The Return of Prejudice in Europe's Regions: The Moderated Relationship between Group Threat and Economic Vulnerability

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Using data from 16 countries and employing multilevel analysis that encompasses the national, regional, and individual levels, we find that both economic and social factors trigger anti-immigrant attitudes among Europeans. Regional per capita GDP is positively correlated with tolerant attitudes while the regional unemployment rate drives prejudice. We find a moderating relationship between immigrant population size and per capita GDP, which suggests that as the size of the immigrant population increases, prejudice rises but only in poorer regions. In more affluent regions, an increase in the immigrant population corresponds to increased tolerance.

INTRODUCTION

Since the end of World War II, Europe has gradually changed from a continent of net emigration to one that receives large numbers of immigrants. Germany, France, Britain and Spain have made the list of the world's top immigrant-receiving countries. OECD[1] data of international migration shows ongoing growth of immigration across all of the European Union, and this dynamic is projected to persist in the long run.[2] In some cases, immigration has reduced or even reversed population declines in receiving countries and migrants have provided a low cost, low skill labor force, filling an important labor market niche.

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Despite these benefits, the growth of international migration in Europe has been followed by a marked increase in ethnic tensions, outbursts of extreme nationalism, incidents of racism and even racial violence.[3] Surveys suggest increased anti-immigrant sentiment but also variations by country and by region.[4] The politics of migration have infiltrated the political scene of almost every European country, and extreme right positions on immigration are becoming mainstream.[5] Practically every country now has an anti-immigrant party, many represented in national parliaments, and these parties have regional strongholds.[6]

What explains the differences in prejudice across Europe and its regions? Answers have emerged from two distinct theoretical camps. One well-substantiated theoretical paradigm argues that individual and sociotropic economic vulnerability can trigger outgroup prejudice. Studies in sociology and political economy have emphasized country-level differences in wealth and economic insecurity as the main culprits. Some argue that citizens of more affluent countries tend to be more inclusive in comparison to those from poorer countries.[7] Studies have linked unemployment,[8] as well as real[9] and perceived[10] economic decline, with prejudice. Yet, not all studies have found a correlation between the macroeconomic environment and individual attitudes toward migrants or immigration policy.[11] More recent scholarship indicates that an increase in migratory flows may be a necessary but not a sufficient condition for the emergence of prejudice.[12]

A second tradition rooted in social psychology argues that prejudice is related to intergroup interactions and size of immigrant population. However, substantial disagreement exists as to the relationship between immigrant population size and prejudice. The "threat hypothesis" suggests that the size of the outgroup population in an area matters: the presence of large numbers of outgroup members can trigger threat and outgroup bias.[13] Immigration can contribute to the rise of cultural anxieties,[14] especially in areas that had previously been ethnically homogeneous.[15] On the other hand, proponents of contact theory have found strong and consistent evidence that direct,[16] and even parasocial,[17] contact between groups can foster tolerance. Also contact between natives and immigrants might increase with an increase in the immigrant population. The theoretical argument also claims that mere casual geosocial

exposure to outgroup members can produce positive attitudes towards outgroups.[18] The size of the outgroup population could be seen as a proxy of structural threat as well as a proxy for contact.

In the classic Schelling tipping model, white residents flee a neighborhood when the minority resident share exceeds a personal tolerance threshold. Thus, a small movement in minority share beyond a tipping point can cause an integrated neighborhood to segregate rapidly.[19] Today, racial segregation is a salient feature of urban neighborhoods in the United States. A high degree of racial segregation in a city is associated with worse outcomes for young blacks such as lower education, income, and employment.[20] A frequently suggested cause of segregation is the racial preference of whites for living among white neighbors. Thomas C. Schelling[21] demonstrates that substantial segregation can result even from weak racial prejudice. After the white residents with lowest tolerance for minorities leave a neighborhood, the minority share increases and induces the departure of less prejudiced whites, thereby causing a sequence of white flight.

The vast majority of research on the economic and social threat of migration has been either single country or multi-country, but few studies have engaged the sub-national, regional level in Europe. Regions are important arenas for shaping attitudes towards immigration. Our claim is that a region, or a country, can be viewed as a neighborhood writ large. As Schelling[22] and Mark Granovetter[23] point out, individual intentions can be quite different from group outcomes. Based on this thinking, we argue that we can draw a line from the individual- to the country-level. Countries are natural units; people can move and live freely within their boundaries, and people are affected by the same media outlets and to the same day-to-day concerns. While the size of a minority group has been shown to influence people at a regional level, we argue that the unemployment rate at the regional level can have a moderating effect on tolerance. At the same time, several studies argue that how the dominant group perceives other groups' size; whether they are false or correct perceptions, have important implications for ethnic attitudes.[24] The citizens are thus concerned with the ethnic ratio within the state, to a certain degree independent of the ratio in their immediate surroundings. Contradictory results could thus be related to the level of analysis. Regional studies show that there are important differences in economic performance across regions, and

even within one country, immigrants tend to cluster within a few areas.[25] Such regional differences would be lost if we only compare countries instead of regions. Surveys have showed significant regional variations in attitudes towards migration. However, the sub state regional level has so far been virtually absent in the field of immigration studies, despite the fact that it is increasingly responsible for the social, economic, and cultural integration of immigrants.[26] Immigration affects the sub-state region´s demographic growth, the labor market, economic development and the delivery of public services.[27] Surveys conducted at a country level may capture trends attributable to national characteristics. However, regional developments may have an even larger direct influence on peoples´ lives, which in turn shapes individual attitudes towards immigration. For example, a report by the Migration Observatory,[28] based on results from a survey of 1,000 British adults carried out in September 2011, showed that opposition to immigration was lowest in London and Scotland. Moreover, attitudes were more negative towards immigrants in the North, South and Midlands/Wales than in either Scotland or London.

Using data from the European Social Survey[29] and tying it to both national and sub-national (regional) contextual variables, this study seeks to overcome some of the methodological limitations of previous work. We take a starting point in the concept of anti-immigrant prejudice in our empirical analyses. The majority of definitions of prejudice include a notion of prejudice as some sort of attitude, but different authors emphasize different aspects of the concept. Probably the most known definition is the one proposed by Gordon W. Allport: "Ethnic prejudice is an antipathy based upon a faulty and inflexible generalization. It may be felt or expressed. It may be directed toward a group as a whole or toward an individual because he is a member of that group." [30] We notice that Allport conceptualizes prejudice as a negative attitude, with the emphasis on the affective component. He further emphasizes that prejudice is based on false generalization that is resistant to change—"faulty and inflexible."[31] Rupert Brown[32] persuasively argues that the notions of falseness and change resistance may well be removed from the definition because they might be difficult to establish empirically and because they fail to do justice to the variety and complexity of forms the prejudice can take (particularly with regard to "subtle" or "modern" forms of prejudice). For the purposes of the empirical analyses conducted in this article, we

will therefore define anti-immigrant prejudice this way: *Negative attitude toward immigrants as a group, or a negative attitude toward an individual that is based on that individual's immigrant background*. We argue that prejudice is more likely to emerge when economic hardship interacts with demographic change. Following Lincoln Quillian,[33] we suggest that there is a moderating relationship between the social and the economic macro-level context that is likely to produce intolerance toward immigrants. We employ a multi-level regression model with data corresponding to the individual, regional and national levels. Our study finds that the macroeconomic context is an important correlate of attitude formation. Residents of regions with higher unemployment as well as those from less wealthy regions (in terms of *per capita* GDP) are more likely than those from regions with more positive macroeconomic indicators to express prejudicial attitudes toward immigrants.

