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ECONOMICS AND THE VULNERABILITY OF THE PAN-EUROPEAN INSTITUTIONS

Raymond Duch and Michaell Taylor

Because of the dramatic political changes that have occurred over the past decade there is significant interest in understanding the dynamics of citizen support for nascent democratic institutions. The success of the new democracies of the former communist regimes is a case in point. And in Western Europe, of course, there is considerable interest in understanding the dynamics of popular support for the rapidly changing institutions of the European Union. One of the common themes found in these studies is the importance of economic factors in shaping mass support for these new institutions. Duch (1995) has argued that in the context of new postcommunist regimes this relationship is often exaggerated and to some extent misspecified. We raise a similar concern with respect to the institutions of the European Union. We do not deny that economic considerations shape mass attitudes regarding the European Union. Rather we argue for a more careful specification of how economic outcomes are shaped by the European Union and hence how self-interested citizens are likely to incorporate economic outcomes into their evaluation of European integration.

We make four arguments in this essay. First, we argue that models of the relationship between macroeconomic conditions and political preferences, in this case support for the European Union, must be based on a credible association between the institution or political office and these economic outcomes. Because the European Union is, as yet, not responsible for macroeconomic policies, we should not expect evaluations of these institutions to be shaped by policy outcomes in this area. Second, to the extent that economic factors do shape citizens' attitudes toward the European Union, it will be in terms of comparative advantage. Those best situated to reap benefits from the European Union will be more supportive than those who are less likely to

Raymond Duch and Michaell Taylor, Department of Political Science, University of Houston, Houston, TX 77204-3474.

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benefit or those who are likely to be harmed by further economic and political integration. Third, individual assessments of their comparative advantage are robust and hence European subventions to targeted regional populations will be heavily discounted and will fail to build popular support among these target populations for European integration. Finally, European issues are of low saliency to the average citizen and hence easily manipulated by cues they receive from elite opinion leaders.

The analysis is based on regional- and national-level economic data from Eurostat and on aggregated public opinion data from the Eurobarometer surveys collected from 1975 through 1989.

ECONOMICS AND THE SUPPORT FOR THE EUROPEAN UNION

Understanding the dynamics of the relationship between economics and support for the European Union is of critical importance to the present debate regarding monetary union and proposals for a more federalist political structure. One of the points at issue regarding an expanded role for the European Union in monetary and possibly fiscal policymaking is public accountability. Certainly, one of the concerns of the German Bundesbank and many German politicians is that a monetary policy conducted by the European Union would not be subject to effective political accountability. Part of their concern is that European citizens do not make the link between economic outcomes and the European Union. Hence, without significantly enhancing the representative institutions of the Union, monetary and fiscal policy conducted at the European level might not be subject to the constraints of public opinion. Proponents of further integration, on the other hand, are inclined to believe that the public does see a link between macroeconomic policy outcomes and the European Union. If we can already establish that mass opinion regarding the union is influenced by macroeconomic fluctuations then we can be quite confident that the union's management of monetary and fiscal policy will be scrutinized by the mass public.

There is also a second issue directly related to the Maastricht proposals for a common monetary, and by implication, fiscal policy. A common monetary policy implies that national authorities will not have the option of currency devaluation as a response to competitive disadvantages based on wage settlements, productivity, tax burdens, etc. The result in this particular case could be economic dislocation, reduced real incomes, and unemployment in particular. Disparities between those regions with comparative advantages—that is, those able to benefit from further integration and those without such advantages—will increase. The European Union has traditionally addressed these problems with subventions, transfer payments from winners to losers. And in fact many believe that these subventions have created "Euro-goodwill" on the part of the poorer regions of the union. But if these optimists are wrong and

in fact there is considerable animosity on the part of the less advantaged who are subsidized by the union, this could seriously undermine support for the European Union among certain populations. Thus there is an important debate regarding the impact of economic outcomes on mass support for the European Union. We briefly review the three dimensions of this debate.

Macroeconomic Fluctuations and Support for European Institutions

The link between macroeconomic outcomes at the national level and support for the European Union is made on a number of fronts. On the one hand, there is a wealth of impressionistic accounts arguing that the European mass public is more receptive to the European Union, presumably both political and economic, during favorable economic times. But when economic performance falters, so does public support for the European Union.

