Article

European Union Politics
0(0) 1–25

DOI: 10.1177/1465116517723499
journals.sagepub.com/home/eup

Crisis of trust: Socio-economic determinants of Europeans' confidence in government

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Abstract
Europeans' confidence in political institutions has dropped precipitously since the onset of the Euro-crisis in 2009. The decline in trust in government varies across countries and occupational and educational groups. Economic factors explain much of the cross-national and over-time variation. The baseline level of trust is influenced by a person's position in the labor market: across European countries, citizens with more education and higher levels of skills trust government more than those educational and occupational groups that have benefited less from European integration. Residents of debtor countries with high unemployment rates are also much less likely to trust national government than those in creditor countries that have fared better during the economic crisis, while the unemployed have lost faith in government to a greater degree than other parts of the population. Cultural, ideational, and political factors remain important for baseline levels of trust, but cannot explain the acute, asymmetrical decline in citizen trust observed over the last decade.

Keywords
European Union, European sovereign debt crisis, public opinion, trust in government

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Introduction

Europe has faced a series of political and economic crises since 2008, starting with the impact of the Global Financial Crisis and continuing through a Eurozone debt crisis that remains unresolved. By any standard, neither the member states of the European Union (EU) nor the EU's own institutions have addressed the crises effectively. As a result, public trust in government has declined significantly in many EU member states since the end of 2009. According to the Eurobarometer, the percentage of Europeans saying they trust the EU has dropped from 60% in 2004 to just 36% in 2015; trust in national government has fallen less drastically, from 36% to 29%, over the last decade.[1]

The loss of citizen confidence is not uniform. In November 2015, more than half of Swedes, Finns, and Dutch said they trusted their respective national governments, while the proportion was less than 17% among Spaniards, Greeks, and Portuguese. The loss of faith in EU institutions has been more widespread, but here, too, it has varied: the populations of the debtor countries of the Eurozone periphery now express far less confidence in the EU than do people in central and Northern Europe—exactly the opposite of the norm over the previous 30 years (cf. Guiso et al., 2016).

This article analyzes the economic, cultural, and political factors that have contributed to the rapid and asymmetrical decline in trust since the crisis. We find that the *baseline* pattern is due to a range of factors. As predicted by political economy theories, occupational and educational groups benefiting most from European integration have more confidence in government, while those with lower levels of skills and education are less supportive. Governments in countries with better institutions and more political rights are also perceived more favorably. Respondents identifying with the far left of the political spectrum are less trusting of European governments, as are those with exclusionary national identities, providing support for cultural and ideational explanations. Citizen trust levels are also conditioned by income: controlling for the quality of political institutions, residents of countries with higher levels of income per capita tend to view their national governments and the European Union in less positive lights, perhaps because of the higher expectations for government that come from socio-economic development (Inglehart, 1977, 1989; Mansbridge, 1997).

The tremendous *change* in trust since the beginning of the Euro-crisis, however, is mostly due to economic factors. There has been a decline in trust in European government across nearly all countries since 2009, but the decline has been more pronounced in countries that have fared worst during the crisis. Every one-point increase in aggregate unemployment lowers the probability of a respondent indicating trust in government by two percentage points for national government, and one percentage point for the EU. Countries subjected to structural adjustment programs have, *ceteris paribus*, seen an additional collapse of seven percentage points at both the national and European levels. Furthermore, when unemployment rises in these countries, the negative impact on European trust is twice as large as the effect in countries not undergoing structural adjustment. For countries in the periphery, where as much

as one-fifth of the population has been out of work, and unemployment increased 10 to 15 percentage points after 2010, the economic recession explains a significant portion of the precipitous drop in trust in recent years. Throughout Europe, the decline in national trust is more pronounced among the unemployed, while it is less acute among the professionals who have better weathered the crisis. These findings amplify and expand on the results of recent studies of subsets of EU countries over shorter periods that also find trust to be influenced by the worsening economic conditions since the crisis (e.g. Armingeon and Guthmann, 2013; Dotti Sani and Magistro, 2016; Van Erkel and Van der Meer, 2016).

Unlike those who suggest that ideology and cultural identity are the main drivers of public responses to the crisis (Bechtel et al., 2014; Inglehart and Norris, 2016; Polyakova and Fligstein, 2016), we find little evidence that a rise in exclusively national identities or extreme ideology have caused the decline of trust. Although national identities and extreme ideologies help explain part of the variation in the *baseline* levels of trust, these variables cannot explain the rapid *change* in the levels of trust over the last decade, as neither the percentage of people holding extreme ideologies nor the proportion of those possessing exclusive national identities has shifted since the onset of the crisis. While it remains plausible that those with exclusive identities could be more predisposed to lose trust in national (although notably not European) political institutions in the face of difficult economic circumstances, the driver of the decline in trust is the economic downturn, and the adverse effects it has had on individuals throughout the EU.

Analytical perspectives and expectations

Virtually all policies have a differential impact on groups and individuals, and these distributional patterns can have a powerful impact on politics. In nearly all countries, highly skilled, highly educated individuals are more supportive of globalization than people with relatively lower levels of skills and education (e.g. Anderson and Reichert, 1995; Gabel, 1998; Gabel and Palmer, 1995; Tucker et al., 2002). Similarly, support for membership in the EU and in the Eurozone is largely correlated with the expected costs and benefits of those policies (e.g. Frieden, 2016; Magalhães, 2012). We argue that trust in government depends on the extent to which people feel government is serving their interests. We expect perceptions of government to be influenced by economic performance, both in terms of the state of the national economy and how that is reflected in individual experiences in the labor market (Hooghe and Marks, 2005).

Specifically, we expect individuals in countries more seriously affected by recession to show a greater drop in trust than individuals in countries experiencing better macro-economic conditions. Inasmuch as attitudes toward the EU depend upon national contexts (Armingeon and Ceka, 2013; Hooghe and Marks, 2005), we expect European trust also to be influenced by the national economy. Among peripheral Eurozone member states, including the region's principal debtor countries, EU governance is associated with austerity; therefore, we expect countries subjected to EU-imposed austerity to experience even more of a decline in trust for the EU.

Even before the crisis, Europeans in professional occupations and those with more education, those favored by technological change and economic integration, had been more trusting of government. We expect this general trend to persist and that the crisis will further widen the gap among groups.

Cultural factors

We examine several alternative explanations. The most prominent explanation for the long-term decline in political trust within advanced industrial economies remains Inglehart's (1977, 1989) theory of post-materialism, which posits that prosperity shifts values toward "post-material" goods like autonomy and self-expression. In this view, declining trust in rich societies is driven by shifting values: skepticism toward authority, and perhaps greater demands for government action that lead to citizen disappointment (Lawrence, 1997; Mansbridge, 1997). Cultural change, however, moves slowly, and appears ill-equipped to explain the rapid decline of trust over the last decade.

