

Increasingly unequal? The economic crisis, social inequalities and trust in the European Parliament in 20 European countries¹

Giulia M. Dotti Sani

Corresponding author

Collegio Carlo Alberto

Via Real Collegio 30, 10024

Moncalieri, Turin

Italy

giulia.dottisani@carloalberto.org

tel: +39 011-670-5270

Beatrice Magistro

University of Washington

Department of Political Science

Box 353530

Seattle, WA 98195

magistro@uw.edu

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ABSTRACT

The 2008-09 economic crisis has been identified as an important element contributing to declining trust in institutions in Europe and worldwide. However, it is unclear whether this decline in trust is distributed homogeneously among citizens or whether there are differences across social strata. This article applies multilevel models to six waves of European Social Survey data to analyse changes in trust in the European Parliament from 2002 to 2012 in 20 EU countries. Moreover, we investigate whether individuals with different socio-economic backgrounds experienced different reductions in trust. Our results indicate that trust in the European Parliament declined the most in the peripheral European countries hit hardest by the economic crisis: Portugal, Italy, Ireland, Cyprus, Greece and Spain. Furthermore, the results suggest that the decline in trust was more pronounced among subjects with lower social status. The tightening of the link between social and political inequalities is especially preoccupying considering the importance of trust in institutions for citizens to actively participate in society, voice their needs, and demand their place at the table. Hence, the worsening economic conditions combined with declining levels of trust are not only troublesome for the functioning of democracies as a whole, but they are also problematic at the individual level, as they are likely to perpetuate the divide among subjects at different ends of the social ladder.

KEYWORDS: trust, recession, social inequalities, peripheral Europe, European Parliament

INTRODUCTION

Several scholars have come to identify the 2008-09 economic crisis as a major factor contributing to falling trust in various European institutions (Ehrmann, Soudan & Stracca 2013; Roth, Nowak-Lehmann & Otter 2013; Armingeon & Ceka 2014; Armingeon & Guthman 2014). However, it is yet to be understood whether in response to the crisis trust has declined equally across European countries and whether the decline varies among individuals with different socio-economic backgrounds. This article addresses these questions, first by investigating whether trust in the European Parliament (EP) declined from 2002 to 2012 in 20 European Union countries and, second, by ascertaining whether the decline was unequal and therefore steeper in the peripheral European countries that were hit hardest by the economic crisis: Portugal, Italy, Ireland, Cyprus, Greece and Spain. Third, arguing that ‘increasing inequality in economic conditions may lead to growing cynicism among those at the lower end of the social status ladder’ (Dalton 2005: 139), we investigate whether individuals from less privileged social strata – i.e. the unemployed, the retired, the poorly educated, those from low-income households, the youth and the elderly – and in the countries where the economic downturn hit the hardest are the most likely to mistrust the European Parliament, especially after the onset of the 2008-09 economic crisis. A growing gap in trust between social strata would be preoccupying, as it would indicate that the economic crisis strengthened the link between social and political inequalities, potentially leading to alienation from the political world of the most disadvantaged citizens, or worse, to anti-democratic mobilization driven by anti-establishment populist parties (Kriesi et al. 2012; Offe 2006).

Trust in institutions has been deemed necessary to secure the functioning of modern democracies and the maintenance of institutional arrangements (Dalton 2004; Van der Meer 2010; Roth, Nowak-Lehmann & Otter 2013). Social scientists agree that the trust of citizens is crucial for the legitimacy of institutions and to preserve their survival (Keele 2007; Mosch & Prast 2008; Roth 2009; Kaltenthaler, Anderson & Miller 2010; Wälti 2012). It is therefore a troubling finding that over recent decades trust in democratic institutions has declined in both new and established democracies (Norris 1999; Pharr & Putnam 2000; Dalton 2004, 2005).

When the public debt crisis hit the Eurozone, its consequences were more serious in some countries than in others, and peripheral European countries were particularly hit (Roth, Nowak-Lehmann & Otter 2013; Bosco & Verney 2012). In response to the crisis and in agreement with the European Central Bank (ECB), the European Commission and the International Monetary Fund (IMF) – the so-called Troika – fiscal austerity packages and structural reforms were implemented in crisis-struck peripheral European countries. In this article, we argue that the severity of these European Union (EU) anti-crisis interventions triggered feelings of mistrust towards EU institutions, as people might have felt that these institutions were responsible for the continuation of the crisis (Armingeon & Guthman 2014; Torcal 2014). In other words, it is hypothesized that trust in EU institutions declined (the “external constraint”) – suggesting that the harsh consequences of the economic crisis may have worsened the negative effect of a perceived lack of institutional responsiveness on trust in the European Parliament (Torcal 2014).

Moreover, trust in institutions is not equally distributed among populations (Dalton 2005). In general, people with higher social status are likely to demonstrate greater support for the political system they live in, as they are the ones who mostly benefit from it (Almond & Verba 1963; Stokes 1962; Anderson & Reichert 1996; Hooghe & Marks 2005). However, recent studies have shown that people with higher social status in established democracies do not necessarily have greater trust in institutions than people with lower social status (Dalton 2005; Catterberg & Moreno 2005; Muñoz, Torcal & Bonet 2011; Arnold, Sapir & Zapryanova 2012). These studies suggest that subjects with better education have higher expectations of democracy than in the past and thus have become more critical of their governments and less trustful (Inglehart 1990; Dalton 2004). However, during an economic downturn and especially in times of constrained budgetary policies, people from the lower social strata are the most likely to suffer from austerity measures and, hence, might withdraw their support from institutions (see Gabel & Palmer 1995; Anderson & Reichert 1996; and Gabel 1998). The question of increasing inequality in trust is especially important in times of economic crisis. In fact, if during the recession trust declined more steeply for those social groups already hit by the economic consequences of the crisis (Hoynes, Miller & Schaller 2012; Petmesidou & Guillén

2014), these groups are being doubly impoverished: not just in terms of their social position and their economic well-being, but also in the extent to which they have confidence in institutions. This perceived lack of representation may in the worst-case scenarios leave the ground open to anti-liberal and anti-democratic political entrepreneurs with populist views, which may ultimately threaten the institutional order of liberal democracy (Offe 2006).

