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The influence of macroeconomic factors on the public attitude towards further EU enlargements

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Abstract

The EUs goal is to spread peace and democracy over the European continent and therefore incorporate all European countries. But on the other side of the coin the public support for further EU enlargement decreased in recent years. This enlargement fatigue became visible after the fifth and sixth enlargement wave in 2004 and 2007 respectively in which the number of member states almost doubled. Therefore, this bachelor thesis will investigate whether macroeconomic factors are one potential explanation for this development. The central research question of this thesis is: 'To what extent is the change in attitudes in EU member states towards further EU enlargements between 2004 and 2010 related to macroeconomic factors?'. The thesis underlies the utilitarian assumption that the public opinion is based on a cost-benefit analysis in which support is offered if advantages are expected and opposition is expressed when disadvantages are anticipated.

The research is carried out in a longitudinal design based on data, published by Eurostat and public opinion polls, conducted by Eurobarometer, examining the years 2004 to 2010. The results will be of particular relevance for policy makers and EU officials to acquire knowledge about the formation of public opinion on EU enlargements and to enable finding solutions to counter the declining support for future EU enlargements.

The main findings revealed in this research are (1) The public opposition against further enlargements increased during the time period, especially after the hit of the financial crisis in 2008; (2) The attitude of wealthier countries seems to be more negative than that of poorer member states; (3) The member states' relation to the EU budget, or more precisely whether they receive payments or have to contribute payments, constitutes a large part of the macroeconomic influence; and (4) The public attitude is only to a certain extent explained by macroeconomic indicators.

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Moreover, I want to thank Hannah, for accompanying me the last three years on the way to this graduation and going through good times but also stressful times with me, and studying late into the night.
I owe a great debt of gratitude to my family and Fabian who have made studying at the University of Twente possible and supported me all along the way. I am glad to have you in my life!

Gratefully,
Sophie Blasig

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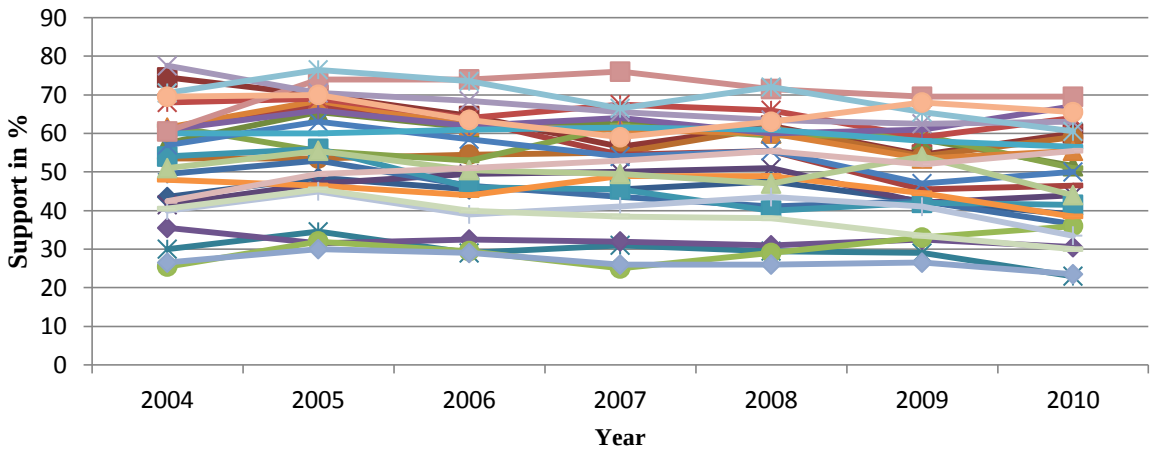
1. Introduction

Eleven years ago, the European Union (EU) faced its greatest enlargement down to the present day. Romano Prodi, the president of the European Commission at that time welcomed the new member states and emphasized that "Today Europeans are celebrating the fact that they are no longer kept apart by phoney ideological barriers." (European Commission, 2004). A few years later, the tide has turned. While in 2004 the majority of the EU citizens (53%) were in favor of future enlargements, the number declined to 40% in 2010 (European Commission, 2004b; European Commission, 2010a). Figure 1 displays the support in the particular EU member states for 2004 to 2010, the period directly after this important enlargement. A larger representation can be found in Appendix 1 along with a key.

Figure 1: Support in EU27 between 2004 and 2010

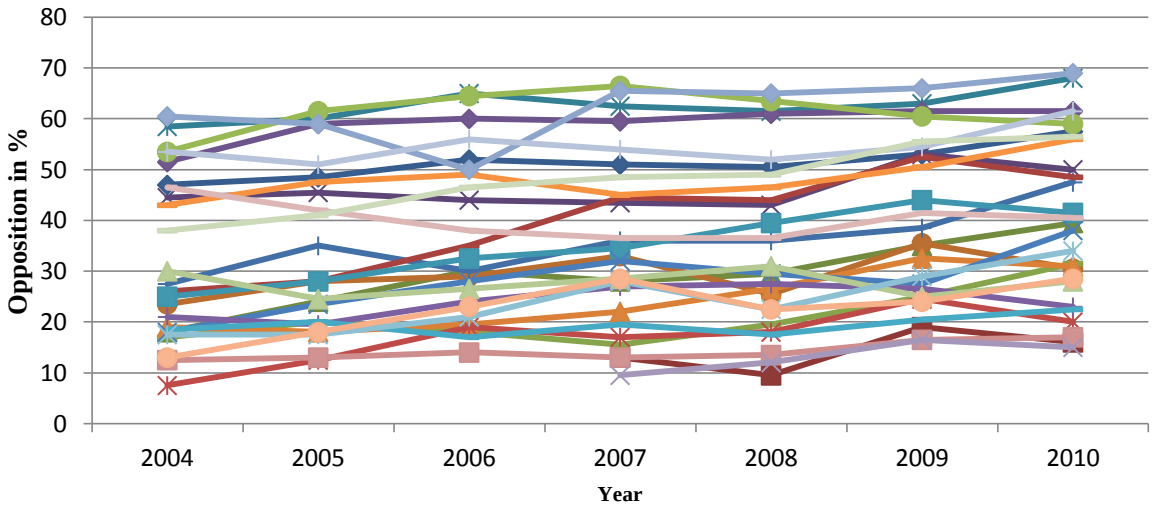


Source: Eurobarometer

Ideally, the poll ratings should show a positive tendency, since one of the main objectives of the EU is to unite the European countries in a common project which spreads stability, peace and democracy (De Munter, 2014). This unification is expressed both in the broadening and deepening of the EU. Deepening aims at the transfer of competences to the supranational level and gradually more and more common policies. This bachelor thesis however concentrates on the broadening of the EU, meaning the admission of additional member states which is also envisaged by the EU. However, the numbers of people that oppose future enlargements prevail since 2009 regularly. While in 2004, 35% of the EU population opposed further enlargements, this number increased to 48% in 2010 (Eurobarometer 2004b; Eurobarometer 2010a). The opposition to future enlargements is illustrated in Figure 2 whose more detailed version can also be found in Appendix 1.

But what shapes the attitudes of the public? Different actors like the media or politicians and political parties play a role based on their capacities to reach the masses. On the other hand, citizens are often worried about the state of affairs in the candidate countries and judge whether their accession will be a gain or rather a burden for the EU and their country in terms of (social) security and economic wealth. According to I. Barnes and P. Barnes, "The states that joined in 2004 and 2007 were all poorer than the EU average, this trend may continue should the EU enlarge further." (2010, p.430). Therefore, it is likely that the public is more welcoming towards states with a flourishing economy (more precisely: a proper GDP growth, a low (youth-) unemployment rate and a moderate level of inflation) and a functioning legal system than towards states that are still recovering from communism for example.

Figure 2: Opposition in EU27 between 2004 and 2010



Source: Eurobarometer

Since the EU policies are among others aiming at deeper economic integration as the single market with free movement of goods, services, capital and persons, this bachelor thesis will focus on the economic side, in particular on the influence macroeconomic indicators of the current EU member states on the public attitude and determine whether the public attitude is related to the performance of the macro economy.

1.1. Research question with sub-questions

As can be seen in Figure 1, the opposition to future enlargements ranged between 7.5% in Lithuania and 60.5% in Austria in throughout the EU25 states in 2004. At the end of the considered time period, the share of opposition accounted from 15% in Romania to 69% in Austria and thus obviously increased by nearly 10% within six years. On the other side, the support ranged in 2004 between 25.5% in Luxembourg and 70.5% in Poland and Slovenia. Until 2010 this range declined by 2% and comprises now 23% in Germany to 69.5% in Poland.

This bachelor thesis investigates whether there is a relationship between these variations in public opinion towards future enlargements of the EU and macroeconomic indicators. Since the financial crisis reached the European continent in 2008, which resulted i.a. in an increase in unemployment and negative GDP growth rates in most member states, the considered time period includes a certain variation in the macroeconomic indicators and therefore promising results are expected. In order to approach the impact of the financial crisis, the time period 2004 to 2010 is analyzed. Furthermore this time span makes it possible to catch up the atmosphere after the hitherto largest EU enlargement in 2004. Therefore the main explanatory research question is as follows:

To what extent is the change in attitudes in EU member states towards further EU enlargements between 2004 and 2010 related to macroeconomic factors?

In general, it is expected that macroeconomic factors have a relatively large influence, especially in this time period since the global financial crisis finds expression on the macroeconomic level. I suppose that this relation becomes clearer with the onset of the financial crisis which led to a deterioration of the economic indicators. There are a number of other variables and factors as the

media or political parties that might also explain the change in public opinion. Often their argumentation builds on macroeconomic factors as the unemployment rate or GDP growth. The focus of this bachelor thesis lies however on the economic indicators. In order to answer the main research question and to get an idea of the topic in the broader sense, three sub-questions were formulated.

- How did the public attitude in the EU27 towards further EU enlargement change between 2004 and 2010?

With the aid of sub-question 1 an overview of the actual changes in public attitude towards further enlargements will be given. This is important in order to investigate whether the public support really decreased as the general tendency in Figure 2 implies and in what particular countries, the public opinion might have changed contrary to the expectations.

- How does the explanatory power of the macroeconomic variables change between 2004 and 2010?

Since the public support for further enlargements apparently decreased it is important to find out whether the explanatory power of the independent variables also changed in order to find out whether a relation exists. If the explanatory power of the macroeconomic variables did not change during that period or even declined, it is likely that there are other independent variables with a larger impact. In this case, the next sub-question is of particular relevance.

- What are other independent variables that explain the change in attitude?

It is important to keep in mind that the existence of other independent variables can never be absolutely excluded especially since other researchers as Balestrini, Flood & Flockton (2011) studied a larger amount of independent variables in conjunction with the public attitude. In the analysis chapter it will be investigated to what extent the model can be explained by the considered variables and what extent is assumed by third independent variables.

1.2. Social and scientific relevance

This bachelor thesis is premised on the work of previous research that analyzed the effect of utilitarianism on the public opinion towards European integration, albeit this paper will concentrate on the aspect of EU enlargement. With this work it will be possible to make conclusions about the determinants of variation of public opinion towards EU enlargement over time. This is necessary in order to understand how the public opinion is shaped so that policy makers and EU politicians and officials are able to develop strategies to encounter the declining support and the growing reluctance towards future enlargements. For politicians it is essential to take into account the opinion of the EU citizens and respond to their claims and suggestions to be successful in the long term. From the social perspective it is important to find reasons for the decreasing support for EU enlargements since the enlargement of the EU entails several advantages as the spread of peace and standards as social standards across Europe and a resulting social welfare. Also in times of crises, the EU countries are standing together and helping each other as could be seen after the recent crash of the German airplane in France, or the financial packages for Greece.

Moreover the world gets increasingly connected and social problems become global social problems. This will be more and more challenging for rather small countries as Portugal and Ireland. Currently the EU constitutes 7% of the world population but takes a share of 20% of the world imports and exports (European Union, n.d.a.). This underlines the importance of the EU for smaller member states who have a greater chance to withstand and tackle global problems as terrorism and the global warming within the European Union which includes several G7 states.

Within this bachelor thesis the macroeconomic factors with the most explanatory power will be determined, so that the EU officials have a first starting point for their strategies to promote EU enlargements. It shall also help to shed light on the macroeconomic perspective and determine whether it makes sense for the EU officials to interfere in this area in order to encourage more enthusiasm for a larger European Union.