More rigorous efforts at establishing this link have been proposed. One approach builds on the economic voting literature, arguing that fluctuations in national macroeconomic conditions will affect public support for the European Union. This is the approach adopted by Eichenberg and Dalton (1993). Our general criticism of these economic models of support for the European Union is that they tend to treat economic outcomes in an undifferentiated fashion. A rather broad range of economic outcomes is seen as affecting public evaluations of the European Union. The problem with this view is that the policy initiatives of the European Union affect only certain specific economic outcomes. Hence we only expect citizens to identify certain specific areas of their economic well-being with the activities of the European Union.

At present, the European Union is not directly responsible for either fiscal or monetary policies. And while membership in the European Union represents a constraint on national economic policies (in particular the strict Maastricht Treaty conditions for entering into a monetary union), it is indirect and we doubt very much that the average citizen makes this linkage. As Powell and Whitten (1993) have demonstrated, as the clarity of responsibility for economic policymaking declines, citizens are less likely to hold those agents accountable for economic outcomes. To the extent that anyone is held responsible for fluctuations in national economic conditions, we believe it is the national incumbent government. Hence one possible argument is that there is a correlation between national economic outcomes and EU support, but it is a second-order effect, not unlike Reif's (1984) notion that European elections are "second-order elections." By second-order effect we mean that the economic impact on support for European institutions is an artifact of voters' evaluations of national incumbents. Once we control for evaluations of national incumbents, the relationship should disappear.

Accepting this spurious correlation between national economic conditions and support for the union could result in questionable conclusions. For example, was the close French referendum vote over Maastricht (nominally a referendum on European institutions) influenced by voter evaluations of national macroeconomic performance or was it a function of evaluations of both executive and legislative incumbents—probably the latter? Of course, to a large extent dissatisfaction with the French incumbents was based on citizens' evaluations of the economy, but it was also based on a number of other factors, corruption being one of the major ones. Moreover, we believe it is a rejection of this spurious correlation that has led the Germans to demand much more progress on political union before a common monetary policy is adopted. The fact that macroeconomic evaluations are a second-order effect is the reason that the German Bundesbank is so keen to condition currency union on the development of more political integration.

Thus we hypothesize that fluctuations in the national macroeconomies may have little direct effect on attitudes toward the European Union but that evaluations of national incumbents will shape mass attitudes toward the union.

Economic Comparative Advantage

This is the most plausible and persuasive of the economic self-interest arguments—voters recognize that certain economic activities will benefit from further economic integration and others will be penalized. In particular, the economically advantaged will be best positioned to gain from further liberalization. Another approach builds more explicitly on group economic self-interest, arguing that citizens assess Economic Union in terms of the costs and benefits of integrative policy. For example, Gabel and Palmer (1995) argue that "support for integration is positively related to welfare gains from integrative policy." This seems the most plausible account of how economic considerations might shape citizens' attitudes toward the EU. Because EU initiatives have gained increased saliency, citizens have a reasonably good sense of how these initiatives are likely to affect them and particularly how they will affect their overall community.

It is important to draw a distinction between what we call economic comparative advantage and evaluations of economic performance. Economic comparative advantage refers to an individual's economic prospects given his or her education, training, region of residence, etc. Industrial policies, such as those related to trade liberalization, regulation, and state subsidies, can have a very direct impact on an individual's job prospects or earning power. Moreover, these are policy areas that are directly affected by European Union initiatives. We would also argue that the link between the European Union

and these industrial policy initiatives is a relatively concrete one for the average citizen (as is suggested by the periodic demonstrations of French farmers and Italian wine-growers). By contrast, general evaluations of economic performance, such as inflation or levels of unemployment, are less directly affected by European Union initiatives and hence are unlikely to enter into the average citizen's attitudes toward European institutions.

Economic Subventions and Support for European Institutions

Some argue that transfer payments from the richer European nations to the poorer regions have generated political goodwill for the union. A number of the regions of the union are net beneficiaries of European spending—their contributions to the European budget are outmatched by the subventions they receive from the EU, particularly in the form of Regional Development Fund (RDF) grants and agricultural price supports and subsidies. This assumes of course that citizens in these regions perceive the European subsidies as benefiting themselves or alleviating the economic problems for which they were nominally targeted. Recent reports in the press suggests that these funds are not spent very efficiently or effectively and we have raised questions elsewhere about whether RDF funds have actually affected the economic performance of European regions (Duch and Taylor, 1995).

