are alternative approaches of calculating the ICC, and in order to cope with this problem, the individual-level variance can be translated into the logistic scale. Thus, the variance has a distribution that equals $\pi^2 / 3$, which is approximated with 3.29. Hence, the ICC can be calculated with the following formula (Merlo et al., 2006:292):

$$\frac{\text{Var}(u)}{\text{Var}(u) + 3.29}$$

Calculation of R^2 in logistic multilevel models

The McFadden's R^2_{MF} , the Cox and Snell R^2_{CS} and the Nagelkerke R^2_N are measures of the goodness-of-fit of logistic multilevel models. The measures are calculated as follows (see Hox, 2010:134-135):

$$R^2_{MF} = 1 - (-2LL_{model1} / -2LL_{model0})$$

$$R^2_{CS} = 1 - \exp\left(\frac{-2LL_{model1} - (-2LL_{model0})}{n}\right)$$

$$R^2_N = \frac{R^2_{CS}}{1 - \exp(-(-2LL)_{model0}/n)}$$

Calculation of the Akaike's Information Criterion and the Bayes Information Criterion

The Akaike's Information Criterion (AIC) and the Bayes Information Criterion (BIC), are measures used to evaluate the model fit of models estimated with maximum likelihood estimation. They are calculated as follows:

$$\text{AIC: } -2LL + 2q$$

$$\text{BIC: } -2LL + q \ln(N)$$

In the equations, q is the number of estimated parameters and N the number of observations. N is ambiguous as there are both level one and level two observations, but BIC should be calculated with the highest N (Hox, 2010:50). In the estimation provided by Stata, the number of observations used is that on the individual level, which equals 100,493 individual observations in the datasets used.

Appendix 2 Election results for Eurosceptic parties

Country	Party	MEPs	Votes	MEPs	Votes
		2009	2009	2014	2014
Austria	Freedom Party of Austria (ENF)	2/17 (NI)	12.71%	4/18	19.72%
Belgium	Flemish Interest (EFD)	2/21 (NI)	9.85%	1/21	4.26%
	New Flemish Alliance (ECR)	1/21	6.13%	4/21	16.79%
Bulgaria	Coalition BWC and Nationalist Movement (ECR) ¹⁰⁴	-	-	2/17	10.66%
	Attack (NI)	2/17	7.96%	0/17	2.96%
Croatia	Croatian Conservative Party (ECR)	-	-	1/11	9.42%
Cyprus	Progressive Party of Working People (GUE-NGL)	2/6	34.9%	2/6	26.98%
Czech Republic	Party of Free Citizens (EFDD)	0/22	1.27%	1/21	5.24%
	Communist Party of Bohemia and Moravia (GUE-NGL)	4/22	14.18%	3/21	10.98%
Denmark	Civic Democratic Party (ECR)	9/22	31.45%	2/21	7.67%
	Danish People's Party (ECR)	2/13	14.80%	3/13	26.60%
Finland	People's Movement against the EU (GUE-NGL)	1/13	7.00%	1/13	8.10%
	Left Alliance (GUE-NGL)	0/13	5.90%	1/13	9.30%
France	Finns Party/True Fins (ECR)	1/13 (EFD)	14.00%	2/13	12.90%
	Front National (ENF)	3/72 (NI)	6.30%	23/74	24.86%
Germany	Left Front (GUE-NGL)	4/72 (NI)	6.00%	3/74	6.33%
	Alliance of the Overseas (GUE-NGL)	1/72	0.42%	1/74	0.00%
	Libertas ¹⁰⁵ (EFD)	1/72	4.60%	1/74	3.60%
Greece	The Left (GUE-NGL)	8/99	7.50%	7/96	7.40%
	Tierschutzpartei (GUE-NGL)	0/99	1.10%	1/96	1.20%
	Alternative for Germany (ECR)	-	-	7/96	7.10%
	Family Party (ECR)	0/99	0.96%	1/96	0.70%
	National Democratic Party (NI)	0/99	-	1/96	1.00%
Greece	Coalition of the Radical Left SYRIZA (GUE-NGL)	1/22	4.70%	6/21	26.57%
	Independent Greeks (ECR)	-	-	1/21	3.46%

¹⁰⁴ Coalition of Bulgaria Without Censorship, Internal Macedonian Revolutionary Organisation-Bulgarian National Movement, Agrarian People's Union and St George's Day movement, founded in 2014.

