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Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

Empfohlene Zitierung / Suggested Citation:

Biten, M., Kuhn, T., & Brug, W. v. d. (2022). How does fiscal austerity affect trust in the European Union? Analyzing the role of responsibility attribution. *Journal of European Public Policy*, Latest Articles, 1-18. <https://doi.org/10.1080/13501763.2022.2060282>

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To cite this article: Merve Biten, Theresa Kuhn & Wouter van der Brug (2022): How does fiscal austerity affect trust in the European Union? Analyzing the role of responsibility attribution, Journal of European Public Policy, DOI: [10.1080/13501763.2022.2060282](https://doi.org/10.1080/13501763.2022.2060282)

To link to this article: <https://doi.org/10.1080/13501763.2022.2060282>



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How does fiscal austerity affect trust in the European Union? Analyzing the role of responsibility attribution

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ABSTRACT


Austerity policies tend to be generally unpopular and national governments have been found to lose support when they implement such policies. However, during the sovereign debt crisis, governments of ‘bailout countries’ were pressured by European Union (EU) institutions to implement austerity measures. Did austerity measures affect trust in the EU? We investigate the impact of fiscal austerity on EU trust and how perceptions of responsibility and political ideology moderate this relationship. We apply multilevel models to Eurobarometer surveys and data from the International Monetary Fund (IMF) to analyze changes in trust in the EU in 27 EU-countries (2013–2015). Our results indicate that austerity has a negative effect on trust in the EU, but only among those who hold the EU responsible for austerity policies. We find no significant moderating effect of ideology.

KEYWORDS austerity policies; euroscepticism; multilevel analysis; political ideology; responsibility attribution; trust in the European Union

Introduction

The announcement of budget deficit excess by the Greek government in late 2009 started a crisis which quickly jeopardized the stability of the entire euro area (Copelovitch et al., 2016). Several EU member states needed rescue packages that prevented them from going bankrupt (European Commission, 2021). In exchange for these ‘bailouts’, countries had to implement stringent structural reform measures to balance their budgets, more commonly known as ‘austerity packages’.¹ The fiscal austerity measures were supervised by the so-called Troika, a consortium of the European Commission (EC), the European Central Bank (ECB), and the International Monetary Fund (IMF). These

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 Supplemental data for this article can be accessed online at <https://doi.org/10.1080/13235818.2022.2036308>

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measures were generally met with much skepticism, as shown in public opinion data.² There were also large demonstrations organized, especially in the countries which were hit hardest by these measures, such as Greece (Ponticelli & Voth, 2020).

The political controversy around austerity packages inspired research on the relationship between austerity policies and political support. To be sure, voters do not always object to all austerity measures. When confronted with the choice between cutting government spending and accepting a higher state debt, many citizens prefer to cut spending (Bansak et al., 2021). Moreover, Giger and Nelson (2011) show that Christian and liberal parties benefitted electorally by specific measures to cut welfare expenses. Yet, it has been well established that governing parties in Europe that implemented harsh austerity policies during the sovereign debt crisis lost electoral support (e.g., Bosco & Verney, 2012; Hernández & Kriesi, 2016; Hübscher et al., 2021; Marsh & Mikhaylov, 2014; Talving, 2017). Moreover, trust in national institutions declined during the crisis, particularly in the bailout countries (e.g., Bojar et al., 2022; Roth et al., 2022; Veiga & Veiga, 2004). While it has thus been shown that austerity measures eroded trust in national governments and governing parties, we know less about how these measures influenced trust in the European Union (EU). The EU was represented in two of the three institutions of the 'Troika', which supervised the austerity measures. Since EU-institutions had an essential role in directing the unpopular austerity policies, we would expect many citizens to hold the EU to a large degree responsible for austerity policies. Consequently, we would expect austerity to affect EU trust at least as much as trust in national politics. Hence, this study seeks to understand the association between austerity policies and EU trust.

While researchers believed that the economic crisis in general and austerity packages in particular would lead to a decline in EU trust, empirical findings are rather mixed. Some researchers show that EU trust declined during the economic crisis (e.g., Armingeon & Ceka, 2014; Dotti Sani & Magistro, 2016; Drakos et al., 2019), especially in countries that received bailout packages. Hobolt and Wratil (2015) show on the other hand that support for the euro remained high during the crisis, also in the bailout countries. Kuhn and Stoeckel (2014) present similar findings for support for European economic governance. Yet, even though these studies distinguish between bailout countries and other EU-members, none of them focuses on the effect of austerity policies. Doing so is important for two reasons. First, some of the countries with the strictest austerity measures, like Greece and Ireland, experienced a deep economic recession at the same time. So, we do not know whether the economic crisis caused the drop in trust or dissatisfaction with austerity measures, or both. Second, the strictness of austerity

measures varied within both groups of countries (the ones receiving bailout and the others).