There are also influential arguments that European opinion reflects tension between nationalist and cosmopolitan identities (Carey, 2002; Hooghe and Marks, 2005; Inglehart and Norris, 2016; Polyakova and Fligstein, 2016) or the level of altruism within the population (Bechtel et al., 2014). One recent study finds the growing appeal of populist parties motivated by a cultural backlash of older, less educated, white, male voters against cultural change, more than a reaction to widening economic inequality or declining economic performance (Inglehart and Norris, 2016). We consider whether identities motivate citizen trust, and if recent changes in citizen values can help explain the recent decline in confidence in government.

If a rise in exclusively national identities is behind the collapse in trust, we would expect a significant increase in the proportion of citizens considering their national identities to be more important to them than their European identities; we would also expect those individuals to indicate lower relative levels of trust in the EU.

Quality of government and democracy

Institutional theories argue that such factors as the quality of bureaucracies or political responsiveness condition views on government. Unlike that of political economists who regard economic "output" as the primary determinant of citizen confidence in government, the emphasis here is on how political institutional design influences the quality of democratic "input." Trust may still relate to government performance, but it is the *procedural* quality of government that is the factor of interest (Schmidt, 2013). For example, it is commonly argued that EU trust is higher in newly acceded democracies because their institutional quality is lower than in the EU (e.g. Sánchez-Cuenca, 2000). Several scholars have argued that the crisis, by increasing the power of external actors like the IMF or ECB, has reduced political responsiveness and widened citizen dissatisfaction with government (i.e. Armingeon and Guthmann, 2013; Torcal, 2014). Since monetary policy is among the most

powerful counter-cyclical tools available to governments, citizens in Eurozone countries should be particularly sensitive on this dimension. Moreover, citizens in countries facing externally imposed adjustment policies should have less faith in the EU, independent of the effects these policies have on economic output.

Views on trust in government: An overview

We evaluate the impact of the crisis on confidence in governmental institutions using 23 Eurobarometer surveys taken since 2004. These ask consistent questions, cover all members of the EU, and span the period up to and including the crisis. One set of questions is particularly useful. Eurobarometer asks respondents to indicate how much they trust their national governments and the institutions of the EU.

For ease of presentation, we commonly use several simple population-weighted categories of countries. The first is the EU debtors: Portugal, Spain, Ireland, Greece, and Cyprus. The second is creditors, specifically Germany, France, Sweden, Denmark, Belgium, Luxembourg, Austria, Finland, and the Netherlands.[2] Distinguishing between the countries in the Eurozone facing a sovereign debt crisis and the EU countries largely responsible for bailing out indebted countries has been made by previous analyses (see Alonso, 2014; Roth et al., 2014). These two groups are central to our analysis, as they represent the principal component parts of the EU and of the Eurozone.

Figure 1 shows that the percentage of people in Eurozone debtor countries indicating that they trust or mostly trust their national governments has declined

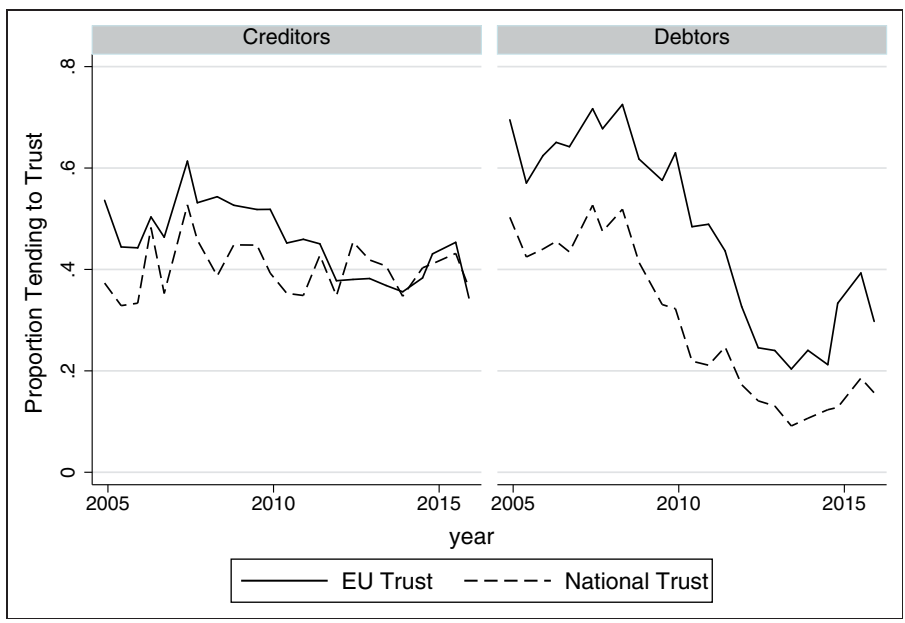

Figure 1. Trust in the EU and national governments, by Eurozone country group.

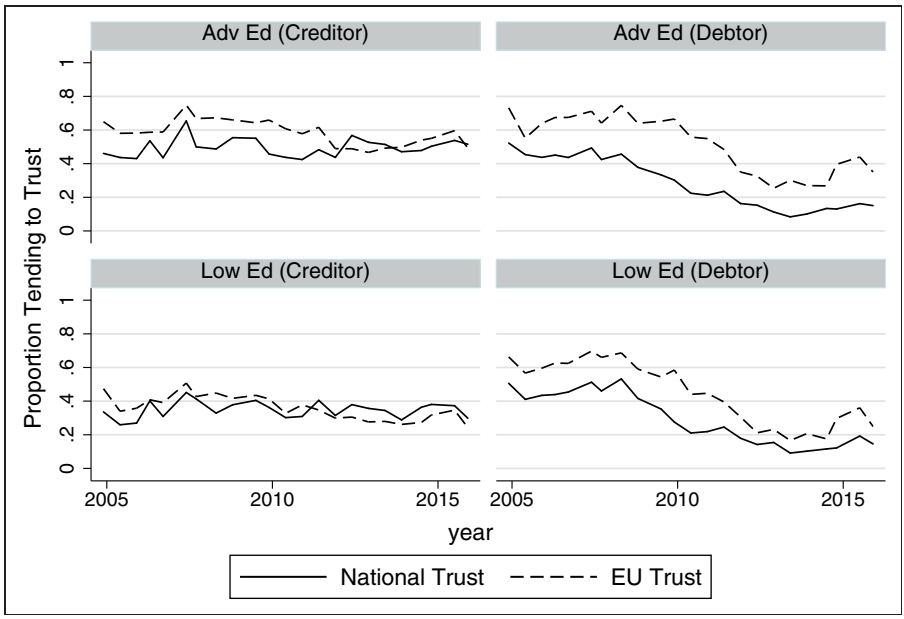

Figure 2. Trust in Government, by country group and education level.

from 40 to 50% before the crisis to below 20% in 2015. Notably, these figures highlight that while citizens in the Eurozone periphery used to be the most trusting of the European institutions, they now indicate some of the lowest levels of trust (Sánchez-Cuenca, 2000).