In this article, using multilevel models and European Social Survey data (ESS 2014), we first test whether trust in the European Parliament declined from before (2002-06) to after (2008-2012) the onset of the crisis in 20 EU countries. Overall, due to the unprecedented magnitude of the financial and economic crisis and the severity of the austerity measures, we anticipate larger declines in trust in the European Parliament in those countries most hit by the economic crisis – i.e. Portugal, Italy, Ireland, Cyprus, Greece and Spain – than in the other states considered. Second, we test whether individuals who are more vulnerable to the economic recession – i.e. the poorly educated, the unemployed, the retired, those who find it difficult to cope on their current household income, and the youth and the elderly – have lower trust in the European Parliament before or after the beginning of the crisis. Our results indicate that over the time period considered trust in the European Parliament steeply declined in the countries worst hit by the crisis and that it is especially in these countries that subjects from the lower social strata lost more trust than citizens at the higher end of the social ladder.

BACKGROUND

The 2008 crisis and trust in institutions in European countries

The economic crisis had asymmetric effects across European countries. The starkest asymmetry is reflected by the contrast between northern European economies, with export-growth models, and southern European economies, with demand-led growth models (Hall 2014). Excessive lending and borrowing eventually led to a global banking crisis, which in turn led to a confidence crisis in financial markets around the world. This triggered both direct and indirect pressures from international financial

markets and from supranational organizations, such as the IMF, the EU, and the ECB, insisting on austerity measures and long-postponed structural reforms in the countries badly hit by the crisis. In May 2010, Greece was the first country to be priced out of the bond market as its sovereign credit rating was downgraded to junk status, closely followed by Ireland, Portugal and Cyprus (Lane 2012). On the one hand, Greece, Ireland, Cyprus and Portugal entered economic adjustment programmes, implementing the economic and financial policies expected of them in order to improve their competitiveness and fiscal sustainability; on the other hand, in 2012 Spain entered a financial assistance programme for the restructuring and recapitalization of its financial system and was subject to bank-specific conditionality. In addition to this, Spain and Italy both had to deal with a more implicit form of conditionality, with an unprecedented intrusion of the ECB in their national affairs (Sacchi 2015). In August 2011 the ECB sent a letter to the Italian and Spanish governments asking for immediate reforms and implying that the ECB would purchase Italian and Spanish bonds in the secondary market but only on the condition that this reform package was approved.

In contrast, the coordinated market economies of northern Europe (i.e. Germany, the Netherlands, Belgium, Sweden, Denmark and Finland) largely escaped the economic problems that plagued southern European countries and Ireland, while the UK, a prime example of a liberal market economy, struggled to recover from the economic crisis despite its loose monetary policy. France, more of a mixed-market economy, was hit much harder by the global economic crisis compared to the northern block, with growing unemployment and serious imbalances in public finances and external trade. The crisis hit the Central and Eastern European (CEE) block in different ways. Since the 2000s, the CEE economies had experienced large capital inflows from the West, a credit boom, and a rapid increase in consumption and investment (Guardiancich 2012). Banking and currency crises occurred almost simultaneously in the CEE countries in 2008. The countries most affected were those most reliant on exports, such as Slovakia, Slovenia and Estonia. Slovakia and Estonia went through a severe but short recession in 2009, but they recovered quickly and returned to pre-boom growth rates in 2010 (Fidrmuc et al. 2013). In Hungary, the global financial and economic crisis had severe effects on its already fragile and highly indebted economy. The Czech Republic was hit through the external trade channel for the most part, but

the recession did not last long since domestic imbalances were small. Poland, which had a well-developed internal market, almost avoided the impact of the crisis and it was one of the best growth performers among OECD countries during the crisis (Guardiancich 2012).

Overall, the crisis affected peripheral European countries more severely than northern and CEE countries. Furthermore, the austerity measures adopted from 2010 to 2012 ‘consisting of legislative decisions and new intergovernmental treaties [...] were nevertheless unable to promote effective and legitimate solutions for dealing with the financial crisis.’ (Fabbrini 2013: 1003). Since no immediate recovery from the crisis occurred after the implementation of the fiscal consolidation measures that were mandated by the supra-national organizations, the severity of the EU anti-crisis interventions might have triggered feelings of mistrust towards the EU (Armingeon & Ceka 2014; Armingeon & Guthman 2014). In fact, citizens in peripheral countries might have felt that membership of the EU was no longer beneficial for them (Eichenberg & Dalton 1993; Gabel & Palmer 1995). Sluggish growth, increasing poverty, growing unemployment and increasing polarization between the north and the south might have led to the emergence of an ideological divide between north and south in terms of trust in EU institutions.

Recent studies have found that trust in political institutions has been declining in contemporary democracies (Pharr & Putnam 2000; Newton & Norris 2000; Catterberg & Moreno 2005). Most researchers are concerned about the loss of trust in the main democratic institutions, as it may be an indicator of political malaise and a far greater threat to democracy than an erosion of trust in other citizens or politicians (Newton & Norris, 2000). Several studies on public support for European integration have taken an economic approach to explain both cross-national and individual differences (Anderson & Reichert 1995). At the macro level, public support for the integration project is likely to be higher when national economic conditions are favourable, while at the micro level, as will be discussed in the following section, individuals who assess their economic conditions more positively are more likely to support the EU. The purely economic argument positing that the decline in political trust is the result of the deterioration in economic conditions has also recently been applied to European countries affected by the economic crisis and its consequences

(Polavieja 2013). Overall, empirical evidence suggests that trust in institutions moves together with fluctuations in economic outcomes (Keele 2007). Anderson & Reichert (1996) and Eichenberg & Dalton (1993) examine whether support is linked to national economic performance, and the latter find strong evidence in favour of this view. Moreover, studies suggest that there is a negative relationship between the worsening economic conditions and performances of European countries and citizens' trust in and support for democracy (Armingeon & Guthmann 2014; Ehrmann, Soudan & Stracca 2012; Martini & Quaranta 2015; Roth, Nowak-Lehmann & Otter 2013; Stevenson & Wolfers 2011).