We found just one study on the link between austerity and EU trust, which includes a measure of austerity. Kalbhenn and Stracca (2015) study the effects of austerity on trust in various institutions and do not find a substantive effect of austerity on EU trust. However, this study covers a period long before the introduction of the euro, when the EU had no visible influence on the fiscal policies of its member states.

In sum, several studies exist on the link between the European debt crisis and support for the EU and several studies exist on the link between austerity and support for national governments and incumbent parties. Yet, research on the link between austerity and support for the EU is scarce, even though EU-institutions were partially responsible for supervising the austerity measures. We build upon the existing scholarship, and we make two contributions to the literature. First, in contrast to previous research we focus on the effects of austerity measures on EU trust, while controlling for indicators of economic performance. This allows us to better understand whether decline in EU trust is due to the economic crisis or due to the austerity policies aimed at tackling the crisis, or both. Second, by including responsibility attribution and political self-placement as moderators of the effect of austerity policies on EU trust, we advance knowledge on the mechanisms underlying the relationship between austerity measures and EU trust.

The expectation of a moderating effect builds upon recent literature, which demonstrates that judgements of responsibility are the principal mechanism by which citizens hold representatives to account for their actions as these judgements intervene between evaluations of policy outcomes and voting behavior (e.g., Anderson, 1995; De Blok et al., 2022; Hobolt & Tilley, 2014). Voters who blame the government for dire economic outcomes are more likely to vote according to their economic evaluations (Giger & Nelson, 2011; Vis & Van Kersbergen, 2007). So, the macroeconomic conditions and the evaluations of how the incumbent has handled the economy affect the voter's choice (Lewis-Beck & Stegmaier, 2000). Following this literature, we expect that if citizens assign more responsibility to the EU for fiscal austerity policies, their EU trust will be affected more by these policies than if they hold others responsible (the national government, the banks, etc.).

These expectations are based on the assumption that citizens reject austerity measures. While we know that very strict austerity policies are unpopular (see also Ponticelli & Voth, 2020), our data provide no direct individual-level information on citizens' evaluations of these policies. As a proxy, we therefore include respondents' left-right position. Left-wing parties have opposed austerity more than right-wing parties (Bansak et al., 2021; Otjes & van Der Veer, 2016). So, it seems reasonable to expect that left-wing citizens

are more critical of austerity policies, particularly since these policies tend to go at the expense of the public sector and lower income groups. To sum up, we expect ambitious fiscal austerity policies to lead to a decline in EU trust, primarily among citizens who attribute responsibility to the EU and who position themselves at the ideological left.

We estimate the effects by linking Eurobarometer data from 2013 until 2015 with macro-economic statistics from the IMF. Our analyses contribute to institutional trust theory by showing that there is indeed a strong relationship between austerity policies and EU trust, particularly among those who think the EU is responsible for those policies. There is little evidence, however, for a moderating effect of ideology.

Trust in European institutions in times of austerity

After it became clear that the Greek state was unable to finance its public debt, it received a first so-called bailout package from the IMF and the EU in May 2011. Later, similar loans were needed to rescue Spain, Portugal, Ireland and Cyprus from bankruptcy. The bailout packages were accompanied by direct domestic policy intervention by the 'Troika', on national macro-economic policies of the receiving countries. This created controversy in public opinion and among policymakers (Copelovitch et al., 2016; Hernández & Kriesi, 2016; Kuhn & Stoeckel, 2014; Talving, 2017). Simultaneously, protest campaigns and demonstrations against austerity measures took place in several countries, which increased social instability (Ponticelli & Voth, 2020). These events display that many citizens were strongly opposed to austerity policies, and they stood up against them. Public opinion data also reveals skepticism about these austerity measures (see note 2). Given the unpopularity of austerity measures, it seems reasonable to expect that these measures will have a negative effect on trust in the institutions that are responsible for those measures, including the EU.