We do not observe this trend in creditor countries that do not face pressure for structural reform and where unemployment has been much lower. In these countries, trust in national government remains steady throughout the crisis period. Trust in European institutions has declined slightly, but much less dramatically than in the Eurozone South.

Figure 2 looks in more detail at the loss of confidence in national and EU institutions. In both creditor and debtor countries, there is a gap between more and less educated citizens, with those people with less education trusting both their national governments and the EU much less than those with more education.

One might wonder whether the crisis has simply reduced trust in government institutions across the board. Figure 3 indicates that this is not the case. Trust in national police forces has remained roughly constant throughout the crisis and remains at very high levels, over 60%. Trust in national armies, while declining gradually in many countries, remains well above 60% even in the debtor countries. The collapse in trust in national governments and the EU is not part of a broader collapse in trust in all official institutions.

These figures show simple relationships, without attempting to account for other considerations. In the next section, we subject the data to more systematic analysis.

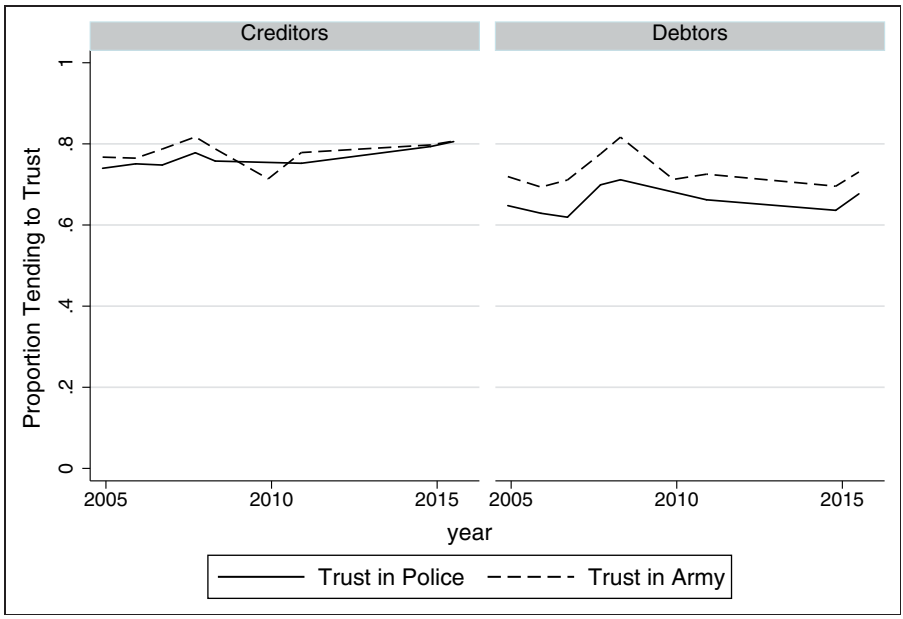

Figure 3. Trust in the police and army, by region.

Views on trust in government: A statistical analysis

The Eurobarometer surveys are extensive face-to-face interviews asking hundreds of questions in a respondent's native language. We have compiled data from 23 Eurobarometer waves, each of which surveyed approximately 26,700 people living in the EU-27 (500–1600 per country) during the autumn and spring of each year from November 2004 through November 2015. We run logistic regression models to predict the likelihood of expressing trust in national and EU political institutions based on the presence of a range of covariates, from individual ideological identities to a country's unemployment rate. We address concerns about intra-country correlations between respondents in the same country by using robust standard errors, clustered by country (Gelman, 2006; Primo et al., 2007). We address unobserved time factors with survey fixed effects.[3]

Macro-level variables

The very large number of responses over a relatively long period allows us to look in some detail at the data and to develop several different model specifications. Models 1–3 probe the economic changes that may be driving the decline in trust. For these and other models, the dependent variable is the responses to the questions of whether respondents trust national governments or the European Union. Respondents indicating that they "tend to trust" are a "1" in our model,

while those indicating they ''tend not to trust'' government are a ''0.''[4] We present results in our tables expressed in odds ratios, that is, the ratio of the odds of the response given a particular condition (such as being from a country) compared to the odds of the response in the absence of that condition. Since odds ratios are a relative measure, for key statistics in the article, we also provide the actual likelihood of trust in terms of probability, or the ratio of the measure of the likelihood of an outcome in relation to the total number of cases possible, holding the other coefficients at their observed values.

To summarize: whenever the *odds ratio* is presented, it is a relative measure indicating the difference in odds of trust associated with a variable. For binary variables, this can be understood as the presence and absence of a condition; for numerical continuous variables, as the difference in odds associated with an average one percentage point increase; for categorical variables, as the difference in odds compared to a baseline (the excluded variable). Whenever *probability* is provided, it is the predicted likelihood of trust when variables of interest are held at specified values, and all other variables at their observed values.

In model 1, we assess several macro-economic indicators that we theoretically expect to influence citizen trust levels. To evaluate the economic impact of the crisis, we include the country's unemployment rate at the time of the survey wave, reported monthly by Eurostat. We replace the ''creditor'' and ''debtor'' categories used earlier for illustrative purposes with a more precise dummy variable (structural adjustment program) that indicates whether a country is enrolled, at the time of the survey, in a structural adjustment program run by the European Financial Stability Mechanism (EFSM) or the European Stability Mechanism (ESM). In addition to the Eurozone ''debtor'' countries discussed before, the structural adjustment variable covers three Eastern European countries (Romania, Latvia, and Hungary) that received a policy-conditional loan over the period.[5]

We also include several control variables. With respect to confidence in the EU, we include a variable for the country's net receipts from the EU budget, as some countries benefit more than others from EU spending (Anderson and Reichert, 1995; Hooghe and Marks, 2005). To assess the impact of socio-economic development, as anticipated by post-materialist theory, we include median per capita income. To examine the effects of institutional quality, we include an index developed by the International Country Risk Guide that provides a monthly rating of a country's bureaucratic quality, level of corruption, and, government responsiveness (Institutional Quality).[6] Finally, to evaluate the impact of national policy independence, we include a dummy for whether a country was a member of the Eurozone during the time of the survey (Eurozone Membership).

Table 1 reports the results of model 1 for national governments and the EU. Higher unemployment predicts lower trust in both national and European government: for every percentage point increase in unemployment, residents have a 7% lower odds of indicating trust in national government and 5% lower odds for trust in the EU, controlling for other indicators. On top of this effect, we see lower trust in the EU among citizens residing in countries currently enrolled in structural

Table 1. Odds of trust, models 1–4.

