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# European Integration: disappointment vs. happiness

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# Reasons to integrate

No matter globalization or anti-globalization

- (i) international division of labour and natural scarcity
- (ii) international security and economic independence of the small states
- (iii) international trade relations and the reduction of transaction costs

# What goes further?

## Integration winners & losers

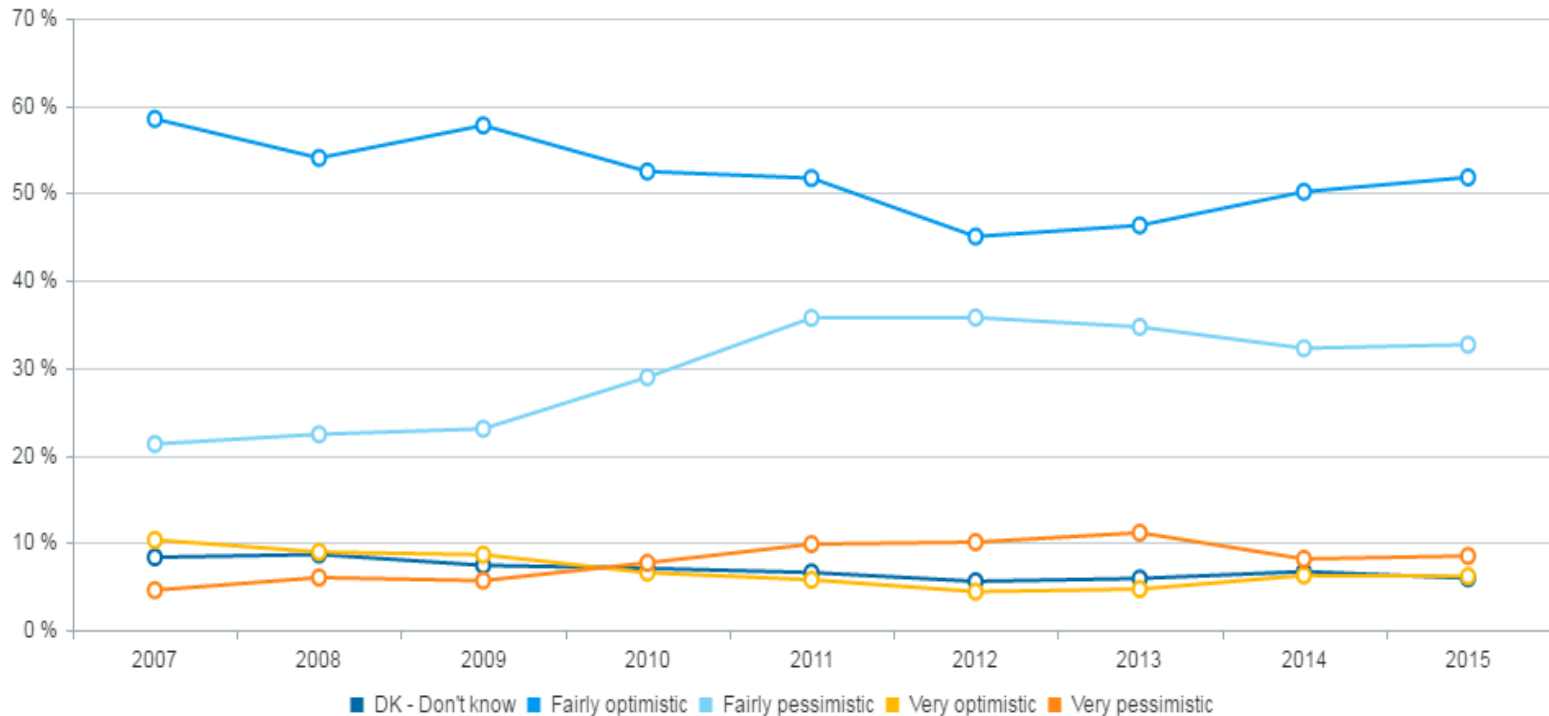
(Casella and Feinstein, 1990; Wei, 1991; Alesina and Spolaore, 1995):

