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### Economics, Politics or Identities? Explaining Individual Support for the Euro in New EU Member States in Central and Eastern Europe

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# Economics, Politics or Identities? Explaining Individual Support for the Euro in New EU Member States in Central and Eastern Europe

MIRIAM S. ALLAM & ACHIM GOERRES

## *Abstract*

The next challenge for EU member states in Central and Eastern Europe after accession is entry to the Euro-zone, making the dynamics of public opinion towards the Euro crucial for political leaders. We test three perspectives—economic, political and historical—ideational—with individual-level and contextual data from eight countries and conclude that the combined model based on individual wellbeing explains support for the Euro best. The most important positive determinants are not economic self-interest, but the success of economic transition, historical legacies of grave war experiences, a personal identity not exclusively focused on the nation and satisfaction with democracy.

MOST STUDIES OF PUBLIC OPINION ON THE EURO ARE BASED on research in the old EU member states and there is little analysis of attitudes towards the Euro in the new EU member states. By the same token, there is little knowledge of whether the transition-specific context exerts an impact on individual support for the introduction of the Euro in post-communist Europe and, therefore, whether there exists a difference between West and East as to the contextual embeddedness of these dynamics.

Understanding the dynamics of domestic opposition to or support for the Euro is important for the new EU member states because they are under a legal obligation to join the Euro-zone. This is even more relevant for those countries that have called for public legitimation of their Euro-zone entry by holding referenda. Knowing the factors that impact on public attitudes towards the Euro is therefore especially important for politicians who wish to garner public support for Euro-zone accession. In addition, as

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some studies suggest, if citizens assess the single currency positively, they may also be more inclined to support further European integration (Banducci *et al.* 2003). Thus, the study of public opinion on the adoption of the Euro is also critical when analysing the future outlook of European integration and supranational governance. Moreover, the article sheds further light on the relative importance of transition-specific aspects—such as economic uncertainty and political volatility—for determining attitudes to the Euro in post-communist Europe. For example, the adoption of the Euro might be viewed as the necessary incentive to continue with the reform process, to leave the past behind and to establish trust and credibility. Yet, given that the national currency is an important symbolic marker for nation-building efforts, giving up the national currency might also be perceived as a loss of the newly regained sovereignty following the end of Soviet dominance in Central and Eastern Europe.

Monetary policy is a complex issue; the mechanisms and relationships of its various constituent parts are highly technical and the distributional consequences diffuse. For example, changes in exchange rate policy have an impact on various other policies, such as social, wage and fiscal policy, with consequences at the international and domestic levels. Despite this complexity, most individuals nonetheless have an opinion on the introduction of the Euro. This might be explained by the fact that money belongs to our everyday life. It is familiar to us, and changing the currency needs practical adaptation from everyone. Beyond that, the adoption of the Euro touches upon economic issues which are generally among the most salient determinants of attitudes.

The purpose of this article is to analyse why citizens in the new EU member states in Central and Eastern Europe differ in their attitudes towards the Euro. The analytical framework tests three main perspectives in a quantitative survey analysis of Eurobarometer data:<sup>1</sup> first, the economic perspective and how the individual forms opinion based on economic evaluations; second, the political perspective and how the individual reacts to political dynamics in order to come to an certain attitude; and third, the historical-ideational perspective or how the individual perceives the currency to be part of her or his identity. We conclude that a combined model of the three perspectives centred around the idea of individual wellbeing is more powerful in explaining individual attitudes towards the Euro than the more parsimonious models, thus supporting similar findings from integrative approaches to attitudes towards European integration (Hooghe & Marks 2005; de Vries & van Kersbergen 2007).

The first section presents the three perspectives and suggests how they can be fruitfully combined. In the subsequent section, we discuss the empirical approach, the data and the hypotheses, which is followed by the analyses and conclusion.

### *Theories of Euro support*

#### *The adoption of the Euro in the new EU member states*

The new EU member countries are under a legal obligation to introduce the Euro as soon as they meet the Maastricht convergence criteria. However, their status as

<sup>1</sup>Candidate Countries Eurobarometer (CCEB), October/November 2003, p. 4, available at: <http://www.gesis.org/eurobarometer>, accessed 21 June 2011.

'Member States with a derogation'<sup>2</sup> gives them some leeway in setting the target date. In 2007 Slovenia became the first country in this group to join the Euro area, followed by Slovakia in 2009. Estonia followed in 2011. For the other Central and Eastern European Countries the timing is still unknown; official announcements are not consistent and target dates vary from 2012 to 2016.

Certainly, Euro-zone membership would enhance the new member countries' economic and political credibility, which are especially important for attracting international investors, but adherence to the Maastricht criteria also entails adjustment costs (Buitter & Grafe 2004; Crespo-Cuaresma *et al.* 2005). In addition to the question of economic burden-sharing, the adoption of the Euro touches upon issues of state sovereignty and culture (Jones 2002), as giving up its national currency is related to the risk of losing a 'symbolic marker in nation-building efforts' (Risse 2003, p. 487).

To analyse variations in support we draw upon the literature on public opinion both on European integration and the Euro. Both types of attitudes are, of course, related (Banducci *et al.* 2003; Karp & Bowler 2006) and show a moderate level of correlation. Hence, any analysis of attitudes towards the Euro must take the insights on related attitudinal dynamics into account and can thus moderate the risks associated with omitted variable bias. Recent studies highlight economic, political and historical-ideational forces as sources for the variations in individual responses to EU and European Monetary Union (EMU) membership; however, they attribute different degrees of influence on the support for European integration to these indicators (Hooghe & Marks 2005; de Vries & van Kersbergen 2007; Jupille & Leblang 2007).

### *Economic explanations*

Economic models explain support for and opposition to the Euro with reference to utilitarian factors. The argument is that public opinion on the Euro is determined by citizens' assessment of the personal and aggregate costs and benefits associated with Euro-zone membership.

Scholars of economic theories emphasise that public opinion on European integration is consistent with economic self-interest and dependent on economic conditions (Baldwin 1989; Buch & Hansen 2002; Gabel 1998; Anderson & Reichert 1996; Caplanova *et al.* 2004). Other studies show that individuals rely on their sociotropic (retrospective as well as prospective) evaluation of the economy, and scholars argue that citizens with positive economic perceptions in the new EU member states are more likely to support European integration (Garry & Tilley 2009a, 2009b; Tverdova 2007). With regard to public opinion on the Euro in the old EU member states, Gabel (1998) shows that economic interests are closely related to distributional consequences of exchange rate stability, inflation policy, cross-border shopping and capital market liberalisation. The analysis focuses on the interaction between occupational skills and the location of the country within the global economy and

<sup>2</sup>Article 122 of the Maastricht Treaty Establishing the European Community, available at: [http://eur-lex.europa.eu/en/treaties/dat/11992E/tif/JOC\\_1992\\_224\\_1\\_EN\\_0001.pdf](http://eur-lex.europa.eu/en/treaties/dat/11992E/tif/JOC_1992_224_1_EN_0001.pdf), accessed 21 June 2011.

argues that EU citizens vary in their support for EMU in accordance with their economic interests and the distributional consequences of EMU. Gabel takes the argument of Frieden (1991, 1994) on producer group preferences over exchange rate levels to the individual level and concludes that the benefits of EMU membership are particularly strong for owners and highly skilled workers whereas unskilled workers have to bear the burden of adjustment to European monetary integration.<sup>3</sup> Those citizens whose income, amount of capital assets and level of occupational skills are high relative to the national average are more supportive. They benefit from Euro-zone membership reducing the transaction costs for cross-border capital investments. Public sector employees are less supportive as they are more vulnerable to cuts in public expenditure whereas the unemployed are more supportive towards the Euro as budget cuts in public subsidies would increase the rate of job creation in the emergent private sector (Rodrik 1995). In addition, manual workers and supporters of left-wing parties are less likely to support the Euro than managers and supporters of right-wing parties because left-wing supporters perceive the EU as a driving force for further labour market deregulation (Hooghe & Marks 2005; Oatley 1997).