However, many researchers claim that another key determinant of this erosion of trust is the incapability of institutions to be responsive to citizens' demands (Armingeon & Guthmann 2014; Offe 2006; Catterberg & Moreno 2005; van der Meer 2010; Torcal 2014). Hence, trust is expected to respond to government performance (Newton & Norris 2000; Lawrence 1997; Torcal 2014). Governments take credit when the country is performing well and take the blame when economic performance is poor (Lawrence, 1997). Slow growth and increasing inequality put a strain on governments' ability to maintain their obligations. As a result, it is plausible to assume that the perceived unresponsiveness of political institutions to citizens' needs and the bad management of the crisis on the parts of both national and European institutions might have contributed to a decline in institutional trust in Europe (Lawrence 1997; Torcal 2014). 'When problems aren't dealt with, it is no surprise that citizens experience considerable disillusionment' (Lawrence 1997: 112). As a result, we expect that in the countries most badly hit by the crisis (i.e. the peripheral countries), the harsh consequences may have worsened the negative effect of the lack of institutional responsiveness on trust in the European Parliament (Torcal 2014). Trust in institutions is not only important for the well-being and functioning of institutions but it has much broader implications. A recent study by Serricchio, Tsakatika & Quaglia (2013) finds that Euroscepticism has steadily increased since the onset of the crisis, especially in the Eurozone. It emerges that political institutions play an increasingly important role in explaining public Euroscepticism: not only is confidence in European institutions negatively correlated with Euroscepticism, but its explanatory power increased between 2007 and 2010 (Serricchio, Tsakatika & Quaglia 2013).

On the basis of this, our first hypothesis is that from before to after the beginning of the crisis, trust in the European Parliament declined more steeply in peripheral European countries than in countries where the crisis hit less harshly (H1).

Who trusts? The economic side of trust in institutions

As mentioned, trust is not equally distributed among citizens, as some are more endowed with trust in institutions than others. In general, it has been argued that subjects most endowed with human capital and income are more likely to trust institutions because they have more to gain from the social and political system (Almond & Verba 1963; Stokes 1962; Dalton 2005). We thus hypothesize that individuals hit hardest by the crisis will experience a steeper decline in trust in the European Parliament.

Which subjects are the most likely to have suffered the consequences of the economic crisis? Indeed, globalization does not affect all members of a national community in the same way. More generally, trade liberalization benefits individuals who own factors with which the national economy is well endowed, and hurts those who own scarce factors (Inglehart 1970; Gabel 1998; Kriesi et al. 2012; Arnold, Sapir & Zapryanova 2012). In advanced economies, globalization creates new groups of ‘winners’ and ‘losers’. The two most important characteristics that distinguish the globalization ‘winners’ from the ‘losers’ are education levels and social class: the dividing line runs between low-skilled and high-skilled individuals (Kriesi et al. 2012). A similar argument has been applied to the European Union. Since the EU has been for the most part an economic project, some scholars have hypothesized that EU support rests upon economic calculations (Eichenberg & Dalton 1993; Gabel & Palmer 1995). The economic approach to support for the EU thus predicts that both subjective economic outcomes – such as perceptions of one’s personal situation – and objective economic outcomes – such as occupational status – affect trust in the EU. According to the economic approach, it is expected that being highly educated and highly skilled should be positively correlated with trust in EU institutions (Gabel & Palmer 1995; Anderson & Reichert 1996; Gabel 1998). The underlying rationale is that the larger the economic benefits enjoyed by individuals, the greater their support

for the EU. Similarly, those most likely to benefit from social programmes are low-income workers, who will, as a consequence, suffer more from constrained budgetary policies. Income should thus be positively related to European support. A different line of research argues, on the contrary, that in advanced societies individuals who are more equipped with human capital and economic resources are more likely to question and criticize the political system they live in (Nevitte 1996; Inglehart 1990). Empirical evidence on the topic is mixed. Mosch & Prast (2008), Van der Meer (2010) and Clements, Nanou & Verney (2014) find that people with high incomes and high levels of education are more likely to trust national and supranational institutions. By contrast, Arnold, Sapir & Zapryanova (2012) and Muñoz, Torcal & Bonet (2011) find a negative association between higher education levels and trust in European institutions. Similarly, Gabel (2003) finds that education is negatively correlated with support for the EP and that the latter is for the most part driven by citizens' support for EU membership, their concerns about the scope of EU authority and their values regarding representative democracy at the EU level. A large body of research building on Inglehart's (1970) cognitive mobilization theory posits that age should be negatively correlated with trust in the EU so that more trust should be expected from younger people (Gabel & Palmer 1995; Anderson & Reichert 1996; Gabel 1998). Considering the context of the crisis, we question this relationship. Given that youth unemployment rates in the periphery reached their highest recorded levels in 2012, with peaks of 55.3% and 52.9% respectively for Greece and Spain (Eurostat 2012), and that the percentage of youth neither in employment nor education or training (NEET) also skyrocketed in 2012, with peaks of 21.2% and 20.2% respectively in Italy and Greece (Eurostat 2012), we might expect the youth to have lower levels of trust in the EP than prime-age subjects. Similarly, the effects of austerity measures, such as pension reforms and pension cuts, might have been especially harsh on the elderly, further exacerbating the social problems arising from an aging population and globalization (OECD 2013; Blossfeld, Buchholz & Kurz 2011).

