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The Economic Crisis and Public Opinion About Europe

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At the end of 2006, the “housing bubble” in the United States showed the weakness of the world financial system, bringing to the global economy what some commentators consider to be the worst financial crisis since the Great Depression of the 1930s. The IMF estimated that the main US and European banks would lose approximately \$2.8 trillion, during the period 2007 - 2010, on toxic assets and from bad loans.¹ But this is only the tip of an iceberg, since almost every sector of the global economy was affected by the crisis and governments were forced to invest billion of dollars in emergency bailouts. Very quickly, the crisis started having negative effects on households’ economic situation. In the US, many homeowners found that their houses had lost 20-30% of their value; in Europe employment contracted by 2.5% in 2009 and a further 1.5% in 2010.² The unemployment rate was forecast to increase to some 11% in the European Union (EU) by 2010, affecting millions of households and changing public attitudes toward governments’ and European institutions’ performance.

This report explores how the economic crisis affected public attitudes toward Europe. It shows how opinions about the economic situation changed along with support for the European Union and, particularly, how these changes are related.

According to WorldPublicOpinion.org,³ a majority of the polled public faults their governments for not doing enough to remedy the economic crisis, particularly in European countries. 70% of respondents in France and Germany (60% in UK) agree with the creation of a global financial overseer, while a large majority of people blame the bankers for the crisis.⁴

Additionally, the Eurobarometer series from May 2007 to July 2009 shows a general trend towards pessimism regarding the state of the economy. Both negative perceptions about the current economic situation and pessimistic economic expectations for the near future have greatly increased during the 2007 to 2009 period. Moreover, the percentage of people predicting a worse situation for their national economy in the next twelve months rose from 30% in 2007 to 60% at the beginning of 2009 (Table 1). An impressive percentage of respondents perceive the present as a bad moment for both their national economies and also for the European economy. In 2007 national and European economies were seen as being



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in trouble by considerably fewer than 50% of respondents. This picture completely changes in 2009 when more than 70% of those interviewed evaluated as bad both their national and the EU economies (Table 2).

There seems to be a parallel decrease in the percentage of people supporting the EU. Among various potential indicators, we selected support for membership and trust in the European Parliament.⁵ Only 14% of EU citizens considered their country's membership to be a 'bad thing' in 2007. This percentage had more than doubled in 2008 to 30% and remained almost constant in 2009. Trust in the European Parliament decreased by a similar amount, from around 70% in 2007 to around 60% in 2009. Although the European Parliament is not the only (or

the most powerful) decision-maker of the EU, it plays an important symbolic role for European citizens.⁶

How did the economic crisis affect peoples' attitudes toward Europe?

Economic growth and development are often thought to be among the primary responsibilities of the EU. In times of economic crisis, economic issues become especially relevant in the daily discourse of the media and the main political elites. Under these circumstances economic information might be relatively easy to obtain. Citizens then might be especially sensitive to economic conditions in forming their attitudes towards the EU.

Table 1. Pessimistic Economic Expectations in Europe (2007-2009)

Source: Our elaboration on the Eurobarometers 67.2, 68.1, 69.2, 71.1, 71.2 and 71.3

EB series	Period	Negative Expectations about National Economy ⁷	Negative Expectations about Own Household Financial Situation ⁸	Negative Expectations about the European Economy ⁹
EB 67.2	May 2007	29.73	16.92	19.37
EB 68.1	June 2007	30.14	21.06	16.22
EB 69.2	May 2008	47.61	25.11	31.15
EB 71.1	February 2009	59.62	26.6	54.54
EB 71.2	June 2009	51.67	23.63	
EB 71.3	July 2009	40.04	21.38	33.26
Differences EB 71.3- 67.2		10.31	4.96	13.89

Table 2. Negative Views about the State of the Economy in Europe (2007-2009)

Source: Our elaboration on the Eurobarometers 67.2, 68.1, 69.2, 71.1, 71.2 and 71.3

EB series	Period	Negative Situation for the National Economy ¹⁰	Negative Situation for the European Economy ¹¹
EB 67.2	May 2007		
EB 68.1	June 2007	47.88	26.37
EB 69.2	May 2008		
EB 71.1	February 2009	76.18	73.06
EB 71.2	June 2009	77.49	
EB 71.3	July 2009	76.43	70.17
Differences EB 71.3- 67.2		28.55	43.8

We have analysed through statistical tools the possible causal relationship between negative views about EU membership for their respective countries, along with trust in EU Parliament, and citizens' assessments of the economic situation (both present and future).¹⁴ We find that citizens with pessimistic economic expectations and those who have negative assessments of the present economic situation are more likely to have negative judgments about Europe (Table 4). The ta-

ble shows that the probabilities of having negative views about Europe are more than twice as great (.14 instead of .06 for membership, and .42 instead of .20 for trust in the European Parliament) in the case of a citizen with negative economic assessments about both the current and likely future economic situation.