Since individual embeddedness in economic conditions is the major predictor in this perspective, it follows that the economic experience in a country has an impact on an individual's attitude towards the Euro and differentiates that individual from others in different countries. Thus, country-level characteristics like GDP per capita become important to explain individual-level attitudes (van der Brug *et al.* 2007; Garry & Tilley 2009a).

#### *Political explanations*

Political explanations focus on the political values and preferences of citizens. The argument is that public opinion on the Euro is cued by political partisanship and attitudes towards the domestic political system.

Contrary to the parsimonious assumption of the materially driven individual, citizens are not well informed about the EU because the European integration process is too abstract or uninteresting (Anderson 1998). Instead, individuals use proxies rooted in domestic politics, such as support for the system or for government or political parties, to form attitudes towards the Euro. For example, there is a positive correlation between an individual's position on European integration and the position of the political party they support (Steenbergen & Jones 2002).<sup>4</sup> In addition, higher levels of public information increase support for the Euro (Gabel & Hix 2005). Thus, the exposure to political news impacts positively on support for the Euro. Research shows that the media's effects on attitudes toward European integration are

<sup>3</sup>See also Frieden and Broz (2001).

<sup>4</sup>Hooghe and Marks (2005) demonstrate that political cues are particularly strong when national elites are divided, so that citizens are likely to be less supportive towards European integration when national elites conflict over EU membership. With regards to support for the Euro in Sweden, Lindahl and Naurin (2005) argue that elite division amongst and within parties resulted in the fact that political partisanship did not play a role in the 2003 Euro referendum (see also Aylott 2005). This aspect cannot be measured well in our analysis as it would reduce the sample only to those respondents who indicated their party preferences.

context-specific and depend on the interaction between elite opinion and news coverage (Peter 2007). Thus, negative media coverage does not always and everywhere result in a negative opinion on European integration because this depends on the nature of elite opinion in the country. Along similar lines, countries vary in the intensity of public discourse contingent on the electoral cycle, which could also shape the political process in which individual attitude formation is placed.

In this process of politicisation in the public sphere, public opinion on European integration does not necessarily polarise along the classic left–right axis (Ray 2003a, 2003b). For example, voters for left-wing parties support European integration and the Euro because the EU supports further continent-wide regulations (Hooghe & Marks 2005). Other studies arrive at the opposite conclusion arguing that left-wing voters oppose European integration because the EU is perceived as a constraint on market regulation (Gabel 1998). Yet, the legacy of the communist past impacts on conventional class politics as the political struggles over norms and orientations (the politics of symbols) may prove to be stronger during the transition process than the political struggles over economic preferences and interests (the politics of class interests).

Another proxy is related to (dis-)satisfaction with the domestic system that may serve as a shortcut to form attitudes towards the European integration process. According to Anderson (1998), citizens who are satisfied with the domestic political system, political parties and government are more supportive towards European institutions.<sup>5</sup> A recent study of public opinion towards EU membership in 13 Central, Eastern and Southern European countries (including Cyprus, Malta and Turkey), demonstrates that citizens with a positive evaluation of their domestic political institutions are more likely to support EU membership (Elgün & Tillman 2007). In the same vein, voters' trust in politicians has a positive impact on the support for the Euro in Denmark (Jupille & Leblang 2007; Buch & Hansen 2002). Cichowski (2000) finds in five Central European countries that citizens who are satisfied with democracy support the free market; they are also more likely to take cues from political parties and to support EU membership. In the same vein, scholars argue that to understand public opinion towards European integration, it is essential to analyse citizens' commitment to market norms and democracy (Rohrschneider & Whitefield 2006; Tverdova & Anderson 2004).

However, following this reasoning, it can also be put forward that citizens who are dissatisfied with their national political system are likely to support the EU precisely because the EU is seen as a remedy for the domestic political corruption and undeveloped welfare states (Carey 2002; Sanchez-Cuenca 2000). While the latter issues are particularly salient in post-communist Europe, Garry and Tilley (2009b) claim that dissatisfaction with post-communist democratic institutions is not a strong determinant of support for the EU in Eastern Europe.

Again, the individual-level dynamics are embedded in measurable country-specific political contexts, including especially, the degree to which political competition is dominated by Eurosceptic forces and the political salience that may be attributed to the Euro within the electoral cycle, both of which are important experiences for the individual.

<sup>5</sup>For an opposing view see McLaren (2007).

*Historical–ideational explanations*

Historical–ideational explanations focus on the relationship between individual attitudes to the Euro on the one hand and conceptions of national identity, as well as historical trajectories of countries, on the other. This line of research combines individual personal experience and individual experience of country contexts more strongly than studies from the other two perspectives.

The argument is that citizens form their attitudes towards the Euro on the basis of non-calculated, affective considerations (Carey 2002; Luedtke 2005; Kaltenthaler & Anderson 2001; McLaren 2007). Defining national identity as the individual's attachment to her or his nation, scholars show that higher feelings of national identity and national pride decrease the support for European integration (Carey 2002) and impact negatively on the view that the country's future is in Europe (Rose & Munro 2008). Scholars also stress the different types of identity. In this regard, the distinction between exclusive and inclusive national identity is decisive (Hooghe & Marks 2005). Citizens who have an exclusive identity, who strongly identify with their national community, show a higher level of opposition to European integration than individuals who have an inclusive identity or multiple identities, who perceive themselves for example, as Catalan, Spanish and European (Diez Medrano & Gutierrez 2001; Bruter 2005).<sup>6</sup> Individuals who fear that European integration erodes national sovereignty, identity and culture may show less support towards EU membership (Luedtke 2005; Elgün & Tillman 2007). As discussed above, the currency as a national symbol is an important identity marker for the nation state.<sup>7</sup> In turn, a weak national currency may increase support for the Euro, yet another analysis suggests that diffuse support for the EU may mitigate the negative effects of a strong and stable currency on Euro support (Banducci *et al.* 2003).

National identity has several components, including national purpose and historical memories of national friends and enemies, which have shaped trust and mistrust among European states to a great extent (Wallace 2001). In this regard, Diez Medrano (2003) stresses the importance of national histories arguing that support for the EU depends on the experience of casualties during World War II as a proxy for misery, which can be captured at the country level (Best 2009). As European integration can be read as a peace project, the assumption is that the higher the death rate during World War II, the higher the support for the EU is today. The memory of the devastating World War II and the subsequent Soviet occupation account for the post-communist countries' reluctance to transfer some of their newly regained sovereignty to the European level. In consequence, this may also impact on the individuals' positions when deciding whether to adopt the Euro and to abandon the national currency.

