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Guinjoan, Marc; Rico, Guillem. «How Perceptions of Inequality Between Countries Diminish Trust in the European Union : experimental and Observational Evidence». Political Psychology, Vol. 39 Núm. 6 (2018), p. 1289-1303. DOI 10.1111/pops.12541

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Guinjoan, Marc & Guillem Rico. "How perceptions of inequality between countries diminish trust in the European Union: Experimental and observational evidence". *Political Psychology* 39 (6): 1289-1303

How perceptions of inequality between countries diminish trust in the European Union: Experimental and observational evidence

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Abstract

In the context of increasingly salient economic disparities between member states, this paper tests the novel theoretical claim that perceptions of inequality between EU member states diminish citizens' trust in European institutions. Drawing on system justification theory, we argue that the negative effect of perceived intercountry inequality will be reduced as individuals become more willing to accept social inequality and to reject redistribution. We test these propositions using a survey experiment conducted in Spain (Study 1) and a representative survey in eight EU countries (Study 2). Results from Study 1 show that when citizens are led to believe that overall levels of inequality within the EU are high, they tend to express lower levels of trust in European institutions than when displayed low levels of inequality. This finding is replicated in Study 2 using observational data on individual perceptions of inequality between countries. Results confirm the role of system-justifying beliefs as a psychological antecedent of responses to inequality between countries.

Keywords: inequality, political trust, system justification, European Union

With Eurosceptic parties gaining ground across Europe and with Britain voting to leave the Union, citizens have made it clear that their say will be key to the future of the European project. The “permissive consensus” (Lindberg & Scheingold, 1970)—whereby citizens had long given elites *carte blanche* to take the European project forward—has come to a halt. It has been replaced by growing distrust of European institutions and a critical stance towards further integration (Cramme & Hobolt, 2015). The European project has entered a new era which can be better characterized as a “constraining dissensus”, with a critical citizenry and limited predictability (Hooghe & Marks, 2009). Citizens’ critical stance on the European project has only been exacerbated by the sovereign debt crisis in the Eurozone (Cramme & Hobolt, 2015; Hobolt, 2014). Even if recent evidence suggests that the declining trend in support might have lately been reversed,¹ the economic crisis has brought to the forefront the extent to which the European project hinges on public support and the pressing need to understand how the bases of such support can deteriorate.

Along with declining support for the European project, the economic recession also threw into sharp relief the staggering economic differences within the Union. The recession seems to have placed member states on divergent economic paths, so much so that political analysts often refer to “core” and “periphery” economies within the Eurozone (cf. Brazys & Hardiman, 2015; Quiggin, 2012). While some countries have fared relatively well during the recession, others have experienced growing unemployment, poverty, and social exclusion. In the context of growing and increasingly salient economic disparities between member states, with European institutions playing a central role in the management of the ongoing recession, it is natural to ask how the increasingly conspicuous economic inequalities between the member states affect trust in European institutions.

¹ See, for example, the results of the Standard Eurobarometer survey of spring 2018 (EB89).

The present study tests the novel theoretical claim that perceptions of inequality between EU member states diminish citizens' trust in European institutions. Drawing on social psychological research on system justification theory, we posit that perceived intercountry inequality will elicit different responses from citizens, contingent on whether they conceive societal inequality to be just or unjust. Specifically, we propose that, as individuals become more willing to accept social inequality and to reject redistribution, the negative effect of perceived intercountry inequality on trust in the EU will be reduced.

We test these propositions using a two-pronged methodology that includes a survey experiment conducted in Spain (Study 1) and a representative survey in eight EU countries (Study 2). Results from Study 1 show that, when citizens are led to believe that overall levels of inequality within the EU are high, they tend to express lower levels of trust in European institutions than when exposed to low levels of inequality. This finding is replicated in Study 2 using observational data on individual perceptions of inequality between countries. In line with expectations derived from theories of system justification, we find that system-justifying beliefs—as measured by dispositions to accept societal inequality—mitigate the effects of perceived intercountry inequality on feelings of trust in the EU.

This paper hence integrates, and contributes significantly to, the disparate literatures on EU support, system justification theory, and more generally social justice research. Our research provides evidence that, although fundamentally informed by domestic considerations, citizens also weigh EU-wide economic performance when forming judgments about European institutions. In addition, we show that the impact of perceived intercountry inequality on trust in European institutions is shaped by individual differences in acceptance of social inequality, hence confirming that predictions from system justification theory also extend to a still-nascent transnational

system such as the EU. Overall, the paper raises concerns about the potential factors driving support for the EU and suggests which priorities may drive policy-makers' decisions in the EU in a view to strengthening the union and the ties between its members.