While several studies have analyzed EU trust during the economic crisis, we are aware of just one study that directly tests the effect of austerity measures on EU-support (Kalbhenn & Stracca, 2015). This aggregate-level study of 26 EU countries over the period 1973–2013, finds that, overall, fiscal consolidation episodes have little or no impact on EU-support. While we do not challenge these findings, it is important to realize that the EU had no authority over the fiscal policies of the EU-member states during most of the period covered by the study by Kalbhenn and Stracca (2015). Other studies on EU trust in the sovereign debt crisis do not contain measures of austerity, but rather distinguish between bailout countries and other EU members (see, for example, Armingeon & Ceka, 2014 or Drakos et al., 2019). In turn, our study focuses particularly on the more recent years in which the EU was responsible for fiscal austerity policies and in which this

was highly visible to the public and tests the effect of austerity measures. Thus, our first hypothesis is:

H1: Implemented fiscal austerity policies have a negative effect on EU trust.

However, a challenge for our study is that the harshest austerity measures were taken in those countries where the economy was in recession. Economic conditions have been shown to be associated with a significant decline of citizens' trust in the national parliament, the national incumbent parties and various EU-institutions (e.g., Kallandranis, 2019; Roth et al., 2022). Moreover, worsening economic conditions are associated with a decline in support for democracy (e.g., Armingeon & Ceka, 2014; Armingeon & Guthmann, 2014; Ehrmann et al., 2013). Hence, we need to determine whether low trust in institutions is the result of poor economic circumstances, of (discontent with) austerity measures, or both. So, at the very least, we need to control for (perceptions of) economic conditions when estimating the effect of austerity politics.

Another important point to consider is whether citizens hold the EU responsible for austerity policies. Based on established findings, we know that if responsibilities for public policies are distributed among different parties, for instance, due to coalitions or complex institutional setups, voters are less likely to assign responsibility to their governments for economic consequences (Hobolt & Tilley, 2014; Powell Jr & Whitten, 1993; Van der Brug et al., 2007). Therefore, evaluations of how the incumbent has handled the economy affect voters' choice (Lewis-Beck & Stegmaier, 2000). Similarly, due to the EU's complex institutional setup it is sometimes hard to understand how and by whom political decisions are made and who is ultimately responsible for implementing a given policy (Hobolt et al., 2013). Especially in times of economic crisis, the involvement of EU institutions in national economic policy makes the EU a relevant actor for unpopular austerity policies. However, the multilevel system of the EU and the involvement of the IMF can blur perceptions of who is responsible. This provides an opportunity for national governments to blame the EU for unpopular measures to escape the burden of austerity policies (Sommer, 2020; Tallberg, 2002; Weaver, 1986). We thus expect that the effect of austerity policies on trust in European institutions depends on the extent to which citizens hold the EU responsible for these austerity policies (see also Hobolt & Tilley, 2014):

H2: The more the EU is perceived to be responsible for fiscal austerity policies, the stronger is the negative effect of austerity on trust in EU-institutions.

Our hypotheses predict a negative effect of austerity measures on trust. This is based on the assumption that these austerity measures are unpopular. Consistent with this assumption, Ponticelli and Voth (2020) demonstrated that the austerity measures caused social unrest. The perception that the

measures were unpopular even led the president of the European Commission, Jean-Claude Juncker to exclaim; 'We all know what to do, we just don't know how to get re-elected after we've done it'.³ Hence, shifting the burden of austerity policies onto EU institutions becomes even more attractive for national politicians who wish to be re-elected (Moury & Afonso, 2019; Pierson, 1996). However, while many citizens rejected the austerity measures, significant minorities may have supported them, and recent evidence suggests that citizens support austerity measures over accumulating additional debt (Bansak et al., 2021). So, it would be good to include information in our analyses on citizens' (dis)approval of the austerity measures, but unfortunately our surveys do not contain this information. As a proxy measure of citizens' support of austerity we will therefore include their left-right orientation.

While we are aware of the shortcomings of a one-dimensional approach to the political left-right spectrum as this conflates the economic and the cultural dimension (De Vries et al., 2013; Kitschelt, 1994), we nonetheless think that this is a valid approach. While left-wing citizens support government services and benefits, right-wing citizens value more support for small government and free markets. Therefore, right-leaning citizens tend to be more averse to inflation and government spending (Hibbs, 1977; Scheve, 2004) while left-leaning citizens are expected to be averse to spending cuts and to demand further government investments to ensure employment and economic growth. Hence, it seems reasonable to expect that left-wing citizens are more critical of austerity policies, particularly since these policies tended to go at the expense of the public sector and lower-income groups. Bansak et al. (2021) found that respondents on the far left are significantly more opposed to austerity in general than those at the right as well as those in the center. Hence, we hypothesize that:

H3: The negative effect of austerity on trust in EU-institutions is stronger among people on the political left.