On the other hand it might be interesting to test whether the utilitarian theory that was already connected to public support for European integration in the 1990s is still valuable in the present age.

1.1. Outline of the bachelor thesis

The introduction of this bachelor thesis is followed by the chapter outlining the theoretical framework which provides background knowledge of the EU's enlargement history and envisaged enlargements. Furthermore, the utilitarian theory is illustrated and the theoretical model for this thesis, inspired by the work of other researchers, is explained. The chapter finishes with the hypotheses about the results expected for the macroeconomic variables in the analysis. The third chapter depicts the research methodology including the research design and method, the data collection and the operationalization of the variables used in the utilitarian model. The following chapter embodies the data analysis, composed of a deeper analysis of the change in public opposition against further enlargements, a scatter plot that serves to find the strongest macroeconomic variables and test the hypotheses, and three multiple regression analyses in order to answer the main research question. The final chapter represents the conclusion with the key findings, the answer to the research question and implications for further research.

2. Theoretical framework

This chapter acquaints the reader with the history of the EU and its enlargements. It also introduces the candidate countries and the accession procedure since it is i.a. the accession of these countries on which the public opinion is based. Then the actual theory that sets out how the analysis of this thesis will be performed is presented. Therefore, the choice for the utilitarian theory as framework is motivated. The theory is introduced with a short summary of its development and most important contributors. This is followed by a review of the work of other scholars that studied the influence of utilitarian considerations on the public attitude. Finally, inspired by different scholars' work and adjusted to the scope of this paper, the theoretical model comprising the macroeconomic variables of this study is presented.

2.1. Background: History of EU enlargement

The following section covers the most important points in history in relation to EU enlargements. All events are summarized in Table 1 in Appendix 2.

The Second World War had devastating consequences for the whole European continent. People suffered from poverty and malnutrition and the trust among countries and its politicians was ruined as the economic climate. In order to prevent another war between France and Germany, Robert Schuman and Jean Monnet initiated the European Coal and Steel Community (ECSC) in 1952. The aim was to "place their coal and steel sectors under the control of a supranational authority" (Baldwin & Wyplosz, 2012, p. 11). The coal and steel sectors were the most important economic sectors at that time and soon the participating countries experienced economic growth again. Besides those two countries, also Belgium, Luxembourg, the Netherlands and Italy joined the ECSC, and formed the 'Six'. In 1957, the foreign ministers of the 'Six' signed two treaties of Rome establishing the European Atomic Energy Community (Euratom) and the European Economic Community (EEC) respectively (Urwin, 2010).

In 1973, the EEC experienced its first enlargement when Denmark, Ireland and UK accessed. The next enlargement took place in 1981 when Greece joined and in 1986, Spain and Portugal became part of the EEC. In the same year, the Single European Act was signed, establishing a single market. In 1992, the Treaty of Maastricht, demarcating the foundation of the EU, was signed and entered into force one year later. Moreover, it transformed the EEC into the European Community (EC).

In 1995 the fourth enlargement took place when Austria, Finland and Sweden joined the EU. Then, in 2001 the Treaty of Nice was signed and amended the Treaty of Rome. The Treaty of Nice involved institutional changes and provided the basis for the Eastern enlargements (Phinnemore, 2010). This enlargement in 2004 constitutes the biggest enlargement down to the present day since ten new member states joined and thus the EU nearly doubled from 15 to 25 member states. In particular, the Eastern enlargement involved Poland, Hungary, Slovakia, Czech Republic, Slovenia, Estonia, Latvia, Lithuania, Malta and Cyprus. Three years later, Bulgaria and Romania joined, not having fulfilled all requirements in 2004. Besides, the Constitutional Treaty was prepared in 2004. It was designed in order to replace all other treaties and establish a constitution for the EU and signed by most of the member states. France and the Netherlands however rejected the Constitutional Treaty in 2005 and thus it did not become effective. This was already marking the frontiers of the willingness for European integration in terms of further deepening.

In 2009, the Treaty of Lisbon was accepted and signed by all member states. It incorporated the EC institutions into the EU and the EU as we know it today was entered into force. Most EU states already signed it in 2007 but Ireland held two referendums until they approved the treaty in 2009 (Church & Phinnemore, 2010). This was a further hint at a growing anti-EU mood. Aside from that, the global financial crisis hit Europe in 2008. Its spread was facilitated by the close integration of the

EU countries which again gave rise to Eurosceptic voices. The crisis provided a huge challenge for most of the member states and resulted in an economic recession. Some countries as Spain and Greece are still struggling with its consequences today as the crisis developed from a financial crisis to a crisis that threatens the basic needs of citizens from these countries (Reynolds, 2015). Nevertheless, the, at this time last enlargement took place in 2013 when Croatia became the 28th EU member state.

2.2. Prospective enlargements

Despite several waves of enlargement, further accessions are envisaged. At the moment, six official candidate countries Albania, Iceland, Montenegro, Serbia, the Former Yugoslav Republic of Macedonia and Turkey are participating in accession negotiations. Furthermore, Bosnia-Herzegovina and Kosovo are two potential candidate countries that do not yet fulfill all requirements to access the EU but that have been promised accession in the future (European Union, n.d.b.).

Currently the EU is in membership negotiations with Iceland, Montenegro and Turkey who are therefore most likely to join in the future (European Commission, 2015a). Negotiations with the other candidate countries did not start yet because they first have to implement the targets of the EU. It might become especially difficult for Kosovo to acquire the candidate status since five of the 28 EU member states do not recognize Kosovo as an independent country (BBC, 2014).

Considering the opinion of the EU citizens, the majority seems to oppose the accession of the (potential) candidates except for Iceland (Table 2 in Appendix 1). It is remarkable that the EU citizens seem to favor the (hypothetical) accessions of Iceland, Norway and Switzerland over the accession of Eastern European countries, especially the former Yugoslavia. There might be several reasons for the preference of the Western countries as a more similar 'culture' (as opposed to former communist countries) but one large argument is probably the better economic situation of the Western-European countries. When looking at the long-term unemployment rate, which provides a good indicator for a countries' state of the economy, it is striking that except for Turkey, the numbers of long-term unemployed for all Eastern European countries are larger than the highest EU country value (Table 3 in Appendix 2). In marked contrast to Iceland and Norway having long-term unemployment rates below the EU average of 3.8% and whose (theoretical) accession would be more welcomed by the current EU states. On the other hand does the case of Turkey show that macroeconomic factors are probably not the sole determinants of the public attitude in respect of future enlargements.

2.3. Theories related to the public attitude

The theory chapter of this bachelor thesis was inspired by the work of other scholars that studied public opinion in the EU in conjunction with European integration before (e.g. Gabel & Palmer, 1995; McLaren, 2004). This section provides an overview of the theories applied by these researchers with the aim of extracting a suitable theory that is likely to explain the relation between public support and macroeconomic factors.

One of the theories applied is based on the 'National identity' of the EU citizens (McLaren, 2004). According to this theory, citizens oppose the European integration because they fear to lose their national identity.

Gabel (1998) tested five other theories that aim to explain the public opinion on European integration. One of them is 'Cognitive mobilization', first investigated by Inglehart (1970a). The theory assumes that citizens with a high political awareness and experience in political communication feel more related to a supranational and political institution and are thus more likely to support it.

Inglehart (1970b) developed another theory, called 'Political values' according to which, citizens with 'post-materialist' values (e.g. self realization and intellectuality) are likelier to support European integration than citizens with materialist values, characterized by physical and economic concerns.

The third theory tested is 'Class partisanship' i.a. studied by Inglehart, Rabier & Reif (1991) which implies that citizens are likely to adopt the attitude of the political party they support.

The theory 'Support for government' (Franklin, Marsh & McLaren, 1994) also grounds on the political level and conveys that citizens make their support for integration conditional on the national politicians. If the citizens are content with their national politics, it is likelier that the citizens' interests will be represented on the supranational stage as well.

Finally, Gabel investigated his theory developed in 1995 together with Palmer: 'Utilitarian appraisals of integrative policy'. It conveys that the market liberalization affects EU citizens living in distinct socioeconomic surroundings differently. For example citizens with a high income and a place of residence close to the borders to other EU states experience more benefits and are thus more supportive. The researchers state that these attributes influence the support for European integration as well as the level of education and the occupation of the citizens.

In his work, Gabel came to the conclusion that out of the five theories, the 'Utilitarian appraisals of integrative policy' theory was most suitable to explain public opinion formation in relation with European integration (Gabel, 1998b). In 2004, McLaren additionally tested the 'National identity' theory and the utilitarian theory and found out that the latter theory still involves the most explanatory power which is confirmed by the findings of Balestrini et al., (2011). These results imply that utilitarianism is a well studied theory that possesses the potential to explain the relationship between the attitude towards further EU enlargements and macroeconomic indicators.

All of the theories are more or less related to the individual level. Since the analysis of individual data would go beyond the scope of this bachelor thesis, it is the utilitarian theory that will be used in order to test to what extent macroeconomic factors are contributing to the public attitude formation towards future enlargements because it can be interpreted on the individual level but also on the country level. The fact that the theories mentioned above were tested in respect of European integration and not with regard to EU enlargement does not constitute a serious problem since EU enlargement is a sub-category of European integration and thus implied in the expression.

2.3.1. Utilitarianism: development and key aspects

This section discusses the central aspects and the development of the selected utilitarian theory.

Jeremy Bentham and John Stuart Mill who lived in the late 18th and the 19th century are two of the most important contributors to the classic utilitarianism. Its basic message is that humans are driven by the desire to maximize their utility and minimize their hardship (Held, 2006). One central aspect of utilitarianism is morality which is concerned with the question: "Is it good, or is it right?"

Bentham declared that humans are driven by the items utility and hardship that direct all thoughts, actions and conversations (Driver, 2014). According to him, the parameters "intensity […], duration […], certainty […], proximity […], fecundity […], purity" and the number of people concerned are involved in the process to determine whether an action is based on morality (as cited in Driver, 2014). Since the consideration of all parameters is often difficult and time consuming, Bentham gives the advice to decide on the basis of past experiences.

Mill was a follower of Bentham's utilitarianism and declared that all human action is "for the sake of some end" in his famous book "Utilitarianism" (Mill, 1871, p. 2). This is grounded on the theory of life which amounts to "pleasure and freedom from pain are the only things desirable as ends (Mill, 1871, p. 10). This in turn implies that people want to increase their pleasure and/ or exit their

pain and thus calculate how they achieve this goal and behave accordingly. It is more precisely expressed in the following statement by Mill:

"Utility, or the Greatest-Happiness Principle, holds that actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness. By happiness is intended pleasure, and the absence of pain; by unhappiness, pain, and the privation of pleasure" (Mill, 1871, p.9).

When all humans behave as stated above, they are only maximizing their personal benefit and not that of the world altogether. However, if one assumes that all people are striving for more pleasure and less pain, the good of the world is changed for the better in any case (Mill, 2010).

In 1995, Gabel and Palmer were among the first researchers who put utilitarianism into context with European integration. Particularly they argued that EU citizens living in countries with different socioeconomic circumstances see different costs and benefits in EU policies and the decisions taken by the EU. These (dis-)advantages shape their attitude towards integration. Hence EU citizens are rather supporting European integration if they benefit from these policies and rather opposing integration if this would bring additional costs to their country[1]. More precisely, European integration involves i.a. trade liberalization in the single market. Free trade can imply economic growth and a rise in employment in countries that established their reputation as trading nations. But it can also "harm a national economy that is uncompetitive with foreign firms, causing a decline in national economic performance, a decrease in tax receipts, and a reduction in public services for citizens." (Gabel, 1998a, p.74). Since this paper concentrates on EU enlargement, in the context of this bachelor thesis it would mean that further EU enlargement is supported when it holds out advantages for the country and similarly that further enlargement is opposed if this brings disadvantages to the country.

The utilitarian theory can be further sub-divided into sociotropic utilitarianism in which public opinion rests on the collective welfare and an egocentric utilitarianism in which the personal welfare is crucial (McLaren, 2004; Mau, 2005). Both are described in more detail in this section.

Since egocentric utilitarianism is located at the individual level, the personal perceptions of citizens whether they experience (dis-)advantages, are taken into account. McLaren (2010) suggests that citizens with a better education, job skills and a higher income are more likely to support the EU, because they are more likely to extract advantages from enlargements as new job opportunities, whereas citizens with less education, job skills and income show less support for enlargements fearing e.g. a glut of cheap labor that threatens their jobs. This argument is also held by Hobolt (2014) and Gabel and Palmer (1995). Another variable often investigated is the area of residence (e.g. Gabel & Palmer, 1995). Citizens living close to internal EU borders are more likely to encounter the benefits of the free movement and thus more likely to have a positive attitude towards enlargements.