Economic inequality as a predictor of support

Following recent contributions on the determinants of trust in European institutions (Ares, Ceka, & Kriesi, 2017; Armingeon & Ceka, 2014; Harteveld, van der Meer, & de Vries, 2013), we adopt Easton's (1975) approach to political support, which conceives trust as a dimension of "diffuse support," understood as citizens' willingness to accept or tolerate the decisions taken by the political system beyond their agreement with them. Specifically, trust involves the "symbolic satisfaction with the process by which [a political system] is run", and is expressed by the citizens' feeling that their "own interests would be attended to even if the authorities were exposed to little supervision or scrutiny" (Easton, 1975, p. 447).

Although grounded in socialization processes and conceptually distinct from satisfaction with policy outputs and the performance of political authorities (i.e., specific support), trust may also be affected by evaluations of performance—such as those illustrated by assessments of economic conditions (Easton, 1975). In this regard, subjective evaluations of macroeconomic outcomes—more clearly than objective indicators—have been found to be consistently related to political trust (van der Meer, 2018). Along these lines, a burgeoning literature demonstrates that growing income inequality diminishes citizens' support for national political institutions. Extant research links domestic economic inequality to a range of indicators, including trust in national political institutions, satisfaction with how the political system works, and support for democracy (C. J. Anderson & Singer, 2008; Krieckhaus, Son, Bellinger, & Wells, 2014;

Letki & Mierina, 2014; Schäfer, 2012; Zmerli & Castillo, 2015). The findings from these studies indicate that rising income inequality contributes to negative feelings toward the functioning of the national political system and reduces support for public institutions.

Given the growing attention devoted to economic inequality, several recent studies have examined the degree to which rising levels of inequality at home affect citizens' support for European institutions. Kuhn and colleagues (2016) find that the rise in national levels of income inequality is associated with increasing Euroscepticism, and van Elsas et al. (2016) show that support for redistribution is positively related to distrust in the European Parliament, particularly among left-wing individuals. At the level of party elites, Burgoon (2012) finds that income inequality triggers a backlash against European integration and globalization in the positions of political parties.

These findings evincing a link between income inequality within countries and attitudes toward European institutions are consistent with research showing that support for European institutions is usually channeled through citizens' evaluations of domestic institutions. Long held as remote and 'second-order', European affairs tend to be perceived through the lens of national politics (Franklin, Marsh, & McLaren, 1994; Hobolt, 2009; Reif & Schmitt, 1980; Schneider & Weitsman, 1996; Wessels, 1995). Because their level of knowledge of European affairs is generally lower, citizens use national cues to form perceptions about European institutions (C. J. Anderson, 1998; Harteveld et al., 2013; Hobolt, 2012; Kritzinger, 2003). Along these lines, recent studies conclude that "the EU continues to be evaluated from decidedly national vantage points" (Ares et al., 2017, p. 1111), and that "citizens seem to trust or distrust the European Union for reasons that are largely distinct from the Union itself" (Harteveld et al., 2013, p. 542; see also Armingeon & Ceka, 2014; Hobolt, 2012).

Despite the evidence showing that citizens' views on the European institutions are mainly driven by evaluations of domestic institutions, there are compelling reasons to think that EU-wide performance, and specifically inequality between member states, is weighted significantly in citizens' judgments about the EU. The growing economic disparities between the countries in the EU have received ample media attention. This is illustrated by the pejorative use of the term PIIGS (an acronym for Portugal, Ireland, Italy, Greece, Spain) referring to the highly indebted economies in the EU to underscore their growing economic vulnerability during the crisis (Brazys & Hardiman, 2015; Quiggin, 2012). More generally, the media often distinguish between "core" and "periphery" economies within the Eurozone in their analysis of the economic recession and the euro crisis.² Citizens should, therefore, have a sense of the economic disparities within the EU and of their deepening over the course of the economic recession.

Indeed, research indicates that, in Europe, individuals' own levels of satisfaction with life are influenced by perceptions of how people in other countries live (Delhey & Kohler, 2006), thus suggesting that frames of reference extend beyond the national realm. Along these lines, Heidenreich (2016, p. 2) argues that, as a result of the growing social and economic interdependencies brought about by the European integration process, "the standards with which a person evaluates his or her own living conditions [...] seem to be increasingly defined in a European and transnational context". This evolution contributes to claims by Risse (2014) and others about the emergence of a "sense of community" among European citizens.

The Great Recession and the debt crisis not only made economic disparities between countries particularly salient but also increased the visibility of the EU and its policies, thus raising citizens' awareness of the key role played by EU institutions in determining

² See, for example, "More on the periphery" in *The Economist* (April 26, 2013) or "Euro zone periphery may see a return of the crisis, analyst warns" in *CNBC* (January 3, 2017).

economic performance. Only recently, some research has shown that in certain circumstances citizens are also able to evaluate EU institutions on matters (believed to be) of its concern. For instance, in some bailed-out countries, citizens blamed the EU for the economic situation (Bellucci, 2014; Hellwig & Coffey, 2011; Magalhães, 2014). It is, therefore, plausible that perceived levels of inequality *between* member states lead to accountability attributions at the *European level*.