Elite Cues and the Diffusion of Pro-European Attitudes

European institutions and the policies they generate are generally of low salience for Europeans (Franklin, Marsh, and Wlezien, 1994). Amongst European elites, though, these issues assumed increasing saliency in the 1980s, particularly in response to EU President Jacques Delors' efforts on behalf of the Single European Act and the Maastricht Treaty. Moreover, enthusiasm for European integration was embraced by political elites of both the right and left. This strong elite support for European integration represented a powerful cue for the average citizen. The result has been a significant growth in pro-European sentiment over the course of the 1980s. We would argue that this trend is the result of elite promoted diffusion of pro-European sentiment—an overwhelming consensus among political, economic, intellectual, and media elites. We believe that for the most part this growth in pro-European sentiment is not the outcome of economic trends.

DATA SOURCES AND DISCUSSION

Attitudinal variables are aggregates of individual-level attitudinal indicators in the cumulative Eurobarometer (EB). The cumulative EB data set covers

the period from 1973 through 1989. Several questions in the EB survey series have been repeated across long time periods, making this an ideal data set for comparative purposes.

Support for the EU

The support of the EU membership measure should, for the purposes of this research, be a rather broad measure of support. Ideally this level of support should not be tied to any one issue dimension or EU institution. A question in the EB data set asks individuals about their opinions regarding the overall level of support for EU membership. The question reads, "Generally speaking, do you think that your country's membership of the European Community is (1) a good thing, (2) neither good nor bad, (3) a bad thing, or (4) "don't know."

To the extent that the institutions of the EU are seen as a benefit, the respondent will choose the first response option (a good thing). To the extent that EU institutions are not viewed favorably, the respondent is expected to respond that membership is a "bad thing," or alternatively that membership has no significant effect one way or another. Regional support for the EU is measured by the regional aggregate of the individual-level survey responses. National support for the EU is similarly measured through aggregation of individual-level data.

Support for the National Incumbent

Each respondent in each nation except Italy is asked the question, "If there were a general election tomorrow, which party would you support?" In Italy, the question reads, "Do you feel closer to any one of the parties on the following list than to all the others?" Respondents are coded as either supportive of one of the coalition member parties or not supportive of the ruling coalition. The parties comprising the ruling coalition are based on *the European Journal of Political Research* (1994). Regional- and national-level measures are aggregates of individual data.

These data were supplemented by economic regional and national economic statistics. EuroStat provides annual economic statistics concerning unemployment, population, and gross domestic product on the subnational regional level. The regional definitions used by EuroStat (NUTS I and II) can be matched with regional definitions used by the EB surveys, thus allowing regional economic variables to be added to EB regional aggregates. EB regional definitions and EuroStat definitions cannot be perfectly matched in every region. Those regions which cannot be matched are excluded from the regional portion of the analysis.

National-level economic statistics have been collected from the OECD (1991). Inflation, real growth in GDP, and standardized unemployment at the national level have been added to the EB aggregates. Standardized unemployment has been used to assure comparability cross-nationally. National unemployment definitions, by contrast, vary from one nation to another, and within one nation over time.[1]

RESULTS;

Bivariate Regression Analysis of Regional-Level Data

The bivariate regression results in Table 1 address the comparative advantage argument and the contingent nature of popular support for the European Union. In 1983 and 1986, we find a significant positive relationship between level of education and EU support (Model A) and a similarly positive relationship between regional per capita income and EU support (Model B). But note that in 1989 this relationship for both education and wealth disappears. Note also that the intercept in both models jumps significantly in 1989. In the case of regional unemployment, none of the years produce a significant coefficient.

Certainly in 1983 and 1986, there is support for our argument that those regions with fundamental comparative economic advantages—measured by education and wealth—were the areas most strongly supportive of further European integration. What seems to transpire in the latter part of the 1980s, in keeping with our elite driven diffusion argument, is that levels of popular support rise significantly during this period (evidenced by the higher intercept terms). Plots of support for European integration over time (see the plot of aggregated support for the EU in Europe in Figure 1) indicate that in virtually all of the European countries, including Britain, support rose from around 1980 until about 1989. A second part of this trend is that regional support for Europe becomes much less differentiated in terms of socioeconomic resources. Hence the comparative economic advantage explanation for "Euro-enthusiasm" seems to hold but only prior to the late 1980s when support for European integration reached its peak.