As sociotropic utilitarianism concentrates on the macroeconomic level, it focuses on the costs and benefits implied for the whole country. European integration involves the industrial, political and economic integration which e.g. led to the free movement of people in the Schengen Area. In wealthier countries this development might lead to more pressure on the welfare systems, whereas poorer countries might benefit from integration as new possibilities are offered for GDP growth and entering the world markets (faster). The European integration and its consequences will evoke that some countries enjoy benefits as GDP growth and less unemployment and others experience disadvantages e.g. less financial means. Though, the wealthier countries as such will probably still benefit since they

[1] This formulation might lead to because it refers to individuals. Although this analysis is based on the country level it is the individual citizens that shape public opinion. In the analysis only utilitarian (macroeconomic) factors that apply for the respective country as a whole are considered and distinctions between individuals other than based on the state of residence are not made.

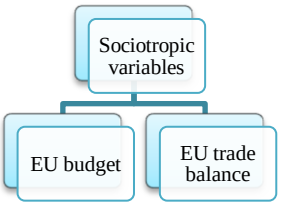
are able to outsource labor to low-wage countries. One macroeconomic indicator that is quite familiar to the public is the growth in GDP. This indicator reflects the economic performance of a country and thus citizens can estimate in what shape the economy currently is. Scholars that applied GDP growth as sociotropic variable are for instance Eichenberg and Dalton (1993) and Balestrini et al. (2011). Other macroeconomic indicators that are often used and also visualize the health of the economy are the inflation rate (Eichenberg & Dalton, 1993; Balestrini et al., 2011) and the unemployment rate (Eichenberg & Dalton, 1993; Balestrini et al., 2011). Since European enlargement further facilitates trade, often the relation between the public attitude and indicators that display trade within the EU and are studied (Eichenberg & Dalton, 1993; Gabel & Palmer, 1995; McLaren, 2004; Balestrini et al., 2011). Aside from that, costs and benefits are often measured in financial terms. Therefore, indicators that depict a countries contribution and yield of the EU budget can also be found in the literature (Eichenberg & Dalton, 1993; McLaren, 2004). Additionally some scholars consider indicators as the crime rate in conjunction with the inflow of foreign people as possible explanation for the variation in the public attitude towards further enlargements (Balestrini et al., 2011).

According to Bagić and Šalinović (2006) most of the utilitarian research focuses on the individual level which leaves the sociotropic level less explored. This provides the incentive to especially study this field and to contribute to the scientific knowledge. Aside from that the analysis of this bachelor thesis only involves 25 to 27 cases, namely the EU member states and therefore only a small number of independent variables can be applied. Since there is also not enough data available for all countries and years at the individual level, this bachelor thesis will concentrate on macroeconomic indicators embodied by the sociotropic variables in relation to the member states.

2.3.2. Review of theoretical models

Having selected and familiarized with an appropriate theory, it is necessary to determine the macroeconomic factors that will be applied in the analysis, in order to investigate the main research question. Those factors that turned out to have a stake in the explanation of public attitude in the work of other scholars will be chosen. Therefore, the theoretical models of four authors will be shortly introduced. These were selected since their independent variables fit best with the aim of this thesis implying that only those variables that are relevant for sociotropic utilitarianism are respected.

Figure 3: Model by McLaren



Source: McLaren (2004)

McLaren (2004) identified the *EU budget* and the *EU trade balance* as sociotropic variables. In her article she built certain hypotheses, e.g. she hypothesized that net contributors to the EU budget are less supportive of European integration than net receiving countries. Moreover, McLaren expected countries that have a positive trade balance with the EU to be more in favor of European integration than countries suffering from trade deficits with the EU.

Figure 4: Model by Eichenberg and Dalton

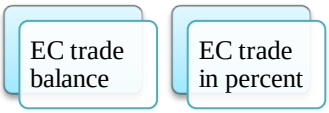
In their model, Eichenberg & Dalton (1993) came up with political and economic factors as explanation for public support. Both are further distinguished between national and international factors. They do not explicitly differentiate between egocentric and sociotropic variables, but all of their economic factors are related to the country level and thus suitable as sociotropic variables. The

economic factors on the national level are *inflation*, *gross domestic product* and *unemployment* and the international economic factors are *EC budget ratio* and *intra-EC export ratio.*

Source: Eichenberg & Dalton (1993)

Figure 5: Model by Gabel and Palmer

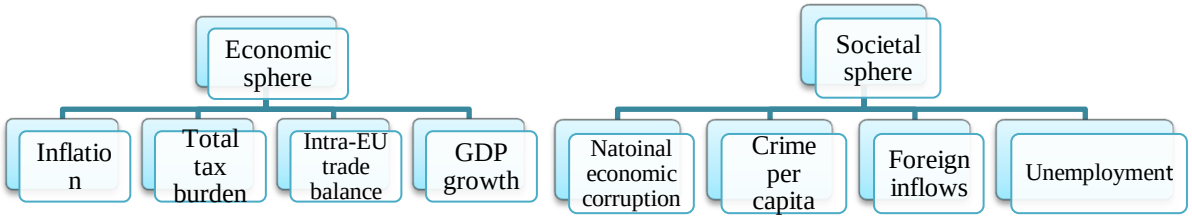
This model does also not distinguish egocentric and sociotropic utilitarianism. However, as in both models considered before, they used the variable 'trade' in their analysis, underlining its relevance. Particularly, *EC trade* balance and *EC trade in percent* were studied.



Source: Gabel & Palmer (1995)

Figure 6: Model by Balestrini et al.

Balestrini et al., (2011) classified their variables into five groups. Two of them are employing macroeconomic variables and are thus suitable for the sociotropic context. The first group is called economic sphere and consists of the variables: *inflation*, *total tax burden*, *intra-EU trade balance* and *GDP growth*. The second group is the societal sphere with the variables: *national economic corruption*, *crime per capita*, *foreign inflows* and *unemployment.*

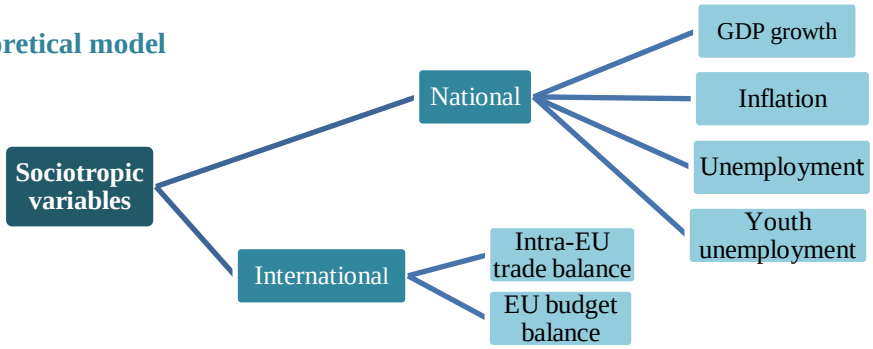


Source: Balestrini et al., (2011)

Theoretical model

Out of these four models, those six independent variables were selected that comprise the most important macroeconomic indicators for which data is available. These variables are visualized in Figure 7, the theoretical model for this thesis.

Figure 7: Theoretical model



Source: own elaboration

It sticks to the classification of Eichenberg & Dalton (1993) into 'national' and 'international' variables. As national variables GDP growth, inflation rate, and unemployment rate are selected. The GDP growth is chosen because it measures the economic well-being and inflation and unemployment rate because they display economic privation (Eichenberg & Dalton, 1993). All of these variables are also represented in at least one of the models mentioned above and reveal a countries' general economic state. They are often perceived by citizens and thus probably influence the public attitude.

Additionally to the independent variables of the models above, the variable youth unemployment is added since a high rate of youth unemployment often implies an ailing economy. Especially after the onset of the financial crisis, I expect much variation for this variable between member states that were hit by the crisis and member states that were rather spared.

The international independent variables, consisting of intra-EU trade balance and EU budget balance are also well-represented in the models introduced above. As opposed to the national variables, they measure the costs and benefits of a country directly in relation to the EU. A high intra-EU trade balance signals that a country is likely to benefit from enlargements, whereas a country being a net contributor to the EU budget probably has to contribute more payments.

2.3.3. Hypotheses

For each of the variables, selected in section 2.3.1., a hypothesis is created which makes suppositions about a possible relationship with the dependent variable. These suppositions hypothesize how the attitude towards further enlargements changes when the values of the macroeconomic variables in/-decrease. Thus a positive or negative relation between both variables is already assumed. If the correlation coefficients show a reasonable value, no matter whether the hypotheses are confirmed or rejected, a relation is likely. If the correlation coefficient is close to zero, it is rather doubtful that a relationship exists. In this case, the public attitude would be affected by third variables. Based on the theoretical framework, the following hypotheses are tested in this thesis:

> **H1:** EU countries that experience a positive GDP growth are more likely to support the further enlargement of the EU, whereas EU countries with a negative GDP growth are more likely to oppose further EU enlargements.

It is expected that countries with a relatively high GDP growth are more welcoming towards new states since they are in a stable economic condition, whereas countries with a negative growth in GDP might fear additional financial burdens as those countries that were especially hit hard by the financial crisis and thus probably experienced heavy losses in the support for further enlargements.

> **H2:** EU countries that experience a high inflation are more likely to oppose further enlargements than EU countries with a moderate inflation rate.

Since the ECB determined an inflation rate of below 2% as best, the hypothesis is constructed in the direction of too much inflation and deflation will not be taken into account. It is expected that countries experiencing a high inflation rate are subject to a widening gap between the rich and the poor and thus rather opposing further enlargements which might bring even more economic inequality.

> **H3:** EU countries with a high unemployment rate are more likely to oppose further EU enlargements whereas EU countries with a low unemployment rate are more likely to support the enlargement of the EU.

H4: EU countries with a high youth unemployment rate are more likely to oppose further EU enlargements whereas EU countries with a low youth unemployment rate are more likely to support the enlargement of the EU.

Hypothesis 3 and 4 are based on the fact that countries with a low (youth) unemployment rate are rather able to absorb the immigration from new member states whereas EU countries that are already struggling with unemployment are challenged even more.

H5: EU countries that benefit from intra-EU trade are more likely to support further enlargements, whereas EU countries that benefit less from intra-EU trade are less likely to support further enlargements.

It is expected that EU countries that experience advantages from trade, welcome new countries as trade in goods, services, labor and capital is further facilitated, whereas countries that do not experience these benefits rather oppose the enlargement, fearing a further backdrop. Although the EU maintains trade agreements with nearly all countries in the world, imports into the EU are still subject to tariffs and certain standards.

H6: EU countries that are net recipients of the EU budget are more likely to support further enlargements, whereas countries that are net contributors to the EU budget are less likely to support further enlargements.

It is expected that net contributor countries are rather reluctant because they fear higher payments with the accession of economically weaker countries whereas net receiver countries do not base their opinion on that account.

3. Research methodology

The research methodology chapter provides information about how this research was set up and conducted. Firstly the research design and research method are the described. Furthermore it is described how the hypotheses, constructed in the previous chapter, will be tested. This chapter also outlines the limits of this particular research design and how they will be dealt with. Finally, public opposition and the different macroeconomic factors are operationalized in order to make clear what they are particularly measuring and in what units and it is described where these data are derived from.

3.1. Research design and method

As mentioned above, the goal of this bachelor thesis is to study the influence of macroeconomic factors on public attitudes towards further EU enlargements. Since this influence will additionally be analyzed in the course of time, the analysis takes the form of a longitudinal research design. According to Babbie, this is "best way to study changes over time" (Babbie, 2012, p.106). However, since not the same individuals are interviewed by Eurobarometer each year but the same countries, a panel study will be carried out which is a subcategory of the longitudinal research design. With this approach it can be figured out whether the variables are applicable to any country, regardless of their profile which is important when I examine their suitability as explanations for public support in general.

As with all research designs, the longitudinal research design includes certain pitfalls. Contrary to case studies, the longitudinal design does not include a control group which is useful to investigate the effect of the treatment of the study. However, this analysis involves 25 resp. 27 different cases which encounter different economic situations and thus serve as a kind of control group mutually.