This might suggest that people take their assessments of the

Table 3. Negative Perceptions of the EU Membership and Lack of trust in the European Parliament, 2007-2009.

Source: Our elaboration on the Eurobarometers 67.2, 68.1, 69.2, 71.1, and 71.3

EB series	Period	Negative perception of country membership in the EU ¹²	No trust in the European Parliament ¹³
EB 67.2	May 2007	13.81	30.63
EB 68.1	June 2007	12.47	29.54
EB 69.2	May 2008	32.01	31.01
EB 71.1	February 2009	30.11	40.14
EB 71.3	July 2009	30.73	38.01
Differences EB 71.3- 67.2		16.92	7.38

Table 4. Estimated percentages Having Negative Views about EU Membership and No Trust in the EU Parliament by views about the economic situation. Europe, 2009

Source: Our own elaboration on EB 71.3

Variables of interest	Negative views of membership	No trust in the EU Parliament
Citizens' economic expectations:		
Optimistic (N = 5,972)	.08 (.07 to .09)	.28 (.26 to .29)
Pessimistic (N = 19,817)	.12 (.11 to .12)	.37 (.36 to .38)
Difference	.04	.09
Citizens' judgements of current situation:		
Positive (N = 7,372)	.08 (.08 to .09)	.26 (.25 to .28)
Negative (N = 17,344)	.12 (.12 to .13)	.39 (.38 to .39)
Difference	.04	.13
Both assessments:		
Both positive (N = 2,015)	.06 (.05 to .07)	.20 (.19 to .22)
Both negative (N = 13,306)	.14 (.13 to .14)	.42 (.40 to .42)
Difference	.08	.22
Baseline probability (Total N = 26,830)	.11 (.10 to .11)	.34 (.34 to .35)

Note: Fitted value of views about Europe are calculated from equations predicting public opinion on Europe as a function of citizens' assessments of the economic situation (both present and future), their family financial situation, their declared trust in government, and their age, sex, education and income level. The predicted prob-

abilities are calculated with all predictors (except the one of interest) set to their typical values (i.e., means for quantitative variables and proportions for categorical variables). Numbers in parenthesis correspond to the customary margin of error for each estimate.

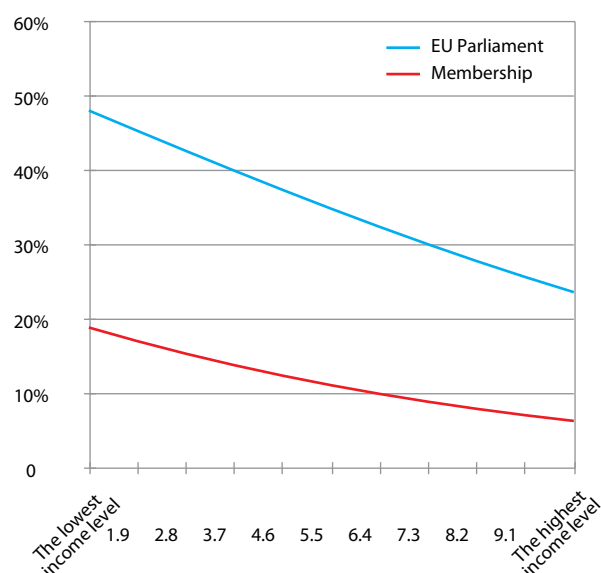
economy into account when evaluating the EU. The worse their evaluations, the lower their support appears to be. The same link is found between people's assessments of their own family situation and support for the EU (Figure 1).