<sup>6</sup>National identity also has a substantive impact on the formation of British attitudes towards the Euro and on voting choice in the 2000 Danish referendum (Gabel & Hix 2005; Jupille & Leblang 2007).

<sup>7</sup>Hobolt and Leblond (2009) argue that the value of this symbol can be measured by exchange-rate stability and that citizens in Swedish and Danish referenda were more likely to oppose the single currency when the Euro was seen to be weak *vis-à-vis* the national and other currencies.



*Economics, politics and identities: mutually exclusive or complementary perspectives?*

The juxtaposition of the three perspectives neglects the relative importance of their complementary forces to influence public opinion. Put simply, as a competing model, the economic perspective assumes that individuals' attitudes can be predicted well by their personal material background as well as the economic evaluations and expectations towards the wider system. Individuals form an attitude towards the Euro that is directly related to their expectation of the utility of Euro-zone membership and to their economic perceptions (to their sociotropic economic evaluations). This view hinges on the rationally thinking *homo oeconomicus* who is driven by material interests to maximise income or wealth and who has a strong capacity to develop a coherent system of political attitudes.

The political perspective takes the view that individuals form their attitudes not independently, but are heavily influenced by political elites and by citizens' broad attitudes towards the national political system. Here, the link between the personal situation and support for the Euro is less direct because support for the Euro is a function of other attitudes.

The third, historical-ideational, perspective finally follows a very different logic. Individual identity and collective memories are the primary factors that drive Euro support. Here, the argument is that the phenomenological dynamics of attitudes towards the Euro depend on the meaning which citizens attach to their identity, that is, on how actors interpret history and identity. Thus, citizens perceive the currency as part of their national identity and develop their views as a derivate of their personal image.

Instead of seeing these perspectives as merely competing, we suggest that economic interests, political values and historical-ideational concerns are all part of the social-psychological wellbeing of the individual (de Vries & van Kersbergen 2007). Therefore, we argue that one perspective alone is unable to address questions of variations in support for the Euro. Under conditions of economic and political transition, individuals long for minimising their considerable personal insecurity. Their experience of major institutional, political and economic changes in the recent past has already demanded a lot of adjustment. EU membership and the introduction of the Euro unfold for these citizens in a much more insecure psychological state of mind as far as economic conditions and politics are concerned than for citizens in long-established democracies and EU member states. The process of European integration and the introduction of the Euro can be perceived to be a hindrance to minimising insecurity as well as a guarantee of greater security. Personal wellbeing does not only depend on economic security—be it of the individual or the society—but also on political stability.

Seen from this standpoint, we can then postulate complementary effects from the three perspectives. First, individuals form their opinions on the Euro based on a certain historical experience. For example, individuals in countries with higher losses in World War II may see a higher increase in their security deriving from a closer European Union and currency zone because they have a different historical experience of the terrors of World War II. Second, individuals relate their assessment of the national political situation to their attitude to the Euro. For example, individuals who trust their national political institutions are in a better psychological situation to trust their national policy-makers to accompany further economic and political integration.



Third, individuals make a judgment on their personal and national economic situations and accordingly take a position on the Euro that enhances their personal security. For example, individuals with a positive economic judgment will feel secure enough to support the new challenges and opportunities of the introduction of the Euro. In sum therefore, we suggest that public opinion on the Euro in these new member states is inherently linked to the complementary effects of economics, politics and identities.

Inherent in this framework is the assumption that the individual process of attitude formation is not only determined by personal characteristics, such as income or the personal evaluation of the national economy, factors that vary between individuals of the same country; but also by the experience of country characteristics, such as the state of economic development or historical legacies with respect to international relations between countries, factors that vary between individuals of different countries. The causal chain between the characteristics of the country and the individual experience, which we cannot test in this article, lies in the translation process of meso-level agents, such as the media, political parties and other organisations that frame, and to some extent socially construct, the country characteristics for citizens and cue them as to the meaning of these characteristics. Thus, not only are the economic, political and historical-ideational factors varying between individuals, but also between countries and are hypothesised to impact on individual attitudes towards the Euro.

#### *Methods, data and variables*

We test the three perspectives in a quantitative survey analysis of Eurobarometer data with imputed contextual data on country characteristics. We include eight new EU member states that were close to joining the EU during the survey period, meaning that EU-related political issues were likely to be salient in public opinion: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. All countries were post-communist countries that had experienced a minimum of 10 years of transition from socialist to democratic states and from command to market economies, restricting the scope of the study in a way that allows for reasonable comparison of similar national trajectories (Jerez-Mir *et al.* 2009). This is of importance because the introduction of the Euro hinges on the performance of economic indicators. We assume that the personal experience of individuals with economic fluctuations during democratisation and the transition process represents a common context for the population in these countries. Despite the common experience as post-communist democracies and transitional economies, these countries had some economic and historical differences that we use as a second level of variance. Individuals must be seen in contexts that impact on their personal experience and process of attitude formation.

We conduct multinomial logistic regressions with standard errors that are clustered by country.<sup>8</sup> We operationalise the macro-level variables as individual-level variables.

<sup>8</sup>We decided against multi-level models as their application to a data set with only eight observations at the country-level was inappropriate. Clustered standard errors guarantee solving the issue of autocorrelation of observations in each country (see Elgün and Tillman (2007) for the same approach).

The country-level value of a variable attributed to an individual is a proxy for the individual's perception of the country's situation in economic, political or historical terms. So, when we estimate an effect of the variable *GDP per capita* on an individual attitude towards the Euro, we estimate the effect of the individual impression of economic performance on attitudes towards the Euro.<sup>9</sup>

The empirical test contains a relative test of seven different models in order to assess which ones fare best relative to the others. The models represent the three perspectives individually, their three paired combinations and the most complex combination of all of them. In order to assess which model holds better, we compare their fits while accounting for the fact that they are not equally complex. We apply two statistical tests that punish more complex models and allow for a comparison of models that are not nested: the adjusted McFadden  $R^2$  (varies between 0 and 1; the higher, the better) and the Akaike Information Criterion ([AIC], varies between 0 and positive infinity; the smaller, the better).<sup>10</sup>

When combining the models, multicollinearity arises with regard to some macro variables. Some of these variables from different perspectives correlate highly with another, for example the vote share of Eurosceptical parties correlates with trade sensitivity, an empirical given that does not necessarily have theoretical underpinnings.<sup>11</sup> If there is a problem of collinearity, we keep the set of variables that leads to higher explained variance. However, when interpreting the results, we keep the collinearity structure in mind.