Data and operationalization

To estimate the association between austerity policies, EU trust and responsibility attribution in a multilevel political system, we require data measured at the level of individual citizens (EU trust, perceptions of responsibility, left-right self-placement) and countries (measure of austerity). Individual-level data come from Eurobarometer (EB) waves, which are cross-sectional surveys. Panel data with repeated measurements of the same respondents would have been better for interpreting change in individual EU-support. However, since panel data is not available for many countries, our analyses depend upon repeated cross-sections: five different waves of the

Eurobarometer (EB) fielded in 2013 (EB 79.3 and 80.1), 2014 (EB 81.4 and 82.3) and 2015 (EB 83.3). Our data include all EU member states at that time, except for Bulgaria. The main reason to choose these survey waves is that they included specific questions about attribution of responsibility for austerity measures. Since data on austerity measures are available on a yearly basis, our analyses are based on three year-points: 2013, 2014, and 2015 with five different EB surveys.

Our measure of fiscal austerity at the country level (Cyclically Adjusted Primary Balance-(CAPB)) is based on IMF data. The calculation of CAPB focuses on the primary balance (net borrowing or net lending), it is excluding interest payments on consolidated government liabilities since interest payments are often not correlated with cyclical output (Escolano, 2010). The change in CAPB is an established and widely used measure and it is seen as a proxy for prudent fiscal policies by international institutions such as the EC, IMF, and Organization for Economic Co-operation and Development (OECD) (Alesina & Ardagna, 2010; Heylen & Everaert, 2000; Kumar et al., 2007; Mulas-Granados et al., 2010; Zeng et al., 2014). Moreover, an advantage of the measure is that it is available to all EU-countries. Our dataset pools three year-points, 27 countries, and 102,902 respondents into one dataset to maximize variance in austerity and public opinion on trust with a total of 81 cross-sections.

It has been argued that the CAPB is not an appropriate measure of austerity, because countries could apply other measures to balance their budgets besides austerity measures, like raising taxes (e.g., Feyrer & Shambaugh, 2012; Guajardo et al., 2014; Romer & Romer, 2010). While we recognize the critique of the CAPB at a theoretical level, the actual measures that were implemented to balance the budgets in the countries and period that we study, mainly involved cuts in government expenses. Moreover, the IMF itself has argued that measurement errors in CAPB are likely to be correlated with economic developments.⁴ By controlling for indicators of real economic developments, we correct for such possible biases to some extent. Some scholars have proposed alternative measures based on austerity plans (e.g., Feyrer & Shambaugh, 2012; Guajardo et al., 2014; Romer & Romer, 2010). We have replicated our findings on the basis of an alternative measure of austerity, as discussed below in the section on robustness.

Our dependent variable is a dichotomous individual-level variable from EB in which respondents are presented with the following question: 'How much trust do you have in the European Union?' It has a value of 1 if the respondent indicates that she/he tends to trust the EU and 0 if otherwise. The primary moderating variable 'responsibility for austerity' is measured with the question: 'Please tell me to what extent you agree or disagree that the EU is responsible for austerity in Europe.' We recode it as a

categorical variable (1-4) with higher levels indicating more responsibility assigned towards the EU due to austerity. Table A2 presents details about the distribution of this variable in the 27 countries. A clear majority of the respondents in all countries (fully) agree that the EU is responsible. Variation in these perceptions is mainly at the individual level: only 3.2 percent of the total variation is at the contextual level (the 81 country-year combinations). It seems also implausible that perceptions of responsibility would be endogenous to austerity because these variables are almost uncorrelated ($r = 0.046$).

To estimate the effect of austerity measures, rather than the state of the economy, we control for consumer-price index inflation, unemployment rate and real GDP growth. Moreover, we add a control variable that asks respondents: 'How would you judge the current situation in < NATIONALITY > economy?'. It is measured in four categories (very good, rather good, rather bad, and very bad). This variable was recoded so that higher levels indicate more optimism about the national economy. To test whether the negative effect of austerity measures is stronger among left-wing citizens (H3), we use the following left-right self-placement question: 'In political matters, people talk of the left and the right. How would you place your views on this scale?'. This variable was originally measured on a 10-point scale, but we distinguish between three categories: left, center and right.⁵