To sum up, we argue that the decline in trust will be particularly concentrated among the 'losers'; that is, among the categories that are the most vulnerable to the consequences of the economic crisis (Hoynes, Miller & Schaller 2012; Petmesidou & Guillén 2014; Matsaganis & Leventi 2014). On the basis of this, we formulate a set of

hypotheses, all postulating that in the countries where the recession and the austerity measures were especially harsh – i.e. Cyprus, Spain, Ireland, Italy, Portugal and Greece – people most badly hit by the economic crisis are more likely to have experienced a steeper decline in trust in the EU than elsewhere. Specifically:

H2a: Subjects with lower levels of education are expected to have experienced a steeper decline in trust than those with higher education.

H2b: Subjects with perceived lower levels of income are expected to have experienced a steeper decline in trust than people who consider themselves better off in terms of income.

H2c: The unemployed and the retired are expected to have experienced a steeper decline in trust than the employed.

H2d: The youth and the elderly are expected to have experienced a steeper decline in trust than prime-age subjects.

METHODOLOGY

Data and sample

The data we use are derived from the European Social Survey (ESS 2014). The ESS is an academically-driven cross-national survey that aims to measure the attitudes and behaviours of citizens in over 30 nations. It is a suitable data source for our analyses as it allows changes in trust in institutions over the crucial years of the economic recession to be investigated. For the analyses, we pool together the six available waves of the ESS, which span from 2002 to 2012. We include all the countries available in the dataset that have been members of the EU since before the onset of the crisis, which are: Belgium, Cyprus, the Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Sweden, Slovenia, Slovakia and the United Kingdom. Since we exclude from the analyses the years prior to a country's entry in the EU, and because not all of the countries considered collected data in each wave, for certain countries

we can rely on more points in time than for others. Specifically, we do not have all the six waves for: Cyprus (available from 2006 to 2012); Estonia (missing in 2002 and 2010); France (available from 2006); Greece (missing in 2006 and 2012); and Italy (available in 2002, 2004 and 2012). For Hungary, Ireland, the Czech Republic, Poland, Slovenia and Slovakia we rely on the waves from 2004 onwards. Despite the patchiness of the data, we are able to reconstruct a time line of trust ranging from before to after the onset of the crisis in all the countries. After only selecting subjects between 18 and 85 years old and using listwise deletion to remove subjects with missing information, the sample consists of 159,096 observations.

Variables and method

Trust in the European Parliament (EP) is used as the dependent variable to tap support for the European Union (Easton 1965, 1975; Newton 2001). The variable ranges from 0 to 10, where 0 indicates no trust at all and 10 indicates complete trust. While other indicators of trust in institutions are available in the ESS dataⁱ, trust in the European Parliament is the only one allowing trust in the EU to be gauged, and it is a suitable tool for our analyses due to the central role of the EP in the democratic legitimacy of the EU (Gabel 2003).

Given our research question and the structure of the data, and following previous research (Armingeon & Guthmann 2014), we use multilevel models to test our hypotheses. Our random-intercept cross-classified models nest individuals in countries (N 20), waves (N 6) and in country-waves (N 102). Guided by previous research (Arnold, Sapir & Zapryanova 2012; Armingeon & Guthmann 2014), all our models include a set of controls: gender (men as reference), whether the respondent lives with a partner (yes as omitted reference category), whether there are children in the household (yes as omitted reference category), how much the respondent is interested in politics (from 0, not at all interested, to 4, very interested), how happy the respondent is (from 0, extremely unhappy, to 10, extremely happy, mean centred) and how satisfied the respondent is with the national government (from 0, extremely unsatisfied, to 10, extremely satisfied, mean centred). Last, we include two macro-level controls: GDP growth and unemployment ratesⁱⁱ, both measured at the country-wave levelⁱⁱⁱ.

In our first model, to test whether there was a decline in trust between before and after the onset of the crisis, we include a time dummy contrasting the pre-crisis waves (i.e. up to 2006 = 0) with the three waves available after the onset of the crisis (2008, 2010 and 2012 = 1). We also include a dummy for peripheral countries (Spain, Italy, Portugal, Ireland, Cyprus and Greece = 1, otherwise = 0) to investigate whether trust is generally lower in these countries than in continental, Nordic and eastern European countries. Then, to test our first hypothesis, which is whether the decline in trust was steeper in peripheral countries than the rest, we add an interaction between the time dummy and the peripheral country dummy (Model 1).

To test the association between trust and social position (Dalton 2005), Model 2 adds four variables: the level of education of the respondent (lower education, i.e. ISCED 0, 1 and 2, contrasted with higher education, ISCED 3 to 6, used as reference); the respondent's feelings about the household's current income (perceived higher income, i.e. the respondent reports coping on his/her present income or living comfortably on it, used as reference category vs. perceived low income, i.e. the respondent reports finding it difficult or very difficult to cope on his/her present income); the respondent's employment status (in paid work or in education as reference category vs. unemployed, retired or other non-employed); the age of the respondent, a categorical variable where being 34 or younger is the reference category, contrasted with being between 35 and 64, and being 65 or older.

To verify whether trust declined most among the lower social strata in peripheral countries, in Models 3, 4, 5 and 6 (Tables 3 and 4) we include a three-way interaction where each of these variables is interacted with the time and peripheral dummy^{iv}. Summary statistics of the variables for the overall sample are presented in Table 1.

