



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■



LSE 'Europe in Question' Discussion Paper Series

European Integration: Partisan Motives or Economic Benefits?

Patricia Esteve-González & Bernd Theilen

LEQS Paper No. 71/2014

February 2014



LEQS is generously supported by the LSE Annual Fund





Editorial Board

Dr Joan Costa-i-Font

Dr Vassilis Monastiriotis

Dr Jonathan White

Dr Katjana Gattermann

All views expressed in this paper are those of the author(s) and do not necessarily represent the views of the editors or the LSE.

© Patricia Esteve-González & Bernd Theilen



European Integration: Partisan Motives or Economic Benefits?

Patricia Esteve-González* & Bernd Theilen*

Abstract

In this paper we examine the influence of economic factors on partisan support for European integration over the last three decades. We find that partisan support is larger in 'poorer' countries with direct economic benefits from EU membership. On the other hand, parties in countries affected by the Maastricht criteria are more Euro-sceptical. We also find weak evidence for larger partisan support in countries with more developed welfare states, and that the support for European integration fluctuates in parallel with the business cycle. Finally, our results indicate that the importance of economic factors in determining partisan support for European integration has grown in recent periods.

JEL Classification: F15, F42, F53, F55, H60.

Keywords: European Integration; Partisan Ideology; Maastricht Criteria; European Budget; Benefits from Trade

* Departament d'Economia and CREIP, Universitat Rovira i Virgili, Spain

Email: patricia.esteve@urv.cat and bernd.theilen@urv.cat

Table of Contents

Abstract

1. Introduction	5
2. Hypotheses	10
3. Data description and methodology	17
4. Results	25
4.1 The determinants of partisan support for European integration	25
4.2 Time trends in partisan support for European integration	31
5. Conclusions	35
References	37
Appendix	40
6.1 Data Processing	40

Acknowledgements

We thank Miquel Manjón Antolín, Luís Díaz Serrano, Helmut Herwartz and Oscar Martínez Ibáñez for their comments and suggestions. Financial support from the Spanish Ministerio de Ciencia e Innovación under projects ECO2010-17113 and ECO2010-19733 is gratefully acknowledged.

European Integration: Partisan Motives or Economic Benefits?

1. Introduction

The European Union (EU) represents a unique process of economic and political integration in recent history. Never since World War II have sovereign countries renounced their competences on economic and political issues to such a great extent as in the process of European integration. Throughout most of this process there seemed to be a consensus that more integration was beneficial for all EU members. As a consequence, the European Union has assumed more and more competences from its member countries and has steadily gained new members. So, the EU has grown from 6 countries in 1952 to 28 in 2013. However, recently, scepticism on the benefits of European integration has grown in many member countries. For example, in 2005, France and the Netherlands rejected the EU constitution in a referendum. As a consequence, a referendum on the EU constitution in six other EU member countries has been cancelled or postponed indefinitely. In Spain, recently, the supporters of the EU are now in the minority for the first time.¹ In the UK, David Cameron's Conservative Party is even questioning EU membership and planning a referendum on whether to remain a member of the EU in 2018. One might argue that this increased scepticism is related to the economic crisis that started in 2008. However, it might also be the case that economic factors have played an important role in European integration from its beginning and, therefore, have determined partisan support for

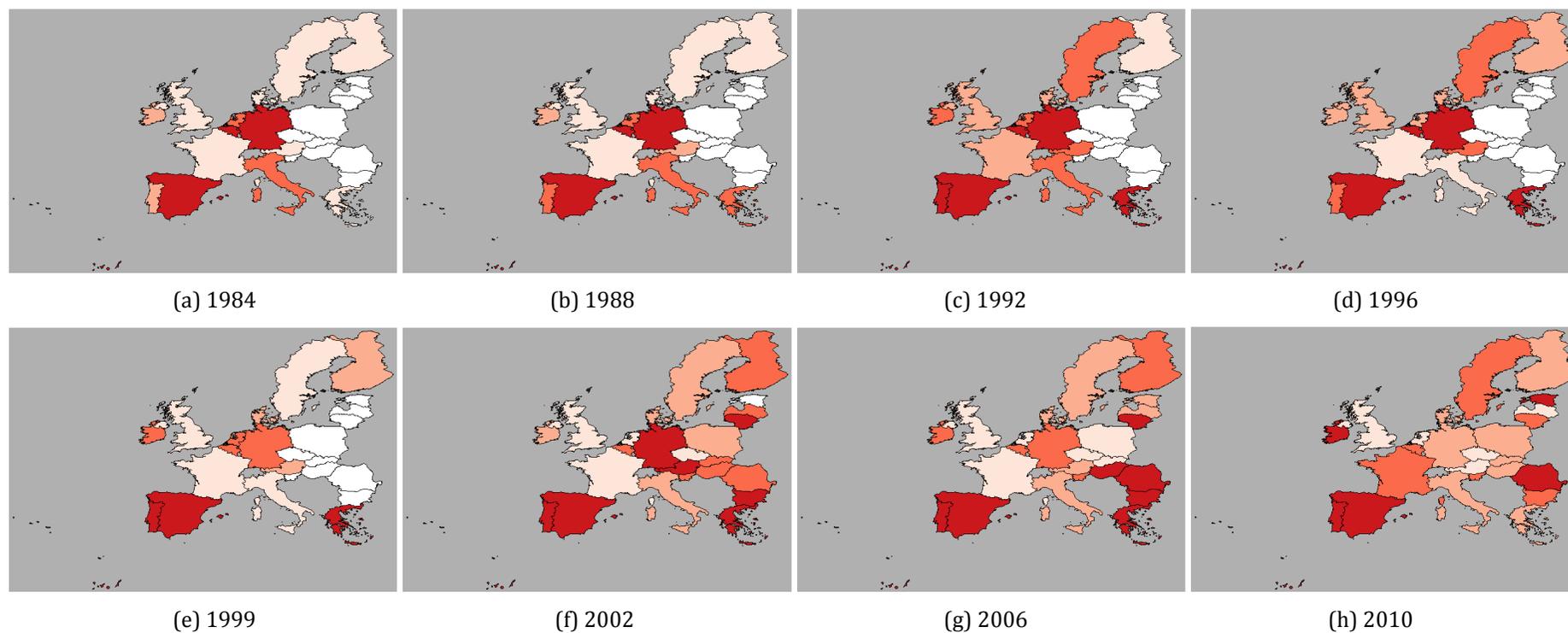
¹ See Pew Research Center (2013), a summary of the 2013 Spring Pew Global Attitudes Survey.

European Integration: Partisan Motives or Economic Benefits?

European integration. In this article we examine whether economic factors have indeed influenced partisan positions towards European integration over the last three decades.

That something has changed in partisan support for European integration becomes very clear from Figure 1, which displays the mean partisan support in European countries from 1984 to 2010. Two main observations can be made. First, partisan support is rather heterogeneously distributed over European countries. This is particularly the case in 1984 and 1988 when partisan attitudes towards European integration, on average, are lower in small peripheral countries such as Portugal, Ireland and Scandinavia and higher in large central European countries such as Germany, France, the UK, Spain and Italy. Second, mean partisan support increased in almost all countries between 1988 and 2002, after which time it started to decrease (except in the new EU member countries). Since changes in partisan constitutions, which have been used as the main explanatory variables for partisan support for European integration in the literature up to now (cf., Marks et al. 2002, or Hellström 2008), are unlikely to be the causes of this change, other determinants of partisan support need to be studied. Naturally, economic factors whose importance is analysed in this paper might have played a prominent role.

Figure 1: Mean partisan positions towards European integration by country and year.



Notes: White colour means that there is no information for that country and the intensity of the red colour corresponds to the intervals: [1, 5], (5, 5.6], (5.6, 6], (6, 7]. The intervals are chosen as the quantiles of the distribution of the mean partisan support for European integration.

European Integration: Partisan Motives or Economic Benefits?

To uncover the partisan and economic determinants that have driven partisan support for European integration over the last three decades, we use data from 297 political parties in 24 countries collected in eight waves (1984–2010) to test six hypotheses, four of which refer exclusively to the influence of economic factors. The other two hypotheses refer to partisan determinants that have proved to influence partisan contestation over European integration (for example, see Marks et al. 2002, and Hellström 2008). Regarding the hypotheses on the economic determinants of partisan support for European integration, first we analyse the influence of direct and indirect economic and monetary benefits, and then we test whether European regulation, the size of welfare states or the business cycle have affected partisan support.