We include the following individual-level control variables: EU knowledge, age, gender, education level, and trust in the national government. EU knowledge was measured by three factual questions, from which the answers were coded as true or false: whether the EU currently consists of 27 Member States, whether the citizens of each Member State directly elect the members of the European Parliament and whether Switzerland is a member of the EU. A higher number of correct answers indicates better knowledge of the EU. We operationalize education level with a measure asking at what age respondents finished their full-time education. Following Gaziano and Gaziano (2014), we distinguish between low, middle and higher education.⁶ Age is measured in years, and gender is coded 1-Male, 0-Female. In one model, we control for trust in national government using the question 'How much trust do you have in the national government?', with a value of 1 if respondents tend to trust their government and 0 otherwise. Summary statistics are shown in Table A1 in the online appendix.

We test our models using multilevel logistic regression. Doing so allows us to study variations in individual trust probabilities across individuals and across countries and time. The analyses estimate the direct effect of austerity on EU trust and the moderator effect of perceptions of responsibility. For this reason, we add interaction terms to the model. We include a random slope for responsibility attribution as this improves the goodness of fit. The model

specification is as follows:

$$\begin{aligned} \text{Logit}(\text{Pr}(\text{Trust}_{\text{EU}} = 1 | X_{\text{ict}})) &= \alpha + \beta_1 \text{Austerity}_{\text{ct}} + \text{Responsibility}_{\text{ict}} * (\beta_2 + u_{\text{ict}}) \\ &+ \beta_3 (\text{Responsibility}_{\text{ict}} * \text{Austerity}_{\text{ct}}) + \beta_4 \text{Macro Level Controls}_{\text{ct}} \\ &+ \beta_5 \text{Individual Level Controls}_{\text{ict}} + u_{\text{ct}} \end{aligned}$$

To test hypothesis 3, we include an interaction term for political self-placement and austerity measures. In this case, we do not add a random slope as it does not improve the overall goodness of fit. The model specification is as follows:

$$\begin{aligned} \text{Logit}(\text{Pr}(\text{Trust}_{\text{EU}} = 1 | X_{\text{ict}})) &= \alpha + \beta_1 \text{Austerity}_{\text{ct}} + \beta_2 \text{Responsibility}_{\text{ict}} \\ &+ \beta_3 (\text{Right/Left Self placement}_{\text{ict}}) + \beta_4 (\text{Right/Left Self placement}_{\text{ict}} * \text{Austerity}_{\text{ct}}) \\ &+ \beta_5 \text{Macro Level Controls}_{\text{ct}} + \beta_6 \text{Individual Level Controls}_{\text{ict}} + u_{\text{ct}} \end{aligned}$$

where $\text{Pr}(\text{Trust EU} = 1 | X_{\text{ict}})$ is the probability of trusting the EU, α is the intercept, $\beta_1 \dots \beta_n$ are the regression coefficients, **Austerity** is the change in fiscal stance measure (change in CAPB) and **Responsibility** is the attributed responsibility of the EU for the implemented austerity in Europe, **Right-Left Self Placement** is the respondents' self-placement on the left-right scale. The index $i = 1 \dots N$ refers to each individual, $c = 1 \dots 27$, is the index for countries, $t = 1, 2, 3$ is the year which denotes 2013, 2014 and 2015 and u_{ict} is residual term associated with the level-1 predictor; the variance component $\text{var}(u_{1j})$ is the random slope variance.

Results

Model 1 in [Table 1](#) shows the random effects ANOVA or null model, which allows splitting the variance between the individual and country-year levels. Based on the variance estimates of our multilevel logistic regression analysis results, the intra-class correlation is 0.10. This means that 10 percent of the variation in trust is due to differences between country-year combinations, while 90 percent is due to individual-level differences. Thus, multilevel modeling is useful for correcting the within-country dependence of observations. Allowing the effect of responsibility attribution to vary between countries improves the regression fit. It is also better to take the random slope into account since CAPB indicates each country's fiscal stance separately. This allows us to see the effect of austerity on EU trust per country. Model 2 provides the baseline model results, including only the essential variables, while Model 3 includes control variables. Model 2 shows that every one-unit increase in the level of CAPB (as a percentage of potential GDP) is predicted to produce a 0.046 decrease in the log-odds of trusting the EU. The direction of the effect remains the same when controlling

Table 1. Multilevel model of the effect of attributions of responsibility and austerity on EU Trust.