Since we run multinomial regressions, we chose the 'don't know' category as the reference category of the dependent variable. Statistically, this choice is irrelevant, but theoretically we believe that being unsure about the Euro is the starting point in the process of attitude formation from where individuals either move to being in favour or being against the introduction of the Euro. Thus, there are two estimated coefficients for each independent variable, one to discriminate between those who are in the 'against' rather than in the 'don't know' category and another to discriminate those who are in the 'in favour' rather than in the 'don't know' category. In all models, some

<sup>9</sup>For a similar approach see van der Brug *et al.* (2007). We ran additional models with no macro-level variables and only country fixed-effects. The coefficients of the individual-level variables remained unchanged; the measures of fit indicated that these additional models did not explain significantly more than the models with conceptual variables, which means that we did not miss much between-country difference by using our variable set-up.

<sup>10</sup>While comparing model fit for non-nested models, however, we need to remember the presence of measurement error. Each variable is only an approximation of a theoretical concept. Some variables measure the theoretical concept very well: for example, GDP growth is presumably a good indicator of economic development; self-judged political interest, by contrast, is only a weak proxy of the political awareness and interests of an individual. Since variables vary in their quality as proxies, various models with different sets of variables might have varying fits because of differences in measurement errors. The McFadden  $R^2$  is a goodness of fit measure for categorical dependent variables. It is calculated with the help of the likelihood values of the null model and the respective model. It is theoretically bound between 0 and 1, but practically rarely exceeds 0.4. Higher values stand for a better fit of the model. The Akaike Information Criterion indicates how much information would be lost if the data were described using the respective model. It is calculated by using the number of regression parameters and the likelihood value of the model and varies between 0 (no information lost) and positive infinity.

<sup>11</sup>See Table A1 in the Appendix for bivariate correlation coefficients and the highest variance inflation factors from the models.

significant variables have the same signs for both coefficients. This means that the variable predicts whether an individual is more or less likely to take any attitude, no matter whether the attitude is favourable or unfavourable. We call these ‘stimulating’ variables. As we will demonstrate, these stimulating variables are: age, household income and self-exposure to political news, with the coefficients sometimes being insignificant for one category. Younger, richer and more politically informed individuals are more likely to have an opinion on the Euro.

The data set that we are using is the Candidate Countries Eurobarometer from October–November 2003.<sup>12</sup> The main question for our dependent variable was: ‘What is your opinion on each of the following statements? Please tell me, for each statement, whether you are for it or against it’. Then the respondents were given a list of statements, the order of which was randomly rotated. The statement on the Euro read: ‘A European Monetary Union with one single currency, the Euro’. The answer categories were coded ‘For’, ‘Against’, ‘Don’t know’ or refused to answer.

As discussed, the literature that we draw upon is a mixture of research on attitudes towards European integration and towards the European Monetary Union. Clearly, we expect the two to be related. The answers to the long-running question on EU membership and support for the Euro correlate positively (Kendall’s tau-b = 0.43). We assume, however, that individuals generally understand that the question that we use refers to the currency and not the European project; thus we assume that we have a valid measure in our dependent variable.

This article only tries to understand why people support or oppose the Euro since we are interested in its policy implications. Of course, we expect that our models can also partially explain whether an individual approves of EU membership. The attitude towards the EU as a whole and towards the Euro probably mutually reinforce each other. In a larger research project, it may therefore be interesting to explain the relationships between the two. In this study, however, we are interested in Euro support only. Introducing an individual’s attitude towards the EU as another independent variable will cause endogeneity problems and will not further our understanding because it is not causally prior to Euro support.

Table 1 lists all independent variables with their original coding. In the regressions, they were coded to range from 0 to 1 for better comparison of impact magnitude. Each perspective is captured by a combination of macro-level and individual-level variables. For all models, there is a series of individual-level control variables: age at which full-time education was finished, gender, age, occupation (white collar, manual labour, self-employed or economically inactive), living with partner, and rural–urban residence (Bielasiak 2002; White *et al.* 2002; Gabel 1998; Inglehart & Rabier 1978; Gelleny & Anderson 2000; Nelson & Guth 2000; Rodrik 1995).

<sup>12</sup>Candidate Countries Eurobarometer from October–November 2003, p. 4, available at: <http://www.gesis.org/eurobarometer>, accessed 21 June 2011. The cross-national survey consists of multi-stage national probability samples of residents aged 15 and older. The interviewing period was from 10 October 2003 to 10 November 2003. Respondents were personally interviewed. We can, of course, make no statistical inference about the dynamics of public opinion after accession, but it is a reasonable assumption that the sampling period was a time of great political salience for EU-related political issues in these countries. Thus, we can expect these dynamics to be comparable to dynamics in other periods of increased political salience of the EU in these countries.

TABLE 1  
LIST OF INDEPENDENT VARIABLES WITH THEIR ORIGINAL CODING

<i>Variable</i>	<i>Observations</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>Minimum</i>	<i>Maximum</i>
<i>Control variables</i>					
Age	8,103	44.5	18.4	15.0	98.0
Living with partner	8,103	0.6	0.5	0.0	1.0
Community type (rural area/village, small or middle sized town, large town)	8,088	2.0	0.8	1.0	3.0
Gender	8,124			0.0	1.0
Age at which education is finished (categories)	8,073	2.4	0.9	1.0	4.0
Occupation categories	8,109			1.0	4.0
Working for the public sector	7,749			0.0	1.0
<i>Economic perspective</i>					
Household income	8,124	5.2	2.3	1.0	10.0
Perception of national economy (situation of economy and employment in 2004 in comparison to 2003, additive index)*	8,124	-0.4	1.3	-2.0	2.0
Perception of personal economic situation (financial situation of household and personal job situation in 2004 in comparison to 2003, additive index)*	8,124	-0.1	1.1	-2.0	2.0
Border resident (three categories) <sup>a</sup>	8,124			0.0	2.0
Government deficit in 2002 (Eurostat 2006a, 2006b)	8,124	30.4	15.4	5.7	57.1
GDP per capita in 2002 (Eurostat 2006a, 2006b)	8,124	6,322.7	2,362.0	4,238.0	11,880.0
Population size (Eurostat 2006a, 2006b) <sup>a</sup>	8,124	9.1	11.4	1.4	38.2
Trade sensitivity (Eurostat 2006a, 2006b)	8,124	0.8	0.1	0.7	0.9
<i>Political perspective</i>					
Satisfaction with national democracy	7,705	2.2	0.8	1.0	4.0
Trust in political institutions (legal system, parliament, government)	8,124	-0.9	2.2	-3.0	3.0
Months before next parliamentary election	8,124	26.6	9.7	11.0	40.0
Share of Eurosceptic parties	8,124	26.3	16.9	5.0	49.1
<i>Historical-ideational perspective</i>					
Exclusive national identity**	7,558			0.0	1.0
Religious attendance (never, rarely, frequently)	7,902	1.9	0.7	1.0	3.0
World War II casualties relative to population (< 5%, 10-20%, 20 + %) (Keegan 1989)	8,124	2.0	0.5	1.0	3.0

*Notes:* see text for all variable details except for these three flagged up with asterisks where the question wordings were as follows: \*\*What are your expectations for the year to come: will 2004 be better, worse or the same, when it comes to ...? \*\*\*In the near future, do you see yourself? As [Nationality] only?

<sup>a</sup>The variable is theoretically also part of the historical-ideational perspective, but fails to show the expected coefficient of it.