Our results indicate that economic factors have indeed influenced partisan support for European integration in several ways. Partisan support is larger in relatively poorer countries that are supposed to obtain higher benefits from EU membership. On the other hand, it is lower in those countries that were affected by the Maastricht criteria, which indicates that parties worry about losing their influence on national fiscal policies when their countries are controlled by European institutions. Likewise, evidence is weak for larger partisan support in countries with more developed welfare states, and support for European integration increases (decreases) in periods of growth above (below) the average. Finally, dividing our sample period into two subsamples shows that the importance of economic factors in determining partisan support for European integration has increased over time.

The literature on the determinants of partisan support for European integration has not addressed the question of whether partisan contestation over European integration is influenced by economic factors.² Instead, the

² On the contrary, in studies based on public opinion surveys, some authors have found that while citizens from countries with higher income per capita are more sceptical, citizens from countries

literature has focused basically on two kinds of partisan determinant. The first of these is partisan ideology, which has been found to be related to parties' positioning on European integration according to an inverted U-relationship, with central parties being pro-integrationist and extreme parties being Euro-sceptical (Aspinwall 2002; Hellström 2008; Hix 1999; Hix and Lord 1997; Hooghe and Marks 1999; Hooghe et al. 2002; Marks and Steenbergen 2002; Marks and Wilson 2000; Marks et al. 2002). The second kind of partisan determinant that has been taken into account is related to parties' electoral strategies. While well-established parties occupying the ideological centre follow the mainstream and take median voter positions on European integration, peripheral parties try to attract unsatisfied voters by taking more radical positions (Hellström 2008). Thus, parties in government are found to be more pro-integrationist than parties in the opposition. The same is true for parties with greater electoral success (Marks et al. 2002, Hellström 2008). On the other hand, extreme parties are found to be more sceptical of European integration. We confirm these results in our paper with a larger sample regarding its time, country and partisan dimension.

The remainder of this article is organized as follows. Section 2 motivates the hypotheses subjected to empirical testing. Section 3 introduces the data and outlines the estimation procedure. Results are discussed in Section 4. Finally, in Section 5 the results are summarized and their relevance is discussed.

that receive benefits from both net EU transfers and intra-EU trade are more prone to European integration (Doyle and Fidrmuc 2006; Christin 2005; Anderson and Reichert 1996; Eichengerg and Dalton 1993, among others).

2. Hypotheses

The literature has explained political parties' contestation over European integration exclusively in terms of ideological and strategic electoral competition motives (Aspinwall 2002; Hellström 2008; Hix 1999; Hix and Lord 1997; Hooghe and Marks 1999; Hooghe et al. 2002; Marks and Steenbergen 2002; Marks and Wilson 2000; Marks et al. 2002). However, economic factors have not yet been considered as determinants of partisan support for European integration. This is surprising for two reasons. First, as the EU is primarily an economic union that has been designed to facilitate trade and market integration, economic factors should be considered as important determinants of support for European integration. Second, economic factors have been found to play a role in studies on public opinion formation about the European integration process (Garry and Tilley 2009; Doyle and Fidrmuc 2006; Brinegar and Jolly 2005; Christin 2005; Hooghe and Marks 2004; McLaren 2004; Anderson and Reichert 1996; Eichengerg and Dalton 1993) and, therefore, should also influence partisan positions on European integration.³ The main research question in this paper is whether *partisan support* to European integration depends on economic factors and, if so, to what extent. The results of this paper, then, may indicate the extent to which advances in European integration are subjected to the economic development of its member countries and the economic benefits that member countries obtain from integration. We extend the analysis of the determinants of partisan positioning regarding European integration by including economic factors that, as recent developments suggest, seem to have become increasingly important.

³ However, citizen surveys on public opinion are substantially different from experts surveys on political party positioning towards European integration. This is especially the case regarding the distinct objectives of individuals and parties, the determinants of public and partisan positioning and the representativeness of the surveys.

Apart from the novelty of analysing the relevance of economic factors to the partisan support for European integration, this paper makes two other contributions to the literature. First, while previous studies have usually been restricted to cross-sectional estimation and have assumed cross-national homogeneity (and, thus, neglected differences in the importance of the relationship in different countries and at different times), our analysis is based on fixed effects panel data estimation, which controls for both time and country-specific effects. On the one hand, by considering time effects, our analysis accounts for the changing focuses of European integration (single market, common currency, EU enlargement, fiscal harmonization, etc.) and the context of this process (financial crisis, sovereign debt crisis, etc.). On the other hand, by considering country effects, we account for unobservable country specific factors that are likely to influence partisan support for European integration. Second, our study includes a larger set of countries and more time periods, which provides new insights into the evolution of partisan support over the business cycle and of party positioning on European integration in new EU member countries.

Our analysis is based on three sets of hypotheses, each set containing two hypotheses. The first set refers to the ideological and strategic electoral motives that have already been analysed in the literature. The first hypothesis follows Marks et al. (2002) in assuming that parties are organizations with embedded ideologies that are grounded on 'Weltanschauungen' that constitute the basis for their positioning towards European integration. In particular, as far as European integration is concerned, partisan positioning is often related to the historical role that parties played in this integration process. According to the literature, partisan contestation over European integration can be located in a two dimensional space (Hooghe and Marks 1999; Hooghe et al. 2010; Marks and Steenbergen 2002; Marks and

Steenbergen 2004; Marks and Wilson 2002; Marks et al. 2002; Hellström 2008). One dimension measures parties' economic position on market organization (from 'regulated capitalism' to 'neo-liberalism') and the other considers the extent to which decision making is centralised (from regionalism to a supranationalism). While these two dimensions are in principle independent, they are sometimes closely related to each other and highly correlated to the partisan position on an ideological left/right dimension. Thus, extreme left- and right-wing parties are strongly opposed to European integration; social democratic and conservative parties are generally moderately in favour; and liberal parties are strongly in favour. This results in an inverted U-shaped relationship between ideology and partisan support for European integration (Hellström 2008; Marks et al. 2002). According to this, our first hypothesis is:

H1: Ideology determines the partisan position regarding European integration and follows an inverted U-shape relationship.

The second hypothesis takes account of partisan competition and the fact that a party's final objective is to maximize electoral support so that it can implement its policies. According to Hix and Lord (1997) and Taggart (1998), the major parties support European integration because their positioning in favour of mainstream policy issues allows them to minimize intra-party tensions. Therefore, parties protect the status quo with a neutral position on such 'new issues' as European integration (Marks et al. 2002). Minor parties take advantage of the resulting convergence of the policy positions of major parties by formulating extreme positions on European integration in an attempt to attract votes from Euro-scepticals. Following Marks et al. (2002), we use three indicators to see whether strategic electoral motives influence partisan positioning on European integration. First, if the major parties are more pro-European, we would expect support for European integration to increase with the share of votes that parties obtain in general elections.

Second, parties in government would be expected to have a more favourable position towards European integration than parties that are excluded from government, since the former can be made more responsible for the current state of European integration. Finally, parties located at the extremes on an ideological left/right dimension can also be expected to take more extreme positions regarding European integration. In summary, the second hypothesis we formulate is:

H2: Partisan support for European integration follows strategic electoral motives and is positively related to electoral support and government participation.

Our second set of hypotheses considers the economic dimension of European integration. Specifically, we analyse whether the economic costs and benefits of European integration have an influence on partisan positioning in favour or against European integration in different member countries. Hypothesis three takes account of the direct economic benefits that have also been found to have a positive influence on citizen support for European integration (Garry and Tilley 2009; Brinegar and Jolly 2005; Hooghe and Marks 2004; McLaren 2004; Anderson and Reichert 1996; Eichengerg and Dalton 1993). These benefits can be measured in various ways. As an initial measure, we consider the difference between the member countries' contribution payments to the EU budget and the expenditure of the EU in these countries. While these (net) expenditures are obviously only a part of the economic benefits of EU membership, they need to be taken into account for several reasons. On the one hand, both the contributions to the EU budget and the EU expenditures in member countries are the result of extensive negotiations between member countries. For example, the UK corrections, which reduced the contributions of the UK to the EU budget, were agreed to by the 1984 Fontainebleau European Council after long negotiations. Their press coverage and role in the national elections made voters in member countries more

European Integration: Partisan Motives or Economic Benefits?

aware of the financial benefits and costs of European integration. Therefore, the position of the median voter regarding European integration should depend on these benefits and costs and, as a consequence, partisan positions towards European integration should also depend on them. On the other hand, because of limited rationality, voters tend to give greater value to direct costs and benefits rather than the indirect costs and benefits of European integration, which are furthermore much more difficult to measure. As a consequence, both voters and parties will give more importance to the financial costs and benefits than to other advantages and disadvantages of European integration.