The bivariate regression results in Table 1 also address the economic subventions and political support argument. In Model D is support for the EU in each of two time periods regressed on regional development funds (RDF) per capita allocated to the regions. There is a moderately strong relationship. But note that higher RDF allocations are associated with more opposition to the EU. This certainly challenges any notion that the regional recipients of European largesse are more likely to support European institutions, although it is consistent with our argument that support for EU institutions is concen-

TABLE 1. European Union Support Regression Results from Regional-Level Analysis, 1983–1989

	B_0	B_1	R^2	MSE	N
Model A. Independent Variable: Mean Education Level					
1983	1.64°°	.20°°	.17	.07	46
	(.23)	(.06)			
1986	1.64°°	.21°°	.37	.04	46
	(.16)	(.04)			
1989	2.61°°	−.02	.01	.04	46
	(.16)	(.03)			
Model B. Independent Variable: Log Regional Per Capita GDP					
1983	.00	.60	.11	.08	40
	(.97)	(.24)			
1986	.68	.44	.09	.06	40
	(.80)	(.20)			
1989	4.53°°	−.49	.04	.03	40
	(1.19)	(.29)			
Model C. Independent Variable: Regional Unemployment Rates					
1983	2.60°°	−.02	.01	.10	34
	(.19)	(.02)			
1986	2.60°°	−.01	.02	.08	34
	(.17)	(.02)			
1989	2.49°°	−.00	.00	.04	34
	(.10)	(.01)			
Model D. Independent Variable: Regional Development Funds Per Capita					
1983	2.47°°	−.02	.07	.08	37
	(.06)	(.01)			
Model E. Independent Variable: Regional Development Funds, Lagged Three Years					
1986	2.51°°	−.00	.02	.07	37
	(0.5)	(.01)			
Model F. Independent Variable: Agriculture as Percent of Regional GDP					
1983	2.41°°	−.16	.00	.11	30
	(.09)	(2.38)			
1986	2.43°°	.89	.01	.08	30
	(.08)	(2.36)			

trated in areas with comparative socioeconomic advantages. One possibility is that there is a lag effect here; the impact of RDF allocations might take a number of years before they affect attitudes toward the union. This may be the case but it is unlikely given that regional commitments are relatively stable over time. Nevertheless, we have attempted to evaluate this argument by lagging RDF allocations three years and reestimating the EU support equation. The results are reported in Model E. The lag variable is not statistically significant, further suggesting that support for the EU does not respond in a positive fashion to the receipt of economic subventions.

Agriculture subsidies are a second category of subvention that conceivably

could promote enthusiasm among the agricultural regions of Europe. Model F in Table 1 presents the results of regressing EU support on the size of the agricultural sector in each of the regions. Neither in 1983 nor in 1986 is the relationship statistically significant. Once again, the notion that subventions from the Europe Commission help build "Euro-coalitions" is suspect.

These initial bivariate results raise questions as to whether subventions help to build supporting Euro-coalitions and also suggest that in more recent years the comparative advantage argument might be suspect. We now turn to a multivariate analysis of the same regional data.

Multivariate Analysis of Regional-Level Data

Table 2 reports the findings for multivariate analyses at the level of subnational regions. The first column of the table reports the OLS results for the basic model. Given the cross-sectional and time-series structure of the data, we are more inclined to rely on the results from the Panel Corrected Standard Error (PCSE) estimation reported in columns 3–5 (Beck and Katz, 1995). First note that the RDF variable in column 4 is not significant, reinforcing the earlier conclusion that subventions are not effective means for building support for European institutions. The equation in the last column includes a lagged dependent variable and represents what we believe is the best specification of the equation (note, we have dropped the RDF variable because it was not significant in the previous equation and because it has a large number of missing values).

There is some support in column 5 for the competitive advantage argument. Both education and regional unemployment are significant in these equations, which suggests that those regions with relatively high levels of education and employment are most likely to support European integration. On the other hand, contrary to what we would expect, logged regional GDP per capita is not significant. Nevertheless, on balance there is some indication that regions with higher levels of socioeconomic standing are more likely to support the European Union.