THE ECONOMIC CONTEXT: ECONOMIC DETERMINANTS OF PREJUDICE

Research focusing on political economy has privileged the role of economic conditions on attitudes toward outgroups. According to this perspective, prejudice is a response to changing economic conditions and increased economic vulnerability. As macro-economic conditions decline, for example as unemployment increases and *per capita* wealth drops, the individual and collective vulnerability of natives increases. Increased economic vulnerability, which we define as having low income and/or low skill levels, engenders increased material anxiety, and it also triggers hostility towards outgroups. Under such conditions, outgroups regardless of their size can become scapegoated.[34]

Several studies both in Europe and in the United States have found strong positive correlations between macro-economic decline and anti-immigrant attitudes or policy preferences. Increased unemployment rates have been associated with preferences for immigration restrictions.[35] Individual economic vulnerability, measured in terms of actualized or expected loss of economic well-being, expectation of higher taxes or fear of loss of employment, can lead to prejudicial responses.[36] A number

of studies, especially in economics, look specifically at how competition over jobs may structure the immigration policy preferences of native workers of different skill levels.[37]

Research on the effects of economic vulnerability on attitudes towards immigrants and immigration policy preferences has produced contradictory results. Jack Citrin and John Sides[38] find that in Europe, dissatisfaction with one's personal economic situation is correlated with support for immigration restrictions. Joseph Daniels and Marc von der Ruhr[39] posit that low skilled natives in Europe, a group that tends to be more vulnerable to macro-economic change, tend to oppose immigration. Jens Hainmueller[40] and Michael J. Hiscox introduce the skill set of the immigrant population into the equation to show that high-skilled natives who tend to be less affected by economic decline, are more inclusive in their response to immigrants than are low skilled natives regardless of what skills immigrants possess.[41] However, Hainmueller and Hiscox[42] suggest that when immigrants are viewed as a fiscal burden, opposition to immigration increases across all skill groups.

There are many methodological differences across these studies that may have contributed to the inconsistency in results. Some are country-specific, while others include multi-level data from several countries. Some include time-series analyses but most rely on cross-sectional data. In other words, economic decline may be a necessary but not sufficient condition to produce outgroup prejudice. Nevertheless, to ease presentation of arguments later in this article we take a point of departure in simple sociotropically-induced prejudice thesis when formulating our first two research hypotheses:

Hypothesis 1: People living in regions with higher unemployment tend to be more prejudiced than people living in regions with lower unemployment.

Hypothesis 2: People living in less affluent regions (in terms of per capita GDP) tend to be more prejudiced than those living in more affluent regions.

We assume that unemployment is a proxy for GDP. Economic theory postulates a relationship between unemployment and GDP, and Okun's law is an empirically observed relationship between unemployment

and losses in a country's production. The "gap version" states that for every 1 per cent increase in the unemployment rate, a country's GDP will be roughly an additional 2 per cent lower than its potential GDP.[43] We therefore want to test whether there is correlational effect between these two variables.

THE SOCIAL CONTEXT: THE THREAT HYPOTHESIS AND INTERGROUP CONTACT THEORY

The idea that the geosocial context influences people's attitudes toward outgroups is commonly known as "the threat hypothesis." This hypothesis was originally used to explain how the racial composition of neighborhoods affected the attitudes of whites towards blacks in the United States. The underlying theory that animates the threat hypothesis is that as more members of an outgroup join a community, members of the dominant group experience increased fears and resentment related to loss of political position and competition over material resources.[44]

The threat hypothesis has also been extensively studied by social psychologists. Experimental and correlational studies support the notion that material competition,[45] cultural anxieties,[46] or a combination thereof,[47] resulting from inter-group interactions can trigger prejudicial responses among members of the dominant group. Simply put, perceived or real competition over jobs, benefits, services and political status often combined with fears about the "foreignness," criminality and unassailability of immigrants, as well as their likely effects on the native culture, can trigger hostile attitudes among the dominant ethnic group.[48]

The threat hypothesis has been extensively employed to explain attitudes toward immigrant populations both in the United States and in Europe. These studies find that the size of the immigrant population correlates with prejudicial and exclusionary attitudes,[49] and support for restrictive immigration policies.[50]

The threat hypothesis has been challenged by studies that find no effect or a positive effect of the size of immigrant population on reduction of prejudicial attitudes or behaviors, and by research indicating

that perceptions rather than actual numbers of immigrants is what drives threat. In a longitudinal analysis of twelve West European countries, Moshe Semyonov, Rebeca Raijman and Anastasia Gorodzeisky,[51] suggest that there may be ceiling effects to the impact of immigrant size; they found that anti-immigrant sentiment increased sharply in the early 1990s as the size of the immigrant population grew, but in the decade that followed prejudice remained stable. Zan Strabac and Ola Listhaug[52] find that the size of the Muslim population does not correlate with the prevalence of anti-Muslim attitudes, while Silke Schneider[53] contests the role of population size in eliciting threat responses. Others find that the size of the outgroup population correlated *positively* with support for higher levels of immigration and negatively with support for anti-immigrant policies.[54]

The opposing argument to the threat hypothesis is based on intergroup contact theory. The theory was first proposed by Allport[55] who argued that a society can achieve more ethnic tolerance through openness and inter-ethnic interaction. Direct positive interaction with outgroup members is expected to increase positive affect, empathy and general good will towards outgroups and lead to a decline in prejudicial attitudes. It must be noted that Allport mentions that the beneficial effects of contact only appear under certain conditions.

The argument about contact and tolerance has been further developed by Ulrich Wagner, Olicer Christ, Thomas F. Pettigrew, Jost Stellmacher and Carina Wolf.[56] Several reviews and meta-analyses of the contact hypothesis, have also concluded that there is strong evidentiary support for the intergroup contact theory.[57] Studies have shown that not only direct contact but also contact within networks or "parasocial" contact can produce a decline in prejudicial attitudes.[58] Intergroup contact has two dominant measures: individual behavior, which refers to personal contact between members of different groups; and context, that is, the size of a minority group within a specified geographic area (e.g., neighborhood, region, country). Both measures have been shown to correlate with positive attitudes toward minorities and outgroups.[59]

As we have seen, the threat hypothesis and contact theory result in contradictory predictions about the effect of group size on prejudice. To simplify the discussion of the results, we take the threat hypothesis as the point of departure and assume that population size has a negative influence on tolerance.

Hypothesis 3: people living in countries with larger immigrant populations tend to be more prejudiced than people living in countries with smaller immigrant populations.

THE CONDITIONAL RELATIONSHIP BETWEEN THE PROPORTION OF IMMIGRANTS AND THE ECONOMIC CONTEXT

As Alexandra Filindra and Shanna Pearson-Merkowitz[60] have argued, people are highly influenced by local economic conditions but the economic context and the social context do not operate independently of each other. In effect, the proportion of immigrants has differing effects on tolerance, depending on the area's economic situation. Thus, economic context can act as a moderator on the relationship between the social context and tolerance. People respond to cues from both domains at the same time. When the country is affluent, individuals tend to be optimistic and feel safe in their economic prospects. Under these conditions, the presence of large immigrant communities in the country is less likely to trigger competition and thus intolerance is less prevalent. When the pie is growing, there is little reason to view immigrants as a threat or engage in scapegoating. However, when the economy is in decline, people encounter actual or expected losses in material well-being. Studies have found that fears about the status of the economy can elicit strong negative responses in people.[61]

Although a large number of studies have focused on variations in ethnic tolerance across countries, a relatively small number of comparative studies have focused on structural sources of sub-national variations in discriminatory attitudes toward outgroup populations. The body of research focusing on national- and individual-level variations includes Quillian's[62] pioneering study of prejudice toward foreigners in 12 European countries, the research of Peers Scheepers, Merova Gijberts and Marcel

Coenders on exclusionary attitudes toward foreigners in several countries,[63] Evans and Need's work on attitudes toward minorities' political rights in 13 East European countries,[64] Robert M. Kunovich's study of 17 East and West European societies.[65] These comparative studies of cross-national variations in ethnic attitudes have identified factors that may be attributed to the national context. However, there are considerable variations in relevant social and economic traits within nations, and it is often useful to disaggregate the country-level data in order to gain a more accurate picture regarding the influence of the social and economic context. For instance, economic conditions in a country can vary widely, with some areas being more affected by the economic recession than others. Once one decides to use data at the sub-national level, the question of what causal mechanisms influence prejudice in this context arises, and which level of aggregation should be used. Regarding causal mechanisms, it seems reasonable to assume that individual's perceptions of their economic vulnerability depend not only on their individual economic circumstances, but also on the economic situation in the area in which they live. If it is easy to find well-paid jobs within commuting distance, there should be little reason for great concern, even among those facing the prospects of losing their jobs. Conversely, individuals having well-paid jobs in areas characterized by low or falling wages and high unemployment, might easily be concerned about their future economic prospects.