- 1) There are winners and losers in the integration
- 2) Heterogeneity of preferences among union members

Negotiation process and consensus in decision-making become rather tough with **the large number of states in the integration**, especially if there are differences in income and wealth (Bolton et al., 1995)

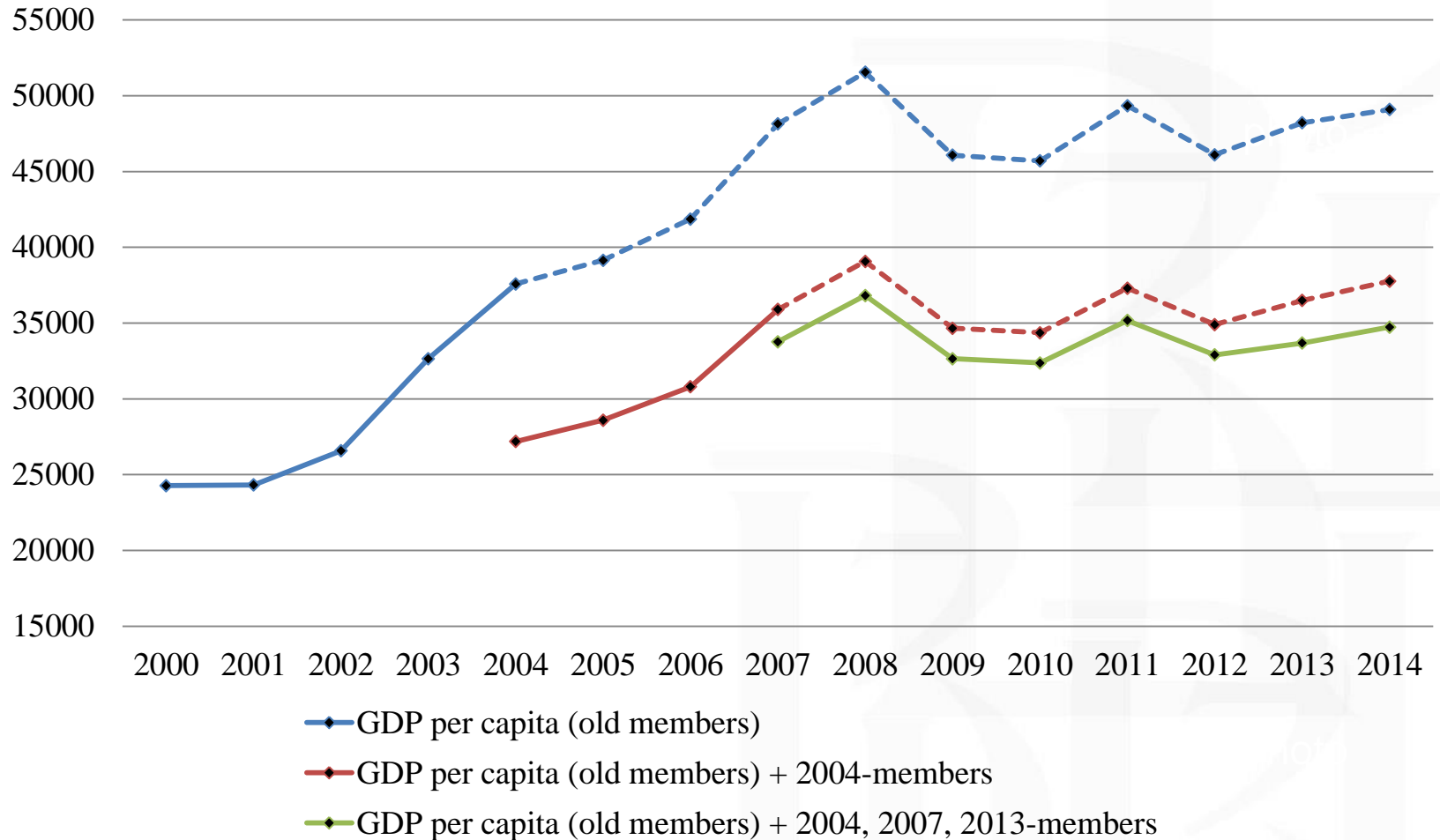
# Euro-skepticism

Crisis affected the economies of European countries a lot: income and wealth decreased, unemployment got greater



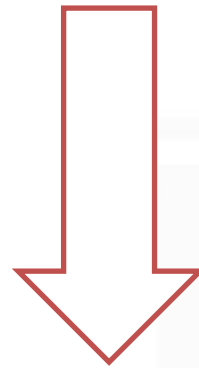
Would you say that you are optimistic, fairly optimistic, fairly pessimistic or very pessimistic about the future of the EU?