But do these links reflect real differences in the economic situations found in different countries, or might there be other reasons for the perceptions people have of the economy? We tested the influence of three economic indicators (unemployment, inflation, and real GDP) on the probability of having negative views about Europe (EU membership and EU parliament) and found that there were no statistically significant relationships between the objective economic situation in which people found themselves and their views about the EU. Evidently the link between economic perceptions and attitudes towards the EU comes from elsewhere - perhaps from differences in media attention given to the topic or perhaps from differences in approval of their governments. We do not have a measure of government approval as such in these data, but respondents were asked if they trusted their governments. This variable has a significant negative effect on perceptions about Europe and also on perceptions about the economy. Those who do not trust their governments think their economies are doing worse and are less supportive of EU membership, which suggests that these views to some extent reflect views about the competence of those in charge. It also suggests that citizens are not very well informed about the actual situation in their countries and, when in doubt, are substituting guesses based on attitudes towards their governments (for many of those who do not trust their governments, at least some of the things their governments do would appear to be suspect - including continued membership in the EU).

This suggests that news about the economy is as important as objective economic performance. If this is so then incumbent governments and politicians need to make sustained efforts to carefully explain to their citizens what is happening, and to try to ensure that these explanations are widely disseminated by the media. Without this, improving objective economic conditions may not be enough to alter negative opinions about economic performance and, in turn, about the EU.

Figure 1. Estimated percentages of Having Negative Views about EU membership and No trust on the EU Parliament by Subjective level of Family Income. Europe, 2009

Source: Our own elaboration on EB 71.3



Note: Fitted value of views about Europe are calculated exactly as in Table 4 (see the note in the bottom of Table 4).

Endnotes

- ¹ “Bloomberg-U.S. European Bank Writedowns & Losses-November 5, 2009”. Reuters.com. November 5, 2009. <http://www.reuters.com/article/idCNL554155620091105?rpc=44>. Retrieved May 1, 2010.
- ² European Commission (2009b), *Interim Forecast*, 14 September 2009.
- ³ Spring 2009.
- ⁴ Source WorldPublicOpinion.org: <http://www.worldpublicopinion.org/pipa/articles/btglobalizationtradera/626.php>
- ⁵ These two are among the most-used indicators for studying the degree of citizens’ support for Europe. Additionally, both indicators are measured almost constantly in the Eurobarometer series, which allows for analysis across time.
- ⁶ According to recent data, a majority of citizens select the European Parliament as the most important European institution (see data of EuroPolis Project: <http://www.europolis-project.eu/>).
- ⁷ The exact wording of the question in the Eurobarometer questionnaire is as follows: ‘What are your expectations for the next twelve months: will the next twelve months be better, worse or the same, when it comes to... The economic situation in (OUR COUNTRY)?’ Data report percentages of respondents answering ‘worse’ in the EU 27 countries.
- ⁸ The exact wording of the question in the Eurobarometer questionnaire is as follows: ‘What are your expectations for the next twelve months: will the next twelve months be better, worse or the same, when it comes to... The financial situation in your household?’ Data report percentages of respondents answering ‘worse’ in the EU 27 countries.
- ⁹ The exact wording of the question in the Eurobarometer questionnaire is as follows: ‘What are your expectations for the next twelve months: will the next twelve months be better, worse or the same, when it comes to... The economic situation in the EU?’ Data report percentages of respondents answering ‘worse’ in the EU 27 countries.
- ¹⁰ The exact wording of the question in the Eurobarometer questionnaire is as follows: ‘How would you judge the current situation in each of the following? (1) The situation of the (NATIONALITY) economy?’ Data report percentages based on the sum of respondents answering ‘rather bad’ and ‘very bad’ in the EU 27 countries.
- ¹¹ The exact wording of the question in the Eurobarometer questionnaire is as follows: ‘How would you judge the current situation in each of the following? (1) The situation of European economy’. Data report percentages of the sum of the total respondents answering ‘rather bad’ and ‘very bad’ in the EU 27 countries..
- ¹² The exact wording of the question in the Eurobarometer questionnaire is as follows: ‘Generally speaking, do you think that (OUR COUNTRY)’s membership of the European Union is..?’ Data report percentages of respondents answering ‘bad thing’ in the EU 27 countries.
- ¹³ The exact wording of the question in the Eurobarometer questionnaire is as follows: ‘And, for each of them, please tell me if you tend to trust it or tend not to trust it... EU Parliament?’ Data report percentages of respondents answering ‘tend not to trust’ in the EU 27 countries.
- ¹⁴ In the statistical analysis we have controlled for trust in national government as well as for sex, age, education, and income level.