With regard to variables related to economic conditions, one could argue that smaller regions of municipalities would be the optimal level of aggregation since availability of attractive jobs within commuting distance might be assumed to be of crucial importance for maintaining the economic standard of living without the costs of internal migration. However, we argue that in a cross-national study based on a relatively large number of countries, it is the quality of the sub-national contextual data that is of greatest concern. Administrative divisions and methods of registration of data tend to vary between the countries, and collecting data that are comparable across countries is far from easy. The research team behind the European Social Survey[66] (ESS) has devoted many resources to assembling a regional-level dataset suitable for cross-country multilevel analysis, and this is one of the strong sides of our main data-source. The ESS research team has taken Eurostat's definition as a starting point, and has produced

regional-level data that are cross-country comparable and possible to merge with the individual-level survey data.[67] In the present article, we use regional-level data from the ESS and we argue that the economic situation at a regional level influences prejudice:

Hypothesis 4: The level of tolerance among the majority population is dependent on the economic conditions at a regional level.

Hypothesis 5: As the size of the immigrant population increases in affluent regions, so does the prevalence of tolerance. The opposite is the case in less well-off regions, as the size of the immigrant population increases, tolerance decreases.

IMMIGRATION, ECONOMIC DEVELOPMENT AND PREJUDICE IN EUROPE

As we mentioned earlier, many European countries had been countries of emigration until the early 20th century. After the end of the Second World War, the numbers of non-European immigrants increased rapidly and a majority of Western European countries acquired sizable immigrant populations of both European and non-European descent. Both relative sizes and compositions of these immigrant populations vary, reflecting the historical differences between European countries regarding the processes of immigration. However, many of the controversies and challenges regarding immigration are remarkably similar across the countries of reception. Popular prejudices, anti-immigration parties, discrimination of immigrants, etc. are present in a majority of the European countries. Figure 1 below shows the country level correlation between share of non-EU immigrants and average score on our ethnic tolerance scale. There is a weak negative linear effect, that is, countries with a large share of non-European immigrants are somewhat more intolerant. Estonia can be regarded as somewhat of an outlier immigration-wise, considering that its relatively high number of non-EU citizens are mostly born in its

neighboring country, Russia. This graph is mainly used to illustrate the direct macro correllation between the two variables.

[FIGURE 1-HERE]

In recent years, the rise in immigration has coincided with economic difficulties across most European countries. During the first decade of the 21st century, unemployment in the EU averaged around 9 per cent, but since 2008, it has been consistently climbing. EUROSTAT reports that average unemployment for 2012 in EU-27 had reached almost 11 per cent. Across countries, unemployment ranged from about 25 per cent in Spain and Greece to 4.3 per cent in Austria. Figure 2 is a spatial demonstration of the relationship between unemployment, immigration rate and ethnic tolerance at the country level.

[FIGURE 2-HERE]

Per capita income shows the same patterns: there are substantial differences in *per capita* GDP across European countries and wealth is growing (and most recently shrinking) at very different rates. In 2012, *per capita* GDP growth hovered around zero for most countries in Western Europe, while some Eastern European countries reported strong growth and Southern Europe experienced substantial contraction. Greece, Spain, Italy, Cyprus and Portugal have been reporting annual *per capita* GDP declines since 2008. In addition, as Figure 3 shows, a pattern links wealth, immigration rate and tolerance.

[FIGURE 3-HERE]

THE LEVEL OF ANALYSIS CHALLENGE

Social and economic differences exist not only at the national but also at the subnational level. Immigration, unemployment and poverty are not equally distributed across countries, and neither is ethnic

prejudice. Although EU-wide census data does not exist at the regional level, data from individual countries is indicative of the within-country differences. For example, in the UK, although the largest concentration of foreign-born residents exists in London, the fastest growing immigrant communities are in Tyne and Wear, Merseyside, and parts of Scotland.[68]

European countries also exhibit substantial regional differences in terms of economic development. The difference in *per capita* GDP between London, the wealthiest region in the UK, and West Wales, the poorest region, is 466 per cent. Regional inequality is less pronounced in poorer countries such as Slovenia, Greece, Ireland and Portugal and in some of the Nordic countries. Table 1 shows the differences in *per capita* GDP (in PPP) between each country's wealthiest and poorest region.

[TABLE 1-HERE]

Similarly, unemployment shows substantial diversity within countries and across regions. Countries in Western Europe show the largest disparities in regional unemployment rates. In Italy, unemployment in Calabria reached 19.3 per cent in 2012, 4.7 times higher than in Bolzano/Bozen. In the German region of Mecklenburg-Vorpommern unemployment reached 10.8 per cent or 400% more than in Tübingen (2.7 per cent). Table 2 displays the maximum differences in regional unemployment rates in each country.

[TABLE 2-HERE]

These differences suggest that country-level analyses which rely on country average indicators for social and economic variables to capture the context in which immigration attitudes develop, may not be fine-grained enough to capture social dynamics which tend to be influenced by the local rather than the national context. The contradictions in results in studies of both the economic and the social context may be further confounded by the level of analysis.

Most research in this field is conducted at the national level. Cross-national studies employ a variety of methodologies, but they often overlook within-country differences and usually are affected by small sample sizes. In a study based on data from 17 Western European countries, Strabac[69] discussed two common approaches in analyses of associations between sizes of immigrant populations and anti-immigrant attitudes. The first one is the already mentioned two-level approach with individuals as level-1 units and countries as level-2 units. We have already discussed two of the main disadvantages of this approach, namely neglect of (often fairly large) intra-country variation and the statistical problem with level-2 sample size.

The second approach concerns studies that focus on subnational (usually regional) level of analysis in single-country studies. This approach has advantages since it does not neglect intra-country variation and usually presents more detailed and realistic analyses of determinants of anti-immigrant attitudes. However, the disadvantage with this approach is that the obtained results might be highly country-specific and difficult to generalize, to a wider, European or Western context. For instance, Strabac[70] criticizes the methodologically very sophisticated study of Wagner et al.,[71] as possibly producing results that are only relevant for Germany, due to the country's specific recent political history. In this study we avoid some of these problems by combining analyses at a cross-national level, with an in-depth study of regional differences using three-level models.

We suggest that it is the regional economic context that determines whether intergroup contact- or group threat mechanisms come into play. In addition to increased size of immigrant populations and changing economic conditions, we want to capture the underlying forces where the social, economic, and political mechanisms is a framework that influences whether there is a positive outcome of intergroup contact, or whether competition and group threat dominate the relation between the majority population and the immigrants.

DATA AND METHODS

To gauge the correlates of ethnic tolerance we have employed survey data from 2010 gathered from the European Social Survey,[72] and combined it with regional- and country-level statistics. The data are thus nested into three levels: (1) individuals, (2) regions, and (3) countries. Our data include 16 countries[73] and 71 regions within these countries.

Our dependent variable, labeled "ethnic tolerance" is an additive scale ranging from zero to thirty, where high values indicate that a person holds positive attitudes toward immigration. The scale is composed of the three questions, each scored on a ten-point scale. The three items are: 1) *Would you say it is generally bad or good for [country]'s economy that people come to live here from other countries?* 2) *Would you say that [country]'s cultural life is generally undermined or enriched by people coming to live here from other countries?* 3) *Is [country] made a worse or a better place to live by people coming to live here from other countries?* The scale exhibits high levels of internal consistency (alpha=.862).