# European Union crises



# Beyond GDP

Income growth (GDP per capita) is a **doubtful predictor** of what is going on with national well-being (Herzberg, 1968; Easterlin, 1974, 1995; Layard, 2005; Bartolini and Sarracino, 2014)



Happiness

# Research hypotheses

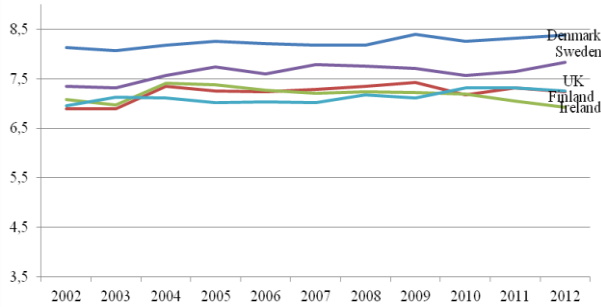
**H1:** happiness of new EU member states has increased shortly before the integration joining because of residents' expectations and straight after that happiness of old members has started dropping

**H2:** the euro-skepticism becomes more obvious with EU-membership rising

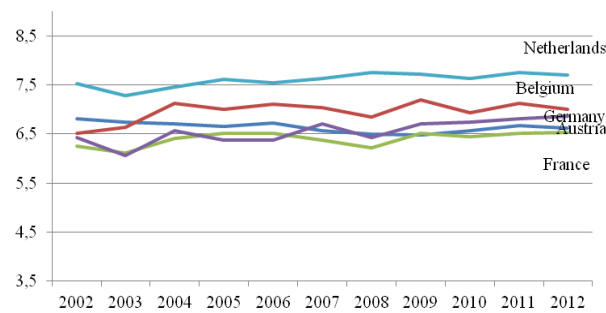
**H3:** happiness in the EU is subject to rising euro-skeptic