	(1)	(2)	(3)	(4)	(5)
EU Trust	Null Model	Baseline Model	Baseline Model with Controls	Interaction Model	Full Model
Austerity		-0.046 (0.031)	-0.027 (0.029)	-0.046 (0.031)	-0.028 (0.029)
Responsibility Attribution		0.084* (0.050)	0.052 (0.048)	0.136*** (0.047)	0.102** (0.044)
Responsibility Attribution *Austerity				-0.084*** (0.020)	-0.081*** (0.018)
CPI Inflation			0.143*** (0.028)		0.144*** (0.028)
GDP Growth			0.062*** (0.019)		0.062*** (0.019)
Unemployment			0.037** (0.014)		0.037** (0.014)
Trust in Government			1.944*** (0.018)		1.944*** (0.018)
Perception of national Economy- (Rather Bad – Ref. Cat.)					
Very Bad			-0.330*** (0.020)		-0.329*** (0.020)
Rather Good			0.359*** (0.020)		0.359*** (0.020)
Very Good			0.400*** (0.047)		0.400*** (0.047)
EU Knowledge (Average – Ref. Cat.)					
Bad (no correct answer)			-0.296*** (0.036)		-0.297*** (0.036)
Good (three correct answers)			0.238*** (0.015)		0.238*** (0.015)
Age			-0.007*** (0.000)		-0.007*** (0.000)
Education Category (Midlevel – Ref. Cat.)					
Low Level			-0.114*** (0.024)		-0.114*** (0.024)
High Level			0.228*** (0.017)		0.228*** (0.017)
Gender (Female)			0.025* (0.015)		0.025* (0.015)
Intercept	-0.211*** (0.073)	-0.184** (0.074)	-16.719*** (3.033)	-0.184** (0.074)	-16.721*** (3.033)
Obs.	102902	102902	102902	102902	102902

Source: Standard Eurobarometer and IMF data

Notes: EU-28 excl. Bulgaria, unstandardized coefficients with standard errors in parentheses.

Ref. Cat.' = reference category. *** p<0.01, ** p<0.05, * p<0.1.

for (perceptions of) the state of the economy, as well as several other control variables (Model 3). However, while the effect is in the theoretically expected direction (H1), in line with previous findings (Kalbhenn & Stracca, 2015), we

find no support for an overall direct effect of fiscal austerity on EU trust. While this finding suggests that fiscal consolidation does not directly affect EU trust across all citizens, this does not mean that consolidation policies do not affect EU trust at all. It is known that the expectation of judgments of responsibility is the principal mechanism by which citizens hold representatives to account for their actions. Therefore, the main point of our study is that such effects are conditional and thus affect different groups of citizens in a different way. In models 4 and 5, we test whether responsibility attribution moderates the effect of austerity measures. Model 4 does not include individual-level and macro-level controls, while Model 5 does. In both models, we find negative interaction effects between austerity and responsibility attribution that are significant at $p < .001$. In line with H2, this means that the effect of austerity on EU trust is conditional upon believing that the EU is responsible for the implemented austerity policies.

To interpret the interaction effect, [Figure 1](#) visualizes the moderated effect based on Model 5. It shows the estimated effect of fiscal austerity for the four different values of responsibility perceptions. At the left end of the horizontal axis are the effects for the (small group of) respondents who strongly disagree with the statement that the EU is responsible. Here the effect is slightly positive. There is a significant negative effect of austerity among citizens who think that the EU is largely responsible for the austerity measures. This finding supports the expectation that austerity measures depress EU trust

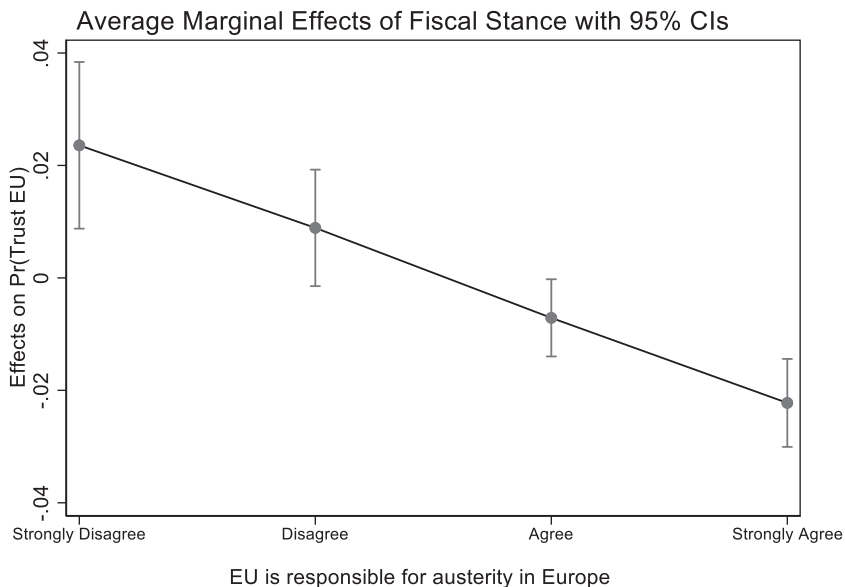


Figure 1. Plot of interaction between austerity and responsibility attribution based on Table 1. Full Model.