¹⁰⁵ Coalition of Mouvement pour la France and Chasse Pêche Nature et Tradition

Table continued

	Golden Dawn	0/22	1.00%	3/21	9.39%
	Communist Party (NI)	2/22	8.35%	2/21	6.11%
	Popular Orthodox Rally (EFD)	2/22	7.15%	0/21	2.69%
Hungary	FIDESZ (EPP)	14/22	56.36%	12/21	51.48%
	Movement for a better Hungary (NI)	3/22	14.77%	3/21	14.67%
	Magyar Demokrata Forum (ECR)	1/22	5.31%	-	-
Ireland	Sinn Féin (GUE-NGL)	0/12	11.24%	3/11	19.52%
	Fianna Fail Party (ECR)	3/12	24.08%	1/11	22.31%
	Socialist Party (GUE-NGL)	1/12	2.76%	0/11	1.80%
Italy	Five Star Movement (EFDD)	-	-	17/73	21.15%
	Northern League (ENF)	9/72 (EFD)	10.20%	5/73	6.15%
	The Other Europe (GUE-NGL)	-	-	3/73	4.03%
Latvia	Union of Greens and Farmers ¹⁰⁶ (EFDD)	0/8	3.72%	1/8	8.26%
	National Alliance ¹⁰⁷ (ECR)	1/8	7.45%	1/8	14.25%
	Saskanas Centrs (GUE-NGL)	1/8	19.57%	-	-
Lithuania	Order and Justice (EFDD)	2/12	12.22%	2/11	14.25%
	Electoral Action of Poles in Lithuania (ECR)	1/12	8.42%	1/11	8.05%
Netherlands	Party of Freedom (ENF)	4/25 (NI)	16.97%	4/26	13.32%
	Socialist Party (GUE-NGL)	2/25	7.10%	2/26	9.60%
	Party for the Animals (GUE-NGL)	0/25	3.46%	1/26	4.21%
	Coalition CU-SGP ¹⁰⁸ (ECR)	1/25	6.82%	2/26	7.67%
Poland	Law and Justice (ECR)	15/50	27.4%	19/51	31.78%
	Congress of the new right (ENF)	-	-	4/51	7.15%
Portugal	Left Bloc (GUE-NGL)	3/22	10.72%	1/21	4.93%
	Unitary Democratic Coalition ¹⁰⁹ (GUE-NGL)	2/22	10.64%	3/21	13.71%
Romania	Greater Romania Party (NI)	3/33	8.65%	0/32	2.70%
Slovakia	New Majority (ECR)	-	-	1/13	6.83%
	Ordinary People and Independent Personalities (ECR)	-	-	1/13	7.46%
	Slovak National Party (EFD)	1/13	5.56%	0/13	3.61%

¹⁰⁶ Coalition between the Latvian Farmer's Union and the Latvian Green Party

¹⁰⁷ Coalition founded in 2010 between For Fatherland and Freedom/LNKK and All for Latvia!

¹⁰⁸ Coalition between the Christian Union + and the Reformed Political Party.

¹⁰⁹ Coalition between the Portuguese Communist Party and the Ecologist Party «The Greens»

Table continued

Spain	Plural Left ¹¹⁰ (GUE-NGL)	1/50	3.73%	5/54	10.03%
	Podemos (GUE-NGL)	-	-	5/54	7.98%
	The Peoples Decide ¹¹¹ (GUE-NGL)	-	-	1/54	2.08%
Sweden	Sweden Democrats (EFDD)	0/18	3.27%	2/20	9.67%
	Left Party (GUE-NGL)	1/18	5.66%	1/20	6.30%
United Kingdom	Conservative Party (ECR)	25/69	27.70%	19/70	23.93%
Kingdom	UKIP (EFDD)	22/69	16.50%	24/70	27.49%
	British National Party (NI)	2/69	6.20%	0/70	1.14%
Estonia	None	-	-	-	-
Luxembou.					
Malta					
Slovenia					

Notes: The number of representatives is displayed as the party's representatives of the total number of the country's representatives in the European Parliament. Data are retrieved from the websites of the European Parliament (2014a, 2014b) and the Norwegian Social Science Data Services (2015).

¹¹⁰ Coalition between the United Left, Confederation of the Greens, Building the Left-Socialist Alternative, Initiative for Catalonia Greens, United and Alternative Left, The Greens-Green Option, Anova-Nationalist Brotherhood, Galician Ecosocialist Space and Batzarre

¹¹¹ Coalition between seven right-wing and pro-independence parties from five Spanish regions.