In sum, we expect that perceptions of economic disparities between member states will shape citizens' support for European institutions.

H1. The higher the perceived inequality among member states, the lower the citizens' trust in the EU.

The role of system-justifying beliefs

Implicit in the hypothesis that the public's trust in the EU is undermined by the existence of economic disparities between member states is the assumption that inequality is deemed to be undesirable and unfair. This is consistent with the notion that people tend to prefer more equitable distributions and that aversion for inequality reaches beyond self-interest (Alesina, Di Tella, & MacCulloch, 2004; Cram, Moore, Olivieri, & Baumeister, this issue). It also conforms to evidence showing that inequality has detrimental effects on political trust, irrespective of one's own socioeconomic status (Krieckhaus et al., 2014).

However, research on the psychology of social justice demonstrates that inequality is not always perceived as unjust (Tyler & van der Toorn, 2013). How people judge given allocations of resources depends on their standards of distributive justice—i.e., subjective assessments about what people deserve or are entitled to. Actually, a large

volume of studies from different approaches demonstrates that people have a motivation to justify and rationalize existing social, economic, and political systems (Jost & Banaji, 1994; Pratto, Sidanius, Stallworth, & Malle, 1994; for a review, see Jost, Kay, & Thorisdottir, 2009). Such preference for the status quo stems in part from the basic psychological need to reduce threat and anxiety. Viewing the status quo as inherently fair and legitimate allows individuals, irrespective of their group status, to cope with the perceived inevitability of an unjust reality, to feel better about their own situation, and to escape the distressing uncertainty of societal change (Jost & Hunyady, 2003, 2005).

The motivational tendency to rationalize the status quo leads individuals to endorse system-justifying ideologies such as belief in a just world, social dominance orientation, right-wing authoritarianism, or, most typically in Western democracies, political conservatism (Jost & Hunyady, 2005). By virtue of their “palliative function” (Jost & Hunyady, 2003), system-justifying beliefs have been found to reduce negative affect and increase positive evaluations of existing social arrangements, authorities, and institutions. For example, Wakslak, Jost, Tyler, and Chen (2007) show that system justification beliefs reduce moral outrage toward inequality and hence intention to help the disadvantaged and support for redistributive social policies. Research by Jost et al. (2012) finds that people who score higher on system justification exhibit lower levels of group-based anger and are less likely to protest against government measures. Osborne and Sibley (2013) demonstrate that the endorsement of system-justifying beliefs mitigates the effects of relative deprivation on psychological well-being and support for political mobilization. Likewise, a number of studies have also shown that increased levels of income inequality negatively affect happiness among liberals but not among conservatives (Napier & Jost, 2008; Schlenker, Chambers, & Le, 2012), as long as the conservatives’ perception of the status quo as fair and legitimate serves as a palliative function.

Therefore, it appears that political conservatism shields individuals from the likely adverse effects of discontent caused by the unequal allocation of resources in society. Along these lines, we expect that system-justifying beliefs will mitigate the negative impact of perceived inequality on political support. Previous studies have explored this argument at the domestic level by using objective measures of inequality, with mixed results. Anderson and Singer (2008) show that income disparities within countries diminish trust in national institutions among those who place themselves on the left, but van der Meer & Hakhverdian (2017) find that inequality is more detrimental to satisfaction with democracy among those leaning to the right. Other research finds that individuals in the same country—and hence under the same level of objective inequality—may hold very different perceptions of inequality, and that these judgments better explain the individual experience of inequality and its impact on political attitudes (Loveless, 2013; Loveless & Whitefield, 2011). This, again, suggests that we should expect inequality to undermine citizens' political trust only to the extent that inequality is perceived to violate individual expectations.

In sum, bringing the argument to the supranational context of the EU, we posit that system-justifying beliefs shape how people respond to perceived inequality between member states. Indeed, nascent social-psychological research on global justice indicates that system-justifying beliefs such as social dominance orientation and right-wing authoritarianism are associated with responses to cross-national inequality (Reese, Berthold, & Steffens, 2012; Reese, Proch, & Cohrs, 2014). Consistently, we predict that the palliative influence of conservative views regarding distributive social justice will extend to the European arena, such that general acceptance of social inequalities and resistance to redistribution will attenuate the adverse effects of perceived differences between member states on people's trust in the EU.

H2. System-justifying beliefs will attenuate the negative effect of perceived between-country inequality on trust in the EU.