Another important advance in European integration has been the creation of the European Monetary Union (EMU). An important argument in favour of the EMU is that a common market with a common currency increases trade among EMU member countries. According to Frankel and Rose (2002), the formation of a currency union allows member countries to triple trade with other currency member countries without diverging trade from non-member countries. They also find that, in the mid-run, a percent increase in total trade raises income per capita by one-third of a percent. This means that the economic benefits from the EMU should be substantial, particularly for large and centrally located economies that, according to the gravity model of trade, should obtain the largest benefits. Therefore, as a second measure of economic benefits, we consider a country's benefits from EMU induced trade which should be positively related to partisan positioning in favour of European integration in these countries. Interestingly, total trade, as a measure related to the one used in this study, has been found to have a positive influence on citizens' support for European integration in McLaren (2004), Anderson and Reichert (1996) and Eichengerg and Dalton (1993).

Finally, more European integration should lead to the convergence of EU member countries. This economic convergence should primarily benefit those countries that are below the European mean per capita income. Accordingly, Garry and Tilley (2009) find that gross national income has a negative influence on support for European integration in public opinion surveys. Consequently, we should expect more support for European integration from parties in relatively 'poor' countries than from parties in relatively 'rich' countries. Our third hypothesis is:

H3: Parties' positioning regarding European integration depends positively on the economic benefits of the party's country from such integration.

As mentioned above, European integration implies the centralization of decision making. New supranational institutions assume competencies that formerly belonged to the governments of the member countries and, therefore, were under the control of national parties. This has especially affected economic competencies. The Maastricht criteria in 1992 were a first attempt to control government deficits and debt and, thereby, government spending at the national level. Another example is the creation of the EMU and the introduction of the euro, which delegated the control of the monetary policy in EMU member countries from national institutions to a supranational institution. With hypothesis four we analyse whether partisan positioning regarding European integration has changed in those countries that have been especially affected by the control of supranational European institutions.⁴ We use the Maastricht criteria to analyse whether the creation of supranational institutions had a significant influence on partisan positioning towards European integration in those countries with excessive budget deficits and

⁴ The role of supranational institutional change on the influence of partisan ideology on social expenditure has recently been analysed by Herwartz and Theilen (2013). They find that, indeed, the creation of supranational institutions has limited partisan influence on social spending in the OECD during the last two decades.

debt, and which did not fulfil the three percent deficit criterion, the 60 percent debt criterion, or both. Our fourth hypothesis is:

H4: The creation of European institutions that assume national competencies and limit the partisan influence on formerly national policy issues reduces partisan support for European integration.

Our third set of hypotheses takes account of the country's economic situation. Hypothesis five examines whether there is a relationship between national advances in the welfare state and partisan support for European integration. As European integration means the convergence of member economies, we could interpret advances in European integration as a reduction of welfare differences among EU member countries. Countries with larger welfare states have median citizens that support more welfare spending and redistribution than countries with smaller welfare states. Therefore, the population in countries with more advanced welfare states could also be expected to be more prone to a reduction of differences in welfare across countries. Accordingly, our fifth hypothesis is:

H5: In countries with a larger welfare state, parties are more prone to European integration.

Finally, hypothesis six aims to account for the influence of the business cycle on parties' contestation over European integration. Smith and Wanke (1993) point out that European integration might have heterogeneous effects on countries' economic performance. Thus, even if the total benefits of European integration are larger than its costs, the distribution of these benefits and costs will be unequal across countries. If these costs lead to more unemployment and less growth in some countries (relative to past national performance), they diagnose that the population and the governments in these countries will reduce their support for continued integration. On the other hand, as well as goods and capital market integration, European integration also implies the

integration of labour markets. Thus, European integration facilitates finding work in other member countries as barriers to entry are reduced. Therefore, an increase in unemployment could also raise partisan support for European integration. Indeed, in the literature on citizen support for European integration we find mixed evidence on the effect of unemployment. While Doyle and Fidrmuc (2006) state that higher unemployment has a positive influence on support for European integration in 7 EU candidate countries in 2002, Eichenberg and Dalton (1993) find a negative influence. A positive relationship between citizen support for European integration and economic growth is found, for example, in Christin (2005). We formulate these considerations as:

H6: Party positions regarding European integration depend on the business cycle of the parties' country. Partisan support for European integration increases when a country's GDP grows while the effect of a country's unemployment rate is ambiguous.

3. Data description and methodology

Our analysis is based on the Chapel Hill Expert Survey which merges three data sets: Bakker et al. (2012), Hooghe et al. (2010) and Ray (1999). We use the data from eight waves of surveys (1984, 1988, 1992, 1996, 1999, 2002, 2006 and 2010) for 24 member countries of the European Union (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Sweden and United Kingdom, for all years; Bulgaria, Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia since 2002; and Estonia since 2006).⁵ The Chapel Hill Expert Survey contains evaluations by political scientists (experts) about partisan positions

⁵ Note that we extracted the data from these surveys in January 2013 when the 2010 survey had already been published but not completely finished. In the Appendix we give more details on how we treated the observations for 2010 and missing values in general.

European Integration: Partisan Motives or Economic Benefits?

regarding European integration of major and minor parties in the experts' native country. The number of experts' responses depends on the year of the survey and ranges from 135 in 1984, with an average of 8 experts per country, to 343 in 2010, with an average of 12 experts per country. Because parties enter and exit, and several countries were included after 2002, our database is an unbalanced panel with a total of 297 different parties and 1164 observations with approximately 10 parties per country and year.⁶ The estimation method is panel data regression with fixed effects.

Our dependent variable is partisan contestation on European integration, which measures party positions towards the European integration process in the year of the survey as the mean of the experts' individual rankings. *European integration* is the logarithm of a categorical variable that ranges from 1, strongly opposed, to 7, strongly in favour. Although the experts' answers are integer numbers, our dependent variable, as the logarithm of the mean of their evaluations, is not normally the logarithm of an integer.

Our explanatory variables can be arranged into six groups according to our six hypotheses. To test hypothesis 1, as in Hellström (2008), we use *Ideology* and, as in Marks et al. (2002), partisan family. *Ideology* is a categorical variable that measures parties' ideological position from 0, extreme left, to 10, extreme right. As in Hellström (2008), we also consider this variable in squared form (*Ideology Squared*), since the relationship between partisan support for European integration and ideology is non-linear (radical parties at both ends of the ideological spectrum tend to be more Euro-sceptical than central parties). Further partisan characteristics are measured by dichotomous variables for ten partisan families: *Radical Right*, *Conservative*, *Liberal*, *Christian Democratic*, *Socialist*, *Radical Left*, *Green*, *Regionalist/Ethnic*, *Confessional*,

⁶ See Bakker et al. (2012), Hooghe et al. (2010) and Ray (1999) for more details on the distribution of parties over countries and years.

Agrarian, and *No Family*. Hypothesis 2 is tested with two variables, *Electoral Support* and *Government Participation*, which have also been used by Marks et al. (2002) and Hellström (2008). *Electoral support* is measured as a party's share of total votes in the last national parliamentary elections before the survey year in percentage points.⁷ *Government participation* is a dummy which takes value one for parties that are in office during the year of the survey.⁸

Hypothesis 3 is contrasted with three different variables, *Relative Income*, *EU Net Expenditure* and *Trade Benefits*. *Relative Income* takes the difference between countries real per capita income and the EU mean (in thousands of euros and purchasing power parity implied prices with 2000 as the base year). *EU Net Expenditure* is the difference between a country's contributions to the EU budget and EU expenditure in this country.⁹ It is measured as a share of GDP in percentage points. *Trade Benefits* are the benefits from EMU membership induced trade as a share of GDP quoted in percentage points.¹⁰ To calculate *Trade Benefits* we first estimate the linear trend in trade per GDP between EMU member countries for each of these countries before the introduction of the euro (from 1995 to 2001). Then, we calculate the differences between the observed trade and the forecasted trade for a fictitious scenario without the euro based on our trend estimates for the period before 2001.¹¹ Finally,

⁷ Notice that this variable is different from a similar variable considered by Hellström (2008), where it is measured as the increment of votes in the last elections.

⁸ Though *Government Participation* is a dichotomous variable that takes value 1 when the party is in government and 0 otherwise, it can also take value 0.5 (for both outgoing parties and entering parties) if there is a change of government in the survey year. Notice also that we measure *Government Participation* differently from Marks et al. (2002). Their variable takes value one when a party has participated in government at least once in the period 1965-1995.

⁹ We also include in *EU Net Expenditure* transfers from the EU to Bulgaria, Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia before these countries were EU members.

¹⁰ Notice that measuring trade as a share of GDP automatically accounts for business cycle fluctuations.