Table 1 here

RESULTS

Trends in trust in European countries

Figure 1 here

Figure 1 shows trust in the European Parliament in the countries considered during the years of the crisis. In northern and western European countries, trust in the European Parliament did not follow a homogenous trend. It remained stable overall with some fluctuations in countries such as Belgium, Germany, Finland and the Netherlands; it increased in Denmark and Sweden; and it slightly decreased in France and the UK. The UK represents a case in point as trust in the European Parliament is notably lower there than elsewhere, but has not decreased dramatically. Declining trends in trust can also be seen in central and eastern European countries, such as the Czech Republic, Estonia, Hungary, Poland, Slovenia and Slovakia. However, in line with hypothesis 1, the largest declines in trust in the EU Parliament occurred in Portugal, Italy, Greece, Ireland, Cyprus and Spain. Greece stands out as being the country with the highest trust prior to the crisis (5.7) and the lowest afterwards (2.5). Considering the divergent trend in trust in peripheral vis-à-vis northern and western European countries, it appears reasonable to expect cross-national differences in the extent to which social classes are driving the decline in trust. This will be discussed in the following section.

Social inequalities and trust in institutions before and after the crisis

We now move to the results from the multilevel models. Table 2 contains the coefficients and standard errors of the random-intercept regressions modelling trust in the European Parliament.

In our baseline model (Model 0) we only include a set of controls and the main terms for the post-crisis period and for peripheral countries. As far as the controls are concerned, women seem to trust the EP more than men (0.195, $p < 0.001$). Moreover, compared to subjects who have a partner and children, individuals without a partner (-0.235, $p < 0.001$) and without children (-0.078, $p < 0.001$) have lower trust.

Unsurprisingly, the more respondents are interested in politics, the more they trust the European Parliament (0.315, $p < 0.001$). People who are happier (0.104, $p < 0.001$) and

are satisfied with the government (0.392, $p < 0.001$) are also more likely to have higher trust in the EP. The two macro-level predictors are negative but small and not statistically significant.

Moving to the predictors of interest, the model shows a negative albeit non-significant coefficient for the post-crisis period (-0.151, $p > 0.05$), suggesting that the effect of time might vary among the countries considered. Instead, the coefficient for peripheral countries is large and positive (0.493, $p < 0.001$), indicating that, overall, subjects in this group of countries had higher levels of trust than individuals living elsewhere.

Model 1 adds the interaction between the dummy indicating the post-crisis period and the one for peripheral countries, which, as hypothesized, is negative and statistically significant (-0.3, $p < 0.05$), suggesting that the decline in trust after the crisis was steeper in peripheral countries than in the remaining countries.

Table 2 here

Model 2 adds the socioeconomic characteristics. As anticipated, individuals with lower education levels and with lower perceived income have less trust in the European Parliament than subjects with higher education and higher perceived income (-0.171, $p < 0.001$ and -0.119, $p < 0.001$ respectively). Furthermore, the unemployed (-0.05, $p < 0.01$) and the retired and other non-employed (-0.102, $p < 0.001$) have somewhat less trust than employed subjects. The differences between age groups are substantial, as younger individuals have higher trust in the European Parliament compared to prime-age subjects (-0.378, $p < 0.001$) and subjects over 65 (-0.400 $p < 0.001$). These results indicate that individuals who are worse off in terms of education, income and employment status tend to have less trust in the EU than better-off individuals (Almond & Verba 1963; Stokes 1962; Inglehart 1970; Anderson & Reichter 1996; Gabel & Palmer 1995; Gabel 1998). However, people who are at the beginning of their employment career, i.e. the youth, actually have more trust than prime-age subjects, whose level of trust is lower and similar to that of older citizens.

Do these results vary cross-nationally and over time? The models discussed below investigate the effects of education and income (Table 3) and of employment status and age (Table 4) respectively in peripheral countries after the beginning of the crisis. Starting with Model 3, the main terms remain mostly unchanged in sign and magnitude compared to Model 2. However, the interaction between peripheral countries and the post-crisis period is no longer statistically significant, indicating that the decline in trust in these countries was not present among the high educated. Indeed, what is crucial for hypothesis H2a is that the coefficient for the three-way interaction between low education, post-crisis period and peripheral countries is negative and statistically significant (-0.198, $p < 0.001$). This brings some support to our hypothesis, as it indicates that the more poorly educated in peripheral countries are the subjects whose trust declined the most. The results for income quite closely mirror those for education, as the coefficient for the three-way interaction is negative and significant (-0.204, $p < 0.001$). This brings support for hypothesis H2b, according to which the decline in trust was steeper among subjects with lower incomes^v.

Table 3 here

Table 4 here

Table 4 reports the results for employment status (Model 5) and for age (Model 6). As can be seen from Model 5, the main term for the unemployed is negative and non-significant, while the main term for other non-employed is negative and strongly significant (-0.156, $p < 0.001$), meaning that prior to the crisis and in “core” countries trust in the EP was lower among this group of subjects. The main term for the post-crisis period is once again negative but non-significant and the main term for peripheral countries is positive and significant. More importantly, the interactions between peripheral countries and unemployment (0.072, $p > 0.10$) and other non-employed (0.301, $p < 0.001$) are positive and in the latter case significant, indicating that prior to the crisis in these countries the two groups actually had more trust in the EP than the group of employed subjects. However, when it comes to the three-way interaction term for periphery, unemployed and post-crisis, the coefficient is negative and significant at 90% (-0.188, $p < 0.10$). In contrast, the coefficients for the three-way interaction term for periphery, other non-employed and post-crisis is of negligible

magnitude and not significant. Taken as a whole, these results bring partial support to hypothesis H2c, as they show that the greatest fall in trust was among one of the less fortunate groups, the unemployed, in the countries most badly hit by the economic crisis.