Empirical strategy

To test the posited hypotheses, the present study relies on a two-pronged empirical strategy. First, we draw on an online survey experiment conducted in June 2016 on a sample of adult residents in Spain. The experiment was performed on a sample of Qualtrics panelists, selected using quota sampling to approximately match Spain's population statistics in terms of sex, age, and education level. The sample included 693 adults (346 male and 347 female; ages ranging from 18 to 65, $M=41.04$, $SD=12.56$; 37% had at least university education, 24% had another type of post-secondary education, 35% had completed secondary education, and 6% had less than secondary education; see Appendix S2 of the supporting information for more detailed descriptive statistics and balance tests). By randomly exposing respondents to varying information about levels of inequality in the EU, the experiment allows us to ascertain the independent effect of perceived differences between member states on trust in the EU. The study was designed to address the concerns over reverse causality that often arise when examining observational data on evaluations of economic conditions (Palmer & Duch, 2001) and, specifically, to control for the possibility that individuals adjust their perceptions of inequality in line with prior trust judgments.

Second, we use a survey conducted online in June 2015 in eight EU countries: France, Germany, Greece, Italy, Poland, Spain, Sweden, and the United Kingdom. This selection of countries provides a fair coverage of EU diversity in terms of wealth and economic and political circumstances. The samples, recruited by YouGov using the methodologies available in each country, are quota balanced in order to match national population statistics in terms of sex, age, and education level. This cross-national

evidence serves a twofold purpose. First, it allows us to test the association between perceptions of inequality and trust in the EU on a larger and more diverse sample while also controlling for a host of confounding factors, thus enhancing the external validity of our results. Additionally, by including measures of respondents' attitudes toward social inequality and redistribution, the cross-national survey provides the necessary information to assess the extent to which an individual's tendency to accept the status quo dampens the negative effect of perceptions of inequality on trust in the EU.

Study 1: The survey experiment

By manipulating levels of poverty rates across EU countries, this experimental study aimed to assess the extent to which perceptions of between-country inequality drive levels of trust in the EU. Respondents were randomly assigned to one of three conditions: a high inequality treatment, a low inequality treatment, and a control group. In the treatment conditions, individuals were shown a bar graph depicting relative poverty rates across EU countries.³ The names of the countries were not shown in the graph, except for that of Spain, whose bar was labeled and highlighted in red. Spain's relative position and exact level of poverty were kept constant across treatments—it ranked second highest in poverty with a level of 25%. The experimental design thus controlled for Spain's characteristics and only modified the degree of variation in poverty across countries to convey different levels of inequality. The most common measure of inequality is the Gini coefficient, which varies between 0 (denoting complete equality) and 1 (denoting complete inequality). In the high inequality treatment, differences in poverty rates between EU member states produced a Gini coefficient of 0.382. In the equality treatment, differences were significantly lower,

³ The graphs were introduced to respondents as follows: “The following figure shows the level of relative poverty in Spain and all other countries of the European Union. Bars indicate the percentage of population at risk of material deprivation in each country”.

producing a Gini coefficient of 0.102. The wording and descriptive statistics of variables can be found in Appendices S1 and S2, respectively, of the online supporting information. Figure 1 shows the bar graphs displayed to respondents in the high inequality treatment (left panel) and the low inequality treatment (right panel). Respondents in the control condition were not provided with any information regarding levels of poverty.⁴

[Figure 1]

The main outcome of interest, trust in the EU, was measured using a 4-point scale ranging from “Not at all” to “Very much,” recoded to run from 0 to 3. Respondents were also asked about their trust in the Spanish government, measured on the same scale. In line with Hypothesis 1, we expected that, when exposed to small differences between countries (low inequality condition), participants would tend to express higher levels of trust in the EU than when exposed to high differences (high inequality condition) or when they were provided with no information about poverty rates (control condition).

Table 1 shows OLS estimates of treatment effects on levels of trust in the EU.⁵ Model 1 shows that both the low and the high inequality treatment groups lowered their levels of trust in the EU compared to the control group, although only the latter coefficient is statistically significant. Respondents exposed to the high inequality graph expressed

⁴ To check the manipulation of perceived inequality, we asked participants to assess how large differences in living conditions are between EU countries. As shown in Appendix S3 of the supporting information, participants exposed to the high inequality treatment perceived significantly more differences between EU countries than those exposed to the low inequality treatment, with the respondents in the control group falling between the two treatment groups.

⁵ Given the ordinal nature of the dependent variable, we also estimated the models using ordered logistic regression (see Table S4b of the supporting information). As substantively the same results are obtained, OLS results are reported here due to ease of interpretation.

0.28 points less trust on the 0–3 scale than those in the control group ($SE=0.07$, $p<0.01$) and 0.17 points less than those in the low inequality condition ($SE=0.07$, $p<0.05$). Respondents in the low inequality condition were not statistically different from those in the control group, suggesting that the exposure to deprivation data does not significantly dampen trust in EU institutions if differences across countries are small.