Appendix 3 Overview on previous research

Study	Dependent variable	Countries	Data
Anderson, 1998	Membership question	Belgium, Denmark, France, Germany, Ireland, Italy, Portugal	Eurobarometer (EB) 30.4 (1990)
Anderson, 2006	Consensus towards the Euro	EU6, Portugal, Spain, Greece, Austria, Finland	Flash EBs May 2001 - May 2002
Anderson & Kaltenthaler, 1996	Support for European integration	EU12	EBs 1973-1993
Anderson & Reichert, 1995	Membership question	EU12	EBs 1982, 1986, 1990
Armingeon et al., 2015	Satisfaction with democracy in EU	EU28	EBs 2002-2014
Banducci et al., 2003	Support for the Euro	EU15	EB 1992-2000
Banducci et al., 2009	Support for the Euro	EU15	EBs 2000-2007
Bechtel et al., 2014	Support for bailouts	Germany	Online survey and phone survey January 2012
Boomgarden et al., 2011	Various items measuring attitudes towards the EU	Netherlands	Web-based survey (TNS-NIPO, 2008)
Boomgaarden & Freire, 2009	Support for European unification	EU27 (excluding Italy, Luxembourg, Greece, Bulgaria, Czech Republic, Malta, Lithuania, Cyprus)	European Social Survey 2006
Bosch & Netwon, 1995	Support for integration	EU12	EBs 1970-1989
Braun & Tausendpfund, 2014	Image of the EU	EU27	EB 78.1 (2012)
Brinegar & Jolly, 2005	Membership question	EU15	EB 44.2 (1996)
Caldeira & Gibson, 1995	Support for the European Court of Justice	EU12	EB 38.0 (1992)
Carey, 2002	Membership question	EU15	EB 54.1 (2000)
Clements et al., 2014	Index of Euroscepticism	Greece	EB68.1 (2007), EB75.3 (2011), EB77.3(2012)
Debomy, 2013	Support for the EU and the Euro	EU27	EBs 1985-2011
Deflem & Pampel, 1996	Attitudes towards unification	EU12	EB 18 (1982), EB 25 (1986), EB 31 (1989), EB 37 (1992)
De Master & Le Roy, 2000	Index of support for integration	EU12	EB 41.1 (1994)
De Vries & van Kersbergen, 2007	Index of support for the EU	EU15	EB 60.1 (2003)

Table continued

De Vries & Steenbergen, 2013	Support for European unification	EU27	European Parliament Election Survey (2009)
Down & Wilson, 2013	Membership question	EU15	EBs 1976-2008
Downs, 2011	Understanding how EU works	EU27	EB 67.2 (2007), EB70.1 (2008)
Duch & Taylor, 1997	Membership question	EU9 (excluding Luxembourg and Denmark)	EBs 1975-1989
Eichenberg & Dalton, 1993	Membership question	EU9 (excluding Luxembourg)	EB 1973-1989
Eichenberg & Dalton, 2007	Membership question	EU9 (excluding Luxembourg)	EB 1973-2004
Ehin, 2001	Vote for EU membership	Estonia, Latvia, Lithuania	New Baltic Barometer 1996
Elenbaas et al., 2012	Index of EU performance	Netherlands	TNS-NIPO survey 2008
Elgün & Tillman, 2007	Membership question	Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia, Turkey	Candidate EB 2002
Fischer & Hahn, 2008	Trust in the ECB	EU6 (excluding UK, Denmark, Sweden)	EB 1999-2004
Gabel 1998a	Membership question	EU12	EB 1975-1992
Gabel, 1998b	Index (membership and unification)	EU12	EB 1978-1992
Gabel, 1999	Support for a common currency	EU6	EBs 39-43 (1993-1994)
Gabel, 2003	Support for the EP	EU15	EB 42.1 (1995)
Gabel & Hix, 2005	Support for a common currency	UK	EB 53 (2000), British Election Panel Study 1997-2002
Gabel & Whitten, 1997	Index (membership and unification)	EU9 (excluding Italy)	EBs 1984-1989
Gärtner, 1997	Support for a common currency	EU15 (excluding Luxembourg)	EB 44.1 (1995)
Garry & Tilley, 2009	Index (membership and unification)	EU25 (excluding Malta, Lithuania, Sweden, Northern Ireland)	European Social Survey 2004
Gelleny & Anderson, 2000	Support for the Commission president	EU12	EB 42 (1994)
Giamarco & Geys, 2015	Index with items on further fiscal integration	EU27	EB 75.3 (2011)
Gibson & Caldeira, 1998	Support for the Court of Justice	EU12	EBs 1992 and 1993, Panel Survey 1992-1993
Gomez, 2015	Index (membership, benefits, affective image of EU)	EU27	EBs September 2007-May 2011