among people who think the EU is responsible for these measures. Among the other citizens, the effect is insignificant or even slightly positive.

The control variables generally support previous findings. That is, EU trust is higher if the individual believes their national economy is doing well. Also, people with higher levels of education and with higher levels of EU-related knowledge tend to trust the EU more. Additionally, EU trust is strongly and positively related with trust in national institutions, as shown by our national government trust variable's coefficient.

We test our third hypothesis that the negative effect of austerity on trust in EU-institutions is stronger among people on the political left by including political self-placement on the left-right dimension and by interacting this with our measure of austerity (see Table B1 in the Online Appendix). Since the question on right-left self-placement is not included in the 2013 Eurobarometer waves, models presented in Table B1 include 2014 and 2015 waves only. As shown in models 4 and 5 of Table B1, the interaction terms are statistically significant for right-wing as well as for left-wing citizens. So, compared to centrist voters, there is a stronger negative effect of austerity among those at the political right as well as at the left, which is not in line with H3. Moreover, the interaction effects turn out to be very sensitive to different modeling specifications, and to different ways of categorizing respondents in ideological groups (Figure B1). Hence, the analyses do not support H3 (Figure 2).

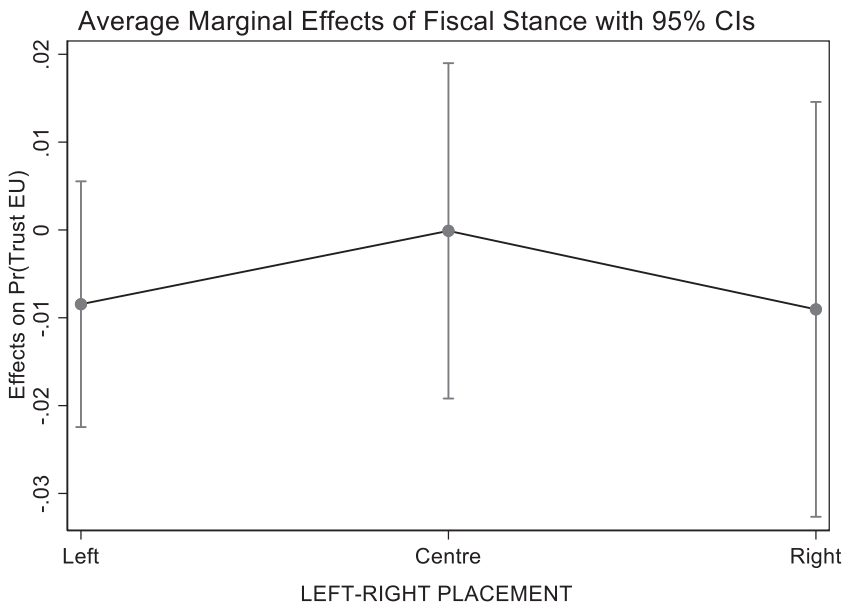


Figure 2. Plot of interaction between austerity and right/left self-placement based on Table B1. Full Model (Online Appendix).

Robustness checks

The online appendix C contains some robustness checks. The first distinguishes between five categories of left-right, rather than three. While the negative effect of austerity is strongest among people at the radical left, as expected, the differences are not significant, so these analyses do not support H3 either. In addition, we conducted these analyses excluding the formerly communist countries on the grounds that left-right has different connotations there. When conducting the analyses for 'Western' and 'Southern' European countries only, the results generally support H3 (see Table C2). However, a marginal effects plot shows that the effects of austerity are not significant for any of the categories of left-right. So, there is not sufficient support for H3. We also conducted the analyses with Greece excluded, because it could be an outlier. This also did not change the substantive conclusions (see Tables C3 and C4 in the online appendix). Finally, some scholars recently advocated the use of alternative measures of austerity, based on content analyses of budgetary proposal (Alesina et al., 2020; Leigh et al., 2011). We replicated our analyses on the basis of the dataset provided by Alesina et al., (2020), with the same substantive findings (see online Appendix D).