[Table 1]

Model 2 in Table 1 adds trust in the Spanish government as a control variable. This is a relevant control for two reasons. First, individuals may hold national institutions responsible for inequalities between the EU member states. In the case at hand, participants may blame the Spanish government for the prevalence of poverty in their country relative to other EU countries. Second, support for European institutions has been shown to be mainly channeled through citizens' evaluations of domestic institutions. Hence, participants may simply be using their assessment of the national government as a proxy for the performance of EU institutions. Like trust in the EU, trust in the Spanish government was measured post-treatment using the same 4-point scale (and coded from 0 to 3). As expected, the inclusion of this independent variable reduces the size of the effect of the high inequality treatment, but differences in trust remain statistically significant compared to both the low inequality condition ($B=-0.14$, $SE=0.06$, $p<0.05$) and the control group ($B=-0.13$, $SE=0.06$, $p<0.05$). As in Model 1, the low inequality treatment does not exert an impact on trust in the EU compared to the control group.

There are at least two possible explanations for the asymmetry of effects across treatments. On the one hand, the low inequality treatment communicates a positive message but, by pointing out high levels of poverty, it also offers negative information. Exposing respondents to high poverty rates might outweigh the potential positive effect

of showing a highly equal distribution. On the other hand, this pattern of differences might suggest the existence of a negativity bias: that effects are confined to the high inequality treatment is consistent with the principle by which negative information has a greater impact on individuals than positive information of the same type (Baumeister, Bratslavsky, Finkenauer, & Vohs, 2001; Rozin & Royzman, 2001). Because a highly unequal distribution of income clearly conveys a negative message, the high inequality treatment might have also been more arresting and consequential than the low inequality treatment. Taken together, these results provide initial evidence in support of the posited negative effect of perceived intercountry inequality on individuals' trust in the EU (Hypothesis 1).

Study 2: The cross-national survey

The purpose of our second study is to examine observational data to generalize the evidence provided by the survey experiment to a larger number of countries, while also evaluating the moderating effect of system justification on the relationship between perceived inequality and trust in the EU.⁶ To this end, we regressed respondents' trust in the EU on their perceptions of inequality between member states, a measure of system justification, and the interaction between the two, along with a series of control variables.

The dependent variable, trust in the EU, was measured on an 11-point scale ranging from 0 ("No trust at all") to 10 ("Complete trust"). This indicator shows that, in line with other EU public opinion data (e.g., Eurobarometer surveys), levels of trust in the

⁶ Even though Study 2 covers a much wider target population than Study 1, no large differences between the two samples are found by comparing the corresponding descriptive statistics, neither in terms of basic socio-demographic variables nor in terms of the outcome variable (see tables S2a and S2b of the supporting information).

EU are considerably low in all countries, with means varying between 2.8 (Greece) and 4.2 (Poland).

The main explanatory variable of interest is respondents' perceptions of economic inequalities between EU member states. Rather than asking respondents directly about economic differences between EU countries, we inferred their perceptions of intercountry inequality from their evaluations of living conditions in each of the eight EU countries participating in the survey, including their own. Specifically, respondents were asked to rate the living conditions in their country on a scale from 0 ("Very bad") to 10 ("Very good"). Next, they were asked to evaluate, using the same scale, the living conditions in each of the other seven countries. Table S2c of the online supporting information presents how living conditions in these countries were assessed by respondents from each of the countries. To obtain a measure of perceived inequality between countries, we computed an individual-level Gini coefficient based on respondents' separate evaluations of each of the eight countries.⁷ For example, if a respondent gave the same rating to all countries, she would obtain a Gini coefficient of 0—irrespective of the exact rating. By contrast, if one country were rated 10 and all others 0, the resulting Gini coefficient would be 0.875. In our sample, the respondents' mean Gini coefficient for perceived intercountry inequality is 0.23. This indirect procedure—used to obtain a respondent-specific measure of perceived inequality between countries—should reduce concerns over reverse causality that might arise when more straightforward, evaluative assessments are used.

Researchers have identified several system-identifying ideologies over the years, often connected to the legitimization of different aspects of the status quo, such as the economy

⁷ We dropped from the analyses those respondents who failed to evaluate the living conditions in four or more countries (n=254). See Appendix S1 of the supporting information for a detailed explanation of how the respondent-specific Gini coefficient was calculated.

or gender relations (Jost & Hunyady, 2005; Jost & Kay, 2005). To address how system-justification beliefs moderate the relationship between perceived intercountry inequality and trust in EU institutions, we focused on system justification with respect to distributive issues. Specifically, we used a composite scale based on five 11-point bipolar items tackling different aspects related to income equality, competition, government responsibility, unemployment benefits, and taxes (the exact wordings can be found in Appendix S1 of the supporting information). The resulting scale is coded so that higher values indicate higher acceptance of inequality and resistance to redistribution and welfare policies (i.e. high system justification).