The economic perspective includes most variables, up to four macro variables and five individual-level variables. Generally, we expect individuals to link the perceived state of their economy and their own economic situation to their support for the Euro. The degree to which an economy can benefit from the Euro is approximated by trade

sensitivity. The more an economy trades with EU states, the more it benefits from a common currency without currency risks or transaction costs and the more its citizens should support the Euro. Past state deficit is used as a proxy for past economic fortunes. The higher the deficit, the more citizens should support the Euro because they experienced the insecurities of an unstable economy. It correlates highly with the inflation rate, and we decided to use the deficit as it leads to better fitting models. As in the historical–ideational perspective, we include population size in the list of economic proxies. In line with the theory of optimum currency areas, citizens in small and open economies benefit more from a monetary union (McKinnon 1963). From the economic perspective, we therefore hypothesise that citizens in countries with small populations benefit more from the Euro because most domestic prices are linked to prices on the international markets. Therefore exchange rate stability by means of a currency union increases price stability. GDP per capita and economic growth are further factors affecting the likelihood of Euro support. There are two competing explanations. On the one hand, individuals in more economically successful societies might be more willing to take on the perceived risk of further economic integration (Christin 2005). On the other hand, individuals in relatively less successful economies may perceive the Euro-zone entry as a means to obtain not only a stable currency but also to enhance the country's economic credibility. Thus, high domestic inflation rates and currency instability may increase support for the Euro (Gärtner 1997; Kaltenthaler & Anderson 2001; Hobolt & Leblond 2009). This seems to be particularly important for post-communist countries that have experienced high inflation and volatile exchange rates during the transition process.

The five individual-level variables of the economic perspective are household income, working in the public sector, border residency, an additive index of the personal perception of the national economy (from two items), and an additive index of the perception of the personal economic situation (from two items). Even if sociotropic and egocentric economic evaluations may have distinctive impacts on public opinion, we assume that the perceptions of national and personal economic situations should be positively related to EU support (Tucker *et al.* 2002; Buch & Hansen 2002; Doyle & Fidrmuc 2006). Those individuals with a more positive outlook should consider their country more ready to join the Euro. We expect citizens whose income and amount of capital assets are high relative to the national average to be more supportive of the Euro because they benefit more from capital market liberalisation and lower transaction costs of cross-border capital investment, whereas citizens with lower income levels are more vulnerable to capital liberalisation and cuts in public and welfare spending and therefore less supportive of the Euro (Gabel 1998).

Public sector employees are hypothesised to be less enthusiastic towards the Euro and the associated fiscal reforms given that they are potential targets for fiscal austerity measures and cuts in government spending (Rodrik 1995). We expect residents of border regions to be more supportive of the Euro than residents of non-border regions because the former are more likely to benefit from increasing cross-border exchanges of goods and services (Gabel & Whitten 1997; Gabel 1998). This effect should be even higher for those living in regions that have borders with current Euro-zone member states because the benefits of the common currency are more apparent.

The political perspective is captured by two macro-level and three individual-level variables. The inclusion of data for the months before the next parliamentary election is to capture period effects. We expect citizens in countries that are closer to the next election to be less supportive of the Euro. We assume that this is due to populist arguments against further Europeanisation that are likely to be ventured by many politicians at a time of rapid political change. The second macro variable is the share of Eurosceptic parties at the last election. The median voter in some party systems can be more pro-European than in others. The smaller the share of the vote of Eurosceptical parties is, according to Taggart and Szczesbiak (2004) and Beichelt (2004), the more pro-European is the median voter and the more supportive of the Euro is the average individual in that country.

We include two variables to capture the individual's relationship with the national political system. We expect individuals with a more positive evaluation of their own national system to be more in favour of the Euro, although, as stated above, the argument to the opposite exists as well in the area of European integration. (Individuals may perceive European integration as a remedy for the political 'misery' of their country.) The two proxies are the degree of satisfaction with democracy in the respective country and an additive index of the degree of trust in the national parliament, the legal system and the national government. Finally, we include a variable that measures how strongly an individual is exposed to political news, measured as an index of reading, hearing and watching political news. The expectation is that those individuals who are more politically informed are more likely to have an opinion. (To our dismay, this survey did not include any measure of ideological left-right placement or a measure of market support. Therefore, we cannot directly estimate some aspects of the political explanations.)

The third historical-ideational explanation at the macro level is approximated by the number of deaths during World War II, relative to population in three categories, and the size of the population. The number of war casualties represents the notion of recent large-scale misery that is still in collective memory. The experience of World War II is still shared by a sizeable proportion of the population. The expectation is that citizens in countries that suffered more during the War are more supportive of the Euro because they see the Euro as another means to assure peace in the future.<sup>13</sup> Along similar lines, citizens in smaller countries are expected to be more supportive of the Euro because the currency binds that society more strongly to the supranational European entity and makes it less vulnerable to bigger neighbour countries. At the individual level, the most important variable is whether or not individuals define themselves exclusively in national terms. If they do, they are less likely to support the Euro because they value the symbolic rather than the economic meaning of the currency. Individuals who fear that European integration erodes national sovereignty, identity and culture may show less support towards Euro-zone membership. We expect the fear of losing the newly regained sovereignty to be particularly relevant for

<sup>13</sup>Even though Poland is demographically the largest country in our analysis and had the highest number of casualties relative to its population in World War Two, its inclusion does not dominate the results since the regressions are not conducted with weighted observations. This means that a Polish respondent does not receive more weight because he or she is from a large country.



opposition to the Euro in new democracies given that the national currency is an important 'symbolic marker in nation-building efforts' (Risse 2003, p. 487).

In addition, we capture whether the respondent lives in a border region with another new member state or with a current Euro-zone member state. In contrast to the economic perspective, as discussed above, we anticipate for the historical-ideational perspective that the population of border regions is less supportive of the Euro than residents of non-border regions because the introduction of the Euro will intensify cross-border cultural exchange and thus threaten their identity. However, it could also be expected that residents of border regions—due to existing cultural exchange being more likely—feel less attached to their national currency and thus are more supportive of the Euro. This effect should be even stronger for residents along the border with the current Euro-zone member states where the common currency has allegedly undermined state sovereignty and threatened national identity. Finally, individuals who are more religious are hypothesised to be less supportive of the Euro. Stronger religiousness in post-communist countries can be the expression of a more intense involvement in a conservative, nationalist milieu in which the incidence of primordial, ideational identities is high.<sup>14</sup>

#### *Multivariate regression analysis*

Table 2 shows the distribution of responses in the eight countries under investigation. The most pro-Euro countries are Slovenia and Slovakia, which had already joined the Euro-zone at the time of writing, followed by Hungary. The most opposed towards Euro-zone entry is Estonia, the country that joined in 2011.

Table 3 shows a series of three regressions (models 1–3): the pure economic, the political and the historical-ideational model. Each model is represented by two columns that list the predictors of the difference between the baseline (the respondent answered 'don't know') and the two other answers ('against' and 'for'). Since all variables range from a minimum of 0 to a maximum of 1, the coefficients can be directly compared as to the magnitude of their impacts.