In sharp contrast to the comparative economic findings are the results for the macroeconomics variables. Coefficients for these variables are either not significant or have the incorrect signs. This is a particularly interesting finding because it contradicts the results of others (Eichenberg and Dalton, 1993, in particular) who find that mass support for the European Union is positively related to macroeconomic performance. Once regional economic conditions are controlled for, as is the case in Table 2, there is no evidence that mass support for the European Union is positively correlated with economic performance. In fact, the coefficients for the system-level measures of unemployment rates suggest that *higher* levels of unemployment are associated with support for European integration.

TABLE 2. Subnational Regional-Level Pooled Time-Series Regression Models of Support for EU Integration with Corrections for Panel Heteroskedasticity and Autocorrelation.

	OLS	Fuller and Battese	Beck and Katz	Beck and Katz	Beck and Katz
Constant	.96	.91	.37	.09	1.06
	(.47)	(.46)	(.34)	(.32)	(.52)
Education	.03	.03	.03	.01	.03°°
	(.02)	(.02)	(.01)	(.02)	(.01)
Incumbent Coalition Support	.16	.18	.09	.21	.01
	(.11)	(.11)	(.09)	(.15)	(.06)
UK*Incumbent	−.20°°	−.18	−.20	−.48°°	− 31
	(.07)	(.07)	(.10)	(.05)	(.13)
Log Regional GDP per Capita	−.12	−.09	.32	.32	−.07
	(.34)	(.34)	(.31)	(.23)	(.13)
Regional Unemployment Rate	−.02	−.02	−.01	−.01	−.01°°
	(.01)	(.01)	(.01)	(.01)	(.00)
System GDP/Capita	−.02	.02	−.06	.10	−.01
	(.07)	(.07)	(.04)	(.03)	(.02)
System Unemployment Rate	.02	.03	.05°°	.06°°	.01°°
	(.02)	(.02)	(.01)	(.01)	(.01)
System Inflation	−.01	−.02	−.00	−.01	.01
	(.01)	(.01)	(.00)	(.00)	(.00)
Regional Developmerit Funds				−.00	
				(.00)	
Lagged EU Support					.63°°
					(.10)
Number of Cross-Sections		33	33	27	33
Number of Time Periods		6	6	3	6
Number of Cases	198				
Rho		.62	.62	.62	.62
Durbin-Watson	2.44				
R^2	.15				

Note: For each model a common rho is estimated for the cross-sections by analysis of OLS residuals. Except where the lagged dependent variable is used, autoregression in the sample is controlled through GLS transformations based on estimated rho.

°° $p < .01$.

The results presented in the last column of Table 2 include variables that are intended to measure the importance of elites in promoting the diffusion of Euro-enthusiasm. We argued that there was an overwhelming consensus among European political elites regarding the desirability of European integration. Hence, we might expect that incumbent popularity is positively related to Euro-enthusiasm because these incumbents strongly advocated support for the European Union. This is not the case. The coefficient on the incumbent variable is not significant. The particular exception is Britain,

where there is a strong incumbent effect but in the opposite direction we hypothesized. Increases in incumbent popularity in Britain are associated with declining levels of support for the European Union. This is not entirely surprising because Prime Minister Thatcher was the incumbent during this period and, unlike her European brethren, she was a Euro-skeptic. The variable that more likely captures the growing elite consensus in favor of European integration during the 1980s is the lagged dependent variable. We would argue that this variable basically reflects the growing consensus among European elites that accelerated integration was imperative. It captures the trend toward widespread diffusion of this European norm.

In order to evaluate the importance of system-level macroeconomic fluctuations on support for European integration, we conducted the multivariate analysis at the system (as opposed to subnational regional) level. These results are reported in Table 3. We report two different specifications—with and without the lagged dependent variable. We also report three different estimation strategies: OLS with country dummy variables; the Fuller and Battese, which assumes a variance components model and employs generalized least squares; and panel-corrected standard error (PCSE) estimation, which addresses the inaccuracies generated from contemporaneously correlated and panel-heteroscedastic error structures. We focus on the PCSE results which are not considerably different than the other estimation strategies. First, unemployment is not significant in any of the equations. Figure 1, which plots Euro-enthusiasm and macroeconomic fluctuations over time, suggests why this might be the case. In the late 1970s, unemployment is relatively low but support for the EU is relatively high. In the early part of the 1980s support for the EU is rising as are unemployment rates. But for much of the 1980s, while support for the EU was on a particularly steep rise, unemployment levels had reached a plateau and were not changing significantly. We are not surprised to see this absence of a correlation in the multivariate equations.