We also consider a series of control variables. First, following the same strategy as in Study 1, we take trust in national institutions into account. This is a composite score averaging the respondent's degree of trust in the country's government, parliament, and judicial system, all measured on an 11-point scale from "No trust at all" to "Complete trust."⁸ If citizens use the performance of national institutions to form perceptions of the EU, this variable should capture such influence.

We also consider respondents' attitudes toward immigrants. Euroscepticism has been associated with opposition to immigration, based on the perception of threats to national sovereignty, cultural homogeneity, and group resources, or as a function of common psychological antecedents (de Vreese & Boomgaarden, 2005; Halikiopoulou, Nanou, & Vasilopoulou, 2012; McLaren, 2004; see also Capelos & Katsanidou and Portice & Reicher, this issue). Thus, we expect individuals with negative views about immigration

⁸ Conclusions remain unchanged if separate measures of trust for each of the three national institutions are used instead of a single composite index. As shown in Table S5a of the supporting information, trust in the national parliament appears to have the largest effect on trust in the EU, followed by trust in the judicial system and finally trust in the national government.

to be less trustful of the EU. Our measure combines responses to two 11-point bipolar items concerning the impact of immigrants on a country's economy and cultural life.

Our models also include controls for the respondent's gender, age, education (9-point scale from primary school or less to PhD or equivalent), and household income (coded in deciles of the national income distribution and adjusted for the size of the household using the OECD-modified equivalence scale). Finally, we include country-level fixed effects to account for any systematic differences in trust in the EU that exist between countries. All independent variables except age (in years) have been rescaled to run from 0 to 1.

Table 2 presents the OLS estimates of trust in the EU, based on the pooled data set. Model 1 tests the unconditional effect of perceived intercountry inequality, as posited in Hypothesis 1. The results indicate that perceived inequality has a sizeable and statistically significant negative effect on levels of trust. Specifically, moving from a perception of complete equality to one of complete inequality entails a drop of 1.2 points in the 0–10 trust scale. A change in perceived inequality from the 5th to the 95th percentile—perhaps a more realistic estimate of the total effect of this variable in our sample—entails a drop of 0.59 points in trust in the EU. This evidence clearly supports Hypothesis 1.

As expected, respondents' levels of trust in national institutions are strongly associated with their trust in European institutions. According to the estimates, people expressing the highest level of trust in national institutions have a level of trust in the EU which is 7.1 points higher, on average, than those with the lowest level. Also in line with expectations, results indicate that citizens displaying more positive attitudes toward immigrants tend to be significantly more trustful of the EU. Finally, trust in the EU is

slightly higher among women, younger people, more educated people, and those who are better off economically.

Model 2 addresses the potential heterogeneous effects of perceived intercountry inequality on differences in trust in the EU. As advanced by Hypothesis 2, we expected that the negative effect of inequality on attitudes toward the EU would be significantly muted among citizens who endorse system-justifying beliefs on distributive matters. Results suggest that this is indeed the case. The coefficient for the interaction between perceived inequality and system justification is positive and statistically significant, indicating that the adverse impact of perceived inequality on trust is weakened as individuals become more willing to accept inequality and more averse to redistributive and welfare policies.⁹

[Table 2]

To interpret this interactive relationship more easily, Figure 2 represents the marginal effect of perceived intercountry inequality on trust across different values of respondents' system justification, with all other variables kept at their observed values. The association between inequality and trust in the EU is clearly attenuated as support for the status quo increases. For those scoring lowest on the system justification scale, perceived inequality decreases trust by up to 2.6 points on a 0–10 scale. The association gradually diminishes as system justification increases, such that it becomes not significantly different from zero among those scoring highest on the system justification scale. This evidence clearly supports Hypothesis 2.

⁹ As shown in Table S5b of the supporting information, these results are robust to the inclusion of perceived living conditions in the respondent's own country, left-right self-placement, and interest in politics.

[Figure 2]

Discussion

To date, most scholarship dealing with the relationship between inequality and political support has focused on income disparities *within* nation-states, whereas the potential effect of rising inequality *between* countries has remained largely unexplored. This paper addresses this gap in the literature by examining how the perceived disparities between member states affect citizens' trust in European institutions.

By relying on a survey experiment, Study 1 demonstrated that high levels of intercountry inequality give rise to consistently lower levels of trust in the EU. These findings were replicated in Study 2 by using observational data from a diverse sample of EU member states and inferring perceived inequality from separate assessments of living conditions in individual countries. In both cases, we took great care when measuring perceptions of inequality to minimize any potential endogeneity or confounding bias. That the relationship was found to be shaped by individuals' views on distributive justice is also reassuring, in that it again points to perceptions of (unfair) inequality as the mechanism underlying the observed association. This finding corroborates the notion coming from social justice research that people's responses to inequality depend crucially on their views about distributive justice in society.