Conclusion

While a large body of research has studied the impact of austerity policies in the sovereign debt crisis on public support for national governments, little is known about how these policies have impacted EU trust. This article examines how fiscal austerity measures have affected European citizens' EU trust, and whether these effects are moderated by perceptions of responsibility and citizens' ideology. We test these hypotheses in an analysis of Eurobarometer survey data from 2013 to 2015 and macro-economic indicators of austerity measures as well as economic conditions in 27 EU member states.

In line with previous research (Kalbhenn & Stracca, 2015), we find no significant direct effect of austerity measures on EU trust, when also controlling for economic conditions. However, a significant effect of austerity policies on EU trust exists among people who think that the EU is largely responsible for these policies. On the one hand, this suggests that national governments could shift much of the blame for austerity measures to the EU. To the extent that they were successful in doing so, EU trust was undermined. On the other hand, it suggests that the EU institutions were able to 'get away' with enforcing harsh austerity measures because a sizable minority of citizens did not attribute responsibility for these measures to the EU. Our findings thus contribute to a growing literature focusing on the intricacies of political accountability in the complex multi-level governance structure of the EU (e.g., Harteveld et al., 2018; Hobolt & Tilley, 2014; Hooghe et al., 2001).

Results regarding the moderating effect of political ideology are less clear. While we find that the effect of austerity is strongest among those placing themselves on the radical left of the political spectrum, these interactions are not statistically significant. A possible explanation is that general left-right positions are only weakly related to evaluations of austerity measures in response to the sovereign debt crisis. It is important to note that our measure of political ideology conflates the economic and cultural elements of the left-right spectrum. Future research should investigate this relationship with a more direct measure of citizens' support for fiscal consolidation. Another avenue of future research would be to employ alternative measures of austerity.

Overall, our study contributes to the long-standing puzzle of whether economic crises in general and fiscal consolidation in particular decrease trust in various European institutions (Armingeon & Ceka, 2014; Armingeon & Guthmann, 2014; Ehrmann et al., 2013; Kalbhenn & Stracca, 2015). While our study considered the political consequences of the sovereign debt crisis, this question has become even more relevant in the face of the COVID-19 pandemic and its ripple effects on economies worldwide. Our study suggests that the EU's and member states' ability to avert harsh fiscal consolidation policies, and instead implement generous recovery packages such as *Next Generation EU* will be vital to garner political support and institutional trust.

Notes

1. We define 'austerity' as reform measures aimed at balancing state budgets. We prefer to use the term (fiscal) austerity over alternative terms such as structural reforms. Austerity is the term used most often in the public debate and in the survey questionnaires analyzed in this article. It is also a widely used term in the scientific literature. While the Troika did not prescribe the exact measures by which the bailout countries had to balance their governments' budgets, in practice all bailout countries implemented austerity measures. By using the term, we do not imply any normative assessment of the actual policies.
2. A Gallup Opinion Poll of September 2013 showed that a majority of European citizens (51 percent of respondents) did not think that austerity was working, while 34 percent thought it was working but takes time, and only 5 percent of the respondents thought it was working (online at: <http://www.scribd.com/doc/172138343/Gallup-Debating-Europe-Poll-Austerity-Policies>).
3. 'The Quest for Prosperity,' The Economist, March 15, 2007.
4. This was argued in the IMF, World Economic Outlook, Oct 2010, see: <https://www.imf.org/en/Publications/WEO/Issues/2016/12/31/World-Economic-Outlook-October-2010-Recovery-Risk-and-Rebalancing-23542> (accessed on March 4, 2022).
5. This variable collapses answers to 'In political matters people talk of "the left" and "the right"'. How would you place your views on this scale?' into three categories; 1 (1–4) Left, 2 (5–6) Centre, 3 (7–0) Right.
6. Lower educational level: full-time education up to 15 years of age or has no full-time education. Middle educational level: stopped full-time education between the ages of 16 and 19. Higher educational level: full-time education until older than 20 years or is still studying.

Acknowledgements

For helpful comments, we thank all our colleagues from our program groups, Sander Kunst and all the participants of the PhD Club at the Amsterdam Institute for Social Science Research (AISSR) at University of Amsterdam. We would also like to thank the editors as well as the anonymous reviewers of the Journal of European Public Policy for their very helpful comments and suggestions.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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