The inflation variable poses a somewhat more interesting puzzle. In the equations that do not include a lagged dependent variable, the inflation variable is negative and significant, suggesting that this dimension of economic performance does affect support for the EU. But when a lagged dependent variable is included in the PCSE model, this relationship becomes insignificant. We believe the explanation lies partially in the relationship between EU support and inflation illustrated in Figure 1. As we pointed out earlier, throughout the 1980s there is a pronounced trend of rising EU support. In addition, as Figure 1 illustrates, throughout the 1980s the European economies experienced declining rates of inflation in the wake of policy responses to the high inflation rates of the postoil crisis. We believe the trend in support for EU integration is a result of elite-driven diffusion captured by the lagged dependent variable. The presence of declining inflation rates is simply coincidental. Hence, once the lagged dependent variable is included in the PCSE

TABLE 3. System-Level Pooled Tune-Series Regression Models of Support for EU Integration with Corrections for Panel Heteroskedasticity and Autocorrelation

	OLS	OLS	Fuller and Battese	Fuller and Battese	Beck and Katz	Beck and Katz
Constant	5.52	5.94	2.66	2.44	6.49°°	3.02
	(1.95)	(.56)	(2.32)	(3.33)	(1.41)	(2.66)
Log GDP/Capita	−2.22	−.80	−.46	−.25	−2.82°°	−.48
	(1.18)	(.53)	(1.42)	(.77)	(.85)	(.56)
Incumbent	.00	−.09	.06	.14	−.13	−.01
	(.20)	(.16)	(.18)	(.20)	(.16)	(.13)
UK*Incumbent	−.51°°		−.42°°	−.37	−.50°°	−.29
	(.08)		(.13)	(.23)	(.08)	(.19)
Unemployment	−.03	−.00	−.01	.00	−.03	.01
	(.02)	(.01)	(.02)	(.01)	(.02)	(.19)
Inflation	−.03°°	−.02°°	−.02	−.01	−.02°°	−.00
	(.01)	(.01)	(.01)	(.01)	(.01)	(.00)
Lagged EU		.49°°		.71°°		.78°°
Institutional Support		(.11)		(.11)		(.10)
UK		−.40°°				
		(.13)				
Italy		23°°				
		(.07)				
Belgium		−.03				
		(.05)				
Rho	.41		.41		.41	
Durbin-Watson	1.92		1.83		1.85	
R^2	.83	.90				

Note: A common rho is estimated for the cross-sections by analysis of OLS residuals. Autoregression in the models not containing the lagged dependent variable is controlled through GLS transformations based on estimated rho.
°°$p < .01$.

model, the coefficient for the inflation variable becomes insignificant. To conclude, there is very little evidence here to suggest that macroeconomic fluctuations affect support for the EU.

Finally, there is very little support in these results for the argument that attitudes toward the EU are influenced by evaluations of national incumbents. While the UK interaction term is significant in a number of the equations, it becomes insignificant with the addition of the lagged dependent variable.

CONCLUSION

This essay is an effort to understand how economic factors actually shape mass attitudes regarding the European Union. These economic explanations

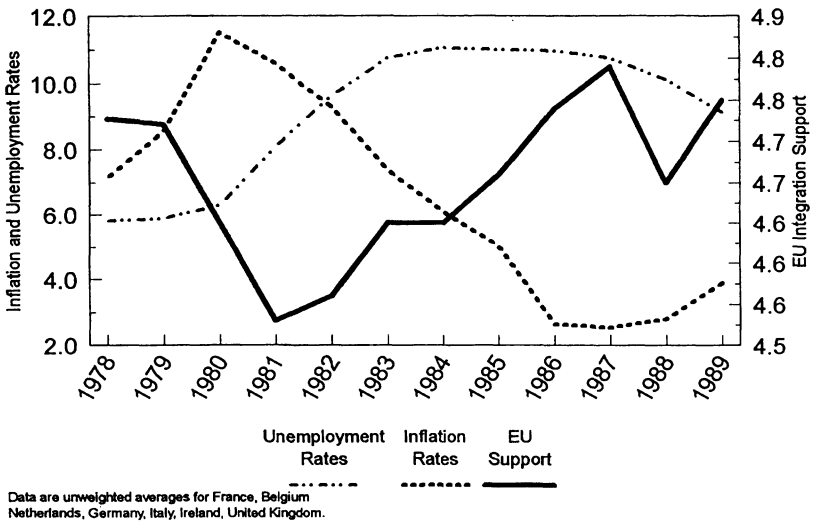

FIG. 1. Aggregate support for EU integration with aggregate unemployment and inflation rates.