Our results have important implications for the literatures on EU support and system justification theory. First, we complement the widespread scholarly view that people evaluate the EU based on inferences from domestic conditions, by showing that EU citizens are actually sensitive to the existence of cross-national differences. This evidence qualifies the often-heard notion that trust in the EU is, to a large extent, an extension of national trust, and thus unrelated to the EU itself (Armingeon & Ceka,

2014; Hartevelde et al., 2013). While not challenging the assertion—also supported by our empirical models—that trust in one’s national institutions is a crucial predictor of trust in the EU, the results of this paper clearly suggest that an inherently European concern such as the economic inequality between member states may also contribute to explaining the differences in citizens’ trust in the EU. A related, significant implication of our study is that citizens are able to assign responsibility for EU-wide economic performance to European institutions (see Hobolt & Tilley, 2014).

Second, the finding that individual dispositions toward societal inequality predict how EU citizens react to perceived inequality between countries shows that the expectations derived from theories of system justification also apply to the transnational arena. That the same rationale found in long-standing social systems extends to an organization as unique, complex, and relatively young as the EU is an important contribution that emerges from our analysis. This result is also a positive sign of the emergence of a truly European sense of community among at least a portion of EU citizens, who, in this regard, appear to be extending their “scope of justice” (Deutsch, 1985) beyond the narrow borders of their nation-states. Moreover, our analyses point not only to the representation of the EU as a “moral community” but also to a vision of its member states as relevant “recipient units” of justice (Olson, 1997). Future research should explore the extent to which citizens consider individuals or transnational collectivities as recipient units in their judgments of EU justice.

It is important to note some of the current study’s limitations. First, both our studies were conducted in a context where the global financial downturn and the sovereign debt crisis in Europe had increased the visibility of income inequality, which might have boosted the public’s concern over this issue. In addition, Study 1 was conducted in Spain, a country that moved down the EU income distribution during the preceding years and where the economic recession and European involvement in managing the

debt crisis had both been highly prominent issues. In this regard, it remains to be addressed whether varying levels of intercountry inequality produce similar effects under less adverse economic conditions or in contexts where the issue of inequality is less salient. Second, the use of a different number of response categories for measuring the outcome variable in Study 1 (4 points) and Study 2 (11 points) is far from optimal, as it hinders the comparability of results across studies. Third, although we have shown that system-justifying beliefs related to inequality and redistribution condition the impact of perceived inequality on political trust, other variables that have not been included in our study may also shape individual responses to perceptions of inequality. For example, as just noted, the relationship requires that responsibility for intercountry inequality is to some extent allocated to European institutions and that there exists some degree of identification with the EU to reflect a necessary sense of community. The negative impact of inequality on trust might stem from concerns other than fairness, such as expectations of macroeconomic performance (van der Meer, 2018) or feelings of insecurity triggered by a financially unbalanced and thus unstable EU (see Mitzen, this issue, on the role of ontological security needs). Likewise, future research should address the potential role of personality as well as other individual differences like social dominance orientation, right-wing authoritarianism, or reactionism, with which our measure of system justification might partially overlap (see Capelos & Katsanidou, Curtis & Nielsen, and Peitz, Dhont, & Seyd, this issue).

On a more normative level, our findings have somewhat ambivalent implications. On the one hand, the finding that system-justifying tendencies dampen citizens' responses to pervasive economic differences is disturbing in that it facilitates the perpetuation of inequality between member states. The system justification tendencies revealed in this study suggest that it is those who care most deeply about inequality and are hence more likely to take action against it who would be pushed away from the EU. On the other hand, the fact that cross-national inequality undermines trust in European institutions

suggests possible fruitful policy directions for EU authorities concerned about rebuilding public trust in the Union and strengthening the legitimacy of the integration project. According to our estimates, perceptions of high inequality diminish trust to the extent that citizens reject social disparities and favor redistribution. By contrast, those scoring highest on system justification appear to be immune to variations in inequality, so perceptions of low inequality do not undermine their levels of trust in EU. Consequently, any efforts aimed at reducing disparities between countries—and promoting perceptions of social and economic convergence—can only have a positive effect on aggregate levels of support for European institutions.