Furthermore, longitudinal research designs can be subject to omitted variables, implying that not all relevant variables that have an influence are studied which leads to flawed results. As mentioned before, the public attitude can be influenced by several other factors than only macroeconomic indicators. However, as the focus of this bachelor thesis lies explicitly on these macroeconomic factors, I do not want to study the influence public opinion of all possible indicators as such. Since the macroeconomic field will be covered among others by the GDP growth rate which draws a comprehensive picture of the situation of a country in general and the unemployment rate which displays the health of the economy I assume that the chosen factors are sufficient to draw conclusions about the explanatory power of macroeconomic indicators in general.

Another threat is multicollinearity, meaning that two or more of the independent variables are correlating among each other. This does not influence the predictive power of the variables as such but it affects the precision of the individual variables as predictors. Therefore the multiple regressions will be checked for multicollinearity. In case multicollinearity is found I will refrain from examining which variable is able to explain the variation in the dependent variable best and only draw conclusions about the explanatory power of macroeconomic factors in general.

Before the actual panel study can be carried out, another graphical analysis is made in form of scatter plots. In fact six scatter plots will be made, one for each independent variable in comparison with the dependent variable. This will serve to limit the number of independent variables to three since this is the maximum number that can be applied to the relatively small number of cases (25 resp. 27 EU member states). The three variables that display the weakest results will be excluded because they will be less useful to explain or refute the relationship between public opinion and utilitarian factors.

After checking the assumptions and conditions, the multiple regression analysis can be performed with the three independent variables to detect which of them exerts a significant influence on the public attitude. Three regression models are computed for the years 2004, 2007, and 2010 in order to

find and determine a change over time. Since three observations are made, the overall performance of each factor can be described in a better and more secure way which helps to prevent unreliable results.

3.2. Data and data collection

The data used for the analysis are secondary data from Eurostat and the Eurobarometer, which means they were collected by other researchers and for different purposes than mine. Nevertheless, it can be used for this research, since it is quantitative data and the numbers are not biased by the research goal of the particular scholars. The sources of the data will be explained in detail later in the text.

It consists of both survey responses and values of macroeconomic indicators. The numbers that express the attitude of the EU27 population towards further enlargements were collected by Eurobarometer on behalf of the European Commission. Eurobarometer conducts two to five surveys a year in face-to-face interviews throughout the EU member states but from time to time also in the candidate countries. The sample consists of approximately 1000 randomly selected respondents per country except for Germany (1500), Luxembourg (500) and the UK (1300) (European Commission, 2015b). The results are published twice a year, in spring and autumn.

Since the analysis focuses on the time span 2004 to 2010, 14 issues (61-74) are analyzed in total. However, the macroeconomic data is only published once in a year and thus the average score of the Eurobarometer issues for each year will be computed. Moreover, the scatter plots respect all EU27 states in order to get a clearer picture, except for Romania and Bulgaria who did not contribute to the budget balance until 2006 and thus their values are missing for 2004 to 2006. On all other accounts their macroeconomic indicators were assessed and are thus also included in the scatter plots.

Further, for the table that displays the development of the opposition and for the multiple regression analysis only those countries are considered that were EU members at the particular point in time. This means that Bulgaria and Romania do not appear in the regression analysis for 2004. For obvious reasons Croatia does not appear in any of the analyses since it just accessed the EU in 2013. As Cyprus is divided into a Greek and a Turkish territory, only the Greek part is respected.

Particularly, one Eurobarometer question will be used: "What is your opinion on the following statements? Please tell me for each statement, whether you are for or against it. Option: Further enlargement of the EU to include other countries in the future." The respondents could answer with 'for', 'against' or 'don't know'. The answers are summarized in percentages for each country.

The data that relates to the macroeconomic indicators are provided by Eurostat, the statistical office of the EU. Eurostat receives, standardizes and publishes the data collected by the national statistical offices and thus enables cross-country comparisons. All necessary data for the independent variables selected above are provided by Eurostat. The GDP growth rate, the inflation rate, unemployment and youth unemployment rate, as well as EU trade balance and the budget contribution of each member state will be considered for the years 2004 to 2010.

Since both datasets are retrieved from an international platform with harmonized data, they are equally conceptualized, operationalized and analyzed and thus more reliable. The results of the analysis of these data can be transferred to any country, as a result.

3.3. Operationalization of the dependent variable

The analysis chapter contains one dependent variable and six independent variables.
The dependent variable 'opposition to further enlargements' is characterized through the citizens that are opposing enlargements of the EU in the future. Therefore the percentages of citizens who

responded to the Eurobarometer question cited above with 'against' constitute the values of that variable. The percentages of those who answered 'yes' and 'don't know' are left out of the analysis.
It has to be kept in mind that enlargement solely refers to the geographical broadening of the EU and not to a deepening through common policies.

3.4. Operationalization of the independent variables

The GDP growth rate displays "overall living standard in a nation" through the growth of the economic performance per year in percent compared to the preceding year (Eichenberg & Dalton, 1993, p.513). It is a mean to analyze the economic activity and development of a country. The ideal value is 4% growth per year. However, if the economy is in a crisis, the growth can be negative.

The inflation rate is measured by the Harmonized Index of Consumer Prices (HICP) in the EU to enable cross-country comparisons. With HICP, consumer prices and price stability is measured. The European Central Bank (ECB) set an inflation rate of just under 2% as ideal (ECB, n.d.). When the inflation gets higher, the prices rise and goods become more expensive. This imposes problems on less wealthier people since the income does not always rise simultaneously. But also a low inflation causes problems. In case of deflation, there is not enough money in circulation but an oversupply of goods and services. This leads to the shutting down of companies and more unemployment. In this bachelor thesis, a situation of deflation is not considered. Therefore, the higher the inflation rate becomes, the less beneficial it is for the economy and the more negative its impact on the public attitude it is.

The unemployment rate embraces the percentage of unemployed persons of the labor force. The labor force comprises unemployed and employed people aged between 15 and 74. Eurostat allocates the status unemployed if a person is: "a. without work during the reference week, b. currently available for work […], c. actively seeking work" (Eurostat, 2015b).

The youth unemployment rate is defined as the unemployment rate but takes only the labor force aged between 15 and 24 into account. Since youth unemployment rates are likely to rise in times of crisis, they are used in this bachelor thesis.

The intra-EU trade balance expresses the trade balance of each EU country with the other member states. All countries either have a trade surplus indicating a fairly flourishing economy with a positive GDP growth, or a trade deficit. The data is expressed in million to see whether the particular EU countries are rather importing or exporting and thus have a positive or negative trade balance.

The 'EU budget balance' is represented by the operating budgetary balance of the EU including "allocated operating expenditure (i.e. exluding administration) and own resources payments" (European Commission, 2007a, p.63). It can be found, represented in both Euros and percent of GNI but here the latter expression is used for the analysis in order to grasp its effect on the economy. The balance is positive when a country is a net recipient and negative when a country contributes more to the EU budget than it receives through EU funds etc.

In sum, this chapter reveals that the longitudinal design is appropriate to answer the research questions. Thus, first, the development of public opposition will be determined with a descriptive analysis, second, the macroeconomic indicators will be analyzed with scatter plots for each independent variable, measuring the relation between the opposition and the macroeconomic variables, thereby testing the hypotheses. Third the relation between public opposition and macroeconomic indicators over time will be investigated with a multiple regression analysis with three different models.

There are certain limitations to this research which will be dealt with in additional calculations. The data for these analyses is derived from Eurobarometer and Eurostat and appropriate after the annual average score for the Eurobarometer survey responses was computed.

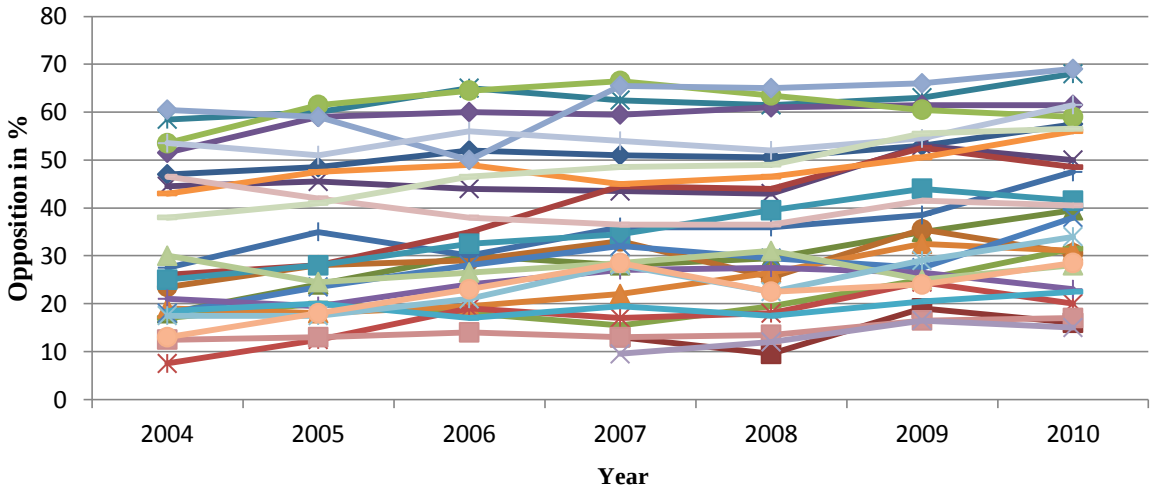
4. Findings

This chapter contains the centerpiece of this bachelor thesis. In the analysis, all parts described in the previous chapters are brought together and the answers to main research question and sub-questions are revealed. Section 4.1. displays the change in opposition towards further enlargements and the most important trends are reported, providing the answer to the first sub-question. In section 4.2., the scatter plots are interpreted in order to select the three independent variables with the most explanatory power and simultaneously the six hypotheses are either confirmed or rejected. The multiple regression analysis is carried out in section 4.3., based on the variables selected in 4.2., and its results will be interpreted. By means of the results it will be possible to answer the other sub-questions and as well as the main research question.

4.1. Variation in opposition towards further enlargements

The first part of the analysis is a graph that provides an overview of the development of the opposition against further enlargements in the time frame 2004 to 2010 in all 27 EU member states. Thereby it helps to answer the first sub-question. Since the analysis concentrates on the negative side of the public attitude this section mainly concentrates on the opposition against future enlargements. As this graph is the same as the one in the introduction, it can also be found in Appendix 1 including a key which displays the different countries. The key is excluded here for reasons of space.

Figure 2: Opposition in EU27 between 2004 and 2010



Source: Eurobarometer

Increase in opposition

As can be seen in the graph, the opposition against further EU enlargement generally increased over time. Especially in Greece, the aversion rose from 26% in 2004 to 48.5% in 2010 (even 52.5% in 2009). But also Italy and UK experienced a huge increase in opposition. In 2004, 25% of the Italian population opposed further enlargements and in 2010 it was 41.5%, in 2009 even 44%. In the UK, the opposition grew from 38% in 2004 to 56.5% in 2010. The countries that show the highest aversion are Austria, France, Germany and Luxembourg, whereby the opposition in Luxembourg declined from 2007 onwards after reaching the highest value at that time (66.5%). As a remarkable fact, all of those countries except Austria belong to the 'Six' and are founding members. Perhaps the citizens in these countries oppose further EU enlargements because the EU gradually diverges from its original

purpose. Correspondingly, critics state that the EU and its structures were not intended to accommodate as many members as the EU has today.

In several countries the amount of people opposing further enlargements rose after the financial crisis hit Europe in 2008. These observations can be made for Denmark with 43% opposition in 2008 and 53% one year later; Estonia with 25.5% in 2008 and 35.5% in 2009; Czech Republic with 29.5% in 2008, 35% in 2009 and 39.5% in 2010. Furthermore the aversion grew in Spain by 5.5% between 2008 and 2009; in Greece by 8.5% in the same time period; and in Slovenia by 7.5%.

Moderate change in opposition

In Romania and Bulgaria, the amount of people opposing future enlargements is lowest compared to the other EU states. Between 2007 and 2010, Bulgaria recorded its lowest amount of aversion in 2008 with 9.5% and the highest in 2009 with 19%. The opposition in Romania grew from 9.5% to 15% between 2007 and 2010. The public attitude that opposes future enlargements did not fluctuate remarkably during the whole time span from 2004 to 2010 in Poland and Malta. The opposition ranged between 13% and 17%; and 17% and 22.5%, respectively throughout the seven years.