¹¹ The estimated effects of EMU-induced trade are in line with the predictions of the gravity model. Thus, trade benefits are highest for centrally located and large economies (Germany), medium for small centrally located economies (Austria, Belgium, Luxembourg, Netherlands) and large but more peripheral economies (France, Italy, Spain) and almost non-existent for small

following Frankel and Rose (2002) who estimated the welfare effects of currency unions, we assume that a one percent increase in a country's overall trade (relative to GDP) raises income per capita by at least one-third of a percent. Per definition, *Trade Benefits* are non-negative and, for EMU non-member countries, zero. We consider *Trade Benefits* after the adoption of the euro (i.e., when a country introduces euro banknotes and coins).

To test hypothesis 4, we use two alternative types of variables. *Maastricht Debt Non-Compliance*, *Maastricht Deficit Non-Compliance*, and *Maastricht Debt and Deficit Non-Compliance* are dummy variables. *Maastricht Debt Non-Compliance* takes value one when the country's government debt exceeds 60% of GDP but complies with the deficit criterion. Similarly, *Maastricht Deficit Non-Compliance* takes value one when government deficit is more than 3% of GDP but fulfils the debt criterion. Finally, *Maastricht Debt and Deficit Non-Compliance* is one when a country exceeds both thresholds. As an alternative to these variables constructed according to the Maastricht criteria, we use total *Government Debt* and the *Budget Deficit*, both measured as a share of GDP in percentage points. Per definition, all these variables are zero in the period before 1992, the year in which the Maastricht Treaty was signed.

The influence of the size of the welfare state on partisan contestation over European integration (i.e., hypothesis 5) is analysed by two variables: *Public Expenditure* and *Inequality*. *Public Expenditure* is the logarithm of total general government expenditure as a share of GDP in percentage points. As can be seen in Table 2, this variable oscillates between 3.51 and 4.26. The lowest value corresponds to Ireland in 2002 and to Lithuania in 2006 (33.5% of GDP). The highest value corresponds to Sweden in 1992 (70.5% of GDP). *Inequality* is measured by the logarithm of the GINI index which ranges from 0, perfect

peripheral countries (Finland, Greece, Ireland, Portugal). Furthermore, for a control group of EMU non-member countries (Denmark, Sweden, UK), there are no effects of EMU induced trade.

equality, to 100, perfect inequality. Table 2 shows that *Inequality* varies between 3.00 and 3.66, which corresponds to a GINI index of 20 (for Finland in 1988 and 1992, and Sweden 1984 and 1988) and 39 (for Greece in 1984 and Latvia in 2006), respectively. Finally, to test hypothesis 6, we use *Growth* and *Unemployment*. *Growth* measures the difference between a country's annual real per capita income growth rate and the country's mean growth rate in the period 1980-2010 (with prices indexed to 2005). Similarly, *Unemployment* is the difference between a country's annual unemployment rate and the country's mean unemployment rate in the period 1980-2010.

European Integration: Partisan Motives or Economic Benefits?

Table 1: Data definitions and sources

Variable	Measurement	Source
<i>European Integration</i>	Logarithm of parties' position towards European integration from 1 (strongly opposed) to 7 (strongly in favour).	Bakker et al. (2012), Hooghe et al. (2002) and Ray (1999)
<i>Ideology</i>	Parties' ideological position from 0 (extreme left) to 10 (extreme right).	Bakker et al. (2012) and Ray (1999)
<i>Electoral Support</i>	Parties' share of total votes in the last national government elections before the survey year in percentage points.	Bakker et al. (2012) and Ray (1999)
<i>Government Participation</i>	Dichotomous variable for parties in government (1 = in government)	Bakker et al. (2012) and Ray (1999)
<i>Relative Income</i>	Difference between the country's real per capita income and the EU mean real per capita income in thousands of euros PPP.	Own calculation with data from Eurostat (2013a) and WDB (2013). Conversion of data in dollars from WDB (2013) into euros by Fxtop (2013)
<i>EU Net Expenditure</i>	EU expenditure in the country minus national contributions to the EU budget as a share of GDP in percentage points.	Own calculation with data from European Commission (2009) and European Commission (2013)
<i>Trade Benefits</i>	Benefits from EMU membership induced trade as a share of GDP in percentage points.	Own calculation with data from Eurostat (2013b)
<i>Maastricht Debt Non-compliance</i>	Dichotomous variable for countries with a government debt of more than 60% of GDP and a government deficit of less than 3% of GDP (1 = non-compliance).	Own calculation with data from International Monetary Fund (2010)
<i>Maastricht Deficit Non-compliance</i>	Dichotomous variable for countries with a government deficit of more than 3% of GDP and a government debt of less than 60% of GDP (1 = non-compliance).	Own calculation with data from OECD (2012) and Eurostat (2012)
<i>Maastricht Debt and Deficit Non-compliance</i>	Dichotomous variable for countries with both a government debt and deficit of more than 60% and 3% of GDP, respectively (1 = non-compliance).	Own calculation with data from International Monetary Fund (2010), OECD (2012) and Eurostat (2012)
<i>Government Debt</i>	Government debt as a share of GDP in percentage points.	International Monetary Fund (2010)
<i>Budget Surplus</i>	Government surplus as a share of GDP in percentage points.	OECD (2012) and Eurostat (2012)
<i>Public Expenditure</i>	Logarithm of total general government expenditure as a share of GDP in percentage points.	OECD (2013a) and Eurostat (2012)
<i>Inequality</i>	Logarithm of the GINI index (that varies between 0, perfect equality, and 100, perfect inequality).	UNU-WIDER (2013)
<i>Growth</i>	Difference between the country's annual per capita income growth rate and the country's mean growth rate in the period 1980-2010 (base year for real per capita income 2005).	Own calculation with data from OECD (2013a) and WDB (2013)
<i>Unemployment</i>	Difference between the country's annual unemployment rate and the country's mean unemployment rate in the period 1980-2010.	Own calculation with data from WDB (2012b)

Note: The measurement of variables refers to the respective survey year if not indicated otherwise.

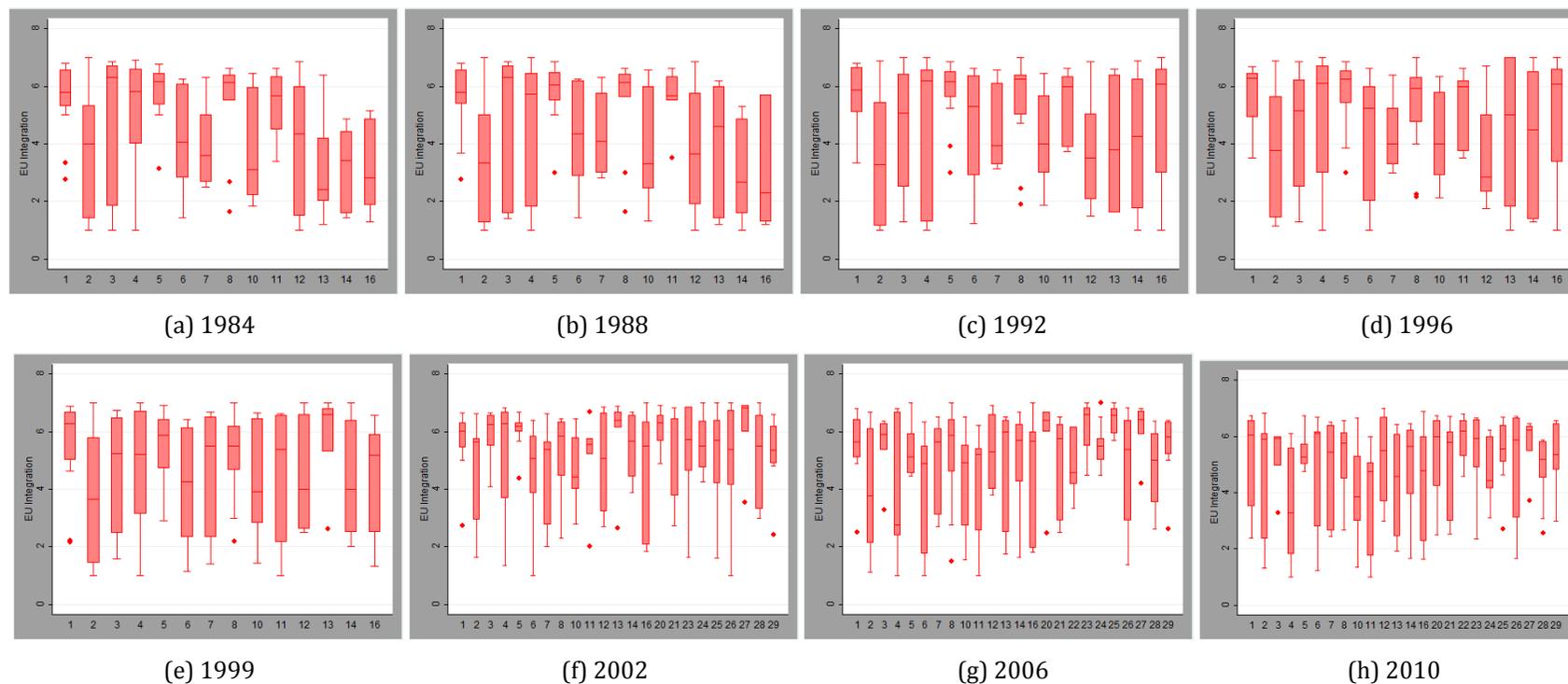
Table 1 summarizes the measurement of the variables and gives detailed information on the sources from which the data is obtained. Table 2 gives some details on descriptive statistics. We observe that there is considerable heterogeneity among countries and parties. For example, *Relative Income* varies from 17,400 euros below the EU per capita average to 9,800 euros above. Heterogeneity of partisan support for European integration can also be observed in Figure 2 which displays not only differences in mean partisan support across countries and across time periods but also differences in the countries' distribution of partisan support. As mentioned above, because differences in partisan ideology or competition are unlikely to be responsible for this cross-country cross-time variation, economic factors are a possible explanation for the observed heterogeneity in partisan support for European integration.