Moving to the results for age, we can see from the main terms for age in Model 6 that trust is significantly higher among the younger group as opposed to prime-age (-0.452, $p < 0.001$) and older subjects (-0.517, $p < 0.001$), at least in the core group of countries and before the crisis. In fact, the coefficients for the interaction between age and peripheral countries are positive and significant, offsetting the main effects. Hence, in peripheral countries the differences in trust by age prior to the crisis appear much smaller than in core countries. However, the beginning of the crisis seems to have triggered a small drop in trust among the two older groups (-0.064, $p < 0.05$ and -0.095, $p < 0.05$ respectively), which seems to have happened in both core and peripheral countries, considering that the three-way interactions are non-significant. Thus, we do not find support for hypothesis H2d. In fact, on the one hand, the youth and the elderly are not likely to trust the EP less than the prime-age group in peripheral countries. On the other hand, although trust seems to have declined somewhat after the beginning of the crisis among the two older groups, this effect is not confined to the peripheral group but is present in core countries as well.

CONCLUSIONS

This article has investigated whether support for a crucial institution, the EU Parliament, operationalized via trust in it, changed from before to after the beginning of the economic crisis in 20 European countries. The article makes two contributions to the literature. First, our results indicate that the loss in trust was larger in countries hit harshly by the economic crisis, in line with recent findings of a negative relationship between worsening economic conditions and the performances of European countries and citizens' trust and support for democracy (Armingeon & Guthmann 2014; Morlino & Quaranta 2014). Second, our findings indicate that after the crisis struck the link between social inequalities and trust in institutions became stronger in the countries strongly hit by the economic downturn. Thus, we have shown that in the countries where austerity measures were implemented, subjects

from the lower positions in the social ladder – especially the poorly educated, those who find it difficult to cope on their income and, to a smaller extent, the unemployed – lost more trust in the European Parliament compared to those who are better off.

In recent decades, social scientists have been concerned about the decline in political trust across the western world (Catterberg & Moreno 2005; Putnam 2002). In addition, scholars have recently argued that the economic crisis may have triggered feelings of mistrust towards institutions in the countries where the crisis hit more harshly (Armingeon & Guthmann 2014). Understanding whether there has been such a trend and the magnitude of the decline in trust is important. When citizens are discontented with economic performance, mistrust in government increases. The economic crisis and the growing scarcity of resources have been putting democratic institutions under pressure, resulting in a negative evaluation of political responsiveness and a subsequent decline in citizens' levels of institutional trust (Torcal 2014). Indeed, studies show that if large numbers of citizens start mistrusting institutions (Kaltenthaler, Anderson & Miller 2010) and if this fall in trust is sudden and consistent (Newton 2001), the legitimacy and survival of the institutions may be at serious risk. The opposite is also true: more trust in them is found to lead to better functioning institutions (Ehrmann, Soudan & Stracca 2013), a truly valuable good in times of economic downturn. Our article has shown that in countries hit by the economic recession trust in the European Parliament steeply declined from before to after the onset of the crisis (Stevenson & Wolfers 2011; Roth, Nowak-Lehmann & Otter 2013).

In addition to the expected result that trust in the EP declined the most over time in countries hit the hardest by the crisis, our article makes another contribution to the literature by unveiling the existence of a gap in trust between the better- and the worse-off social strata, a gap that is actually widening over time. In terms of both subjective and objective economic status, we find that the less fortunate – the poorly educated, those who have difficulties coping on their present income, and the unemployed – experienced a steeper decline in trust from before to after the onset of the crisis than those who are highly educated, live well on their income or are employed. In other words, the economic crisis led to greater losses in trust at the bottom than at the top of the social ladder. This finding fits well with early studies on

the determinants of trust in institutions in general (Almond & Verba 1963; Stokes 1962) and on European integration in particular (Inglehart 1970; Anderson & Reichter 1996; Gabel 1998). Nonetheless, it is a troubling finding as it indicates that political inequalities increased with the economic crisis. Indeed, trust in institutions is not only essential for the functioning of democracies but it is also an important individual asset. Citizens who trust their institutions are more likely to be politically active within them and to voice their need to improve their social position. Thus, the greater losses in trust over the onset of the crisis period experienced by the economically and socially disadvantaged groups may potentially lead to their alienation from the political world, or worse, to anti-democratic and authoritarian mobilization (Kriesi et al. 2012; Offe 2006). Recent studies (Kriesi et al. 2012) have found that globalization ‘losers’ are more likely to show support for radical right-wing parties mobilizing against immigration and European integration. This feeling of unresponsiveness of European institutions to the social conflicts generated by the economic crisis has indeed created the opportunity for populist parties to exploit the popular malaise against the status quo and often to appeal to nationalism and anti-EU feelings (Kriesi et al. 2012; Torcal 2014).

To conclude, additional analyses – not shown for reasons of space but available upon request – show that the decline in trust among the lower social strata was not confined exclusively to individuals in the countries most badly hit by the crisis but was also found, albeit of much smaller magnitude, in countries where the economic crisis was not so harsh. As Torcal (2014) suggests, this might imply that the erosion of trust should not be merely attributed to the economic crisis but it might also be due to citizens’ perceptions that European institutions are in general unresponsive to their demands. Thus, future research should investigate other elements beyond the economic crisis that could be behind falling trust in the EP.

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Table 1 Summary statistics of the variables for the overall sample.

	Mean	Standard Deviation
Trust in European Parliament	4.3	2.4
Interested in politics (1-4)	2.5	0.91
Happiness (0-10)	7.3	1.9
Satisfaction with government (0-10)	3.9	2.4
GDP growth rate	1.4	2.3
Unemployment rate	9.1	4.2
	Proportion	
Education		
Higher education	0.68	
Lower education	0.32	
Feelings about household's current income:		
Perceived higher income	0.80	
Perceived lower income	0.20	
Employment status		
In paid work or in education	0.60	
Unemployed	0.06	
Retired & other not employed	0.34	
Age		
<=34	0.26	
35-64	0.56	
>=65	0.18	
Women	0.50	
Partner: yes	0.66	
Children in HH: no	0.57	
N	159,096	

Table 2 Multilevel Linear Models Predicting Trust in the European Parliament. Unstandardized Coefficients, Standard Errors in Parentheses.