The numbers show a general increase in the rejection of further enlargements. Whereas in 2004, the opposition ranged between 7.5% and 60.5% these numbers increased to 15% and 69%. Although the aversion has decreased in several particular states as Luxembourg towards the end of this period, it can be seen that the opposition grew especially in 2009 with the hit of the financial crisis. Moreover, Figure 1 reveals that the support for further enlargements ranged between 25.5% and 77.5% in 2004 and declined to 23.5% to 69.5% in 2010. With regards to the first sub-question it can be stated that the public support for further enlargements generally decreased between 2004 and 2010 whereas the opposition towards further enlargements increased.

4.2. Correlation between macroeconomic factors and opposition

As the theory model involves six independent variables but the analysis only encompasses 25 resp. 27 cases, the number of independent variables has to be limited. In order to get an idea of the explanatory strength of the respective variables, six scatter plots displaying the relationship between dependent variable and one independent variable in the years 2004 to 2010 were created. The particular figures can be found in Appendix 3. The dots denote the distribution of all particular cases and the correlation line expresses the overall trend. The correlation coefficient that is additionally computed by SPSS can range between -1 to 1 and thus be negative or positive. The closer it is to -1 or 1, the stronger is the relationship. These numbers also indicate whether the hypotheses can be confirmed or rejected.

Figure 8 shows the correlation between the people that oppose further enlargements and the GDP growth in the particular member states from 2004 to 2010. It can be seen that the GDP growth mostly varies between 0% and 5% but the results do not show the typical shape in form of a line. Thus the scatter plot is not very informative. The correlation coefficient (r) computed by SPSS is negative and amounts to -0.238**[1]. Nevertheless, the results suggest that the higher a countries GDP growth, the lower the aversion of its citizens against further EU enlargements. These findings corroborate H1.

Figure 9 shows the relationship between the opposition towards future enlargements and the inflation rate. The results are not as widespread as in Figure 8 and show a tendency. The inflation rate of most countries varies between zero and five and its correlation is moderate (r= -0.433**) and negative. This means that countries with a higher inflation rate are less likely to oppose further enlargements, which clearly refutes H2.

Figure 10 displays the relation between the unemployment rate of the EU states and the degree of opposition against further enlargements. Regarding the unemployment rate, most cases range between 5% and 10% but considering the public attitude, the range is broader and varies between approximately 5% and 70%. Thus the results are not essential but show a slightly negative direction with a correlation of -0.247** which means that the higher the unemployment rate, the less opposition against further enlargements. This clearly contradicts H3.

Figure 11 shows the correlation between the aversion against future enlargements and the youth unemployment rate. The results are even less convincing than the results of the overall unemployment rate because the cases are dispersed across the plot. R= -0.235** is weak and a slightly negative relationship is visible. This relationship also contradicts the expectations formulated in hypothesis, H4.

Figure 12 shows the correlation between the opposition against future EU enlargements and the intra-EU trade of the particular member states. The vast majority of the cases concentrates around a trade balance of zero but covers the whole range of public attitude. R = 0.213** signifies a weak, positive relationship. It thus appears that the higher the trade balance of a country, the larger is the negative attitude towards further enlargements. This incidence contradicts H5.

Figure 13 displays the relation between the aversion against future enlargements and the budget balance of the member states with the EU budget in percent of GNI. Although the results concentrate to a large extent on a budget balance of slightly below zero and 40% to 60% opposition, a tendency is visible. The correlation is with -0.544** moderate and negative. These results confirm H6 according to which countries are more likely to support further enlargements when the particular country benefits from the EU budget whereas countries are more likely to oppose further enlargements when it is a net contributor to the EU budget.

Taken together, this section reveals that only two of the hypotheses, H1 and H6 can be confirmed. The relation between GDP growth and opposition is with r= -0.238 rather weak. The relationship between budget balance and opposition can be confirmed with more certainty (r = -0.544). H2, H3, H4 and H5 however, have to be rejected. Next to the GDP growth, the youth unemployment rate (r = -0.235) and intra-EU trade (r = 0.213) have the weakest relationships with the dependent variable and are thus not helpful in order to find the independent variable with the most explanatory power. Especially the youth unemployment rate did not turn out to be as powerful as expected. The indicator intra-EU trade suggests that most countries have a trade balance of approximately zero, thus the results are not really powerful. A higher variation in the results occurs at a level of 40% to 60% opposition but in both the positive and the negative trade balance direction.

For the multiple regression analysis, the independent variables that show the highest Pearson correlation with the dependent variable were chosen. The analysis will be carried out with the variables:

- Inflation rate: this independent variable has the second highest correlation with the dependent variable (r = -0.433).
- Unemployment rate: although the results of the scatter plot do not confirm H3, the unemployment rate will be investigated since its correlation coefficient was among the highest and will thus be suitable in order to determine the variable with the most explanatory power (r = 0.247).
- Budget balance: this independent variable showed the highest correlation with the dependent variable and the results are in line with the hypothesis (r = -0.544).

4.3. Multiple regression analysis: Budget balance on the rise

In this section the multiple regression analysis is carried out with the variables selected above and will reveal a possible relationship between one dependent and several independent variables. It is computed for three years 2004, 2007 and 2010 in three different models with the result that not only the relation between dependent and independent variables is assessed but also the explanatory power of the independent variables can be evaluated and its change over time. The variables inflation rate, unemployment rate and budget balance will be inserted stepwise into the regression in order to make the impact of each variable visible. In the analysis also the explanatory power of the models in general becomes apparent and it will be possible to estimate the influence of third variables. However, at first several conditions adapted from de Veaux, Velleman and Bock (2012) have to be checked and fulfilled before the analysis is carried out. A section that describes and controls for the particular assumptions can be found in Appendix 4.

Table 5 displays the results of the analyses of the three models. The examined coefficients are shortly explained in this section.

R^2: The value of the multiple correlations squared represents the extent of the dependent variable that is explained by the model in percentages.

Adjusted R^2: The adjusted R^2 also reports the explanatory power of the model in percentages, but it is adapted to the number of variables in the model. This makes comparisons of several models with differing numbers of independent variables as in this bachelor thesis possible.

B: The unstandardized coefficient reveals the influence of one independent variable on the dependent variable when the effect of all other independent variables is subtracted. The influence is also expressed in percentage points.

β: The standardized coefficient also depicts the influence of one independent variable on the dependent variable but measured in standard deviations.

p: Based on the p-value it can be decided whether the results are significant (p-value < 0.05) and the null hypothesis (that the model has no explanatory power) can be rejected.

Model 1

The first model which looks at the year 2004, involves two independent variables, the inflation rate and EU budget balance. The variables were entered stepwise into the regression in order to find the combination of variables that has the most explanatory power and exclude the independent variables that do not have a statistically significant relationship to the dependent variable. For this reason, the other independent variable unemployment rate was excluded by SPSS.

For Model 1, 50.5% of the opposition against further EU enlargements is explained by the inflation rate and the EU budget balance ($R^2 = 0.505$) which is quite high, considering the fact that the model involves only two independent. The adjusted R^2 for this model is 0.460 and thus slightly lower. In this model the unstandardized coefficients (*B*) denote –9.390 for the EU budget balance and –3.446 for the inflation rate. This means that the model predicts that a 1% increase in a countries' budget balance with the EU results in a decrease of 9.39% in opposition against future EU enlargements, holding the value of the inflation rate equal. So, if the inflation rate does not change, receiving more payments from the EU/ facing less payments to the EU reduces the aversion against EU enlargements. This is in line with the findings of the scatter plot in section 4.2 and also confirms H6. Similarly, the model predicts that a 1% increase in inflation results in a decrease in opposition towards further enlargements by 3.45%, holding the budget balance equal. These findings are in line with the scatter plot for this variable but contradict H2. The resulting regression equation for Model 1is:

Opposition against further enlargements = 46.31 – 9.390 EU budget balance – 3.446 inflation rate

The standardized Beta coefficient reveals that an increase of one standard deviation of the budget balance leads to a decrease of 0.517 standard deviations in opposition against future enlargements. Further, an increase of one standard deviation in the inflation rate leads to a decrease of 0.377 standard deviations for the opposition against future enlargements. The p-value of the model is $p = 0.000 < \alpha$ (5%) and thus significant at the 95% level which means that the null hypothesis can be rejected.

As outlined in the research methodology chapter, multiple regression models inherit the risk of multicollinearity. This is controlled for with the collinearity statistics. The tolerance with a value of less than 20% is problematic, but this model has a value of 93.9% and is thus not multicollinear. The same applies for the VIF score who is equal to 1 or higher. Since the VIF score of Model 1 is only slightly higher than 1 (1.065), there is not a high risk of multicollinearity.

Model 2

The model for 2007, only takes the EU budget balance as independent variable into account. 26.6% of the opposition against further enlargements is explained by this model ($R^2 = 0.266$). This is less than Model 1 predicts, but Model 1 also involves more independent variables. Here, the adjusted R^2 will allow a comparison. It accounts for 0.237 and is therefore also lower than 0.460 from Model 1. So it seems natural that Model 1 involves a larger predictive power than Model 2.
The unstandardized coefficient *B* suggests that an increase in the EU budget balance by 1% leads to a decrease in opposition by 8.68%. This result corresponds to the findings in the scatter plot in section 4.2 and is in line with H6. The regression equation for this model is the following:

Opposition against further enlargements = 40.832 – 8.676 EU budget balance

The β coefficient reveals that an increase by one standard deviation in the budget balance results in a decrease by 0.516 standard deviations in the opposition against future enlargements. The p-value of the model is less significant than the p-value of Model 1 but with $p = 0.006 < \alpha$ (5%) it is still significant at the 95% level and therefore the null hypothesis can be rejected.

The collinearity statistics are in this case useless since only one independent variable is included and thus no correlation among the independent variables is possible.

Model 3

For the year 2010, the model with the most explanatory power involves only one independent variable as well and this is also the EU budget balance measured in percent of GNI. The fact that the inflation rate was excluded for Model 2 and Model 3 might explain why the results in Model 1 are contrary to the scatter plot because the scatter plot involves data for all years between 2004 and 2010. It might be that the distribution of the particular cases of the inflation rate changed after 2004 and thus the majority of the cases fit to the portrayal of the scatter plot.

The R^2 of the model amounts to 0.427 which means that 42.7% of the opposition towards future EU enlargements is explained by the budget balance. This value is remarkably larger than the R^2 of Model 2 although both models involve the same variables and the time span between both data collections is only 3 years. This makes clear that there is indeed variation in the dependent and independent variables in a relatively short time period. In order to be able to compare it with Model 1, the adjusted R^2 has to be reported. It amounts to 0.404 and is only slightly lower than the adjusted R^2 of Model 1 which is 0.460. As a consequence it can be stated that the EU budget balance becomes more powerful as sole explanation of the opposition over the years. Furthermore, the regression equation of the model is:

Opposition against further enlargements = 47.744 – 6.698 EU budget balance

Therefore, the Model 3 predicts that an increase in the budget balance by 1% leads to a reduction in opposition by 6.70%. As for Model 1 and Model 2, these findings support the findings of the scatter plot and are in line with H6 as well. Throughout the different models, the unstandardized *B* becomes slightly smaller which reflects that the impact on the dependent variable also declines. The standardized β coefficient displays that an increase in one standard deviation in the budget balance results in a decrease by 0.653 in the opposition. The p-value of the model is $p = 0.000 < \alpha$ (5%) and thus significant at the 95% level. Therefore the null hypothesis can be rejected.

As for Model 2, the collinearity statistics do not have to be applied since only one independent variable is employed in Model 3.

Table 5: Multiple regression output

		B	β	p
Model 1: 2004				
R^2: .505				
	Budget at GNI	-9.390 [2.812]	-.517	.003**
	Inflation rate	-3.446 [1.415]	-.377	.023**
Adjusted R^2: .460				
Model 2: 2007				
R^2: .266				
	Budget at GNI	-8.676 [2.881]	-.516	.006**
Adjusted R^2: .237				
Model 3: 2010				
R^2: .427				
	Budget at GNI	-6.698 [1.552]	-.653	.000**
Adjusted R^2: .404				

** significant at 95% level;
Standard error in brackets;

Model 1: N= 25;
Model 2 and Model 3: N= 27

Table 5 shows that during the years under study, only two of the three independent variables produce significant results. Thus, the unemployment rate does not have enough explanatory potential in this thesis. In consideration of the R^2 and the adjusted R^2 it can be said that Model 1 with the indicators

inflation rate and budget balance possesses the most explanatory power. The explanatory potential of the inflation rate could however only be proved in 2004 and declined afterwards. On the contrary, the explanatory power of the budget balance increased, especially between 2007 and 2010. This single variable explains more than 40% of the variation in public support in 2010 which is quite impressive, considering the multitude of possible influencing variables. Furthermore, table 5 illustrates that the impact of the budget balance (*B*) decreased over time from 9.39% in 2004 to 6.70% in 2010 implying that although the budget balance gains explanatory power in general, the force of its influence becomes less massive.