According to the adjusted  $R^2$  (the higher, the better), the economic model fits best, followed by the historical-ideational and the political models. According to the AIC (the lower, the better), the historical-ideational model fits better than the economic one. It might be plausible to consider the historical-ideational model to fare best. The variables measuring the historical-ideational perspective (for example estimated deaths in World War II or self-judged identity with the nation state) can be supposed to contain more measurement error than the economic variables (for example GDP

<sup>14</sup>There are some studies on the old member states, modelling the impact of religion and religiousness contingent on denomination. The rationale is that historically the process of European integration has been steered by Catholic leaders in the Christian-democratic tradition drawing on Catholic understandings of the state and society whereas Protestant elites, for instance, in the United Kingdom have been more sceptical of the integration process (Nelson *et al.* 2001; Nelson & Guth 2003; Hix 2005, pp. 162–65). Since the early days of the integration process were not part of the history of post-communist countries, these historical legacies are unlikely to be reflected in public opinion. We carried out additional analyses, controlling for denomination and interactions with religiosity. All coefficients were insignificant, and there was no improvement in goodness of fit.



TABLE 2  
SUPPORT FOR THE EURO IN EIGHT EASTERN AND CENTRAL EUROPEAN COUNTRIES IN 2003 (%)

	<i>Answer categories</i>		
	<i>Support</i>	<i>Against</i>	<i>Support For</i>
Slovenia	11	7	82
Hungary	19	19	62
Slovakia	19	11	70
Czech Republic	24	16	61
Lithuania	26	15	59
Poland	30	13	57
Latvia	30	16	54
Estonia	41	11	48
Total	25	13	62

Note: for the question wording that the variable is based upon see text.

TABLE 3  
MULTINOMIAL LOGISTIC REGRESSION MODELS 1–3 OF EURO SUPPORT IN EIGHT POST-COMMUNIST COUNTRIES IN 2003

	<i>Model 1</i>		<i>Model 2</i>		<i>Model 3</i>	
			<i>Coefficient</i>			
	<i>Coefficient</i>		<i>Baseline = don't know</i>		<i>Coefficient</i>	
	<i>Against</i>	<i>For</i>	<i>Against</i>	<i>For</i>	<i>Against</i>	<i>For</i>
<i>Macro variables</i>						
Government deficit	−1.44***	0.18				
GDP per capita	−0.18	0.69*				
Population size	0.63***	0.24			−0.75*	−0.23
Trade sensitivity	0.27	0.17				
Vote share of Eurosceptic parties			−0.08	−0.06		
Months before parliamentary election			0.72	0.41		
Deaths World War II relative to population					1.57***	0.32*
<i>Individual-level variables</i>						
<i>Controls</i>						
Age	−0.21	−0.79***	−0.50*	−1.35***	−0.21	−0.92***
Living with partner	0.07	0.20	0.07	0.16	0.16	0.27*
Community size	0.18	0.19	0.26	0.15	0.24	0.24
Female (baseline male)	−0.02	−0.28***	0.08	−0.18*	−0.01	−0.33***
Education	0.10	0.90***	0.25	0.67***	0.13	0.72***
<i>Occupation (baseline manager, other with-collar)</i>						
Manual workers	0.27**	0.15	0.23**	0.12	0.23*	0.05
Economically inactive	0.14	−0.03	0.05	−0.10	−0.01	−0.16
Self-employed	0.15	−0.06	0.15	−0.05	0.16	−0.11
<i>Economic variables</i>						
Public sector employee (baseline private sector)	−0.02	−0.02				

(continued)

TABLE 3  
(Continued)

	Model 1		Model 2		Model 3	
	Coefficient		Coefficient		Coefficient	
	Baseline = don't know		Coefficient		Coefficient	
	Against	For	Against	For	Against	For
Household income	0.48***	0.74***				
Perception of national economy	-0.88***	0.60***				
Perception of personal economic conditions	-0.15	0.18				
<i>Border residency (baseline not resident of border region)</i>						
Border region with new member state	0.17	0.56*			0.10	0.28
Border region with old member state	0.17	0.72***			-0.14	0.68***
<i>Political variables</i>						
Satisfaction with democracy			-0.90***	0.83***		
Political trust			-0.48*	0.00		
Self-exposure to political news			0.59***	0.97***		
<i>Historical-ideational variables</i>						
Exclusive national identity					0.34**	-0.64***
Religious attendance					0.04	0.10
Constant	0.90*	-0.18	0.48	0.99***	-0.31	1.44***
Observations	7,637		7,589		7,283	
AIC	12,841		12,844		12,193	
Log-likelihood	-6,413		-6,415		-6,089	
Adj. McFadden R <sup>2</sup>	0.077		0.057		0.062	

Note: unstandardised coefficients, unweighted observations, all variables range from 0 to 1, significant at 0.05/0.01/0.001 (\*/\*\*/\*\*\*\*) level.

per capita and household income). Therefore, the size of impact measured through the historical variables is likely to underestimate the 'true' size of these dynamics.

According to the economic model (model 1), macro-level experiences are important for the individual. The most important predictor of being in favour of the Euro rather than being against or having no opinion is the perception of the national economy. In contrast, the personal economic situation is not significant. Whether individuals have a more positive or negative outlook on their personal economic situation does not add to our understanding of Euro attitudes. Also, the experience of higher government deficits makes individuals less likely to be against the Euro compared to having no opinion or being against the Euro. Along similar grounds, high GDP per capita is associated with more people being in favour of the Euro. Thus, individuals seem to long for the credibility of their currency, supporting a strong economy. The size of the population—in this model—has a negative impact on the Euro. Individuals in more populous countries are more likely to be against the Euro. As we shall see, however, the last effect is not stable.

This model thus shows that the support of citizens in Central and Eastern Europe for the EMU is based on a correct macroeconomic assessment because the Euro, with its strict price stability target, can stabilise a national economy, but does not necessarily change its real development.<sup>15</sup> The effect for individuals living in border regions is also captured as predicted in the economic explanation. Those citizens living close to other EU countries, be it new or old ones, are more supportive of the Euro, as a common currency increases cross-border exchanges and reduces the costs of cross-border shopping. Two control variables, age and education, also have a sizeable impact. Whereas the positive effect of education in both columns suggests the attitude-forming capacity of higher education, the direction of impact of age, that is consistent across all models, points to the higher salience of the Euro for younger people. This is not surprising given that the EMU is a major policy affecting the future. The younger the respondent, the longer is the lifespan affected by the introduction of the EMU. The impact that is in the same direction in both columns rules out any notion of generational differences in political preferences.<sup>16</sup> Older people do not favour the Euro less; they are just less likely to have an opinion on the Euro.

The political model 2 is the weakest of all three in terms of its explained variance. None of the macro variables captures any systematic variance. There are five variables with sizeable impacts: the two control variables, age and education, which we have already seen in model 1, trust in political institutions, satisfaction with democracy and self-exposure to political news. The latter is one of the stimulating variables: the more a person follows political news, the more likely he or she is to have an opinion on the Euro. Political trust, by contrast, discriminates between individuals who are against the Euro and those who are in favour of the Euro or do not have an opinion. The latter clearly indicates the importance of the individual's attitude towards the national political system to predict her or his attitude towards joining the Euro, although the direction is only one-sided. If a citizen loses trust in the domestic political system, he or she will be joining the 'no' camp. High levels of trust are not necessarily linked with being in favour of the Euro as some authors have suggested (Jupille & Leblang 2007; Buch & Hansen 2002). By contrast, raising levels of satisfaction with democracy lead from being against the Euro to having no opinion and then to being in favour of the Euro.