	Nat'l (1)	Nat'l (3)	Nat'l (4)	EU (1)	EU (2)	EU (3)	EU (4)
Institutional quality	1.22 (7.45)***	1.14 (2.04)*	1.13 (2.03)*	1.06 (3.21)**	0.97 (−1.21)	1.02 (0.37)	1.02 (0.51)
Median income	0.93 (−3.65)***	1.02 (0.54)	1.02 (0.56)	0.87 (−8.21)***	0.87 (−7.61)***	1.06 (1.49)	1.05 (1.44)
Unemployment rate	0.93 (−7.05)***	0.91 (−9.49)***	0.91 (−11.03)***	0.95 (−3.62)***	0.97 (−1.92)	0.96 (−4.36)***	0.97 (−3.33)***
Eurozone membership	1.65 (3.01)**	1.12 (0.99)	1.12 (1.04)	1.90 (3.04)**	1.71 (2.99)**	1.08 (0.61)	1.07 (0.58)
SAP	0.69 (−2.39)*	0.70 (−3.18)**	0.57 (−3.32)***	0.64 (−3.29)**	0.68 (−2.42)*	0.73 (−4.28)***	0.97 (−0.28)
Unemployment* SAP	–	–	1.01 (1.31)	–	–	–	0.98 (−2.02)*
EU budget spending (% GDP)	–	–	–	1.00 (0.08)	0.98 (−0.48)	0.94 (−1.41)	0.95 (−1.27)
National trust	–	–	–	–	8.97 (23.86)***	–	–
Country fixed effects	No	Yes	Yes	No	No	Yes	Yes
Survey fixed effects	No	Yes	Yes	No	No	Yes	Yes
Observations	580,902	580,902	580,902	544,536	527,724	544,536	544,536

Note: Exponentiated coefficients; z statistics in parentheses.
SAP: structural adjustment program; GDP: gross domestic product.
*$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.

adjustment programs: citizens in these countries have a 36% lower odds of expressing trust in the EU compared to countries not in one of these programs. In probability terms, citizens in countries receiving assistance have a 0.38 probability of expressing trust in the EU, more than 10 percentage points lower than citizens in countries not enrolled in a program ($Pr = 0.49$).

Respondents residing in countries with higher quality institutions also indicate higher levels of trust in both national governments and the EU, suggesting that higher quality institutions do lead to more citizen satisfaction. Contrary to the expectation that Eurozone membership might lead to reduced trust in, residents of Eurozone countries have much higher odds of indicating trust in government, suggesting that reduced monetary policy autonomy does not affect citizens' trust in government. And both at the national and European levels, we see that trust is influenced by a country's level of wealth: Europeans living in richer countries trust government less than those living in poorer countries, after controlling for differences in institutional quality, unemployment, enrollment in a structural adjustment program, and Eurozone membership.

One might wonder if the similar results for both levels of government are due to the existence of a strong spillover effect between national and European trust. In model 2, we examine whether trust in national government predicts trust in the EU. Table 1, column 5 reports the results. We find that there is, indeed, a strong relationship between trust at each level of government: those indicating trust in national government have nearly nine times greater odds of trusting the EU compared to those who do not trust national government. This relationship is hardly surprising given that respondents were asked the two questions in succession, but it does confirm previous findings that citizen trust in the EU may be linked to views about national political institutions (Muñoz et al., 2011). At the same time, noting the strong correlation between trust in national government and trust in the European Union, tells us little about which national-level factors influence citizen trust, while the high correlation between each level of trust obscures the relationship with other national-level economic, cultural, or political variables. Consequently, we exclude this variable in future models.

In model 3, we assess how within-country *changes* in economic output, institutional quality, or income may have influenced citizen trust, by adding country and time fixed effects. For all of our models, we exclude Germany since it is the largest country and has national trust levels near the overall median (on average 40% compared to a cross country average of 35%). Survey fixed effects are also included, with November 2004 as the baseline year for comparison. For ease of presentation, we do not include coefficients for fixed effects in the reported results. By holding baseline country-level differences in unemployment, institutional quality, and income levels constant, we can better isolate the effect of a change in these factors over the period; and by using survey fixed effects, we can partially control for unobserved factors that might be systematically influencing responses over time.

Columns 2 and 6 of Table 1 report the results. The effect of unemployment appears to become even stronger: a one percentage point increase in unemployment is now associated with 9% lower odds of trusting national government. And with the exclusion of the national trust variable from the EU model, unemployment is now once again significant, associated with 4% lower odds for the EU. When unemployment is 10%, a one point increase reduces the probability of trusting national government by two percentage points (0.30 to 0.28), and for the EU, by one point (0.47 to 0.46). Median income, however, becomes insignificant for both of our dependent variables, suggesting that while important for determining the baseline level of trust, changes in aggregate income have little effect on trust. Furthermore, there is no detectable relationship between a change in institutional quality at the national level and trust in European institutions.[7]

In model 4, we assess whether a change in unemployment produces an additional effect in countries that are enrolled in a structural adjustment program, by including an unemployment–structural adjustment program interaction term.[8] Since these programs mandate a reduction in fiscal deficits as a condition for receiving assistance—a policy that is often described as austerity—we expect an increase in unemployment in these countries to lead to a greater reduction in trust

compared to other countries, and in particular for the European Union, since the specific fiscal adjustment requirements imposed on countries were determined, in part, by the Eurogroup and European Central Bank.

Results for model 4 are reported in Columns 3 and 7 of Table 1. Our model predicts that a shift from 10 to 11% unemployment will reduce the probability of trusting European government by roughly one point, from 0.478 to 0.470. However, if the same increase in unemployment occurs in a country enrolled in a structural adjustment program, we observe a reduction twice as large, with the probability of trust shifting from 0.430 to 0.418.

Notably, with the inclusion of both the unemployment and unemployment–structural adjustment program interaction term, enrollment in a structural adjustment program is no longer associated with reduced trust in the EU, suggesting that the relationship observed in previous models was driven mostly by the economic effects of these programs. Of equal interest is the strong statistical significance for the unemployment and structural adjustment program interaction term for *national* trust. This suggests that citizens make a distinction between the two levels: blaming national governments more than the EU for the negative economic consequences that are associated with the sovereign debt crisis.

Individual-level correlates

In model 5, we bring in individual-level variables, including occupation, education, gender, and age. If the economic effects of the crisis are a major influence on citizen trust levels, then we should see variation based on current employment status (with the unemployed showing lower levels of trust), as well as across different levels of education and occupation. To establish an indicator of employment status, we use a Eurobarometer question asking about current employment to create a dummy variable, indicating whether a person is temporarily unemployed, constituting 8% of the overall sample. We also construct dummies for nine different occupational categories: professional, owner, supervisor, skilled blue collar, unskilled blue collar, farmer or fisher, service job, white collar sales or desk job, and never worked. For those indicating that they are out of the work force due to retirement, student status, or temporary unemployment, we use their last reported job. We exclude one occupational category to serve as the reference group: a white collar sales or desk job because those in this category indicate trust levels close to the overall average.[9] For education, we use a question asking respondents how old they were when they stopped formal schooling. We code people into four categories: those with low education who stopped school before age 18; those with medium education (stopped school at age 18), those with high education (stopped school between 19 and 23), and those with advanced education (stopped school after 24). Finally, for European trust, we include the unemployment–structural adjustment interaction term. We keep the same country and survey fixed effects used in earlier iterations and control for age and gender. We also maintain most of the significant macro-economic variables, including national unemployment rate, institutional

quality, median income, net transfers from the EU budget (European trust only), and enrollment in a structural adjustment program. But we drop the Eurozone variable, since it is not significant in any of our fixed effects models.