	Model 0	Model 1	Model 2
Intercept	3.982*** (0.156)	3.866*** (0.165)	4.162*** (0.161)
Post-crisis	-0.151 (0.093)	-0.076 (0.108)	-0.064 (0.104)
Peripheral countries	0.493** (0.22)	0.637*** (0.226)	0.68*** (0.221)
Post-crisis × Peripheral countries		-0.3* (0.154)	-0.3* (0.154)
Higher education (r.c)			-0.171*** (0.013)
Lower education			
Feelings about household's income: perceived higher income (r.c)			
Perceived lower income			-0.119*** (0.014)
Employment status: in paid status or in education (r.c.)			
Unemployed			-0.05* (0.023)
Retired & other not employed			-0.102*** (0.015)
Age: <=34 (r.c)			
Age 35 - 64			-0.378*** (0.013)
Age >64			-0.4*** (0.02)
Controls:			
Women: men (r.c)	0.195*** (0.011)	0.195*** (0.011)	0.227*** (0.011)
Partner: no	-0.235*** (0.012)	-0.235*** (0.012)	-0.141*** (0.012)
Children: no	-0.078*** (0.012)	-0.078*** (0.012)	-0.057*** (0.012)
Interest in politics	0.315*** (0.006)	0.315*** (0.006)	0.315*** (0.006)
Happiness	0.104*** (0.003)	0.104*** (0.003)	0.08*** (0.003)
Satisfaction with government	0.392*** (0.002)	0.392*** (0.002)	0.391*** (0.002)
GDP growth rate	-0.009 (0.006)	-0.007 (0.006)	-0.006 (0.006)
Unemployment rate	-0.014 (0.009)	-0.005 (0.01)	-0.005 (0.01)
Random components (standard deviations)			
Wave (Intercept)	0.07912	0.0933	0.08571
Country (Intercept)	0.42345	0.4107	0.39802
Country × Wave (Intercept)	0.31250	0.3054	0.30586
Residual	2.08689	2.0869	2.07541
N of observations		159,096	
N of waves		6	
N of countries		20	
N of country-waves		102	
***p<0.001 **p<0.01 *p<0.05 two-tailed			

Table 3 Multilevel Linear Models Predicting Trust in the European Parliament. Unstandardized Coefficients, Standard Errors in Parentheses.

	Education		Income
	Model 3		Model 4
Intercept	4.185*** (0.161)	Intercept	4.167*** (0.161)
Higher education (r.c.)		Perceived higher income (r.c.)	
Lower education	-0.246*** (0.022)	Perceived lower income	-0.141*** (0.025)
Post-crisis	-0.08 (0.104)	Post-crisis	-0.066 (0.104)
Peripheral countries	0.576** (0.221)	Peripheral countries	0.636** (0.221)
Low ed. × Post-crisis	0.058* (0.029)	Low income × Post-crisis	0.008 (0.032)
Low ed. × Peripheral countries	0.242*** (0.038)	Low income × Peripheral countries	0.174*** (0.043)
Post-crisis × Peripheral countries	-0.211 (0.155)	Post-crisis × Peripheral countries	-0.244 (0.153)
Low ed. × Post-crisis × Peripheral countries	-0.198*** (0.051)	Low income × Post-crisis × Peripheral countries	-0.204*** (0.056)
Random components (standard deviations)			
Wave (Intercept)	0.08559	Wave (Intercept)	0.0862
Country (Intercept)	0.39733	Country (Intercept)	0.3994
Country × Wave (Intercept)	0.30454	Country × Wave (Intercept)	0.3031
Residual	2.07516	Residual	2.0753
N of observations			159,096
N of waves			6

N of countries	20
N of countries-waves	102

Note: the models also control for gender, whether the respondent lives with a partner and has children, interest in politics, happiness, satisfaction with government, GDP growth rate and unemployment rates.