<i>Table continued</i>			
Hakerdian et al., 2013	Membership question	EU12	EB 1973-2010
Herzog & Tucker, 2010	Membership question	Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Slovenia, Hungary, Poland, Romania, Bulgaria	EBs + Candidate Countries EB 1991-2003
Hobolt, 2015	Support for the Euro	EU27	EB 2007-2013
Hobolt & Leblond, 2014	Support for the Euro	EU28	EB 1999-2011
Hobolt & Wratil, 2015	Support for the Euro	EU27	EBs 2005-2013
Hooghe, Huo & Marks, 2007	Views on EU membership	Austria, CZE, Finland, France, HUN, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland	International Social Science Survey Program 2003
Hooghe & Marks, 2004, 2005	Index of support for integration	EU 14	EB 54.1 (2000)
Inglehart, 1970	Pro-European index	UK, France, Italy, West-Germany	Reader's Digest Association data, 1963
Inglehart, 1977	Integration support index	EU9 (excluding Luxembourg)	US Information Agency surveys 1952-1975
Inglehart, 1990	Support for European unification	Germany, Italy, UK, France	US Information Agency surveys 1952-1964; EB 1970-1987
Inglehart & Rabier, 1978	Membership question	EU9	EB 1973-1987
Isengard & Schneider, 2001	Support for the Euro	Germany	Sozio-ökonomisches Panel (2000)
Isengard & Schneider, 2007	Attitudes towards the Euro	Germany	Sozio-ökonomisches Panel (2000-2002)
Janssen, 1991	Unification question	UK, France, Italy, West-Germany	USIA surveys 1952-1967, EB 1978-1988
Jenssen, 1998	Support for EU membership	Finland, Sweden, Norway	National surveys on EU referendum 1994
Jupille & Leblang, 2007	Support for the Euro	Denmark, Sweden	Danish Data Archive (2000), Swedish Exit poll (2003)
Kaltenthaler & Anderson, 2001	Support for the Euro	EU12	EBs 41-47 (1994-1997)
Karp et al., 2003	Satisfaction with EU democracy	EU15	EB 52 (2000)
Kokkinaki, 1998	Support for the Euro	Greece	Greek survey, 1998
Kritzinger, 2003	Unification question	France, Germany, Italy, UK	EB 42 (1994)
Kuhn, 2011	Membership question	EU 25	EB 65.1 (2006)
Kuhn et al., 2014	Membership question	EU 12	EB 1975-2009

<i>Table continued</i>			
Kuhn & Stoeckel, 2014	Index of support for European economic governance	EU 27	EB 75.3 (2011)
Llamares & Gramacho, 2007	View on EU	Greece, Spain, Portugal	EB 61 (2004)
Loveless, 2010	Influence of European institutions on countries	Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia	Project "Social Inequality and Why It Matters for the Economic and Democratic Development of Europe and Its Citizens"
Lubbers & Scheepers, 2005	Membership & benefits questions	EU15	EB 1995-2000
Lubbers & Scheepers, 2007	Support for supranational policies	EU15 + Poland, Czech Republic, Hungary, Slovenia, Switzerland, Norway	European Social Survey 2002
Luna-Arocas et al., 2001	Support for the Euro	Portugal, Spain	National surveys
Martinotti & Stefanizzi, 1995	Membership question	EU12	EB 1975-1993
Mau, 2005	Subjective individual benefits, membership question	EU15	EB 58.1 (2002)
McLaren, 2006	Membership and unification questions	EU15 and Central and Eastern European candidate states	EB 1970-2000, EB 53 and 54.1 (2000) Candidate EBs Spring 2001, Autumn 2003
McLaren, 2007	Support for supranational policies	EU15	EB 57.1 (2002)
Meier-Priesti & Kircher, 2003	Support for the Euro	Austria	Austrian survey
Müller-Peters, 1998	Support for the Euro	EU 15	National surveys (1997)
Müller-Peters et al., 1998	Support for the Euro	EU 15	National surveys (1997)
Nelsen & Guth, 2000	Index of attitudes towards integration	EU 15 + Norway	EB 42 (1994)
Oscarsson, 2004	Support for the Euro	Sweden	Valundersökningen 2002, folkomröstningsundersökningen 2003
Pappi & Thurner, 2000	Support for the Euro	Germany	Politbarometer 1998
Radu, et al., 2014	Index of Euroscepticism	EU 27	EB 2008-2013
Ritzen et al., 2014	Membership question	EU27	EB 2006-2011