Our key independent variables are measured at the national and the regional levels. We employ several indicators of the size of the immigrant population. As mentioned earlier, group threat theories suggest that the size of the outgroup population drives intolerance. The literature has distinguished the foreign population in Europe into categories. First, there is the non-EU population which consists mostly of Asian and African immigrants, many of them Muslim. We have labeled this variable as "*Non-EU citizens.*" The data for this variable were found in reports produced by the Organization for Economic Cooperation and Development.[74] Second, there is the foreign-born population that is the first generation of immigrants. This is a more inclusive variable since it comprises both EU citizens and non-EU citizens who are not born in their country of residence. We have labeled this variable "*per cent foreign born*." Our main argument is that the effect of our main *X* on *Y* is conditioned by the economic condition of the individual respondent's region.

A measure of *per capita GDP* is our measure of the economic context and economic vulnerability. This variable is measured at the regional level and the data are derived from the 2010 European Social Survey.[75] This is one of few studies to incorporate regional data in the analysis of Europeans' attitudes toward immigrants; most other studies have focused on the national level. This

variable ranges from 3.4 to 59.8 and has a mean of 22.3 (Appendix B). We also tested several alternate measures of the economic context, including regional unemployment level, change in unemployment and change in *per capita* GDP. The inclusion of these variables in the base model did not alter the results and we opted to exclude them from our final models.

Our models also include several control variables at the individual level. Our demographic controls are gender, age, income, education and political ideology (placement on a left/right continuum) all of which have been shown to correlate with outgroup tolerance. Our attitudinal controls are two additive indices labeled *trust in people* (alpha=.791)[76] and *trust in institutions* (alpha=.867).[77] According to Ronald F. Inglehart,[78] interpersonal and institutional trust contributes to tolerance towards others. Descriptive statistics for all variables included in our models are in the Appendix.

We employ hierarchal modeling, where the objective is to account for variance in a dependent variable measured at the lowest level by investigating information from all levels of analysis.[79] Our article investigates countries that are a part of either the European Union or the Economic Free Trade Association (EFTA). There are both theoretical and statistical reasons for employing multilevel modeling. From a theoretical point of view, we are concerned with the relationship between characteristics of regions, countries, and individual attitudes. We argue that a person is influenced by the features of his or her society. Observations that are close in space are likely to be more similar than observations far apart. Thus, respondents from the same country share more similarities with each other than they do with respondents from different countries. This implies a statistical reason for using our approach. Such a shared context is a cause of dependency among observations. If one violates the assumption that errors are independent, this will cause the estimated standard errors to be too low, and the *t*-statistics to be too high.[80] In addition, multilevel modeling is an answer to the criticism that proponents of the qualitative method often raise against statistical research – more specifically, account has to be made of the context of the individuals when studying these. This is actually one of the advantages of multilevel analysis. By including state- and regional-level factors in the regression equation one allows for the context surrounding the individuals to be accounted for. The use of regional data in the analysis is important for

methodological reasons. Specifically, recent studies of multi-country models suggest that the inclusion of a small number of countries can severely bias significance estimates by leading to unacceptably high parameter and standard error estimates. However, when the number of cases rises above 15–20 states, accuracy improves.[81]

RESULTS

In Table 3, we present results from four regression models: models 1 and 3 are simple models while models 2 and 4 include interaction terms. The first set of two regressions use the size of the non-EU migrant population as a key explanatory variable while the second set focuses on all foreign-born residents.

[TABLE 3-HERE]

We find that both of our economic indicators are highly statistically significant even though they explain only a small portion of the variance. As expected, the effect of *per capita* GDP is positive: 0,043 in Model 1 and 0,045 in Model 3. This indicates that residents of wealthier regions tend to be more tolerant towards immigrants. Similarly, the relationship between tolerance and unemployment is negative, and as hypothesis 2 specified, residents of regions where unemployment is high tend to be less tolerant than those who live in low unemployment regions.

Although the data provides confirmation for both hypothesis 1 and hypothesis 2, the two political economy hypotheses, our social context hypothesis (hypothesis 3) that the size of the immigrant population influences prejudicial attitudes does not fare as well. Whether we use the non-EU foreign population or the per cent of foreign born as an indicator, our models suggest that the size of the

immigrant population although negative in direction, does not have a statistically significant effect on the prevalence of intolerance.

Does this mean that the social context plays no role in shaping people's attitudes toward immigrants and that only material considerations influence people's beliefs? We further test the role of the social context by introducing an interaction term. In Model 2, we interact our "per cent non-EU immigrant" indicator with *per capita* GDP, and in Model 4, we use "per cent foreign-born" as a measure of the social context. In both models, the interaction is statistically significant, though only at the 0.1 level of significance in Model 4. This suggests that the relationship between macroeconomic conditions, the social context and prejudice is more complex than initially thought. Because it is difficult to decipher the meaning of moderated relationship from the coefficient, we present the results in graphical form. Figure 4 illustrates the relationship as emerged in Model 2.

[FIGURE 4-HERE]

We can see that percentage of non-EU immigrants has a positive effect on tolerance in the wealthiest regions, negative effect in poorest regions, and basically no effect in averagely rich regions. The three predicted effects in Figure 4 illustrate the relationships between immigrant size, wealth and tolerance, but we do not see if the effects are statistically significantly different from zero. A more elaborate graphical presentation is shown in Figure 5. Here the average marginal effects of percentage of non-EU immigrants for different values of regional GDP are presented, together with 95% confidence intervals for the estimates of the effects. As one can see, the percentage of immigrants has negative effects for lowest value GDP, and these are statistically significant at the 5% level of significance up to GDP of about 16 to 17 000 US$. The percentage of immigrants does not have any statistically significant effects on tolerance for regions with GDP in the mid-range of the distribution. On the other hand, the percentage of immigrants has statistically significant positive effects on tolerance in regions with the highest GDPs.

Our results thus strongly indicate that the economic context operates as a moderator. Prejudice is more likely to emerge when relative poverty meets high rates of immigration, while tolerance tends to increase with high rates of immigration in affluent regions. The results thus give support to the contact theory hypothesis.

[FIGURE 5 HERE]

Interestingly, the interaction between unemployment and immigration rate did not produce similar result. Although unemployment is a strong predictor of prejudice, its interaction with size of the immigrant population is not statistically significant, (models not shown but available upon request). This suggests that it is the condition of the economy, long-term economic processes, and the level of income available to citizens more so than the business cycle and the temporal conditions of the labor market, that affect how people interpret their social environment.

DISCUSSION AND CONCLUSION

The aim of this article is to explain variations in prejudice across European regions. Numerous studies have tackled the question of what drives anti-immigrant attitudes in Europe, but because of both theoretical and methodological limitations, results have been inconsistent. Our study argues that answers to how the social and economic environment shape people's outgroup attitudes must involve indicators from the proximal (regional), the distal (country), *and* the individual levels. The findings indicate that we may be witnessing the development of a two-track Europe at the regional level. As immigration is expected to continue to grow in future decades, affluent regions will become more adept at integrating immigrants from around the world, providing a tolerant social environment for them and their children. Poorer regions, however, may experience higher levels of intolerance and social unrest as more immigrants compete with natives for scarce resources. Inglehart[82] has proclaimed that economic development and affluence have led people in Western European societies to embrace post-materialist

values, including outgroup tolerance. He considered this shift in values to be enduring, cultivated, as they would be, by national institutions. Our study shows that wealth does indeed correlate with tolerance even at the regional level. Yet, this may not necessarily be an indication of such deep cultural differences but rather of how the economic context influences social psychology and inter-group relationships. After all, the data show that even when controlling for poverty, unemployment also correlates with prejudice. Our findings at the macro level, is also in line with existing literature, such as Sides and Citrin,[83] who find that in Europe, dissatisfaction with one's personal economic situation is correlated with support for immigration restrictions. Daniels and von der Ruhr[84] posit that low skilled natives in Europe, a group that tends to be more vulnerable to macro-economic change, tend to oppose immigration. At the same time our results show that the percentage of non-EU immigrants has a positive effect on tolerance in the wealthiest regions, negative effect in the poorest regions, and basically no effect in averagely rich regions. The findings also bears resemblance with Marco Pecoraro and Didier Ruedins[85] examination of individual attitudes toward equal opportunities for foreigners and Swiss citizens. Here, one main finding was that the individuals with low levels of education tend to oppose equal opportunities for foreigners, while for individuals with high levels of education such opposition can be observed with increasing unemployment risk. They find that attitudes toward equal opportunities for immigrants is not a simple reaction to changes in the demographic composition of the labor force. Both values and economic factors play a central role.