can be organized into four categories. One school of thought suggests that attitudes toward the European Union can be shaped by fluctuations in national macroeconomic conditions. We argue that this seemed unlikely given that the European Union is not yet directly involved in shaping monetary or fiscal policies. Although these attitudes may be correlated with these indicators, we believe the relationship is spurious. Once a control is introduced for what we label the diffusion effect, the correlation disappears. We note that this finding challenges the earlier finding of Eichenberg and Dalton (1993).

One possible explanation for the absence of a correlation between economic conditions and support for the European Union is our focus on objective as opposed to subjective measures of economic performance. This certainly is a plausible explanation for the absence of a relationship and deserves further empirical consideration. Some recent evidence (MacKuen, Erikson, and Stimson 1992) indicates that voters in some sense anticipate economic outcomes, suggesting that subjective expectations regarding the economy might serve as a better measure of economic performance and hence prove to be more strongly correlated with support for the Economic Union. Hence it may be the case that citizens hold the European Union responsible for economic outcomes but that the manner in which they do this is more sophisticated than the reasoning modeled in this paper.

As we expected, there is support for the comparative advantage argument,

although our preliminary results suggest that these evaluations might be declining in importance. Certainly in the early 1980s there is strong support for the notion that better-off regions were more inclined to support the European Union—evidenced by the correlations of support for the European Union with levels of education and of per capita GDP. But there is some evidence to suggest that these effects might be declining as the overall levels of European support rise and regions become much less differentiated in terms of their attitudes toward Europe.

The results also indicate that targeted spending by the European Union has not generated significant political goodwill. In fact, regions that have benefited most from the union's regional development funds are less enthusiastic about economic integration than those regions that are net contributors.

And finally, the popularity of the incumbent government does not seem to have a very significant impact on attitudes toward the EU. We had expected that because of the important role of political elites in promoting European integration, enthusiasm for the EU might be closely related to the popularity of incumbent national governments. We find little support for this argument. This may result from the strong consensus in favor of Europe among elites of all political stripes and hence the absence of an incumbent effect.

At least up until this point in time, the European Union has primarily been a vehicle for liberalization of trade and commerce. Policies that promote free trade in goods and services have differential effects on regions and groups in society—some are better positioned to benefit from these initiatives than others (see Kitschelt, 1994). Hence we expect comparative socioeconomic advantage to play an important role in shaping attitudes toward the European Union. The results of the regional-level analysis presented here support this contention. One important implication is that support for the EU will becoming increasingly bifurcated in the aftermath of the economic dislocations that are certainly to follow the adoption of a common currency and monetary authority. Moreover, our results suggest that efforts to purchase Euro-goodwill through economic subventions to regions adversely affected by these economic dislocations will not be particularly successful.

In contrast to trade issues, national authorities remain firmly in control of monetary and fiscal policy and are typically evaluated in terms of how well or poorly they perform in this arena. The European Union is a peripheral player in this domain and hence we would not expect macroeconomic fluctuations to directly affect their evaluations of the European Union. Our results in fact bear this out: once we control for the general positive trend in support for the EU, there is little correlation between macroeconomic fluctuations and EU's popularity. Policymakers should not proceed toward greater economic integration, such as the adoption of a common monetary authority, on the grounds that Europeans are already according some responsibility for macro-

economic performance to the EU. This is not case, although it certainly is likely such a link will develop if the EU assumes greater responsibility for these policy areas.

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NOTES

1. The United Kingdom has adjusted the definition of unemployment 30 times since 1979, 29 of which have caused the published rate of unemployment to fall (*Economist*, 1995).
2. The year 1989 is not included in the models because we did not have access to RDF statistics for that year.

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