As can be seen from the results reported in Table 2, the impact of occupation and education on citizen trust is striking. People with advanced education (i.e. those who stopped school after age 24) have an odds ratio of 1.27 for national trust, and 1.46 for trust in the EU, while the unemployed have an odds ratio of 0.71 for national government and 0.78 for the EU, compared to those working, retired, or not seeking work. Finally, older people are more trusting of national governments and less trusting of the EU, while women are less trusting of both national and European governments. All macro-level indicators retain similar levels of substantive and statistical significance, underscoring that economic interests are having an effect at both the individual and socio-tropic levels.

Model 6 examines whether the crisis has compounded the effect of education or occupation on citizen trust. We create a dummy variable that indicates the beginning of the sovereign debt crisis in November 2009 (After Sovereign Crisis), when sovereign borrowing costs dramatically increased following revelations that debt levels had been undercounted by the Greek government. We also create crisis interaction terms for unemployed, education years and occupational dummies.

In Table 2, columns 2 and 4 report the results. We see that an additional year of education is associated with more trust in government; however, this effect has not become stronger during the crisis period: the education–crisis interaction term remains insignificant in both of our specifications. The effect of unemployment, by contrast, does appear to become stronger during the crisis period, at least for national government. The model predicts that an unemployed person has a 0.279 probability of expressing trust in national government before the crisis, compared to a probability of 0.245 for an unemployed person after the start of the crisis—a reduction of more than three percentage points, when other variables are held at their observed values. An even larger drop can be seen for European trust: with the unemployed holding a 0.49 probability of trusting the EU before the crisis, and 0.39 after. Most of the crisis–occupational interaction terms are insignificant, but professionals do become relatively more trusting of national government after the crisis, while skilled blue collar workers and unskilled workers become relatively less trusting, suggesting that the crisis may have exacerbated the effects of occupational differences on public trust.

National and ideological identities

In models 7 and 8, we shift gears a bit to assess whether the observed economic effects are robust to ideational influences. Specifically, we consider whether self-reported ideology and political identity predict trust at either level of government. Over the past decade, there has been a slight increase in the percentage of people identifying with the far ends of the ideology spectrum, and there was an increase in the percentage of people holding exclusive national identities between 2005 and

Table 2. Odds of trust, models 5–6.

	Nat'l (5)	Nat'l (6)	EU (5)	EU (6)
Institutional quality	1.13 (2.03)*	1.13 (2.31)*	1.02 (0.47)	1.06 (0.83)
Median income (€ '000s)	1.03 (0.64)	0.99 (−0.24)	1.06 (1.66)	0.99 (−0.34)
Unemployment rate	0.91 (−10.68)***	0.91 (−10.02)***	0.97 (−2.96)**	0.96 (−2.52)*
SAP	0.56 (−3.45)***	0.57 (−3.08)**	0.96 (−0.42)	1.39 (2.13)*
Unemployment *(SAP)	1.02 (1.43)	1.01 (1.25)	0.98 (−2.06)*	0.96 (−3.22)**
EU budget spending (%GDP)	–	–	0.95 (−1.12)	0.91 (−1.73)
Gender	0.93 (−3.63)***	0.92 (−3.92)***	0.95 (−3.59)***	0.94 (−4.67)***
Age	1.01 (4.51)***	1.00 (2.99)**	0.99 (−3.03)**	1.00 (−2.41)*
Low education	0.87 (−3.34)***	–	0.81 (−6.75)***	–
High education	1.12 (3.91)***	–	1.19 (4.88)***	–
Advanced education	1.27 (4.88)***	–	1.46 (5.42)***	–
Years education	–	1.00 (3.83)***	–	1.01 (5.64)***
Unemployed	0.71 (−5.70)***	0.75 (−3.83)***	0.78 (−4.88)***	0.83 (−2.59)**
Professional	1.10 (3.65)***	1.15 (3.78)***	1.14 (3.20)**	1.27 (5.04)***
Farmer or fisherperson	1.07 (0.62)	1.09 (0.90)	0.88 (−1.09)	0.76 (−2.16)*
Skilled blue collar	0.82 (−5.12)***	0.83 (−3.74)***	0.83 (−4.92)***	0.79 (−4.41)***
Low-skilled blue collar	0.88 (−2.41)*	0.89 (−1.81)	0.82 (−3.54)***	0.74 (−4.81)***
Service job	0.87 (−7.24)***	0.87 (−4.73)***	0.89 (−3.28)**	0.87 (−2.42)*
Supervisor	0.90 (−2.79)**	0.88 (−2.21)*	0.90 (−2.63)**	0.82 (−3.45)***

(continued)

Table 2. Continued

	Nat'l (5)	Nat'l (6)	EU (5)	EU (6)
Own business	0.97 (−1.46)	0.95 (−1.60)	0.96 (−2.14)*	0.96 (−0.98)
Outside of labor force	1.16 (1.93)	1.09 (1.42)	1.11 (0.99)	0.90 (−0.95)
Sovereign debt crisis	–	0.92 (−1.10)	–	0.67 (−7.67)***
Crisis × unemployed	–	0.90 (−2.18)*	–	0.97 (−0.55)
Crisis × education	–	1.00 (−0.50)	–	1.00 (−1.28)
Crisis × professional	–	1.09 (1.49)	–	1.01 (0.22)
Crisis × skilled blue collar	–	0.88 (−4.05)***	–	0.95 (−1.54)
Crisis × farmer or fisher	–	0.86 (−1.80)	–	1.02 (0.28)
Crisis × unskilled blue collar	–	0.85 (−2.01)*	–	0.95 (−0.83)
Crisis × service job	–	0.98 (−0.64)	–	0.99 (−0.18)
Crisis × supervisor	–	0.98 (−0.23)	–	1.07 (1.13)
Crisis × owner	–	1.04 (0.84)	–	0.98 (−0.63)
Crisis × outside of Labor Force	–	0.94 (−1.00)	–	1.06 (0.81)
Country fixed effects	Yes		Yes	
Survey fixed effects	Yes		Yes	
Observations	580,859		544,499	

Note: Exponentiated coefficients; z statistics in parentheses.
SAP: structural adjustment program; GDP: gross domestic product.
*$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.

2010 (Polyakova and Fligstein, 2016). Assessing whether ideology or political identity predict trust levels can help us understand whether changes in trust are driven more by frustration with government performance as measured by economic output, by deeper shifts in voters' beliefs or, perhaps, by both.