4.4. Findings of this chapter

This chapter unfolded the findings for the sub-questions, formulated in the introduction and the results whether the hypotheses based on the literature of the theoretical framework can be confirmed.

Section 4.1. illustrated the development of the dependent variable in all EU member states between 2004 and 2010. Thus the answer to sub-question 1 is that the opposition against further enlargements increased on average. Additionally, figure 1 displays a general decline in the support for future enlargements during the same time period.

Section 4.2. tested the hypotheses and singled out the independent variables used for further analysis. It emerged that only H1 and H6 could be confirmed. The diverging results might be explained by the fact that most of the literature on which the theoretical model rests is based on a different Eurobarometer question. The particular question asks the respondents to evaluate their countries' EU membership which also involves the assessment of costs and benefits measured through macroeconomic indicators. But since the evaluation of the EU membership is a broader topic than the evaluation of further EU enlargements, the hypotheses were confirmed in the literature but not in this bachelor thesis. Nevertheless, the inflation rate, unemployment rate and budget balance indicators were selected for the multiple regression analysis since they showed the highest correlations with the dependent variable.

The multiple regression analysis carried out in section 4.3. helps to answer the other sub-questions. The trend in the three regression models displayed that no significant explanatory potential can be ascribed to the unemployment rate. In light of sub-question 2, the models revealed that the explanatory potential of the inflation rate declined after 2004 whereas the budget balance gained in explanatory power between 2004 and 2010. It was highly probable that the EU budget balance contains the largest explanatory power, since figure 13 already indicated the highest correlation with the opposition for that macroeconomic variable. Besides, the analysis showed that 50.5% of the variation in the dependent variable in 2004 is explained by Model 1, in 2007 26.6% is explained by Model 2 and in 2010 42.7% of the variation is explained by Model 3. These findings suggest that at least 50% of the variation in the opposition is explained by other variables than those considered in the respective models. In order to answer sub-question 3, third variables might be, as shortly mentioned in the introduction, the media and politicians/ political parties which are able to influence the way of thinking of the Eurobarometer respondents through biased reporting, provocative statements and bar-room clichés in electoral campaigns. Often their arguments are based on hypothetic effects on the economy, again highlighting the macroeconomic indicators. However, also the influence of the egocentric utilitarian variables cannot be ruled out.

5. Conclusion

This chapter summarizes the main findings of the data analysis chapter and offers an answer to the main research question. Moreover the results will be discussed in light of previous research and implications for further research will be formulated as well.

5.1. General findings and answer to the research question

This study was conducted to find out "To what extent is the change in attitudes in EU member states towards further EU enlargements between 2004 and 2010 related to macroeconomic factors?" Thus, at first the change in attitudes was investigated. The descriptive analysis has shown that the opposition against future enlargements generally increased during the time span, with the highest growth in Italy, Greece and the UK. Especially with the hit of the crisis in 2009, the aversion increased throughout the EU. This incidence seems logical regarding the EUs Economic and Monetary Union that facilitated the spreading of the crisis. In light of sub-question 1, the public attitude changed in the time span in so far as the support for future enlargements declined by 13% and the opposition rose 13% on average. In 2010, the amount of people supporting future enlargements was 8% lower than the opposition.

Moreover, the opposition is the highest in Austria and three of the six founding states: Germany, France and Luxembourg. Since these countries are comparatively wealthy, the underlying assumption of this thesis, that countries with a positive economic climate are more welcoming to new members, has to be rejected. This already indicates that some of the hypotheses might not be confirmed too.

Indeed, the testing of the hypotheses testifies that the assumptions about the relation of the opposition with inflation rate and (youth) unemployment rate could not be confirmed. This contradicts the assumptions of the theoretical framework but also the opinion of other scholars is divided. Rusu and Gheorghiță (2014) suggest that the wealthier countries are, the more reluctance they show towards enlargements. Accordingly, Hobolt discovers that economically sound countries want to "close the door to additional (poorer) member states" in fear of new financial costs (2014, p.678).

The hypothesis that a positive trade balance involves less opposition to further enlargements, basing on the theoretical model of Gabel and Palmer (1995), was also refuted. An explanation might be that trade agreements with third countries make intra-EU trade less attractive.

By contrast, the assumption that a positive budget balance is related to less opposition was confirmed and appeared to have the strongest relationship as implicated by the work of McLaren (2004). Besides, the inflation- and unemployment rate turned out to have the highest correlation with the opposition against further enlargements and were selected for the multiple regression analysis.

The regression analysis with those variables showed that the unemployment rate was excluded from all models because its p-value was too high in the three years under investigation.

Considering sub-question 2, the analysis shows that the explanatory power of the macroeconomic factors changed between 2004 and 2010 insofar as the explanatory power of the inflation rate declined since it was only included in Model 1 and that of the budget balance increased, especially between 2007 and 2010, although its force of influence decreased. It is likely that the crisis has drawn more attention and recognition to the EU and the payments that EU states receive and contribute to it.

With the results of the multiple regression analysis it is possible to answer the main research question: 'To what extent is the change in attitudes in EU member states towards further EU enlargements between 2004 and 2010 related to macroeconomic factors?'. The analysis reveals that the variation in attitude can be partly explained by macroeconomic indicators since in the model with the highest explanatory power, 50.5% of the variation in opposition is related to the macroeconomic factors considered. This leaves also nearly half of the explanation to third variables but considering the large

amount of other variables that were studied by scholars before, a value of 50.5% is quite satisfactory. This result confirms the findings of Gabel (1998) and McLaren (2004) that attributed utilitarian variables the highest explanatory power.

The most powerful indicator throughout all the years is the EU budget balance measured in percent of GNI. This was already implied by the scatter plots that signified the highest correlation with the opposition. The budget balance embodies the utilitarian considerations of costs and benefits as none of the other variables and it gains in importance after the hit of the financial crisis, which underlines the costs perspective even more. In general, the findings support the work of McLaren (2004) that reveals the budget balance as stronger sociotropic variable than the intra-EU trade. It is however surprising that no significant relationship for GDP growth and the unemployment rate with the public attitude could be found although both factors are popular macroeconomic indicators. A possible explanation might be that both variables are located at the national level and thus not as commonly brought into context with the EU as the international variable EU budget balance. Balestrini et al. (2011) also come to the conclusion that the correlation between GDP growth and public attitude is quite weak. Contrary to the results in this thesis, they found a similar weak correlation between the inflation rate and public opinion and more support for the variables unemployment rate and trade within the EU. The analysis of Gabel and Palmer (1995) also shows support for the variables related to trade, which could not be reproduced within this analysis.

As in the best case, Model 1 explains approximately 50% of the variation in opposition across countries; there are obviously other independent variables that possess the potential to explain the change in attitude towards enlargements in the future. Thus, in light of sub-question 3, third variables have a stake in the explanation of the public attitude towards further enlargements. These are for instance other macroeconomic variables as the interest rate or balance of payments that were not respected in this research or the egocentric variables reflecting the citizens' individual feelings that can find expression in rather subjective responses to the Eurobarometer poll (Mau, 2005). Besides, the relation between public opinion formation and the media or the political sphere was investigated by numerous researchers (Schuck & De Vreese, 2006; Maier & Rittberger, 2008; Szczerbiak & Taggart, 2008) and both sectors are in a position to mitigate or reinforce the impact of macroeconomic indicators on the public attitude. Thus an advanced investigation of sociotropic variables, the influence of political parties and/or the media would be desirable for further research.

A strong point of this research is that it allows to draw conclusions about the explanatory power of macroeconomic indicators since only those were studied and the R^2 is not affected by other variables.

Perhaps its largest weakness is that a risk of unreliability is still present and not all independent variables could be tested, due to the small number of cases. Thus, it is difficult to generalize the results of the two independent variables under study to all macroeconomic indicators. It is a pity that most of the variables have a weak correlation with the opposition to future enlargements. Different than stated in the research methodology chapter, the findings cannot be generalized due to several extraordinary incidents (financial crisis, the 2004 enlargement) that also shaped the public awareness and opinion.

Taken together, the results of this bachelor thesis reveal four key insights. First, the public opposition to further enlargements grew between 2004 and 2010, especially after the hit of the financial crisis in 2008. The highest values in opposition can be found among the EU's founding members. Second, the attitude seems to be more negative in wealthier, than in poorer member states, which contradicts the underlying assumption of the theoretical framework. Third, the public attitude is indeed partly explained by macroeconomic indicators. Fourth, the member states' relation to the EU budget, or more precisely whether they receive payments or contribute payments, holds the largest explanatory potential throughout the years under study.

5.2. Implications for further research

In order to get a comprehensive picture of all factors that can have an influence on the EU enlargement attitude in the member states, it is recommended to conduct an analysis which takes not only the sociotropic variables but also egocentric variables, the media coverage, and the political sphere into account. Additionally, identity issues as the fear of losing the national identity or changing the European identity through candidate countries as Turkey that are said to having another cultural background should be included in this analysis. Since in that case it has to be drawn on data on the individual level, the multitude of independent variables is not as problematic as in this bachelor thesis.
Furthermore, the time period of this analysis was particularly selected as it includes the hugest enlargement in the history of the EU. Besides, also the hit of the financial crisis lies in this time span. These extraordinary incidents are reflected in the results of the analysis. Therefore future research should take into account another and/ or a longer time period should be carried out if general conclusions about the impact of macroeconomic variables on the enlargement attitude are desired.

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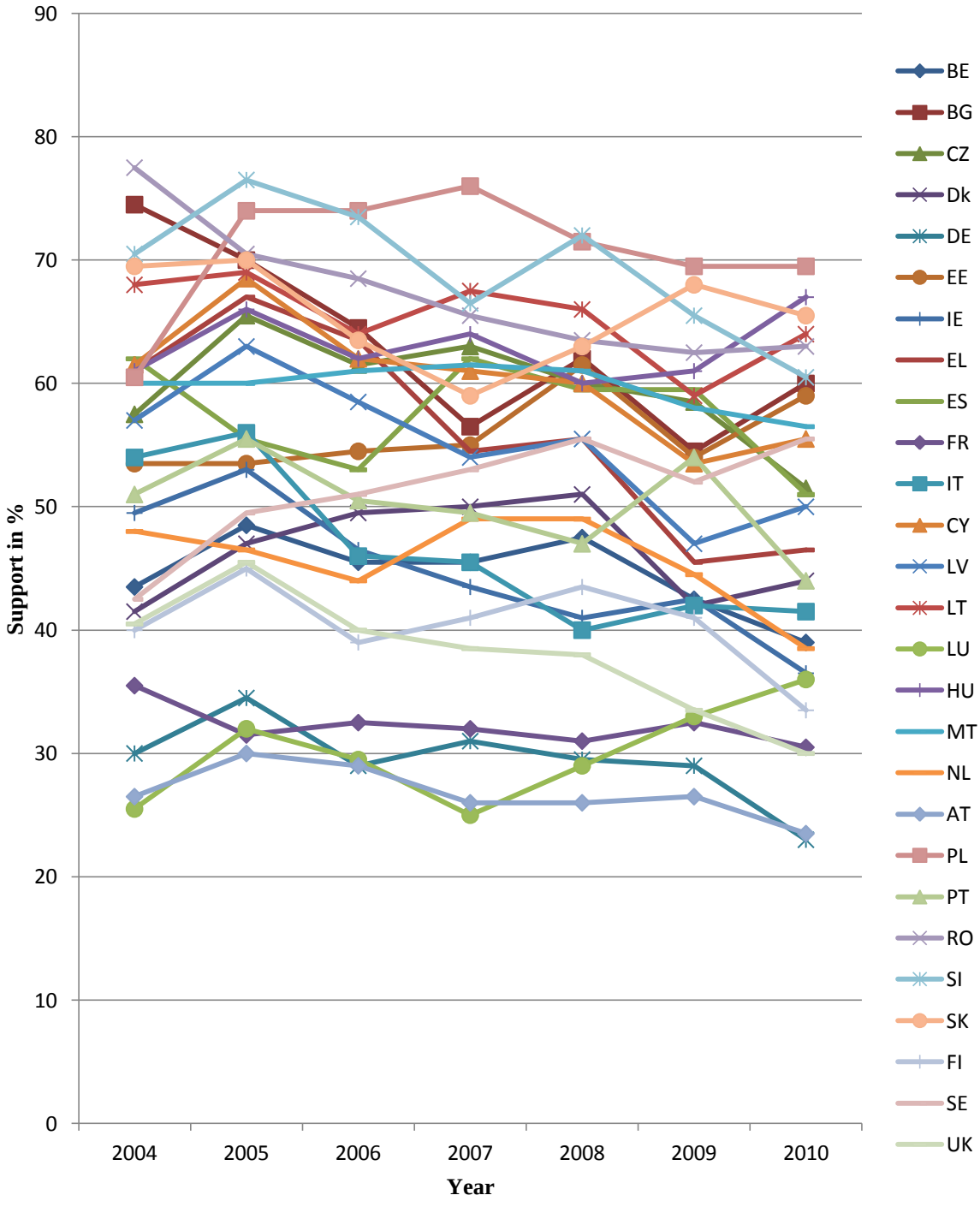
7. Appendices