Table 2: Descriptive statistics

Variable	Mean	Std. Dev.	Min	Max
<i>European Integration</i>	1.47	0.52	0	1.95
<i>Ideology</i>	4.96	2.36	0	10
<i>Electoral Support</i>	11.06	12.24	0	52.73
<i>Government Participation</i>	0.28	0.44	0	1
<i>Relative Income</i>	-1.71	5.53	-17.40	9.80
<i>EU Net Expenditure</i>	0.60	1.38	-4.14	6.66
<i>Trade benefits</i>	0.55	1.47	0	7.80
<i>Maastricht Debt Non-compliance</i>	0.17	0.37	0	1
<i>Maastricht Deficit Non-compliance</i>	0.19	0.39	0	1
<i>Maastricht Debt and Deficit Non-compliance</i>	0.22	0.41	0	1
<i>Government Debt</i>	49.88	36.95	0	144.55
<i>Budget Surplus</i>	-2.64	3.32	-13.30	5.00
<i>Public Expenditure</i>	3.86	0.16	3.51	4.26
<i>Inequality</i>	3.36	0.16	3.00	3.66
<i>Growth</i>	0.87	2.36	-6.09	10.82
<i>Unemployment</i>	0.42	2.77	-7.74	8.63

European Integration: Partisan Motives or Economic Benefits?

Figure 2: Distribution of partisan positions towards European integration by country and year.



Notes: Numbers correspond to countries as follows: Belgium (1), Denmark (2), Germany (3), Greece (4), Spain (5), France (6), Ireland (7), Italy (8), the Netherlands (10), United Kingdom (11), Portugal (12), Austria (13), Finland (14), Sweden (16), Bulgaria (20), Czech Republic (21), Estonia (22), Hungary (23), Latvia (24), Lithuania (25), Poland (26), Romania (27), Slovakia (28) and Slovenia (29).

4. Results

4.1 The determinants of partisan support for European integration

In what follows we briefly comment on model diagnostics to provide support for the estimation approach adopted. Then, we comment in detail on the estimation results regarding the hypotheses raised in Section 2. Following the literature, in columns 1 and 2 of Table 3 we estimate a model (Model 1) that includes partisan variables with standard OLS panel data regression. Though our sample includes four more waves of expert surveys and nearly twice the number of countries, our results in column 1 mainly confirm the findings in Marks et al. (2002). Radical parties are opposed to European integration, while liberal, Christian democratic and social democratic parties widely support it. Furthermore, parties in government and with larger electoral support favour European integration. From these results we can confirm hypotheses 1 and 2 that partisan positioning on European integration is determined by ideological and strategic electoral motives.

Table 3: Panel data estimation results for the influence of partisan variables on *European Integration*.

	Model 1		Model 2	
	OLS		Fixed Effects	
<i>Radical Right</i>	-0.460*** (0.062)		0.245 (0.244)	
<i>Conservatives</i>	0.250*** (0.061)		0.177 (0.201)	
<i>Liberal</i>	0.492*** (0.057)		0.104 (0.185)	
<i>Christian-Democratic</i>	0.415*** (0.065)		0.326 (0.205)	
<i>Socialist</i>	0.367*** (0.061)		0.154 (0.301)	
<i>Radical Left</i>	-0.341*** (0.055)		0.167 (0.342)	
<i>Green</i>	0.141** (0.060)			
<i>Regionalist/Ethnic</i>	0.257*** (0.062)			
<i>Confessional</i>	-0.037 (0.078)		-0.311 (0.193)	
<i>Agrarian</i>	0.116 (0.079)		0.248 (0.227)	
<i>Ideology</i>		0.522*** (0.019)		0.192*** (0.035)
<i>Ideology Squared</i>		-0.051*** (0.002)		-0.020*** (0.003)
<i>Electoral Support</i>	0.004*** (0.001)	0.005*** (0.001)	-0.001 (0.002)	-0.001 (0.002)
<i>Government Participation</i>	0.067** (0.029)	0.090*** (0.026)	0.039** (0.019)	0.032* (0.019)
<i>1984</i>	-0.103** (0.045)	-0.051 (0.042)	-0.125*** (0.026)	-0.123*** (0.026)
<i>1988</i>	-0.094** (0.045)	-0.023 (0.042)	-0.092*** (0.026)	-0.092*** (0.026)
<i>1992</i>	-0.033 (0.044)	0.050 (0.041)	-0.034 (0.025)	-0.033 (0.026)
<i>1996</i>	-0.025 (0.044)	0.040 (0.041)	-0.029 (0.025)	-0.035 (0.025)
<i>1999</i>	-0.024 (0.044)	-0.060 (0.040)	-0.029 (0.026)	-0.054** (0.026)
<i>2002</i>	0.034 (0.041)	0.031 (0.036)	0.001 (0.023)	-0.008 (0.023)
<i>2006</i>	-0.009 (0.040)	0.006 (0.036)	-0.013 (0.022)	-0.013 (0.022)
<i>Constant</i>	1.269*** (0.077)	0.361*** (0.065)	1.387*** (0.151)	1.177*** (0.096)
<i>N</i>	1192	1164	1192	1164
<i>R-sq / R-sq within</i>	0.535	0.554	0.071	0.092
<i>F test $u_i=0: Prob>F$</i>	-	-	0.000	0.000
<i>Hausman test: : $Prob>\chi^2$</i>	-	-	0.000	0.000

Notes: Standard errors are in parentheses. *, **, *** indicate significance at the 10, 5 and 1 percent level, respectively. The base categorical variables for party family, country and year are *No Family*, *Germany* and *2010*, respectively. Country dummies with a significant positive effect in both models are Belgium, Spain and Italy, and with a significant negative effect Denmark and Finland. The largest effects in Model 1 are for Finland, with a coefficient of -0.305, and Spain, with a coefficient of 0.244. The detailed results are available upon request from the authors.

Following Hellström (2008), in column 2 we have captured family characteristics using a one dimensional ideology variable for which we confirm a quadratic relationship with parties' contestation over European integration. We find that replacing partisan family by this ideology variable does not significantly decrease the explanatory content of the model, as the respective R^2 of the models in columns 1 and 2 are almost identical. Therefore, for further analysis we will use this ideological variable to capture partisan family characteristics. Columns 3 and 4 display the estimation results from fixed effects panel data regression (Model 2). While the direction and significance of the diagnosed effects is rather similar to those of Model 1 (with the exception that electoral support becomes insignificant), we find that the existence of fixed effects cannot be rejected from standard F- and Hausman tests with negligible error. Therefore, we regard fixed effects estimation as the appropriate method for further analysis. Note also that in the fixed effects estimation with partisan family and country dummies (column 3 of Table 3) all these dummy variables become insignificant (in comparison to the model estimated in column 1). This also indicates that neither the family nor the country dummies are indicated to capture unobserved heterogeneity among parties.¹²

¹² Furthermore, once we estimate by fixed effects, most of our categorical variables are omitted because of collinearity, as it is the case with green and regionalist/ethnic party family and all country dummies.

Table 4: Fixed effects estimation results for the influence of partisan and economic variables on *European Integration*.