To measure ideology, we rely on a Eurobarometer question asking respondents to identify ideologically on a scale of 1–10, from left to right. Although ideology is not asked in every survey wave, we do have responses to the ideology question for 18 different waves (years 2004–2011 and 2014–2015)—sufficient to evaluate whether

and how ideology predicts trust in government in the context of the sovereign debt crisis. We use the ideology question to create three variables: one that indicates an individual's self-placement, one dummy variable indicating a left-wing ideological self-placement (1 or 2) and another dummy for those identifying on the right (9 or 10).

To measure national identity, we rely on a question that asks respondents whether they feel attached to their nationality, their nationality and Europe, Europe and their nationality, or just Europe. Those indicating that they exclusively identify with their nation have been coded "1" and those indicating one of three other identities are coded "0." We have responses for this question from eight survey waves (one each in 2004, 2005, 2010, and 2012, and two each from years 2013 and 2014). For both the ideology and national identity questions, non-responses and "Don't Know" responses, which were only reported in some waves, have been excluded from the analysis. We run the two models separately since most of our indicators for ideology and identity, respectively, fall in different years.

In Table 3, we report our results for models 7 and 8. For national trust, being one point further to the right is associated with an odds ratio of 1.08 for national government; for European trust, being on the left (1–2 on a 10-point scale) is associated with an odds ratio of 0.75. The link between exclusive identity and trust is even stronger. As can be seen in columns 3 and 4 of Table 3, those with exclusive national identities have odds ratios of 0.62 and 0.34 for national and European trust, respectively. In probability terms, this is a reduction of nine points for national government and 23 points for the European Union—indicating that there is a strong relationship between identity and trust levels.

Focusing on the impact of the crisis, is it the case that an increase in nationalism helps explain growing dissatisfaction? If a rise in exclusive national identity is explaining the decrease in trust, then we would expect the frequency of such identities to increase over the 11-year period. Yet, the longitudinal pattern of Eurobarometer responses to identity questions suggest that there has not been any increase in the portion of the population identifying in exclusively national terms. Neither the percentage of people holding extreme ideologies nor the proportion of those possessing exclusive national identities has changed significantly over the course of the crisis. As can be seen in Figure 4, the proportion of the population identifying exclusively with their respective nations has declined in Eurozone debtor countries over the last decade, while in creditor countries, the identity peaks in 2010 before declining during the rest of the time series. Figure 4 also shows, similarly, that the percentage of Europeans identifying as being on the left or on the right (1–2 or 9–10 on the Eurobarometer 10-point scale) has only grown from 15% in 2004 to 17% in 2015, while the average ideology has barely budged. The slight uptick in voters with extreme ideologies in some countries could not possibly explain the much more substantial decline in trust seen across the EU.

One possibility, suggested by Inglehart and Norris (2016), is that there is an interaction effect between cultural identities and economic circumstances, whereby

Table 3. Odds of trust, ideational factors, models 7–8.

	Nat'l (7)	EU (7)	Nat'l (8)	EU (8)
Institutional quality	1.14 (1.94)	1.02 (0.31)	1.12 (0.98)	0.95 (−0.66)
Median income (€ '000s)	1.00 (0.08)	1.06 (1.79)	1.02 (0.38)	1.11 (1.93)
Unemployment rate	0.91 (−8.60)***	0.96 (−3.63)***	0.90 (−8.03)***	0.97 (−2.16)*
SAP	0.74 (−2.31)*	0.82 (−1.42)	0.82 (−0.83)	1.05 (0.14)
Unemployment×SAP	–	0.99 (−0.94)	–	0.98 (−0.99)
EU budget spending (%GDP)	–	0.94 (−1.48)	–	0.96 (−0.99)
Ideological ID (1–10)	1.08 (2.06)*	1.00 (−0.14)	–	–
Left-wing ID	1.05 (0.40)	0.75 (–4.81)***	–	–
Right-wing ID	0.76 (−1.73)	0.84 (−1.82)	–	–
Exclusive Nat'l ID	–	–	0.62 (−10.34)***	0.34 (−18.99)***
Crisis×exclusive Nat'l ID	–	–	0.82 (−2.62)**	0.96 (−0.78)
Sovereign debt crisis	–	–	0.85 (−1.05)	0.36 (−4.36)***
Gender	0.93 (−3.45)***	0.96 (−2.30)*	0.97 (−1.28)	1.02 (0.85)
Age	1.01 (4.92)***	1.00 (−2.21)*	1.01 (5.59)***	1.00 (−2.49)*
Low education	0.86 (−3.36)***	0.83 (−6.61)***	0.93 (−1.40)	0.91 (−2.73)**
High education	1.10 (2.51)*	1.21 (4.01)***	1.18 (4.60)***	1.17 (4.45)***
Advanced education	1.26 (4.18)***	1.51 (4.82)***	1.35 (4.75)***	1.42 (5.77)***
Unemployed	0.73 (−5.05)***	0.79 (−4.31)***	0.71 (−4.76)***	0.82 (−3.82)***
Professional	1.07 (2.63)**	1.13 (3.49)***	1.03 (0.69)	1.06 (1.62)
Farmer or fisherperson	1.05 (0.45)	0.87 (−1.24)	1.18 (1.36)	1.02 (0.14)

(continued)

Table 3. Continued

	Nat'l (7)	EU (7)	Nat'l (8)	EU (8)
Skilled blue collar	0.85 (−5.46)***	0.84 (−4.84)***	0.77 (−8.35)***	0.86 (−3.79)***
Low-skilled blue collar	0.90 (−2.14)*	0.82 (−3.44)***	0.94 (−1.71)	0.93 (−1.52)
Service job	0.88 (−5.61)***	0.89 (−2.70)**	0.87 (−4.51)***	0.89 (−3.06)**
Supervisor	0.89 (−2.58)**	0.91 (−2.14)*	0.84 (−2.97)**	0.86 (−1.81)
Own business	0.95 (−2.59)**	0.97 (−1.46)	0.95 (−1.19)	0.96 (−1.39)
Outside of labor force	1.16 (2.45)*	1.17 (2.02)*	1.13 (1.43)	1.21 (1.64)
Country fixed effects	Yes	Yes	Yes	Yes
Survey fixed effects	Yes	Yes	Yes	Yes
Observations	367,559	346,496	186,169	175,768

Note: Exponentiated coefficients; z statistics in parentheses.
SAP: structural adjustment program; GDP: gross domestic product.
*p < 0.05; **p < 0.01; ***p < 0.001.