Our results suggest that the anxiety producing effects of high levels of migration in a country emerge only when proximal economic conditions are not optimal at the regional level. In other words, the presence of large numbers of non-EU immigrants and foreign-born people in general, becomes an issue only in regions suffering from economic underdevelopment. However, our data suggest additional effects, ones that older analyses failed to capture. Specifically we find that in affluent regions, the presence of large numbers of non-EU migrants in the country correlates with more tolerance. This suggests two different trajectories within Europe's regions. As the size of the immigrant population increases in all European countries, affluent regions are expected to exhibit higher levels of tolerance, becoming

increasingly supportive of immigration and immigrant integration, while poorer regions may exhibit higher levels of anti-immigrant sentiment and intolerance.

Several studies argue that how the dominant group perceives other groups' sizes from the narratives they receive, whether they are false or correct perceptions, have important implications for ethnic attitudes.[86] The mere size of the other groups at a state-level is reflected in an increased sense of threat among members of the group in question. The citizens are thus concerned with the ethnic ratio within the state, to a certain degree independent of the ratio in their immediate surroundings. However, our model differs substantially from that of Schelling[87] in one important aspect apart from size. It is not as easy to move out of one's own country, as it is to change neighborhood. Even if an individual decides to emigrate, that would in most cases only worsen the ratio-problem, considering that he or she now would be a minority in the new country. This implies that individuals whose threshold of tolerance has been passed, will instead of moving (as they could in the bounded neighborhood model) rather develop a larger degree of ethnic aversion.

It should be recognized that there are certain limitations to the data in our study. It would be highly relevant to test for the percentage of immigrants at the regional level. Even so, it has long been assumed that for relatively large sociospatial contexts, the demographic size of an outgroup is likely to evoke political propaganda targeted against this outgroup.[88] According to this reasoning, it is not necessarily the objective size of the immigrant population per se, but the political propaganda targeted against immigrants, which might operate as primary source of perceived group threat and immigrant derogation.[89] However, examining this line of reasoning remains a key challenge for subsequent studies. If these data were available, one could differentiate between attitudes resulting from the perceived size of the immigrant population at the national level, and the factual size at the regional level. Thus, future research should employ more comprehensive measures of the immigrant population at the regional level. We therefore advise not to draw strong conclusions from our study, whereby a combination of increased unemployment and larger size of the national immigrant population, inevitably worsens intergroup relations at the regional level. We caution that this relation might be dependent on additional factors,

which were not observed in this study. Attitude formation at other levels could also be of relevance, such as one`s municipality or one`s neighborhood. This point also relates to the lack of available comparable data in our material. Thus, future research might ideally employ such measures.

The evidence presented in this study suggests that negative views toward immigrants and refugees are unlikely to diminish in the short term. The number of asylum seekers entering OECD countries is expected to increase as a result of an escalation of conflict and human rights abuse in certain parts of the world, especially such recent developmental patterns that have taken place in the Middle East. One should be aware of potentially increased intergroup tensions, with respect to effects resulting from national governmental decisions, to disperse asylum seekers to regions that suffer from high levels of unemployment and economic difficulties.

Based on our results we outline a moderately pessimistic future when it comes to ethnic tolerance in European countries. The moderation is due to the possibility of specific conditions that may change, such as the economic situation, which would make more immigration a potential source of tension between the majority and minority populations. Further research should explore whether, where and under what circumstances ethnic tolerance may take place. Ideally, ethnic tolerance could simultaneously be tested at a country, regional, municipal, and even at the neighborhood level.

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[74] Exceptions were made for Bulgaria and Slovakia where numbers were not available in the OECD data. This was solved by contacting the Ministry of Foreign Affairs of the Republic of Bulgaria and the Bureau of Border and Alien Police in Slovakia.

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Table 1. Within country differences in wealth: Wealthiest and poorest regions by country (Source: EUROSTAT, 2010)							
	Wealthiest Region	Per capita GDP (PPS)	Percent of EU average	Poorest Region	Per capita GDP (PPS)	Percent of EU average	Δ wealthiest /poorest
	EU average	**24,500**	**100%**				
Austria	Wien	44,300	181%	Burgenland (AT)	23,200	95%	191%
Belgium	Brussels	61,300	250%	Prov. Luxembourg (BE)	22,000	90%	279%
Bulgaria	Yugozapaden	8,200	33%	Severozapaden	2,900	12%	283%
Croatia	Croatia	10,200	42%				
Cyprus	Cyprus	21,000	86%				
Czech Republic	Praha	30,900	126%	Severozápad	11,200	46%	276%
Denmark	Hovedstaden	52,300	213%	Sjælland	30,200	123%	173%
Estonia	Estonia	10,700	44%				
Finland	Helsinki-Uusimaa	45,400	185%	Pohjois- ja Itä-Suomi	27,000	110%	168%
France	Île de France	49,800	203%	Limousin	22,700	93%	219%
Germany	Hamburg	52,200	213%	Thüringen	20,700	84%	252%
Greece	Attiki	25,900	106%	Ipeiros	13,700	56%	189%
Hungary	Közép-Magyarország	15,900	65%	Észak-Magyarország	5,900	24%	269%
Iceland	Iceland	29,800	122%				
Ireland	Southern and Eastern	39,400	161%	Border, Midland and Western	23,000	94%	171%
Italy	Bolzano/Bozen	37,000	151%	Campania	16,200	66%	228%
Latvia	Latvia	8,600	35%				
Lithuania	Lithuania	8,900	36%				
Luxemburg	Luxembourg	78,600	321%				
Macedonia	Macedonia	3,400	14%				
Malta	Malta	15,200	62%				
Netherlands	Groningen	48,700	199%	Flevoland	25,200	103%	193%
Norway	Oslo og Akershus	69,100	282%	Hedmark og Oppland	36,800	150%	188%
Poland	Mazowieckie	15,000	61%	Lubelskie	6,200	25%	242%
Portugal	Lisboa	22,700	93%	Norte	13,000	53%	175%
Romania	Bucuresti - Ilfov	13,800	56%	Nord-Est	3,600	15%	383%
Slovakia	Bratislavský kraj	29,200	119%	Východné Slovensko	8,200	33%	356%
Slovenia	Zahodna Slovenija	20,800	85%	Vzhodna Slovenija	14,400	59%	144%
Sweden	Stockholm	50,700	207%	Östra Mellansverige	31,800	130%	159%
Switzwrland	Switzerland	53,400	218%				
UK	Inner London	81,100	331%	West Wales and The Valleys	17,400	71%	466%

Table 2. Within country differences in unemployment rates:
Highest/lowest unemployment rates by country (Source: EUROSTAT, 2012)