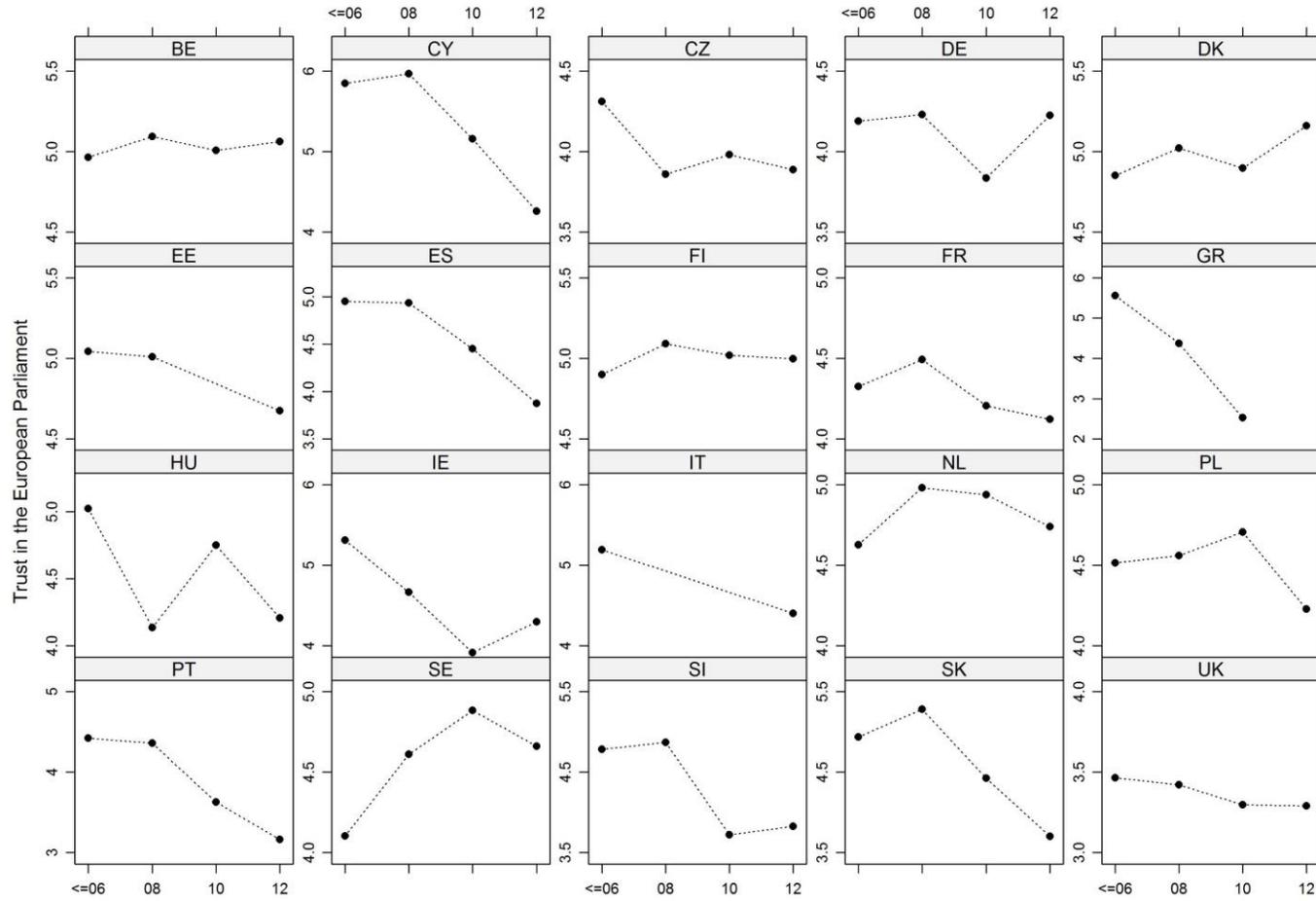
*** $p < 0.001$ ** $p < 0.01$ * $p < 0.05$ two-tailed

Table 4 Multilevel Linear Models Predicting Trust in the European Parliament. Unstandardized Coefficients, Standard Errors in Parentheses.

	Employment status		Age
	Model 5		Model 6
Intercept	4.175*** (0.161)	Intercept	4.221*** (0.161)
In paid status or in education (r.c.)		Age <=34 (r.c.)	
Unemployed	-0.07 (0.042)	35-64	-0.452*** (0.022)
Retired & other not employed	-0.156*** (0.022)	65 and older	-0.517*** (0.031)
Post-crisis	-0.055 (0.104)	Post-crisis	-0.005 (0.106)
Peripheral countries	0.568* (0.221)	Peripheral countries	0.341 (0.222)
Unemployed × Post-crisis	0.086 (0.056)	35-64 × Post-crisis	-0.064* (0.029)
Retired & other not employed × Post-crisis	-0.034 (0.026)	65 and older × Post-crisis	-0.095* (0.037)
Unemployed × Peripheral countries	0.072 (0.083)	35-64 × Peripheral countries	0.413*** (0.042)
Retired & other not employed × Peripheral countries	0.301*** (0.038)	65 and older × Peripheral countries	0.659*** (0.053)
Post-crisis × Peripheral countries	-0.267 (0.155)	Post-crisis × Peripheral countries	-0.3 (0.158)
Unemployed × Post-crisis × Peripheral countries	-0.188 (0.101)	35-64 × Post-crisis × Peripheral countries	0.002 (0.056)
Retired & other not employed × Post-crisis × Peripheral countries	-0.04	65 and older × Post-crisis × Peripheral countries	-0.047

	(0.051)		(0.07)
<u>Random components (standard deviations)</u>			
Wave (Intercept)	0.08652	Wave (Intercept)	0.0861
			5
Country (Intercept)	0.39861	Country (Intercept)	0.3954
			7
Country × Wave (Intercept)	0.30534	Country × Wave (Intercept)	0.3055
			6
Residual	2.07452	Residual	2.0729
			9
<hr/>			
N of observations		159,096	
N of years		6	
N of countries		20	
N of countries-years		102	
<hr/>			
Note: the models also control for gender, whether the respondent lives with a partner and has children, interest in politics, happiness, satisfaction with government, GDP growth rate and unemployment rate.			
***p<0.001 **p<0.01 *p<0.05 two-tailed			
<hr/>			

Figure 1 Mean values of trust in the European parliament before and after the onset of the crisis by country



ⁱ In an exploratory stage we also ran the models using trust in national parliaments and trust in politicians and political parties as dependent variables. The results (not shown but available upon request) mirror quite closely those for the European Parliament, indicating a generalized decline in trust in national and supranational institutions, especially in countries most hit by the economic crisis and among the lower social strata.

ⁱⁱ The GDP growth rate measure comes from the Economy and Finance theme, National Accounts subtheme, of the Eurostat database. It is measured as the percentage change over the previous period of gross domestic product at market prices. The unemployment measure comes from the Population and Social Conditions theme, Labour Market subtheme, of the Eurostat database. The annual unemployment rate is measured from the European Union Labour force survey (EU LFS).

ⁱⁱⁱ In preliminary analyses, other macro-level variables such as length of EU membership were also included in the models but were ultimately excluded as they were not significant and of negligible magnitude.

^{iv} To further test the robustness of the association, each of the four variables (education, income, employment status and age respectively) was also allowed to vary at the country-wave level. The results (not shown but available upon request) do not vary substantially from the random-intercept models.

^v It should be noted that although the three-way interactions terms of interest are significant at the 99% level, not all the interactions terms are statistically significant. Therefore, some caution is required in the overall interpretation of the statistical significance of the results.