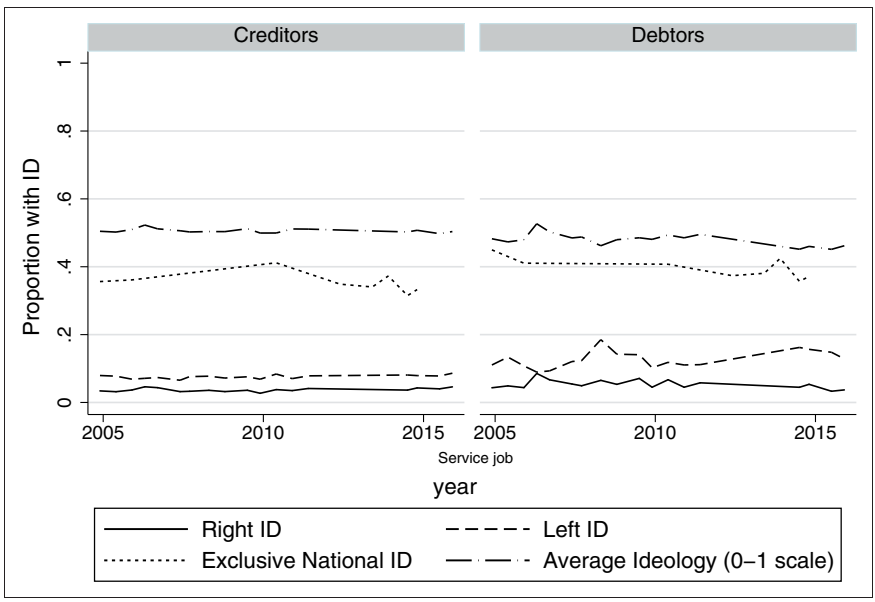

Figure 4. Proportion of respondents holding particular identities.

those already possessing identities exclusively aligned with the nation become more likely to lose trust when the economy performs poorly. The proportion of the European population identifying exclusively with their nation is quite large—averaging between 38 and 47% in the survey years assessed in this study—raising the possibility that a shift in opinion among these individuals is driving the overall decline. We account for this possibility by returning to model 8, and examining the interaction effect of the crisis and national identity. The results reported in columns 3 and 4 of Table 3 show that people holding these identities do experience a deeper decline in trust in national government during the crisis, with an odds ratio of 0.82 for the crisis–national ID interaction term. However, the interaction term is not statistically significant for the EU.

Why would a strong national identity increase the likelihood of losing trust in your nation with the onset of the crisis, but not in the European Union? One reason may be that identifying exclusively with one's nation is not simply indicative of group affiliation but also of one's position within the labor market. Model 9 runs a logit regression with exclusive national identity as the dependent variable and socio-economic variables as the independent variables. Model 10 runs the same model with far-right or far-left ideology as the dependent variable (1–2 or 9–10 on 10-point scale). As can be seen from the results reported in Table 4, educational and occupational circumstances are strongly associated with national and ideological identities. Those with an advanced education have 37% lower odds of identifying solely with their nation compared to those who stopped schooling at age 18, while those with less than a high school education (Low Education) have 39% higher odds compared to the same baseline. Furthermore, those in skilled or unskilled blue-collar professions, those outside of the labor force, and the unemployed are all significantly more likely to identify exclusively with their nation, compared to the baseline of mid-level white collar workers. Similarly, skilled and unskilled blue collar workers are also more likely to identify with the far-right or far-left.

The results suggest that identity may color interpretations of the crisis and responses to it, but whether this lens is rooted in a firm cultural affiliation or is merely reflective of a person's position in the labor market is difficult to determine, reflecting the longstanding difficulty of separating identity and ideology from the educational and occupational characteristics that condition them. In either case, changes in ideology and identity cannot explain the dramatic drop in citizen trust seen in many countries. It is the varied paths of national economies, as measured by unemployment, that best explains the decline in the level of citizen trust in national governments and the EU.

Discussion and conclusions

Our statistical analysis of survey responses largely confirms the impressions that emerge from the descriptive statistics highlighted in the earlier sections of this article. Economic factors—at both the individual and national level—are crucially important determinants of the *change* in trust in government and go a long way

Table 4. Determinants of political identity and left/ right ideology, Models 9–10.

	Exclusive national ID (9)	Far left/right ideology (10)
Institutional quality	1.05 (0.43)	0.95 (−0.74)
Unemployment rate	1.00 (−0.20)	0.99 (−0.52)
Median income (€ '000 s)	0.98 (−1.77)	1.02 (0.90)
Structural adjustment program	0.98 (−0.13)	1.08 (0.72)
Gender	1.30 (6.43)***	0.91 (−2.95)**
Age	1.01 (3.83)***	1.00 (3.63)***
Low education	1.39 (8.12)***	1.02 (0.79)
High education	0.78 (−6.61)***	0.97 (−1.64)
Advanced education	0.63 (−6.19)***	1.07 (2.39)*
Professional	0.64 (−8.62)***	1.06 (1.68)
Farmer or fisherperson	1.78 (5.85)***	1.23 (4.33)***
Skilled blue collar	1.39 (11.20)***	1.17 (5.04)***
Low-skilled blue collar	1.57 (10.66)***	1.22 (6.34)***
Service job	1.14 (4.72)***	1.15 (3.74)***
Supervisor	1.05 (0.64)	1.17 (3.52)***
Own business	0.96 (−0.94)	1.11 (2.47)*
Outside of labor force	1.45 (6.92)***	1.06 (1.46)
Unemployed	1.24 (5.20)***	1.22 (3.61)***
Country fixed effects	Yes	Yes
Observations	196,127	385,534

Note: Exponentiated coefficients; z statistics in parentheses.
*p < 0.05; **p < 0.01; ***p < 0.001.

toward explaining the very substantial variation among Europeans over time, across country, and across socio-economic group observed in this study. As unemployment has increased, trust has plummeted. These macro-shifts have compounded, in some instances, the already substantial differences among socio-economic groups in the degree of trust in the institutions of the EU and of national governments.

The article highlights three findings regarding the relationship between the economic crisis and public opinion. First, the crisis has had a massively negative impact upon citizen confidence in government, both at the national level and within the EU. Europeans are quite divided between North and South in their confidence in national governments, but they have across the board lost a great deal of confidence in the ability of European leaders to manage the problems that have arisen in the past decade.

Second, the dramatic rise in unemployment, more than a country's income level or institutional quality, or an individual's sense of national or ideological identity, best explains the dramatic decline in trust among debtor countries. While a range of economic, institutional, and cultural variables can help explain variation in the baseline levels of trust, the best predictor for the recent *changes* in the level of trust is movement in the national unemployment rate.

Finally, there are substantial differences in the extent of this support among socio-economic groups. The differences across groups are large and quite similar among all member countries. Those currently unemployed are much less likely to trust government, and the trust gap between the employed and unemployed has been exacerbated by the sovereign debt crisis. Across the EU, in general, less skilled and less educated citizens, and those more likely to be unemployed, have come to hold strongly negative views about their own governments, and about the institutions of the EU. While our data do not allow inferences about a direct relationship between this and the increasing polarization of political positions in many European countries, it is almost certainly the case that the two phenomena are related.