	Model 2 H1-H2	Model 3 H1-H4	Model 4 H1-H6	Model 4 H1-H6	Model 4 H1-H6
<i>Ideology</i>	0.192*** (0.035)	0.208*** (0.035)	0.201*** (0.034)	0.209*** (0.034)	0.205*** (0.034)
<i>Ideology Squared</i>	-0.020*** (0.003)	-0.021*** (0.003)	-0.020*** (0.003)	-0.022*** (0.003)	-0.021*** (0.003)
<i>Electoral Support</i>	-0.001 (0.002)	-0.001 (0.002)	-0.001 (0.002)	-0.001 (0.002)	-0.001 (0.002)
<i>Government Participation</i>	0.032* (0.019)	0.023 (0.018)	0.026 (0.018)	0.027 (0.018)	0.030* (0.018)
<i>Relative Income</i>		-0.020*** (0.005)	-0.020*** (0.005)	-0.003 (0.006)	-0.002 (0.006)
<i>EU Net Expenditure</i>		-0.002 (0.008)	-0.005 (0.008)	0.004 (0.008)	0.001 (0.008)
<i>Trade Benefits</i>		-0.017*** (0.006)	-0.019*** (0.006)	-0.015** (0.006)	-0.016*** (0.006)
<i>Maastricht Debt Non-Compliance</i>		-0.065** (0.026)		-0.063** (0.026)	
<i>Maastricht Deficit Non-Compliance</i>		-0.079*** (0.029)		-0.060** (0.030)	
<i>Maastricht Debt and Deficit Non-Compliance Government Debt</i>		-0.088*** (0.030)		-0.080*** (0.031)	
<i>Budget Surplus</i>			-0.001*** (0.001)		-0.001** (0.001)
			0.006 (0.004)		0.008 (0.005)
<i>Public Expenditure</i>				-0.002 (0.109)	0.055 (0.118)
<i>Inequality</i>				0.003 (0.078)	-0.012 (0.078)
<i>Growth</i>				0.013*** (0.004)	0.013*** (0.004)
<i>Unemployment</i>				0.017*** (0.003)	0.017*** (0.003)
1984	-0.123*** (0.026)	-0.327*** (0.048)	-0.391*** (0.056)	-0.273*** (0.048)	-0.342*** (0.057)
1988	-0.092*** (0.026)	-0.282*** (0.045)	-0.346*** (0.054)	-0.240*** (0.047)	-0.308*** (0.055)
1992	-0.033 (0.026)	-0.151*** (0.035)	-0.156*** (0.034)	-0.088** (0.036)	-0.090** (0.036)
1996	-0.035 (0.025)	-0.141*** (0.033)	-0.150*** (0.034)	-0.124*** (0.034)	-0.132*** (0.035)
1999	-0.054** (0.026)	-0.190*** (0.039)	-0.197*** (0.041)	-0.143*** (0.041)	-0.159*** (0.041)
2002	-0.008 (0.023)	-0.117*** (0.035)	-0.116*** (0.034)	-0.040 (0.038)	-0.044 (0.036)
2006	-0.013 (0.022)	-0.067** (0.029)	-0.079** (0.033)	-0.028 (0.031)	-0.049 (0.034)
Constant	1.177*** (0.096)	1.266*** (0.098)	1.346*** (0.102)	1.234** (0.534)	1.147** (0.561)
<i>N</i>	1164	1164	1164	1164	1164
R-sq within	0.092	0.124	0.128	0.160	0.166
Hausman test: $Prob > \chi^2$	0.000	0.000	0.000	0.000	0.000

Notes: Standard errors are in parentheses. *, **, *** indicate significance at the 10, 5 and 1 percent level, respectively. The base categorical variables are *Germany* (country) and *2010* (year).

Table 4 displays the fixed effects estimation results used to contrast the hypotheses stated in Section 2. Column 1 replicates the results of column 4 in Table 3 (Model 2) which, as mentioned above, allow hypotheses 1 and 2 to be confirmed. Columns 2 and 3 contain the second set of variables to test whether the economic benefits and costs of EU membership influence partisan contestation over European integration (Model 3). In the case of hypothesis 3, we find mixed evidence for such an influence. On the one hand, when economic benefits and costs are related to the distance of countries' per capita income from the European mean, we do find that poorer countries (which should be expected to obtain higher net benefits) are more in favour of European integration than richer countries (for whom net benefits will probably be lower). So, we find that the difference between the poorest and the richest economy represents a decrease in the support for European integration of 54.4%.¹³ On the other hand, direct financial benefits from the EU turn out to have no influence on partisan contestation over European integration. Finally, we find that parties in countries with higher benefits from EMU-induced trade are more opposed to EU integration than parties in those countries that benefit less. The estimated effect of the difference between a country with no *Trade Benefits* to a country with the highest *Trade Benefits* is a 13.26% decrease in partisan support for European integration. This is an unexpected result which could have two explanations. First, as EMU-induced benefits from trade are indirect benefits that are difficult to quantify, voters and parties might not take them into account when positioning on European integration issues. Second, *Trade Benefits* is based on the sum of exports and imports which may have different impacts on partisan positioning towards European integration. So, parties may consider an increase in exports to be more positive for their economies than an increase in imports. However, measuring *Trade Benefits* as trade balance (exports minus imports as a share of

¹³ Table 2 shows that this corresponds to a change in relative income from -17.40 to 9.80.

GDP) provides rather similar estimation results.¹⁴ Nevertheless, as the impact of relative income is considerable, we consider this as weak evidence in favour of hypothesis 3 and conclude that economic costs and benefits have an influence on partisan positioning towards European integration.

With respect to hypothesis 4, we find that parties in countries that either did not fulfil the 3 percent deficit or the 60 percent debt criterion of the Maastricht Treaty after 1992 manifest lower support for European integration by 7.9% and 6.5%, respectively. For parties in countries that violate both criteria simultaneously, the decrease in partisan support for European integration is slightly larger (8.8%). Since any control of the fulfilment of the Maastricht criteria tends to be rather weak, we use the absolute amount of budget surplus and debt in the estimation in column 3 of Table 4 as an alternative measure for the influence of supranational institutional intervention. We find that an increase in government debt and budget deficit decreases partisan support for European integration. However, the second effect is not significant. We also find that an increase of 10 percentage points in government debt decreases partisan support for European integration by 1%. Therefore, hypothesis 4 can be accepted, at least regarding government debt. Parties, then, dislike losing their influence on national fiscal policies because of the creation of European institutions.

The third set of hypotheses is contrasted with Model 4, the estimation results of which are displayed in columns 4 and 5 of Table 4. Regarding the influence of larger welfare states, we find that none of our two indicator variables, *Inequality* and *Public Expenditure*, has a significant effect on our dependent variable. Therefore, we reject hypothesis 5. Finally, regarding the impact of the business cycle, we find that parties in countries with higher per capita income growth are more in favour of European integration. Our results show

¹⁴ The detailed estimation results are available upon request from the authors.

that partisan support for European integration increases by 13% when a country's growth rate increases 10 percentage points. We find similar results for *Unemployment*. Here, an increase of the unemployment rate of 10 percentage points represents a 17% increase in partisan support for European integration. We take both results as evidence for hypothesis 6 that the business cycle influences partisan support for European integration.

Regarding the estimated time effects, we find that support for European integration significantly increased by around 25% in the period from 1984 to 1992. In the period from 1992 to 1999 support was 9 to 16% lower than in 2010. Finally, between 2002 and 2010 we do not observe significant differences in the estimated time effects. Note also that our estimation results are rather robust as the inclusion of new explanatory variables in Models 3 and 4 does not have any great effect on the estimates of Models 2 and 3. In summary, we have found evidence, though of different degrees of strength, for all of our hypotheses in Section 2 except for hypothesis 5.

4.2 Time trends in partisan support for European integration

As there have been important institutional changes in the European Union we also study the stability of our estimated model. For this purpose we divide the sample period into two subsample periods. We regard the creation of the EMU in 1999 as an important event that could have affected the determinants of partisan contestation on European integration. Consequently, we re-examine Model 4 in Table 4 for the subsample periods 1984-1996 (Model 5) and 1999-2010 (Model 6) in Table 5.

Table 5: Fixed effects estimation results for the influence of partisan and economic variables on *European Integration* for subsamples: 1984-1996 and 1999-2010.