Table continued

Rohrschneider, 2002	Support for an EU-wide government	EU12	EB 42 (1994)
Roth et al., 2014	Trust in the ECB	EU6, Austria, Finland, Spain, Ireland, Greece, Portugal	EB 1999-2012
Sánchez-Cuenca, 2000	Eurodynamometer	EU15	EB 44.1 (1995)
Scheuer & Schmitt, 2009	Membership question	Germany	EB 1973-2005
Serricchio et al., 2013	Membership question	EU27	EB 67.2 (2007), EB 75.3 (2010)
Van Everdingen & van Raij, 1998	Support for the Euro	Netherlands	Dutch survey (1997)
Verney, 2011	Various measures of Euroscepticism	Greece	EB 1980-2009

Exact wording of the questions

Unification question: In general are you for or against efforts being made to unify Western Europe?

Responses: Very much for (1), to some extent for (2), to some extent against (3), very much against (2), don't know?

Membership question: Generally speaking, do you think that [our country's] membership of the European Union is... *a good thing (1), neither good nor bad (2), a bad thing (3)?*

Benefit question: Taking everything into account, would you say that (OUR COUNTRY) has on balance benefited or not from being a member of the European Union?

Responses: Benefited (1), don't know (2), not benefited (3)?

Eurodynamometer: a) In your opinion, how is the European Union, European unification advancing nowadays? B) And which corresponds best to what you would like?

Responses for B): 7 categories, from standstill (1) to as fast as possible (7)

Subjective individual benefits: Do you think that (OUR COUNTRY) being a member of the European Union has brought you personally?

Responses: (1) many more advantages, (2) more advantages, (3) as many advantages as disadvantages, (4) more disadvantages, (5) many more disadvantages, (6) don't know

Member states

EU 6: France, Germany, Italy, Belgium, Netherlands, Luxembourg

EU 9: EU 6 + Great Britain, Ireland, Denmark

EU 12: EU 9 + Greece, Spain, Portugal

EU 15: EU 12 + Austria, Finland, Sweden

EU 27: EU 15 + Latvia, Estonia, Lithuania, Slovenia, Slovakia, Malta, Poland,
Czech Republic, Bulgaria, Hungary, Romania

EU 28: EU 27 + Croatia

Appendix 4 Coding of the dummy set for occupation

1. Unemployed, not working, consisting of:

-category 1: Responsible for ordinary shopping and looking after the home, or without any current occupation, not working; category 3: Unemployed or temporarily not working and category 19: never did any paid work

2. Student (category 2 in the original data set)

3. Retired (category 4 in the original data set)

4. Professional consisting of:

-category 7: Professional (lawyer, medical practitioner, accountant, architect, etc.) and category 10: Employed professional (employed doctor, lawyer, accountant, architect)

5. Self-employed consisting of:

-category 8: Owner of a shop, craftsmen, other self-employed person and category 9: Business proprietors, owner (full or partner) of a company

6. Farmer/fisherman (categories 5 and 6 in the original data set)

7. Executive consisting of:

-category 11: General management, director or top management (managing directors, director general, other director) and category 12: Middle management, other management (department head, junior manager, teacher, technician)

8. Employed consisting of:

-category 13: Employed position, working mainly at a desk; category 14: Employed position, not at a desk but travelling (salesmen, driver, etc.); category 15: Employed position, not at a desk, but in a service job (hospital, restaurant, police, fireman, etc.) and category 16: Supervisor

9. Manual worker consisting of:

-category 17: skilled manual worker and category 18: other (unskilled) manual worker