Finally, in the historical-ideational model 3, next to the two controls age and education, the following four variables stand out as having the strongest impact: the relative number of casualties in World War II, population size, whether the individual has an exclusive national identity and whether someone is living in a border region with an old EU member state. As stated above, living in a border region has a positive impact, which is in line with the economic explanation, but which runs counter to our assumptions hypothesised from the historical-ideational perspective. The direction of impact of the experience of losses between 1939 and 1945 is positive in both columns of this model, but in later, more complex, models, the sign changes, which is a direct consequence of the correlational structure between the macro-level variables. Along similar lines, population size is negatively related with being against the Euro, a

<sup>15</sup>In fact, the real convergence parameters of the Maastricht criteria are only secondary in nature (Backé 1999).

<sup>16</sup>This is in contrast to findings on Russia; see Hahn and Logvinenko (2008).

finding that stands in contrast to model 1. Having an exclusive national identity raises the probability of having no opinion or a negative opinion of the Euro. Clearly, strong, exclusively national feelings are associated with less support for the Euro.

To sum up the discussion of the single models, the economic and the historical-ideational models fare best. What we now need to test is to what extent we can fruitfully combine the three perspectives to arrive at an even better fit while taking growing complexity of the models into consideration.

Table 4 shows a comparison of four models that hierarchically build on the three pure models. There are three paired combinations (the economic-political model 4, the political-historical model 5, the economic-historical model 6) and a combination of all three perspectives (economic-political-historical model 7). Of the paired combinations, the economic-historical model fares best. It is better than the other two paired combinations and better than all single individual models because adding more variables to the model increases the number of significant coefficients as well as the goodness of fit. This means that these new predictors help to clarify the effects of predictors already included.

Only the coefficients of population size and of World War II casualties change to a larger extent,<sup>17</sup> although the directions of impact of their significant coefficients tell the same story. These changes in signs are due to their high correlation ( $r=0.61$ ). The most meaningful signs of population size and of World War II casualties are visible in models 6 and 7. Here, the coefficients of both are significant despite their high collinearity, which increases the chance of insignificance. We can interpret them to have impacts on Euro support different from zero with great statistical confidence. There are two independent impacts here that are both in line with the historical-ideational perspective. The two variables correlate positively in this sample; but the two impacts are in opposite directions and are also significant. Citizens in small countries and in countries with high World War II losses tend to be more in favour of the Euro. The theoretical notion is the same. Individuals see the Euro as guaranteeing peace and minimising the insecurity that results from demographic factors (in the case of a small country) and historical factors (where there was a high level of suffering during World War II).

The economic-political-historical model 7 includes all variables from models 2 and 3, except for the strength of Eurosceptical parties that strongly correlates with trade sensitivity and increases collinearity (none of which have a significant impact). Overall, the most complex model can explain most systematic variance (adj.  $R^2=0.107$ ; AIC = 10,352) despite being least parsimonious. Knowing something about the economic, political and historical-ideational context and attitudes of an individual maximises our understanding of variation in support for the Euro. Apart from the two political macro-level variables, the other macro-level variables are now significant in the same model. This is an interesting finding because, despite collinearity, their effect is still clear enough to be significant.<sup>18</sup>

<sup>17</sup>Some coefficients of other variables change in the size of their standard error, meaning that in some constellations, they may be significant whereas in others they are not.

<sup>18</sup>As can be expected in large samples, the high level of collinearity still allows precise enough estimates to make good judgments on the direction of impact (Fox 1991).

TABLE 4  
MULTINOMIAL LOGISTIC REGRESSION MODELS 4-7 OF EURO SUPPORT IN EIGHT POST-COMMUNIST COUNTRIES IN 2003

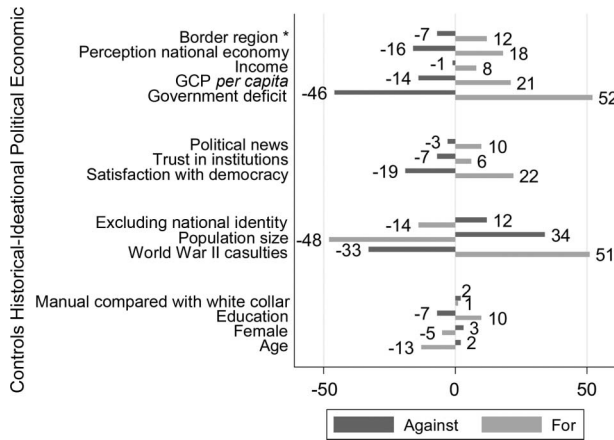
	Model 4		Model 5		Model 6		Model 7	
	Against	For	Against	For	Against	For	Against	For
	<i>Baseline = don't know</i>							
<i>Macro variables</i>								
Government deficit	-1.39***	0.47	-1.29***	1.53***	-1.29***	1.53***	-1.48***	1.57***
GDP per capita	-0.10	0.41		1.14***	0.02	1.14***	0.02	1.02***
Population size	0.47***	0.13	-1.01	-0.71	0.21	-1.76***	0.49	-1.78***
Trade sensitivity	0.06	-0.20			0.48	0.33	0.22	0.12
Vote share of Eurosceptic parties			0.74*	0.20				
Months before parliamentary election	0.34	0.49	0.45	0.34			0.42	0.18
Deaths World War II relative to population			1.54**	0.57	0.38	2.50***	-0.17	2.44***
<i>Individual-level variables</i>								
<i>Controls</i>								
Age	-0.58*	-1.19***	-0.65**	-1.28***	-0.38	-0.70*	-0.72***	-1.03***
Living with partner	-0.06	0.08	0.01	0.14	0.05	0.18	-0.11	0.04
Community size	0.13	0.10	0.28	0.12	0.17	0.21	0.09	0.11
Female (baseline male)	0.06	-0.18*	0.03	-0.23***	-0.05	-0.31***	0.03	-0.21*
Education	-0.01	0.64***	0.12	0.46**	0.01	0.62***	-0.11	0.40*
<i>Occupation (baseline manager, other with-collar)</i>								
Manual workers	0.24*	0.18*	0.24*	0.14	0.25*	0.13	0.26*	0.22**
Economically inactive	0.19	0.06	0.05	-0.03	0.11	-0.01	0.18	0.12
Self-employed	0.11	-0.05	0.14	-0.06	0.15	-0.08	0.14	-0.03
<i>Economic variables</i>								
Public sector employee (baseline private sector)	-0.06	-0.07			0.03	-0.02	0.00	-0.07
Household income	0.61***	0.79***			0.46***	0.70***	0.57**	0.75***
Perception of national economy	-0.68***	0.46***			-0.82***	0.57***	-0.66***	0.44***

(continued)

TABLE 4  
(Continued)