	Model 5 1984-1996		Model 6 1999-2010	
<i>Ideology</i>	0.304*** (0.083)	0.301*** (0.083)	0.225*** (0.037)	0.214*** (0.037)
<i>Ideology Squared</i>	-0.030*** (0.008)	-0.030*** (0.008)	-0.020*** (0.003)	-0.020*** (0.003)
<i>Electoral Support</i>	-0.006** (0.003)	-0.006** (0.003)	-0.001 (0.001)	-0.000 (0.001)
<i>Government Participation</i>	0.055** (0.028)	0.057** (0.028)	0.013 (0.016)	0.016 (0.016)
<i>Relative Income</i>	-0.004 (0.014)	-0.000 (0.013)	-0.011 (0.008)	-0.017** (0.007)
<i>EU Net Expenditure</i>	-0.022 (0.018)	-0.027 (0.018)	-0.004 (0.009)	-0.013 (0.009)
<i>Trade Benefits</i>			-0.011*** (0.004)	-0.011*** (0.004)
<i>Maastricht Debt Non-Compliance</i>	0.040 (0.068)		-0.061*** (0.023)	
<i>Maastricht Deficit Non-Compliance</i>	-0.016 (0.063)		-0.037 (0.026)	
<i>Maastricht Debt and Deficit Non-Compliance</i>	0.015 (0.062)		-0.046 (0.031)	
<i>Government Debt</i>		0.001 (0.001)		-0.003*** (0.001)
<i>Budget Surplus</i>		0.005 (0.008)		0.014*** (0.005)
<i>Public Expenditure</i>	0.093 (0.183)	0.101 (0.200)	0.183 (0.125)	0.530*** (0.157)
<i>Inequality</i>	-0.136 (0.100)	-0.139 (0.098)	0.016 (0.119)	0.054 (0.116)
<i>Growth</i>	0.004 (0.006)	0.004 (0.006)	0.010** (0.004)	0.013*** (0.004)
<i>Unemployment</i>	0.022*** (0.006)	0.023*** (0.006)	0.002 (0.003)	0.003 (0.003)
1984	-0.069 (0.065)	-0.048 (0.056)		
1988	-0.021 (0.064)	-0.002 (0.057)		
1992	0.035 (0.028)	0.047 (0.030)		
1999			-0.112*** (0.043)	-0.195*** (0.041)
2002			-0.048 (0.038)	-0.115*** (0.036)
2006			-0.036 (0.026)	-0.122*** (0.031)
<i>Constant</i>	0.988 (0.891)	0.954 (0.957)	0.322 (0.593)	-0.885 (0.683)
<i>N</i>	491	491	673	673
<i>R-sq within</i>	0.208	0.206	0.163	0.188
<i>Hausman test: Prob>χ^2</i>	0.000	0.000	0.000	0.000

Notes: Standard errors are in parentheses. *, **, *** indicate significance at the 10, 5 and 1 percent level, respectively. The base categorical variables are 1996 for the first subsample period and 2010 for the last subsample period.

Regarding hypothesis 1, our results indicate that partisan characteristics measured by *Ideology* have a similar effect on partisan contestation as in the full sample period, though their importance diminishes over time. However, for hypothesis 2, we observe important changes. For the first subsample period both *Electoral Support* and *Government Participation* have a significant influence on partisan positioning on European integration while for the second subsample period neither variable has a significant influence. Somewhat surprisingly, the impact of *Electoral Support* is negative. However, because part of the effect of the size of political parties is already captured by our ideology variable, we cannot conclude from this result that partisan support decreases with the size of political parties. The estimated effect of *Government Participation* in the first subsample period is even larger than for the full sample. So now we find that party support for European integration increases by 5.5% when the party is in government while for the full sample period the increase was 3.0%. To sum up, we can conclude that strategic electoral motives for partisan positioning on European integration have lost some of their importance over time.

The second set of hypotheses considers the economic dimension of European integration. For hypothesis 3, we find that partisan positioning on European integration issues has, over time, been increasingly affected by economic aspects. Thus, while none of our EU benefit variables are significant in the first subsample period, in the second subsample period *Relative Income* and *Trade Benefits* have a significant negative effect, which is similar in size to the effects obtained in Models 3 and 4 for the full sample period.

Regarding the role of European institutions (hypothesis 4), for the second subsample period our results are similar to those of Model 4. Our estimation with Maastricht dummies finds that parties in countries that did not fulfil the 60 percent debt criterion of the Maastricht Treaty after 1992 reduce their

European Integration: Partisan Motives or Economic Benefits?

support for European integration by 6.1%. The other two dummy variable estimates are not significant. In the alternative estimation with level variables both *Government Debt* and *Budget Surplus* have a significant influence on partisan support for European integration. An increase of 10 percentage points in government debt decreases partisan support for European integration by 3% and an increase of one percentage point in government deficit reduces support by 1.4%. On the other hand, for the first subsample period we find that these variables have no significant influence. This result coincides with anecdotal evidence that compliance with the Maastricht criteria was controlled in rather a relaxed fashion at the beginning but more strictly in the first decade of this century. Overall, these results indicate that partisan support for European integration declines when national fiscal policies are affected by supranational control. On the basis of this evidence, we accept hypothesis 4 for the second subsample period.

Our last set of hypotheses takes account of the countries' economic situation. While we do not find any effect of the size of welfare states on partisan contestation on European integration in our full sample estimation in Model 4, we do find a positive relationship between the size of the welfare state and partisan support for European integration for the second subsample period. More precisely, we find that *Public Expenditure* is related to a more favourable contestation on European integration. A one-percent increase in public expenditure increases partisan support for European integration by 0.5%. We find no significant effect of *Inequality* in either of the subsample periods. From these results we would (weakly) accept hypothesis 5 for the second subsample period.

With regard to hypothesis 6, we find that only *Unemployment* has a significant influence on partisan contestation on European integration in the first subsample period while for the second subsample period *Growth* is the only

variable with significant impact. Therefore, we confirm the result obtained with Model 4 that the business cycle influences partisan contestation on European integration.

Taken together, the results on the stability of the relationship between partisan support for European integration and its determinants indicate that economic factors have become of increasing importance. On the one hand, partisan support has declined in countries that have been affected by European control of their fiscal policies. But on the other, partisan support for European integration depends on the economic benefits, the size of the welfare state and the current economic situation of a party's country.

5. Conclusions

In this article we study whether economic factors influence partisan support for European integration. We find that partisan contestation over European integration is indeed affected by several economic variables. First, partisan support is larger in relatively poorer countries indicating that economic benefits from EU membership seem to play an important role. Second, in countries that were affected by the Maastricht criteria partisan support for European integration decreases significantly. We take this as evidence that parties are rather jealous of losing some of their influence on fiscal policies to supranational organizations and therefore reduce their support when this becomes effective. Third, we find weak evidence for larger partisan support in countries with more developed welfare states. Fourth, we detect that support for European integration is in parallel to the business cycle. Finally, our results indicate that the importance of economic factors has grown in recent periods.

European Integration: Partisan Motives or Economic Benefits?

Our results have some interesting policy implications for the future of the European integration process in particular and for processes of economic integration in general. First, as partisan support for European integration depends on economic factors, future advances in the European integration process will depend crucially on the economic benefits and their distribution among EU member countries. Second, as it is most likely impossible to obtain positive direct monetary benefits for all members by further integration policies, it becomes particularly important to accentuate the indirect benefits of such policies. For example, our results show that partisan support in those countries with largest benefits from EMU-induced trade is lower than in those countries with smaller benefits. We take this as evidence of the lack of awareness of these indirect benefits to the general public. Finally, while the European integration process unquestionably has its historic specificities, which can be traced back to experiences during and after World War II, it seems that this process, after considerable advances, has now arrived to a 'normal' state of affairs. This teaches us valuable lessons that can be applied to other processes of economic integration. Therefore, for these processes the first two policy implications are also applicable.

References

- Anderson CJ., and Reichert MS. 1996. Economic Benefits and Support for Membership in the E.U.: A Cross-National Analysis. *Journal of Public Policy* 15(3):231–249.
- Bakker R., de Vries C., Edwards E., Hooghe L., Jolly S., Marks G., Polk J., Rovny J., Steenbergen M. and Vachudova M. 2012. Measuring party positions in Europe: the Chapel Hill expert survey trend file, 1999-2010. *Party Politics*. Published online 29 November 2012 DOI: 10.1177/1354068812462931.
- Brinegar AP., and Jolly SK. 2005. Location, Location, Location: National Contextual Factors and Public Support for European Integration. *European Union Politics* 6(2):155–180.
- Christin T. 2005. Economic and Political Basis of Attitudes towards the EU in Central and East European Countries in the 1990s. *European Union Politics* 6(1):29–57.
- Doyle O., and Fidrmuc J. 2006. Who Favors Enlargement? : Determinants of Support for EU Membership in the Candidate Countries' Referenda. *European Journal of Political Economy* 22:520–543.
- Eichenberg RC., and Dalton RJ. 1993. Europeans and the European Community: The Dynamics of Public Support for European Integration. *International Organization* 47(4):507–534.
- European Commission 2009. EU Budget 2008: Financial Report. Publications Office of the European Union (Luxembourg).
- European Commission 2013. Financial Programming and Budget. Retrieved in January 2013 from http://ec.europa.eu/budget/index_en.cfm
- Eurostat 2012. Annual Government Finance Statistics. Retrieved in December 2012 from http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database
- Eurostat 2013a. Auxiliary Indicators to National Accounts. Retrieved in May 2013 from http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database
- Eurostat 2013b. EU27 Trade since 1988 by CN8. Retrieved in May 2013 from http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database
- Frankel J. and Rose A. 2002. An estimate of the effect of common currencies on trade and income. *The Quarterly Journal of Economics* 117(2):437–466.
- Fxtop 2013. Historical Exchange Rates. Retrieved in May 2013 from <http://fxtop.com/en/historical-exchange-rates.php>
- Garry J., and Tilley J. 2009. The macroeconomic factors conditioning the impact of identity on attitudes towards the EU. *European Union Politics* 10(3):361–379.
- Hellström J. 2008. Partisan responses to Europe: the role of ideology for national political parties' positions on European integration. *Journal of European Public Policy* 15(2):189–207.
- Herwartz H. and Theilen B. 2013. Partisan influence on social spending under market integration, fiscal pressure and institutional change. *European Journal of Political Economy*. <http://dx.doi.org/10.1016/j.ejpoleco.2013.10.003>.
- Hix S. and Lord C. 1997. *Political Parties in the European Union*. Macmillan Press (London).