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Figure 1. Experimental treatments of high inequality (left) and low inequality (right) (Study 1)

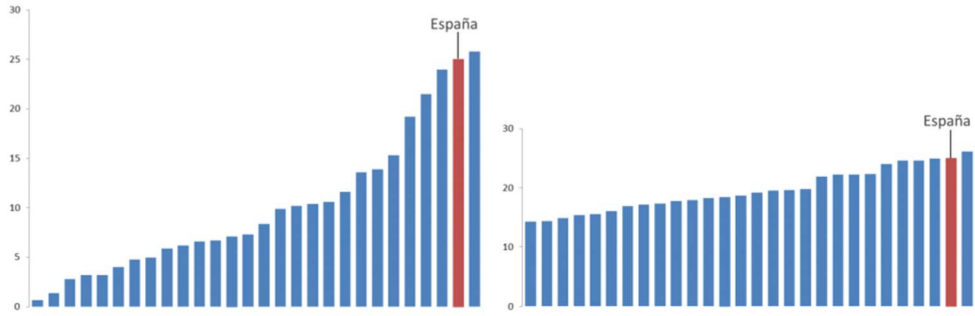
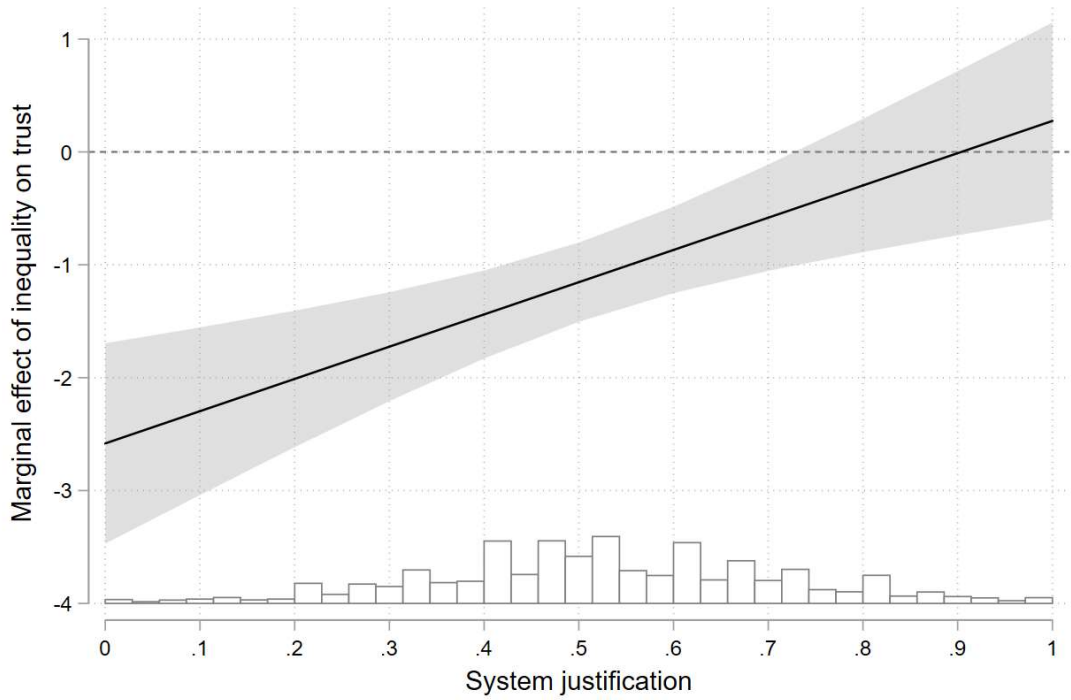


Figure 2. How system-justifying ideology moderates the effect of perceived intercountry inequality on trust in the EU



Note. Marginal effect of perceived intercountry inequality on trust in the EU, as estimated in model 2 of Table 2. The histogram at the bottom of the figure shows the distribution of the system justification index.

Table 1. Treatment effects on trust in the EU (Study 1)

	(1)	(2)
Treatment (ref.: control group)		
Low inequality	-0.11 (0.07)	0.01 (0.06)
High inequality	-0.28*** (0.07)	-0.13* (0.06)
Trust in national government		0.56*** (0.03)
Constant	1.14*** (0.05)	0.61*** (0.05)
Observations	693	693

Note. Unstandardized regression coefficients, with standard errors in parentheses. The dependent variable is trust in the EU. Both trust in the EU and trust in the national government are measured using four-point scales coded to range from 0 (no trust at all) to 3 (complete trust).

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 2. Effect of perceived intercountry inequality on trust in the EU (Study 2)

	(1)	(2)
Female	0.11** (0.04)	0.10** (0.04)
Age (years)	-0.01*** (0.00)	-0.01*** (0.00)
Education	0.30*** (0.08)	0.32*** (0.08)
Income	0.52*** (0.10)	0.46*** (0.11)
Trust in national institutions	7.13*** (0.08)	7.12*** (0.09)
Attitudes towards immigrants	1.10*** (0.07)	1.15*** (0.08)
Perceived inequality (Gini)	-1.20*** (0.17)	-2.58*** (0.45)
System justification		-0.37 (0.23)
Inequality × System justification		2.86*** (0.82)
Observations	12,349	11,595

Note. Unstandardized regression coefficients, with standard errors in parentheses. The dependent variable, trust in the EU, is coded from 0 (no trust at all) to 10 (complete trust). All independent variables are coded to run from 0 to 1, except for age (in years). Intercept and country fixed effects not shown.

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$