	Model 4		Model 5		Model 6		Model 7	
	Coefficient		Coefficient		Coefficient		Coefficient	
	Against	For	Against	For	Against	For	Against	For
Perception of personal economic conditions	-0.21	-0.02			-0.09	0.14	-0.10	0.04
<i>Border residency (baseline not resident of border region)</i>								
Border region with new member state	0.09	0.53**	0.14	0.58***	0.09	0.60***	0.09	0.60***
Border region with old member state	0.03	0.68***	0.01	0.23	0.02	0.29	0.02	0.29
<i>Political variables</i>								
Satisfaction with democracy	-0.77***	0.62***	-0.76***	0.70***	-0.72***	0.56***	-0.72***	0.56***
Political trust	-0.37*	-0.02	-0.44*	-0.08	-0.44**	0.00	-0.44**	0.00
Self-exposure to political news	0.59***	0.93***	0.59***	0.85***	0.57***	0.84***	0.57***	0.84***
<i>Historical-ideational variables</i>								
Exclusive national identity			0.38***	-0.49***	0.27	-0.55***	0.29*	-0.44***
Religious attendance			0.11	0.12	0.22*	-0.01	0.23*	-0.05
Constant	1.34***	-0.28	-0.40	1.21*	0.57	-1.24***	1.25*	-1.35**
Observations	7,263		6,965		6,989		6,695	
AIC	11,735		11,301		11,185		10,352	
Log-likelihood	-5,860		-5,643		-5,585		-5,169	
Adj. McFadden R <sup>2</sup>	0.089		0.069		0.093		0.107	

Notes: unstandardised coefficients, unweighted observations, all variables range from 0 to 1, significant at 0.05/0.01/0.001 (\*/\*\*/\*\*\*\*) level.



Notes: \*comparison of someone living in a border region with a new member state with someone not living in any border region, each datum stands for the change in predicted probabilities of being in either the 'against' or 'for' category if the independent variable is changed from minimum to maximum and all other variables are held constant at their means. For example, if the perception of the national economy changes from very negative to very positive, the predicted probability of being against the Euro decreases by 16% and the probability of being for the Euro increases by 18%.

FIGURE 1. PREDICTED CHANGE IN PROBABILITIES OF BEING AGAINST AND FOR THE EURO

Figure 1 summarises the magnitude of effects, which are significant at the 0.05 level, according to the comparison of the predicted probability with the variable at its maximum with the probability of the variable at its minimum. We projected values as being in the 'against' category and the 'for' category with all other variables held at their means. Thus, if a value is positive, it means that the predicted probability of being in that category increases if that independent variable is changed from minimum to maximum; if it is negative, it means that the probability decreases by that amount. We see that the magnitude of what the control variables explain is rather low. This means that our theoretical variables tend to help us more to understand individual-level variations in Euro support than the additional control variables. The explanatory power of this integrated model is therefore satisfactory and higher than any explanation hidden behind the control variables.

The biggest effects stem from four variables capturing the individual's position in the wider societal context. The economic variables GDP per capita and state deficit, together with population size and number of World War II casualties, demonstrate the utmost importance of the historical and economic macro context of each individual. Individuals are more supportive of the Euro in societies that are smaller demographically, economically more successful, had more casualties during World War II relative to their populations, and have a large state deficit. Next in effect size come the satisfaction with democracy and the assessment of the national economic situation. Therefore, we can say that the predictors of large magnitude stem from all three theoretical perspectives.



*Conclusions*

The analysis distils a compact model drawing from three perspectives—economics, politics and historical identities—to explain why individuals hold different attitudes towards the Euro. The formation of attitudes towards the Euro is far more complex than any economic analysis of weighting the individual costs and benefits would suggest. In fact, the complexity of monetary policy makes it impossible to see individual attitudes towards the Euro as being only related to the personal economic situation and the socioeconomic status. An integrated approach pays tribute to the fact that, since the Maastricht Treaty, the European Union is increasingly a project of a non-economic nature. Thus, it is logical to expect individual attitudes towards the Euro to be also structured by non-economic factors such as the historical and political characteristics of society (Eichenberg & Dalton 2007).

While it might be argued that utilitarian judgments become more relevant the more individuals gain experience of the distributional consequences of EU membership (Elgün & Tillman 2007), we suggest that public opinion on the Euro is in large part a function of four factors: first, support for the Euro hinges on the success of the economic transition. A thriving economy impacts positively on the individual's support for the Euro. On the other hand, the importance of the macro variable of a large state deficit suggests that citizens perceive the Euro as a means to enhance economic stability and security. We therefore assume that EMU membership is viewed as a guarantee for the continuation of economic reforms. Second, support for the Euro draws on historical factors because the relative number of casualties in World War II has one of the strongest impacts on the formation of public opinion on the Euro. The explanation of this effect does not, however, compete with those of the economic variables. In the historical-ideational perspective, the common currency is desired by citizens to maintain peace in Europe, a desire that complements the wish for free market reforms. Third, support for the Euro is influenced by political circumstances, especially the individual's satisfaction with democracy. Those who perceive their national system to be adequate are more willing to take on the challenges of the introduction of the Euro. Fourth, support for the Euro is lower when citizens have an exclusive national identity (Hooghe & Marks 2005). For these individuals, their wellbeing is anchored in their national polity, and changes to this situation decrease their anticipated security.

Our study supports existing research that points to the critical aspect of the macro variables of the economic and historical-ideational perspectives and shows that existing models need to be adjusted when applied to transition economies. For example, the micro variables of economic self-interest do not further our understanding of Euro support in transition countries. This means that the conventional cleavage of the transition process between winners and losers is not as important as previously thought: distributional issues matter less than the aggregate national performance and experience.

In an environment of volatility and uncertainty in post-communist Europe, variables of economic and historical-ideational country factors have the strongest impact on public opinion. We assume that these variables are so powerful because they serve as focal points that provide guidance on the future path of transition. Thus, the

importance of a thriving economy, a high state deficit and historical memories for the support of the Euro indicate that EMU membership has a meaning beyond that of belonging to a common currency area. The adoption of the Euro is viewed as the necessary incentive to continue with the reform process, to leave the past behind and to establish institutional trust as well as personal security. This implies that opinion on the Euro is not merely an expression about an EU issue. Instead, it is in large part a function to vote on free market reforms. Shifts in perceptions of free market reforms have critical implications for the support of the Euro. It is therefore hoped that further research will be done on designing models that take the peculiarities of post-communist countries into account.

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*Appendix*

TABLE A1  
 ADDITIONAL STATISTICS FOR COLLINEARITY DIAGNOSTICS

<i>Correlations (r)</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>Highest Variance</i>
								<i>Inflation Factor</i>
1 Government deficit	1.00							4.1
2 GDP per capita	0.12	1.00						2.1
3 Population size	0.45	-0.11	1.00					7.7
4 Vote share of Eurosceptic parties	0.64	-0.08	0.45	1.00				2.6
5 Trade sensitivity	0.30	-0.37	0.20	0.80	1.00			2.0
6 Months before next election	-0.45	0.19	-0.35	-0.31	0.08	1.00		1.9
7 World War II casualties	-0.26	-0.14	0.61	-0.19	-0.08	0.05	1.00	6.8