European Integration: Partisan Motives or Economic Benefits?

- Hooghe L. and Marks G. 1999. The making of a polity: the struggle over European integration. Chapter 3 in: Kitschelt M., Lange P., Marks G. and Stephens JD. (eds), *Continuity and Change in Contemporary Capitalism*. Cambridge Studies in Comparative Politics, Cambridge University Press (Cambridge).
- Hooghe L. and Marks G. 2004. Does identity or economic rationality drive public opinion on European integration? *Political Science and Politics* 35(8):965–989.
- Hooghe L., Marks G. and Wilson CJ. 2002. Does left/right structure party positions on European integration? *Comparative Political Studies* 37:415–420.
- Hooghe L., Bakker R., Brigeovich A., de Vries C., Edwards E., Marks G., Rovny J. and Steenbergen M. 2010. Reliability and validity of measuring party positions: the Chapel Hill expert surveys of 2002 and 2006. *European Journal of Political Research* (4):684–703.
- International Monetary Fund. 2010. A Historical Public Debt Database. IMF Working Papers 10/245.
- Marks G. and Steenbergen M. 2002. Understanding political contestation in the European Union. *Comparative Political Studies* 35(8):879–892.
- Marks G. and Steenbergen M., (eds), 2004. *European integration and political conflict*. Cambridge University Press (Cambridge).
- Marks G., Wilson CJ. and Ray L. 2002. National political parties and European integration. *American Journal of Political Science* 46(3):585–594.
- Marks G. and Wilson CJ. 2000. The past in the present: a cleavage theory of party response to European integration. *British Journal of Political Science* 30(3):433–459.
- McLaren L. 2000. Opposition to European integration and fear of loss of national identity: Debunking a basic assumption regarding hostility to the integration project. *European Journal of Political Research* 43:895–911.
- The Organisation for Economic Co-operation and Development (OECD) 2012. *Economic Projections: Economic Outlook No 92*. Retrieved in December 2012 from <http://stats.oecd.org/>
- The Organisation for Economic Co-operation and Development (OECD) 2013a. *Macro-economic References*. Retrieved in February 2013 from <http://stats.oecd.org/>
- The Organisation for Economic Co-operation and Development (OECD) 2013b. *National Accounts: Gross Domestic Product*. Retrieved in May 2013 from <http://stats.oecd.org/>
- Pew Research Center. 2013. *The New Sick Man of Europe: the European Union*. Retrieved in May 2013 from <http://www.pewglobal.org/2013/05/13/the-new-sick-man-of-europe-the-european-union/>
- Ray L. 1999. Measuring party orientations toward European integration: Results from an expert survey. *European Journal of Political Research* 36(2):283–306.
- Smith DL. and Wanke J. 1993. Completing the single European market: An analysis of the impact on the member countries. *American Journal of Political Science* 37(2):529–554.
- Steenbergen MR. and Marks G. 2007. Evaluating expert judgments. *European Journal of Political Research* 46(3):347–366.
- Taggart P. 1998. A Touchstone of dissent: Euroscepticism in contemporary western European party systems. *European Journal of Political Research* 33(3):363–388.

United Nations University and World Institute for Development Economics Research (UNU-WIDER) 2013. World Income Inequality Database. Retrieved in March 2013 from http://www.wider.unu.edu/research/Database/en_GB/wiid/

World DataBank (WDB) 2012a. Economic Policy & External Debt. Retrieved in November 2012 from <http://data.worldbank.org/indicator>

World DataBank (WDB) 2012b. Labor & Social Protection. Retrieved in December 2012 from <http://data.worldbank.org/indicator>

World DataBank (WDB) 2013. Economic Policy & External Debt. Retrieved in May 2013 from <http://data.worldbank.org/indicator>

Appendix

6.1 Data Processing

Partisan data for 2010 is not complete because the data was extracted before the Chapel Hill Experts Survey data set had been completely finished. We have used information about partisan positioning on European issues and partisan 'overall' ideology. Information on partisan family is not in the data. We have assumed that parties belong to the same family as in the previous survey. Parties' *Electoral Support* and *Government Participation* for 2010 are from our own data. Similarly, some data about parties' ideology is missing in some survey years. We assumed that their ideology is equal to their ideology quote in the closest survey year. Because of missing information, 28 observations on parties were not included in our sample. There is no information on the GINI index for all years to report *Inequality*. To prevent the loss of any more observations, we estimate missing data by taking the average of the two closest observations in time.

Recent LEQS papers

- Monastiriotis**, Vassilis. 'Origin of FDI and domestic productivity spillovers: does European FDI have a 'productivity advantage' in the ENP countries?' LEQS Paper No. 70, January 2014
- Ward-Warmedinger**, Melanie & **Macchiarelli**, Corrado. 'Transitions in labour market status in the European Union' LEQS Paper No. 69, November 2013
- Dani**, Marco. 'The 'Partisan Constitution' and the corrosion of European constitutional culture' LEQS Paper No. 68, November 2013
- Bronk**, Richard & **Jacoby**, Wade. 'Avoiding monocultures in the European Union: the case for the mutual recognition of difference in conditions of uncertainty' LEQS Paper No. 67, September 2013
- Johnston**, Alison, **Hancké**, Bob & **Pant**, Suman. 'Comparative Institutional Advantage in the European Sovereign Debt Crisis' LEQS Paper No. 66, September 2013
- Lunz**, Patrick. 'What's left of the left? Partisanship and the political economy of labour market reform: why has the social democratic party in Germany liberalised labour markets?' LEQS Paper No. 65, July 2013
- Estrin**, Saul & **Uvalic**, Milica. 'Foreign direct investment into transition economies: Are the Balkans different?' LEQS Paper No. 64, July 2013
- Everson**, Michelle & **Joerges**, Christian. 'Who is the Guardian for Constitutionalism in Europe after the Financial Crisis?' LEQS Paper No. 63, June 2013
- Meijers**, Maurits. 'The Euro-crisis as a catalyst of the Europeanization of public spheres? A cross-temporal study of the Netherlands and Germany' LEQS Paper No. 62, June 2013
- Bugaric**, Bojan. 'Europe Against the Left? On Legal Limits to Progressive Politics' LEQS Paper No. 61, May 2013
- Somek**, Alexander. 'Europe: From emancipation to empowerment' LEQS Paper No. 60, April 2013
- Kleine**, Mareike. 'Trading Control: National Chiefdoms within International Organizations' LEQS Paper No. 59, March 2013
- Aranki**, Ted & **Macchiarelli**, Corrado. 'Employment Duration and Shifts into Retirement in the EU' LEQS Paper No. 58, February 2013
- De Grauwe**, Paul. 'Design Failures in the Eurozone: Can they be fixed?' LEQS Paper No. 57, February 2013
- Teixeira**, Pedro. 'The Tortuous Ways of the Market: Looking at the European Integration of Higher Education from an Economic Perspective' LEQS Paper No. 56, January 2013
- Costa-i-Font**, Joan. 'Fiscal Federalism and European Health System Decentralization: A Perspective' LEQS Paper No. 55, December 2012
- Schelkle**, Waltraud. 'Collapsing Worlds and Varieties of welfare capitalism: In search of a new political economy of welfare' LEQS Paper No. 54, November 2012
- Crescenzi**, Riccardo, **Pietrobelli**, Carlo & **Rabellotti**, Roberta. 'Innovation Drivers, Value Chains and the Geography of Multinational Firms in European Regions' LEQS Paper No. 53, October 2012

LEQS

European Institute
London School of Economics
Houghton Street
WC2A 2AE London
Email: euoinst.LEQS@lse.ac.uk

<http://www2.lse.ac.uk/europeanInstitute/LEQS/Home.aspx>