Several recent studies examining a smaller subset of countries have pointed to the effect of the Eurozone crisis on trust in government at the national and European levels (i.e. Armingeon and Ceka, 2013; Armingeon and Guthmann, 2013; Magalhães, 2016; Torcal, 2014); however, none of these studies has estimated the magnitude of the effect.[10] We have shown here that the effect is quite large: an increase in unemployment from 10% to 15% is associated with a nine-percentage point reduction in the probability of trusting national government ($Pr = 0.30$ to 0.21). Moreover, while a handful of articles in recent years have emphasized economic explanations, within the broader public opinion literature, scholarship remains dominated by political and cultural explanations. Even in the aftermath of the crisis, when the link between the decline in public trust and economic circumstances has become more salient, many of the most prominent arguments have discounted economic factors and emphasized the role beliefs and identities. In an influential study of opinion and the crisis, for instance, Hobolt (2012: 100–101)

finds that "objective economic conditions appear to have no effect on regime support," and that "no evidence is found that economic growth or financial transfers boost satisfaction with EU democracy." In their recent study of the effect of the crisis on European identity, Polyakova and Fligstein (2016) identify a rise in exclusively national identities as the most salient feature of the crisis, arguing that the renationalization of public policy may be an appropriate remedy. Meanwhile, Bechtel et al. (2014: 836), in an examination of a survey of German preferences for bailing out Greece, conclude that "economic self-interest, measured using a broad range of indicators, explains little of the variation in individual preferences on the Eurozone's financial rescues," highlighting instead the importance of cosmopolitan identities.

To the contrary, our analysis demonstrates that short-term economic fluctuations as a result of the sovereign debt crisis are the main driver of the collapse in trust. Political institutions and identities do remain important for the *baseline* differences in trust across countries and groups, but economic factors best explain the short-term *change* in trust levels. Institutional quality is positively associated with trust; however, since national and European institutions have generally been moving in the direction of greater transparency, professionalization, and accountability, the change in institutional quality over the past decade has, if anything, partially mitigated what would otherwise have been an even more dramatic collapse in trust. And contrary to claims by Polyakova and Fligstein (2016), exclusive national identities have been steadily declining during the crisis, perhaps as more Europeans see the limits of nationally focused solutions to deep and systemic problems.

What are the implications of the finding that national economic conditions and individual economic interests are powerful predictors of public trust in government? With the loss of trust nearly total in the most deeply affected countries, it is clear that the citizens of Eurozone debtor countries have little confidence in the ability of existing political leaders to manage the national and European economies in ways that respond to the concerns of their constituents. Until the fundamental economic problems that underpin this cataclysmic loss of trust are addressed, we can expect the appeal of anti-system parties to remain high. A more promising reality is that there is little evidence that citizens have become significantly more exclusive or extreme in their personal identities and ideologies, and there is some evidence that whatever trend in this direction there may be is largely a result of adverse economic conditions, in particular, the rise in unemployment. If national governments and EU institutions are able to devise a more effective response to current economic problems, then the appeal of extreme parties may dissipate. This may be cold comfort, given the persistent difficulties of the Eurozone economy and the continued inability of policymakers to craft national and regional solutions. Indeed, even mainstream parties seem to be moving in a direction of increasing skepticism about the EU and immigration. Nonetheless, it is important to insist that the sooner the economies of the South can get people working, the

better the chances may be of avoiding a fundamental breakdown in European democracy.

Acknowledgements

For valuable comments and suggestions, the authors thank James Conran, Andreas Eisl, Matthew Gabel, Olivier Godechot, Peter Hall, Dana Higgins, Torben Iversen, Pedro Magalhães, Stephanie Rickard, Stefanie Walter, three anonymous reviewers, and participants in seminars at the Center for European Policy Studies (CEPS), the University of Victoria, the Maxpo Doctoral Seminar at Sciences Po, and the University of Southern California.

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

Supplementary material

Supplementary material is available for this article online.

Notes

1. Numbers represent the EU-27 average, weighted by population. Non-responses and "Don't knows" have been excluded.
2. We exclude Italy from both categories since it is a country where sovereign default has been less imminent, but where economic problems have been simmering for years. Other authors have used slightly different categorizations. For instance, Alonso (2014) includes Italy in the group of EU debtor countries, but excludes Cyprus. See Note 6 and the Online Appendix for more detail on categorization.
3. Clustered standard errors are used in models 3–10. We cluster by country and not survey wave since Eurobarometer uses extensive post-stratification weights to correct for major differences across waves. See "Weighting Overview," Eurobarometer Data Service. http://www.gesis.org/eurobarometer-data-service/survey-series/standard-special-eb/weighting-overview/. Analyzing the entire population of respondents allows us to account for the different size and distribution of the population within each country, while country and survey fixed effects allow us to control for any homogeneity within each survey wave or country. We do not use a time series cross-sectional model because we are interested in understanding change that has occurred at the level of the EU or across groups of debtor or creditor countries. We do not use a multi-level model because we are interested in estimating a global effect rather than individual country estimates.
4. Non-responses or "Don't Know" responses constitute roughly 5% and 11% of the sample for national and EU trust, respectively. Because of differences in how Eurobarometer treats these responses in each wave, we drop them from the analysis. People not responding to either question tend to be three to five years older, more female, more right-wing, and two years more educated than those saying they "tend not to trust" government.
5. The countries and years included for the structural adjustment dummy are the following: Cyprus (2013–2015), Greece (2010–2015), Hungary (2009–2010), Ireland (2011–2013), Latvia (2009–2011), Portugal (2010–2015), Spain (2012–2014), Romania (2009–2011).

In these countries, loans were provided on the condition that certain policy reforms were enacted, the specifics of which were outlined in a Memorandum of Understanding. For more information about the terms and lengths of these programs, see http://tinyurl.com/mbs466z. Countries receiving flexible credit lines from the IMF or enrolled in less onerous "post-programme-surveillance" were excluded since these loans did not include extensive policy conditionalities. For more information on coding choices, please see the Online Appendix.

6. For information on this index, which has been widely used in social scientific literature, see the PRS Group's data description at http://epub.prsgroup.com/icrg-tables.
7. While Torcal (2014) has found a robust effect for institutional quality, this was based on a survey question indicating a respondent's subjective perception of institutional quality, rather than an objective measure for institutional quality such as the one used in this study.
8. The inclusion of a structural adjustment–unemployment interaction term was suggested by an anonymous reviewer.
9. This group constitutes roughly 19% of the sample and includes those individuals who currently work or whose last job was an "Employed position, at desk," or an "Employed position, traveling." As a group, 51% of respondents indicate trust in the EU and 36% trust in national government, compared to rates of 50% and 35%, respectively, among all respondents.
10. Guiso et al. (2016) conduct a broad longitudinal analysis most similar to the one presented here.

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