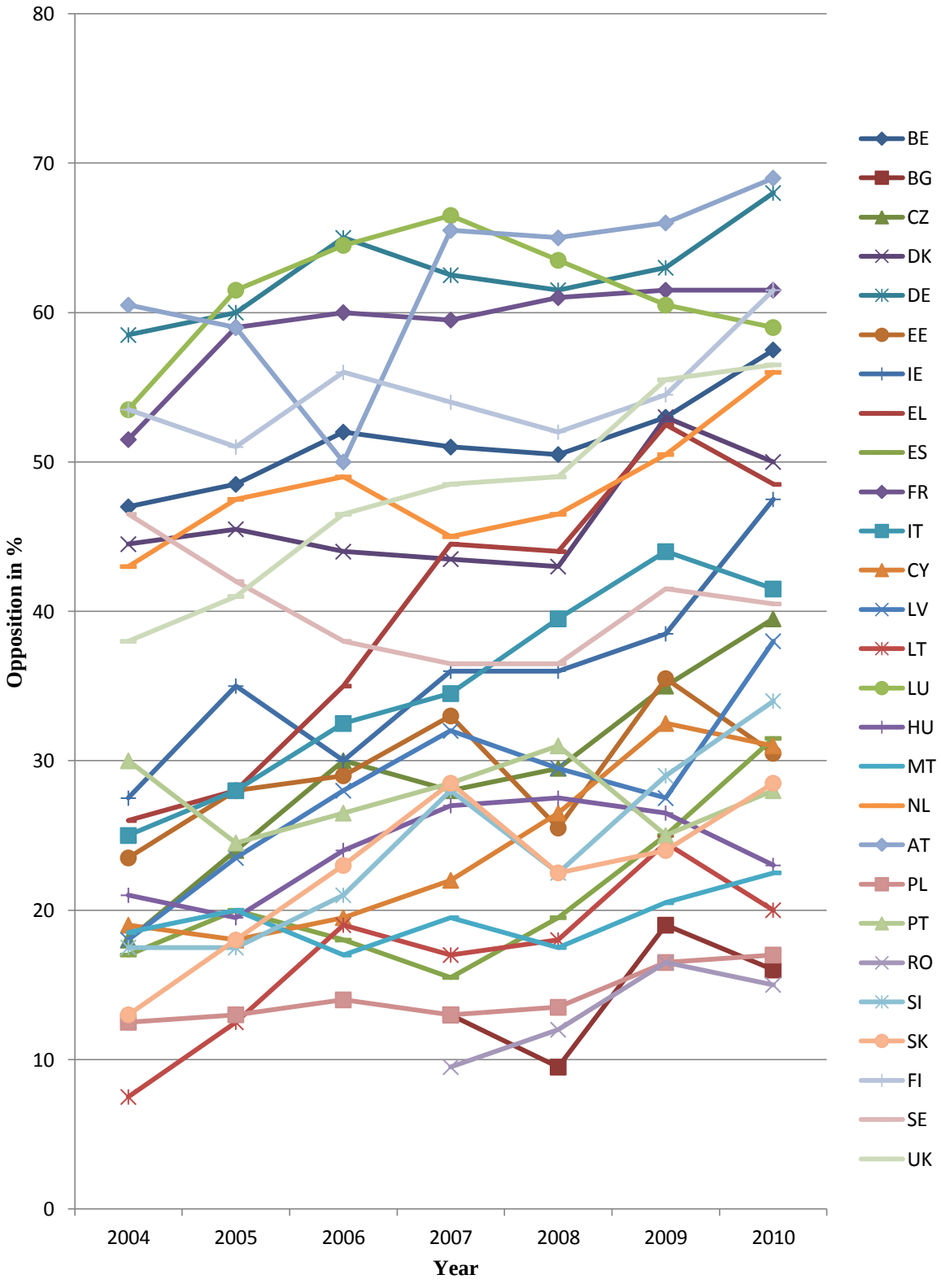
7.1. Appendix 1

Figure 1: Support in EU27 between 2004 and 2010



Source: Eurobarometer

Figure 2: Opposition in EU27 between 2004 and 2010



Source: Eurobarometer

7.2. Appendix 2

Table 1: Major points in history

Year	Event	
1952	ECSC	
1957	Treaties of Rome	➔ Euratom & EEC
1973	First enlargement	Denmark, Ireland, UK
1982	Second enlargement	Greece
1986	Third enlargement Single European Act	Spain, Portugal
1992	Treaty of Maastricht signed	➔ EC
1995	Fourth enlargement	Austria, Finland, Sweden
2001	Treaty of Nice	
2004	Eastern enlargement	Poland, Hungary, Slovakia, Czech Republic, Slovenia, Estonia, Latvia, Lithuania, Malta, Cyprus
2005	Rejection of the Constitutional Treaty by France and the Netherlands	
2007	Second Eastern enlargement	Bulgaria, Romania
2009	Treaty of Lisbon	

Source: own elaboration

Table 2: EU average public opinion on the accession of particular countries

Country	In favor	Against	Don't know
Albania	29%	58%	13%
Iceland	60%	28%	12%
Montenegro	36%	48%	16%
Serbia	34%	53%	13%
Former Yugoslav Republic of Macedonia	35%	50%	15%
Turkey	30%	59%	11%
Bosnia and Herzegovina	35%	41%	14%
Kosovo	29%	57%	14%
Croatia	47%	41%	12%
Norway	74%	17%	9%
Switzerland	75%	16%	9%

Source: European Commission (2010b)

Table 3: Long-term unemployment in 2010

Country	Long-term unemployment rate in %
Albania	10,6%
Iceland	1,3%
Montenegro	15,5%
Serbia	13,3%
Former Yugoslav Republic of Macedonia	26,7%
Turkey	3,0%
Bosnia and Herzegovina	22,3%
Kosovo	n.a. (59,8% in 2012)
Norway	0,7%

Switzerland	n.a.
EU27 average	3,8%

Source: Eurostat, 2015a

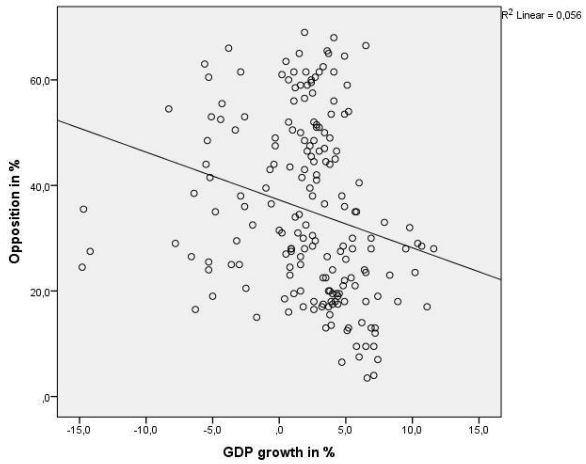
Table 4: Country abbreviations

BE	Belgium
BG	Bulgaria
CZ	Czech Republic
DK	Denmark
DE	Germany
EE	Estonia
IE	Ireland
EL	Greece
ES	Spain
FR	France
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom

Source: Eurobarometer, 2005a

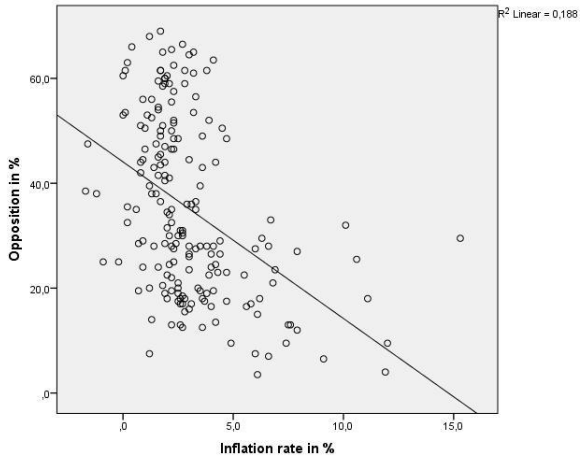
7.3. Appendix 3

Figure 8: Opposition vs. GDP growth



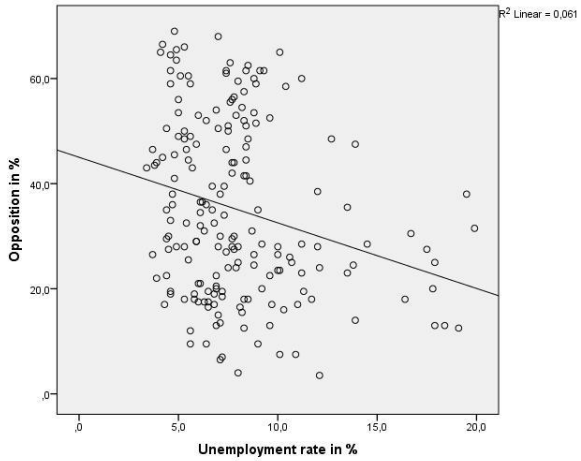
Source: based on data from Eurobarometer

Figure 9: Opposition vs. inflation rate



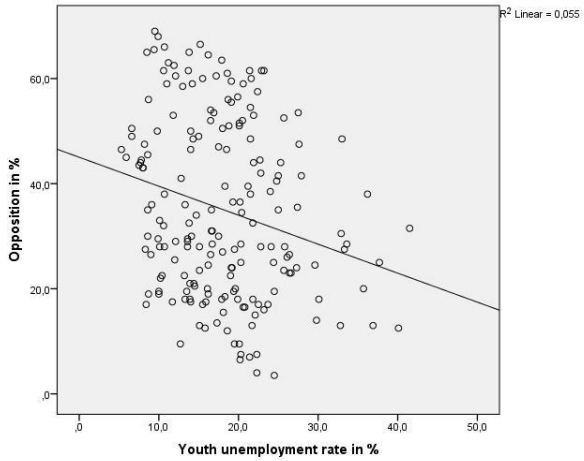
Source: based on data from Eurobarometer; Eurostat

Figure 10: Opposition vs. unemployment rate



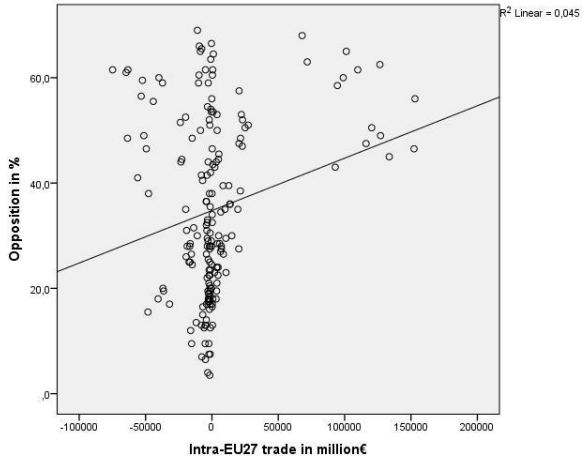
Source: based on data from Eurobarometer; Eurostat

Figure 11: Opposition vs. youth unemployment rate



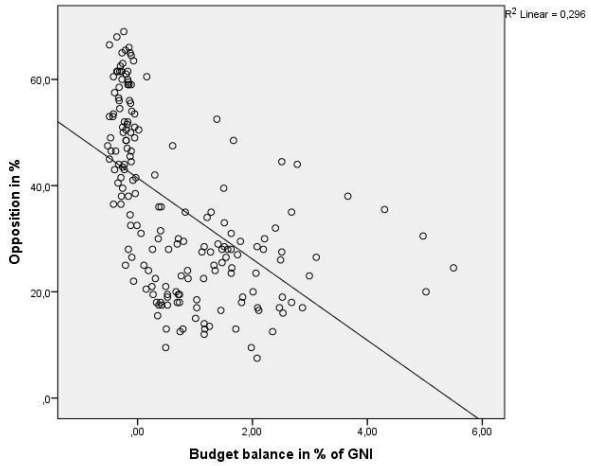
Source: based on data from Eurobarometer; Eurostat

Figure 12: Opposition vs. intra-EU trade balance



Source: based on data from Eurobarometer; Eurostat

Figure 13: Opposition vs. budget balance



Source: based on data from Eurobarometer; Eurostat

7.4. Appendix 4

Assumptions and Conditions

The linearity assumption checks whether the residuals are distributed in a linear pattern, which signifies an underlying linear relationship. If the data of the analysis are derived from a random sample or randomized experiment, the independence assumption is fulfilled. The equal variance assumption is about the independence of the data. If the scatter plots of the residuals do not show a trend, the condition is fulfilled. In order to check the normality assumption, either a histogram or a normal probability plot of the residuals can be used. For the latter assumption, this thesis will mainly concentrate on the histogram which should appear in a unimodal distribution to make sure that the errors in the analysis follow a normal model. Since SPSS produces the relevant graphs together with the actual analysis, only the graphs for the variables included are drawn.