	Lowest unemployment rate	2012	As % of EU average	Highest unemployment rate	2012	As % of EU average	Δ High/Low
EU-28 average		**10.5**					
Austria	Salzburg	2.5	24%	Wien	7.9	75%	316%
Belgium	Prov. West-Vlaanderen	3.9	156%	Région de Bruxelles	17.4	696%	446%
Bulgaria	Yugozapaden	8.2	210%	Severoiztochen	18.2	467%	222%
Croatia	Jadranska Hrvatska	14.8	180%	Kontinentalna Hrvatska	16.3	199%	110%
Cyprus	Cyprus	11.8	80%				
Czech Republic	Praha	3.1	26%	Severozápad	10.7	91%	345%
Denmark	Sjælland	6.4	206%	Hovedstaden	8.2	265%	128%
Estonia	Estonia	10.2	159%				
Finland	Manner-Suomi	7.7	75%	Pohjois- ja Itä-Suomi	9.5	93%	123%
France	Limousin	7.2	94%	Languedoc-Roussillon	15.7	204%	218%
Germany	Tübingen	2.7	38%	Mecklenburg-Vorpommern	10.8	150%	400%
Greece	Ionia Nisia	14.7	544%	Dytiki Makedonia	29.9	1107%	203%
Hungary	Nyugat-Dunántúl	7.4	50%	Észak-Magyarország	16.6	113%	224%
Iceland	Iceland	6.0	81%				
Ireland	Southern and Eastern	14.1	235%	Border, Midland and Western	16.5	275%	117%
Italy	Bolzano/Bozen	4.1	29%	Calabria	19.3	137%	471%
Latvia	Latvia	14.9	363%				
Lithuania	Lithuania	13.2	89%				
Luxemburg	Luxembourg	5.1	39%				
Malta	Malta	6.4	125%				
Netherlands	Zeeland	3.1	48%	Flevoland	6.6	103%	213%
Norway	Agder og Rogaland	2.7	87%	Sør-Østlandet	3.5	113%	130%
Poland	Mazowieckie	8.0	296%	Podkarpackie	13.2	489%	165%
Portugal	Centro (PT)	12.0	150%	Algarve	17.9	224%	149%
Romania	Nord-Est	4.3	36%	Sud-Est	10.2	85%	237%
Slovakia	Bratislavský kraj	5.7	133%	Východné Slovensko	19.0	442%	333%
Slovenia	Slovenia	8.8	154%				
Spain	País Vasco	14.9	169%	Ciudad Autónoma de Ceuta	38.5	438%	258%
Sweden	Stockholm	6.8	46%	Sydsverige	9.4	63%	138%
Switzerland	Zentralschweiz	2.7	40%	Ticino	6.9	101%	256%
UK	Highlands and Islands	4.6	170%	West Midlands	11.7	433%	254%

Table 3. Results from Hierarchical Models

	Percent Non-EU		Percent Foreign-born	
	Model 1	**Model 2**	**Model 3**	**Model 4**
Constant	9.048*** (0.894)	10.359*** (0.979)	9.467*** (0.968)	10.657*** (1.113)
Level 1 (individual)				
Political ideology (left-right scale)	-0.238*** (0.017)	-0.237*** (0.017)	-0.238*** (0.017)	-0.238*** (0.017)
Trust in people	0.157*** (0.008)	0.158*** (0.008)	0.158*** (0.008)	0.158*** (0.008)
Trust in institutions	0.167*** (0.005)	0.167*** (0.006)	0.167*** (0.006)	0.168*** (0.006)
Gender (female=1)	-0.028 (0.074)	-0.027 (0.075)	-0.028 (0.075)	-0.026 (0.074)
Age	-0.026*** (0.002)	-0.026*** (0.002)	-0.026*** (0.002)	-0.026*** (0.002)
Income	0.068*** (0.015)	0.068*** (0.015)	0.068*** (0.015)	0.068*** (0.015)
Education (in years)	0.252*** (0.010)	0.253*** (0.010)	0.253*** (0.010)	0.252*** (0.010)
Level 2 (region)				
Per capita GDP (region)	0.043** (0.014)	-0.066 (0.045)	0.046*** (0.014)	-0.048 (0.052)
unemployment rate (region)	-0.057** (0.020)	-0.051** (0.020)	-0.561** (0.020)	-0.060** (0.21)
Level 3 (country)				
Percent Non-EU	-0.086 (0.066)	-0.213** (0.079)	-	-
Percent foreign born	-	-	-0.089 (0.053)	-0.146* (0.058)
Interactions (level 2*level 3)				
Per capita GDP*Non-EU	-	0.010* (0.004)	-	-
Per capita GDP*foreign born	-	-	-	0.000* (0.000)
Variance				
Level-1 variance	27.072	27.072	27.072	27.072
Level-2 variance	0.1846	0.1533	0.1821	0.1760
Level-3 variance	3.7604	3.1289	3.5591	3.0717
Level-1 *N*	19707	19707	19707	19707
Level-2 *N*	47	47	47	47
Level-3 *N*	16	16	16	16
Log Likelihood	-60520.635	-60518.682	-60520.149	-60518.529

Note: Multilevel mixed-effects regression coefficients with standard errors in brackets.
****p<.001;* ** *p* <. 01, **p* < .05, † p<.10 two-tailed tests.