Appendix 5 Descriptive statistics

Descriptive statistics, individual level

Variable	Categories	Frequencies	Percent
Eurosceptic	No	61,450	61.15%
	Yes	39,043	38.85%
Education	< 14years	11,138	11.08%
	15-18years	40,510	40.31%
	19-21 years	18,923	18.83%
	> 22 years	22,151	22.04%
	Student	7,771	7.73%
Occupation	Executive	7,573	7.54%
	Professional	4,129	4.11%
	Self-employed	4,854	4.83%
	Employed	18,774	18.68%
	Student	7,771	7.73%
	Manual worker	11,664	11.61%
	Unemployed	15,664	15.59%
	Retired	29,013	28.87%
	Farmer	1,051	1.05%
Retrospective assessments			
National economy	Good	29,913	29.77%
	Bad	70,580	70.23%
Personal household	Good	64,308	63.99%
	Bad	36,185	36.01%
European economy	Good	34,757	34.59%
	Bad	65,736	65.41%

Table continued

Prospective assessments

National economy	Better/same	68,200	67.87%
	Worse	32,293	32.13%
Personal household	Better/same	80,976	80.58%
	Worse	19,517	19.42%
European economy	Better/same	70,896	70.55%
	Worse	29,597	29.45%
Expectations job market	Peak of impact reached	48,086	47.85%
	Worse to come	52,407	52.15%
Trust in institutions			
National government	No trust	69,124	68.78%
	Trust	31,369	31.22%
National parliament	No trust	69,301	68.96%
	Trust	31,192	31.04%
ECB	No trust	57,262	56.98%
	Trust	43,231	43.02%
Satisfaction with democracy	Not satisfied	51,537	51.28%
	Satisfied	48,956	48.72%
Most effective actor against crisis	National government	16,586	16.50%
	EU	21,353	21.25%
	Other	62,554	62.25%
Identity	European only	2,309	2.30%
	Nationality only	41,805	41.60%
	European and national	53,289	53.03%
	Other	3,090	3.07%
Gender	Male	46,771	46.54%
	Female	53,722	53.46%

Table continued

Age	15-24 years	11,225	11.17%
	25-39 years	22,956	22.84%
	40-54 years	25,897	25.77%
	> 55years	40,415	40.22%
Political discussion	Occasionally	53,092	52.83%
	Frequently	13,512	13.45%
	Never	33,889	33.72%
Political knowledge	Good	67,848	67.52%
	Bad	32,645	32.48%
Understanding how EU works	No	34,435	34.27%
	Yes	66,085	65.37%

Notes: Number of observations=100,493

Descriptive statistics, country level

Country	Cluster	Frequencies	Percent
Austria	Core Europe	3,569	3.55%
Belgium	Core Europe	3,970	3.95%
Bulgaria	Eastern outsider	3,281	3.26%
Cyprus	PIGS countries	1,928	1.92%
Czech Republic	Eastern outsider	3,811	3.79%
Germany – West	Core Europe	3,863	3.84%
Germany – East	Core Europe	1,973	1.96%
Denmark	Northern outsider	3,864	3.85%
Estonia	Eastern Europe	3,725	3.71%
Spain	PIGS countries	3,714	3.70%
Finland	Core Europe	3,721	3.70%
France	Core Europe	3,849	3.83%
Great Britain – Great Britain	Northern outsider	3,723	3.70%
Great Britain – Northern Ireland	Northern outsider	1,094	1.09%
Greece	PIGS countries	3,855	3.84%
Croatia	Eastern outsider	2,676	2.66%
Hungary	Eastern outsider	3,716	3.70%
Ireland	PIGS countries	3,673	3.65%
Italy	PIGS countries	3,429	3.41%
Lithuania	Eastern Europe	3,602	3.58%
Luxembourg	Core Europe	1,932	1.92%
Latvia	Eastern Europe	3,682	3.66%
Malta	Eastern Europe	1,830	1.82%
Netherlands	Core Europe	3,921	3.90%
Poland	Eastern outsider	3,361	3.34%
Portugal	PIGS countries	3,578	3.56%
Romania	Eastern outsider	3,523	3.51%
Sweden	Northern outsider	3,906	3.89%
Slovenia	Eastern Europe	3,886	3.87%
Slovakia	Eastern Europe	3,838	3.82%

Dummy variables

Cluster	Frequencies	Percent
Core Europe	26,798	26.67%
Eastern periphery	20,563	20.46%
PIGS	20,177	20.08%
Outsiders	12,587	12.58%
Eastern outsiders	20,368	20.27%

Continuous variables

Variable	N	Mean	Std. deviation	Min	Max
EP votes 2009	30	20.067	18.486	0	76