➔ Linearity assumption: straight enough condition

This assumption is fulfilled for Model 1 for the variable inflation rate and Model 3 since the scatter plot does not have to be perfectly linear and it suffices if there is no obvious bend. The variable budget balance in Model 1 and Model 2 however might display a slight bend which could result in an underestimation of the true relationship between the budget balance in percent of GNI and the opposition against further enlargements.

➔ Independence assumption: randomization condition

This condition is fulfilled for all three models since the data are derived from a random sample (see data and data collection).

➔ Equal variance assumption: Does the plot thicken? Condition

The three models do not feature a perfectly orbital shape but there is also not a linear pattern visible. Therefore this condition is fulfilled for the models.

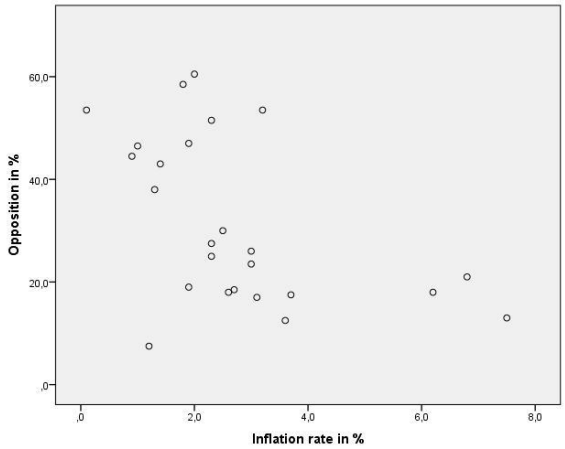
➔ Normality assumption: Nearly normal condition

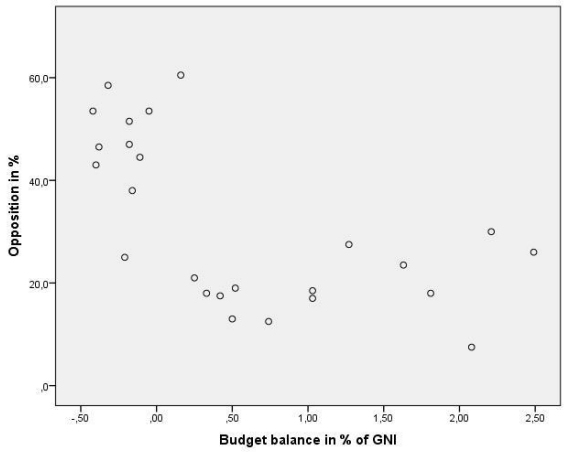
This condition is fulfilled for Model 2 and Model 3. The histogram of Model 1 is not unimodal but if we look at the normal probability plot, the line is reasonably straight and thus acceptable.

Figures representing the assumptions and conditions

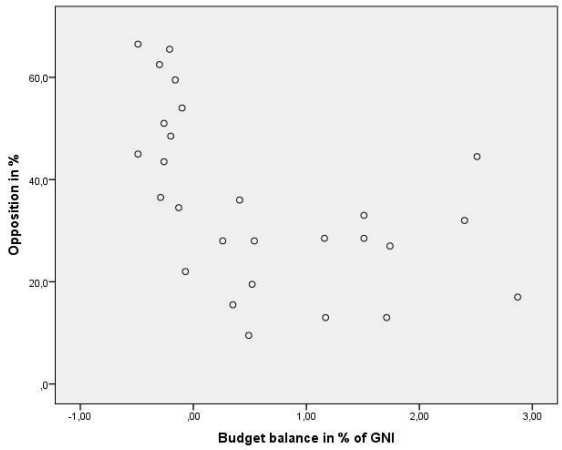
➔ Linearity assumption: straight enough condition

Model 1

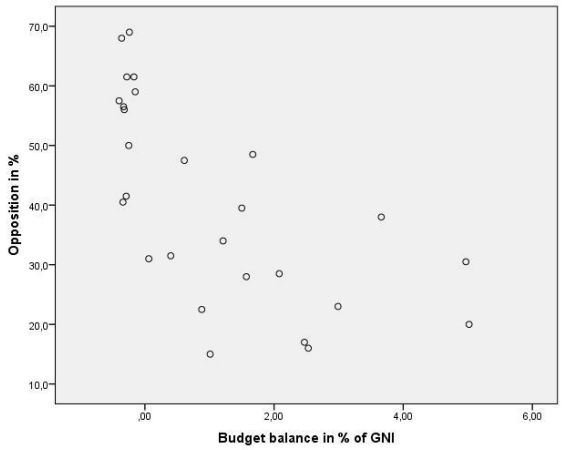




Model 2



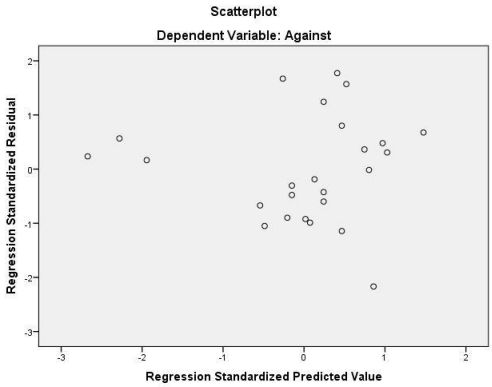
Model 3



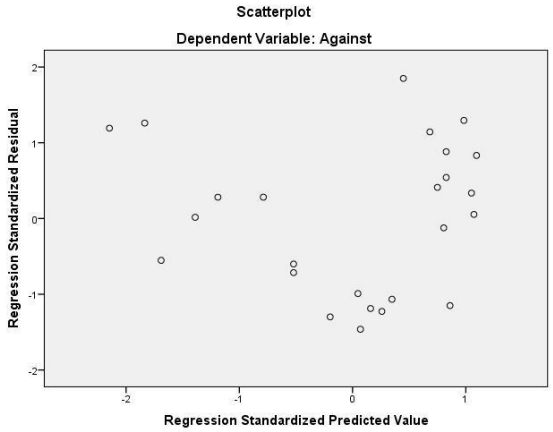
➔ Equal variance assumption: Does the plot thicken? Condition

Model 1

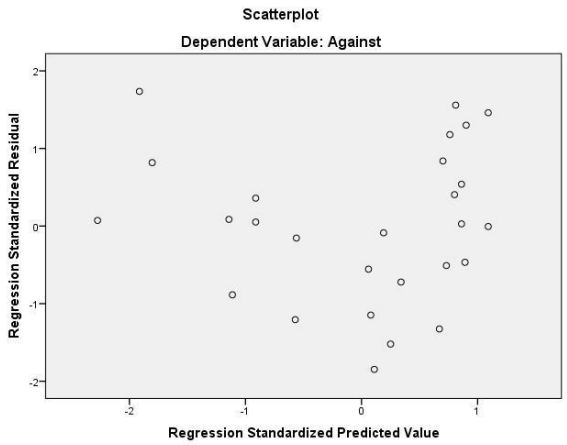
Inflation rate:



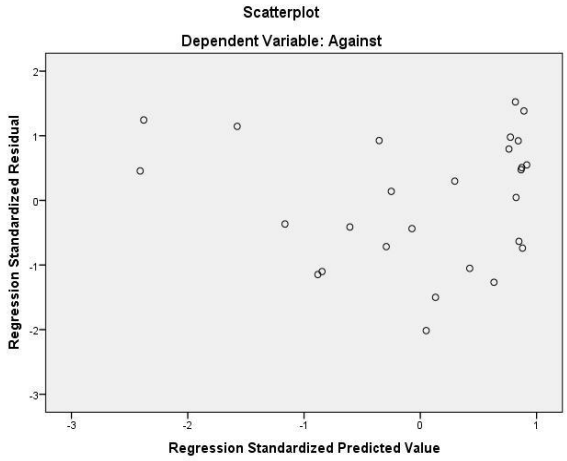
Budget GNI:



Model 2

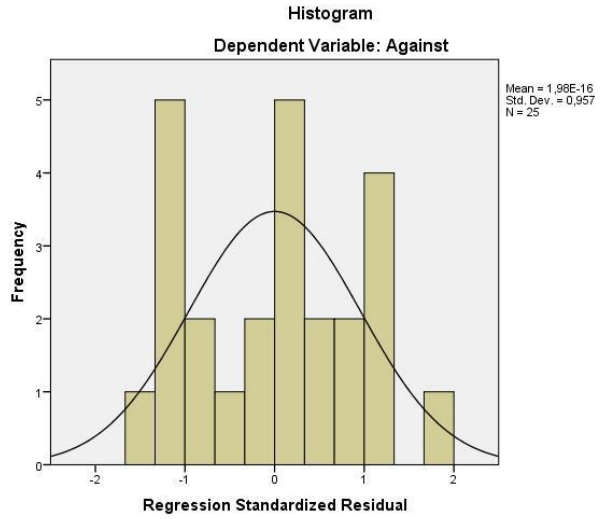


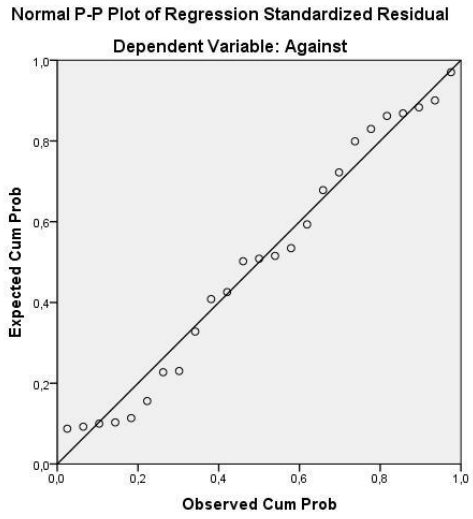
Model 3



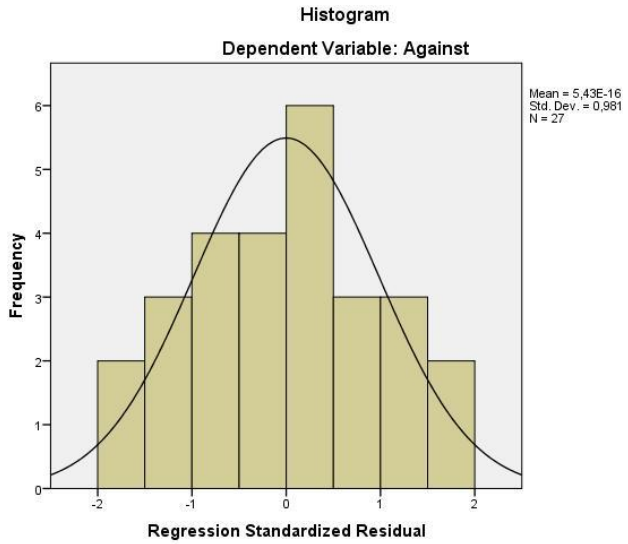
➔ Normality assumption: Nearly normal condition

Model 1





Model 2



Model 3