Figure 1. Ethnic tolerance and share of non-EU immigrants

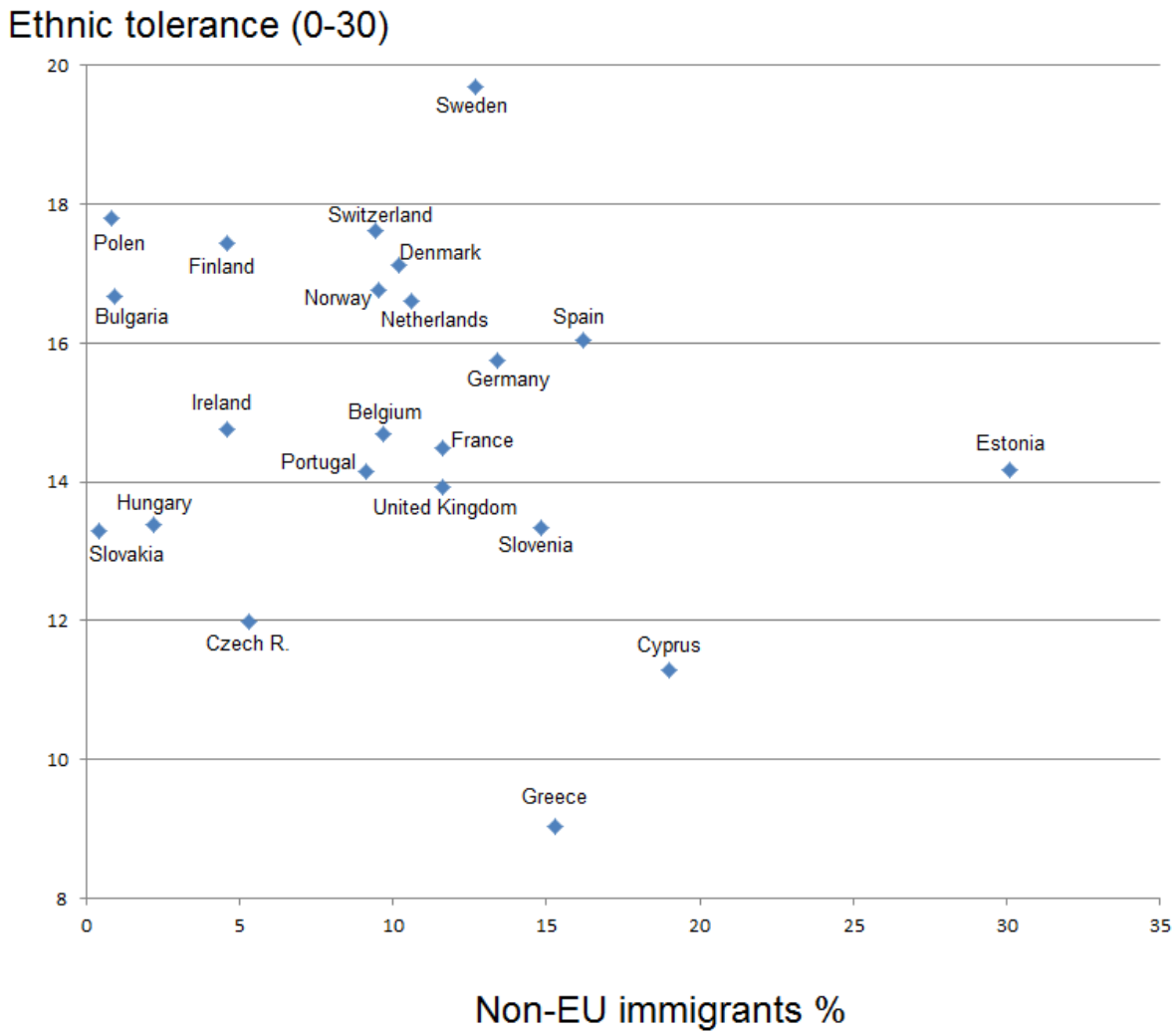


Figure 2. Unemployment, immigration rate and tolerance

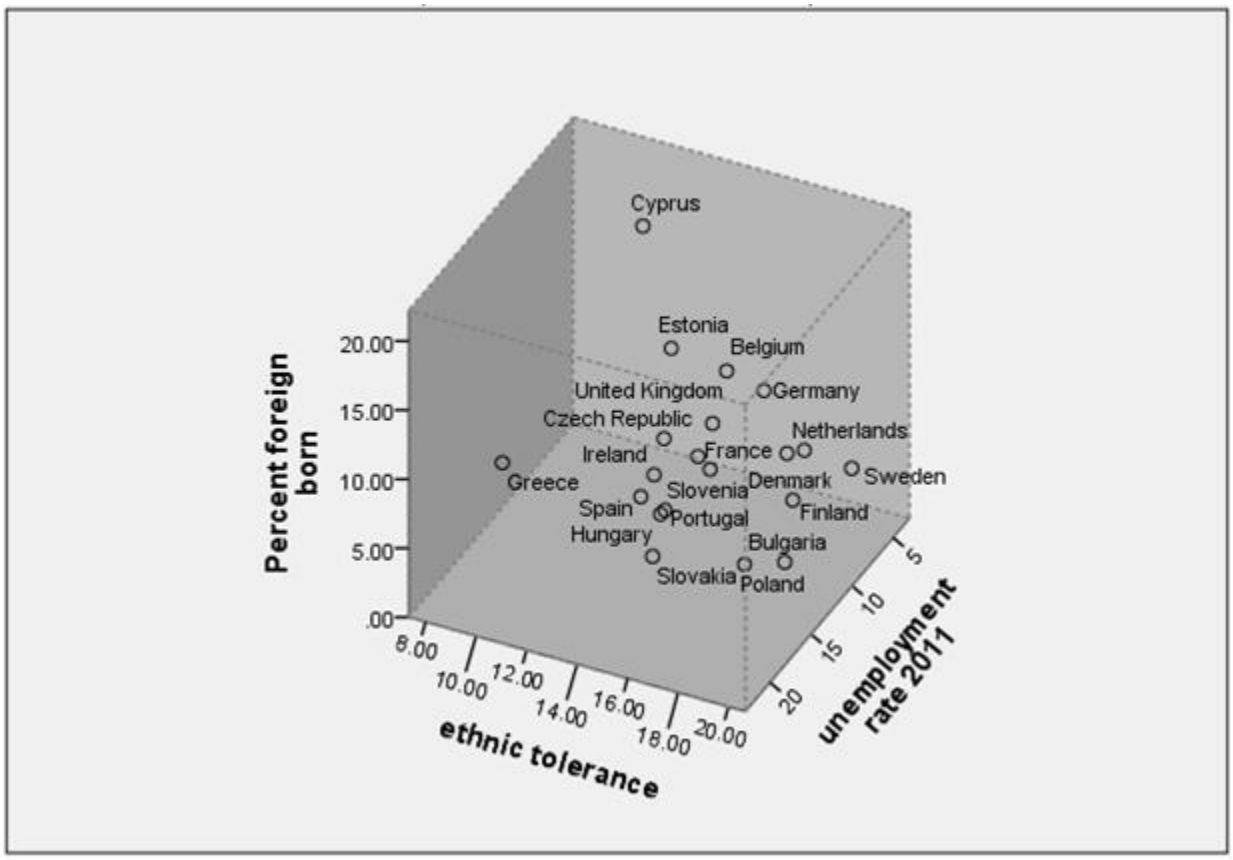


Figure 3. Wealth, immigration rate and tolerance

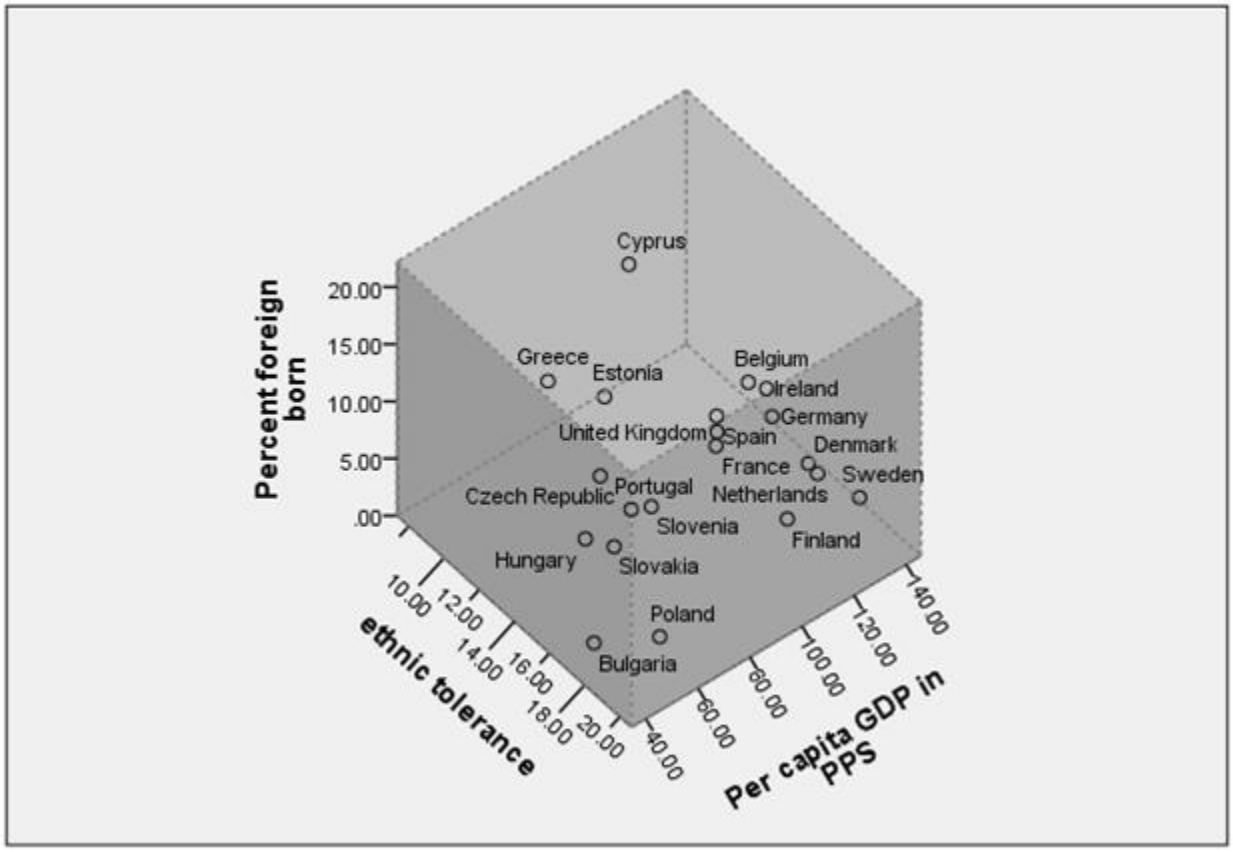


Figure 4. Interaction effect on per capita GDP and share of non-EU citizens

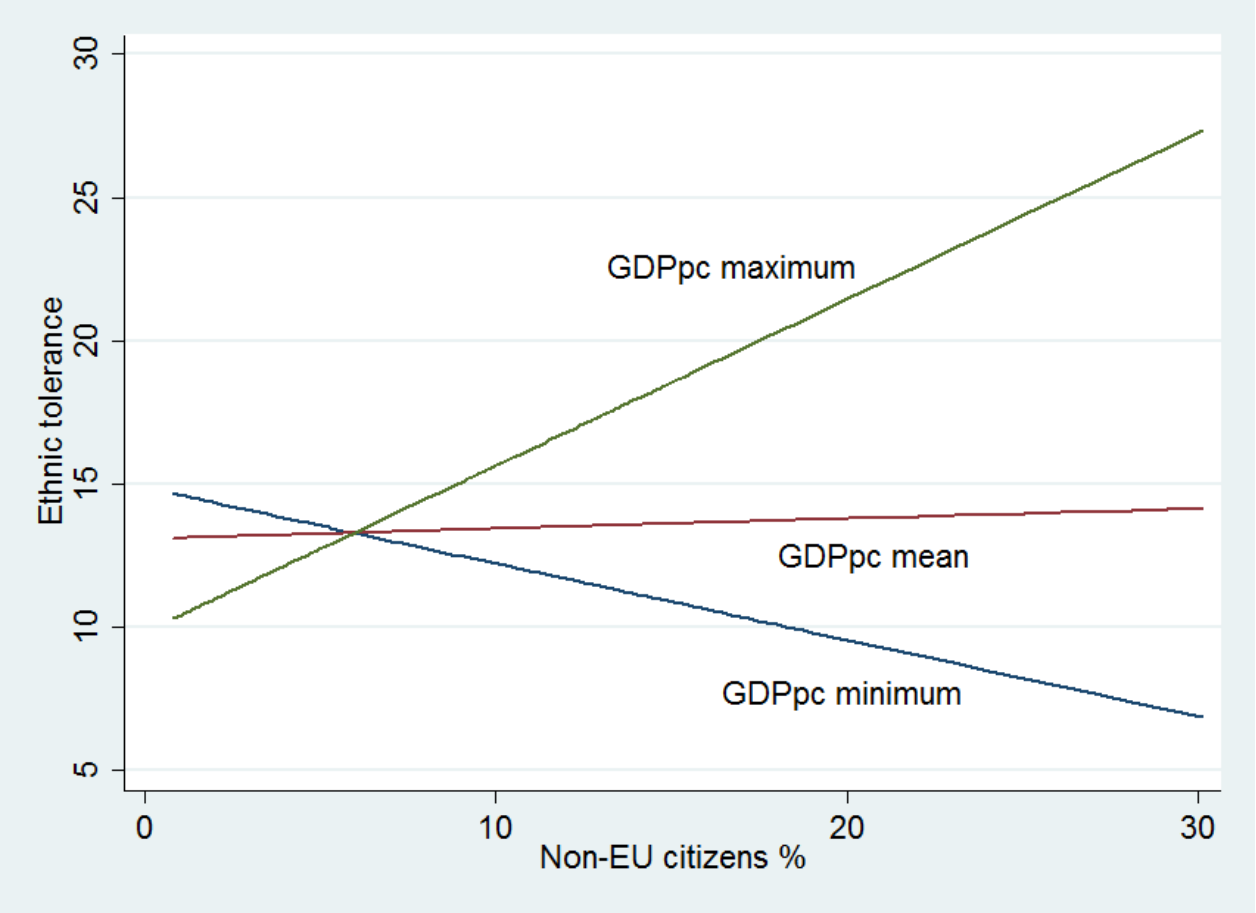
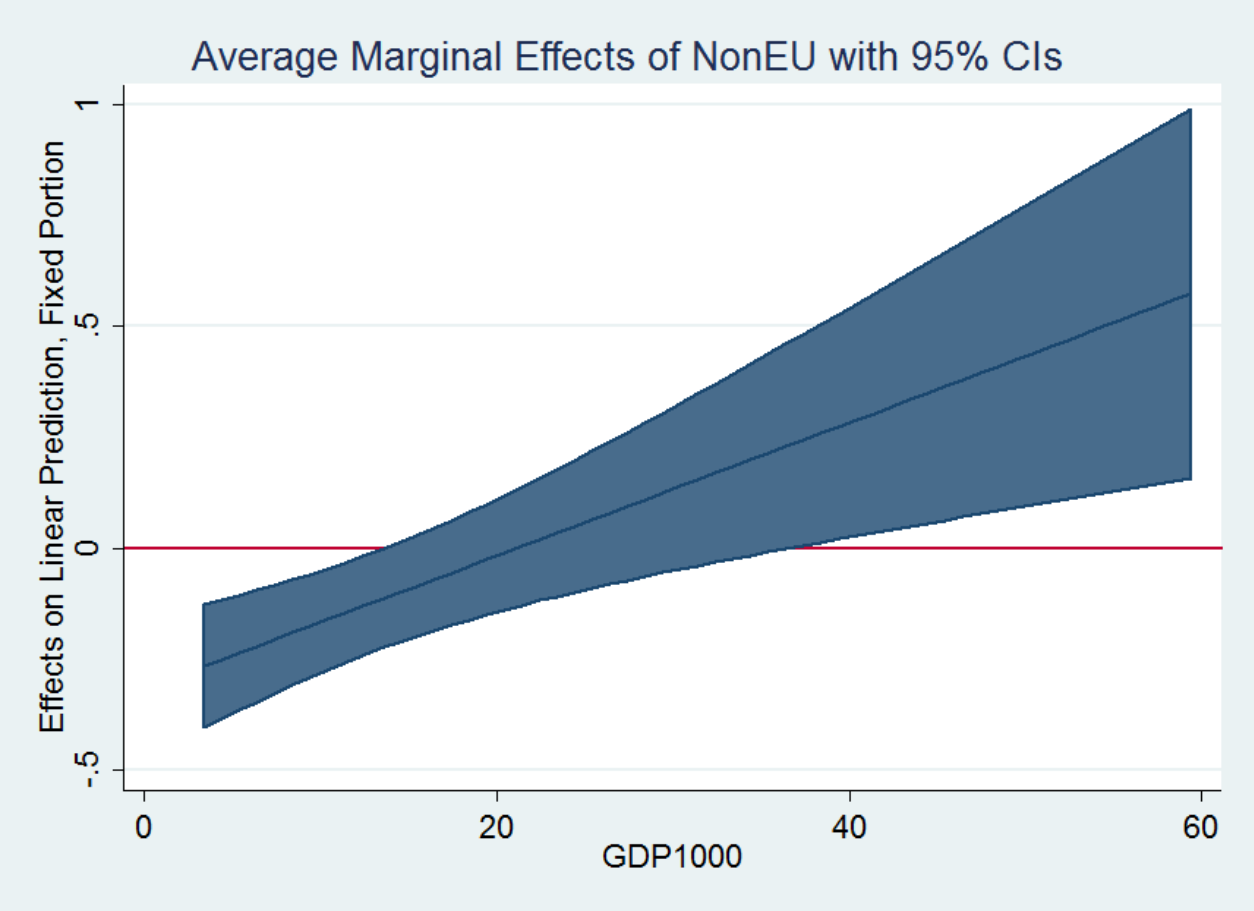


Figure 5. Marginal effects



Appendix

Appendix A. Individual Level Variables Descriptive Statistics							
Variables	**N**	**Min.**	**Max**	**Mean**	**Std. Dev.**	**Skewness**	**Kurtosis**
Ethnic Tolerance (DV)	38,948	0	30	14.855	6.344	-0.233	2.771
Gender (female=1)	38,948	0	1	0.528	0.499	-0.112	1.012
Age	38,897	14	101	48.067	18.438	0.105	2.092
Institutional Trust	37,535	0	40	18.389	8.531	-0.168	2.390
Trust in People	38,703	0	30	15.371	5.868	-0.302	2.738
Political Ideology (Left–Right Scale)	34,454	0	10	5.154	2.150	-0.035	3.070
Income	29,889	1	10	5.184	2.798	0.130	1.858
Education (in Years)	38,580	0	50	12.455	4.103	0.230	4.825

Appendix B. Region and country level variables							
Variables	**N**	**Min.**	**Max**	**Mean**	**Std. Dev.**	**Skewness**	**Kurtosis**
Per Capita GDP	50	3.4	59.8	22.397	10.687	0.190	2.331
Unemployment	50	2.1	26.2	8.817	4.180	1.075	5.350
Non-EU citizens	22	0.4	30.1	10.038	6.481	0.883	4.667
Per cent Foreign Born	22	1.3	35.8	16.383	8.713	-0.102	2.558