# Intraregional comparison

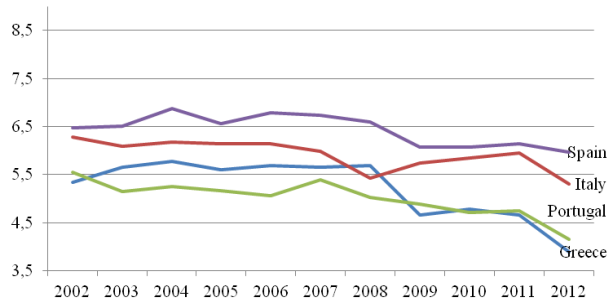
**Nothern Europe**



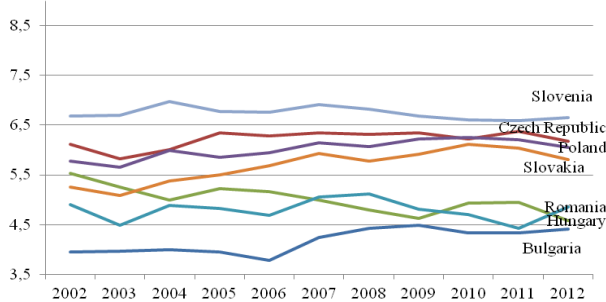
**Western Europe**



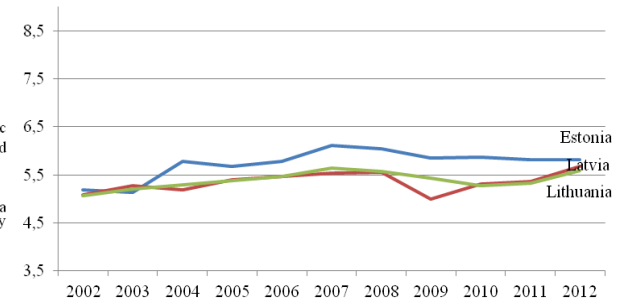
**Southern Europe**



**Eastern Europe**

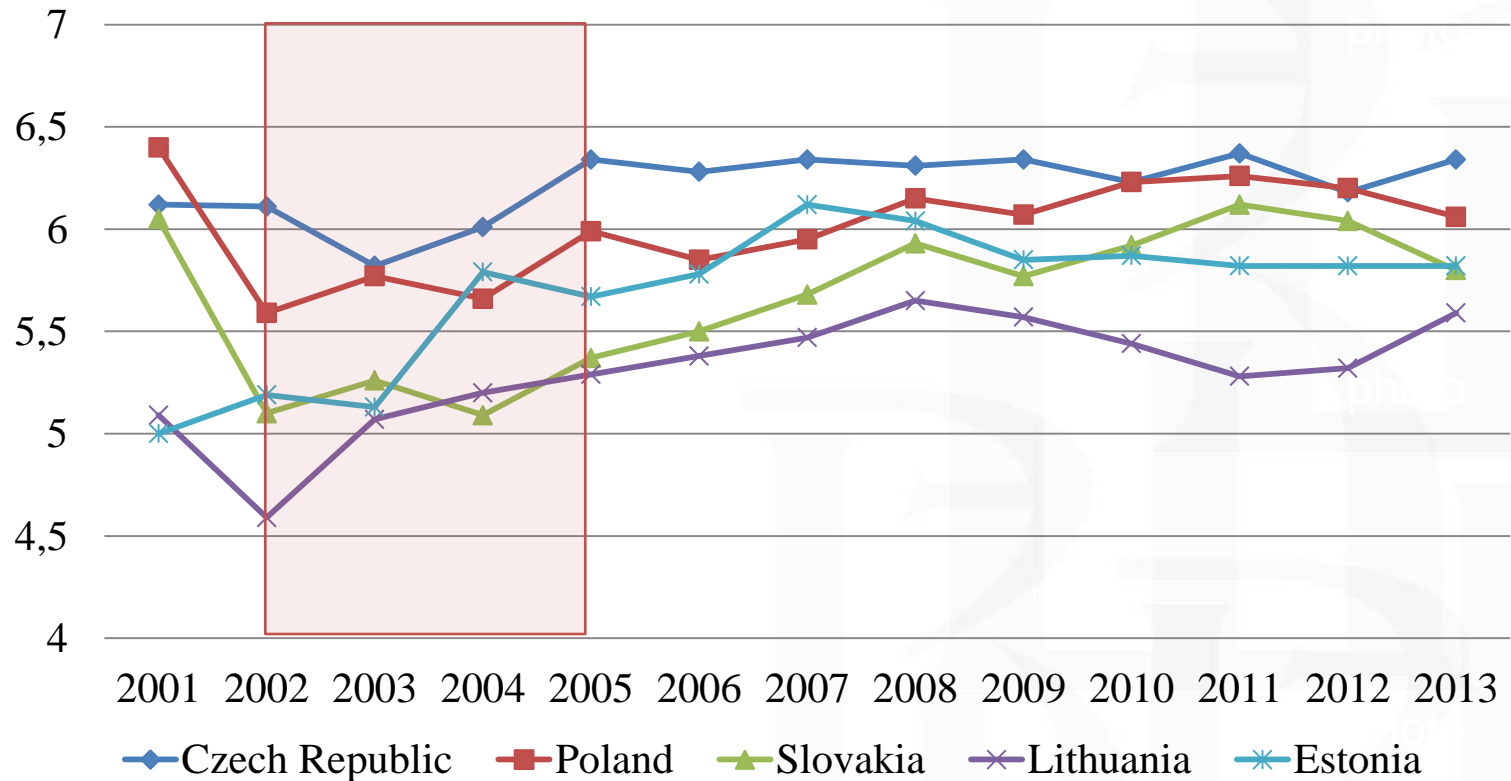


**Baltic**

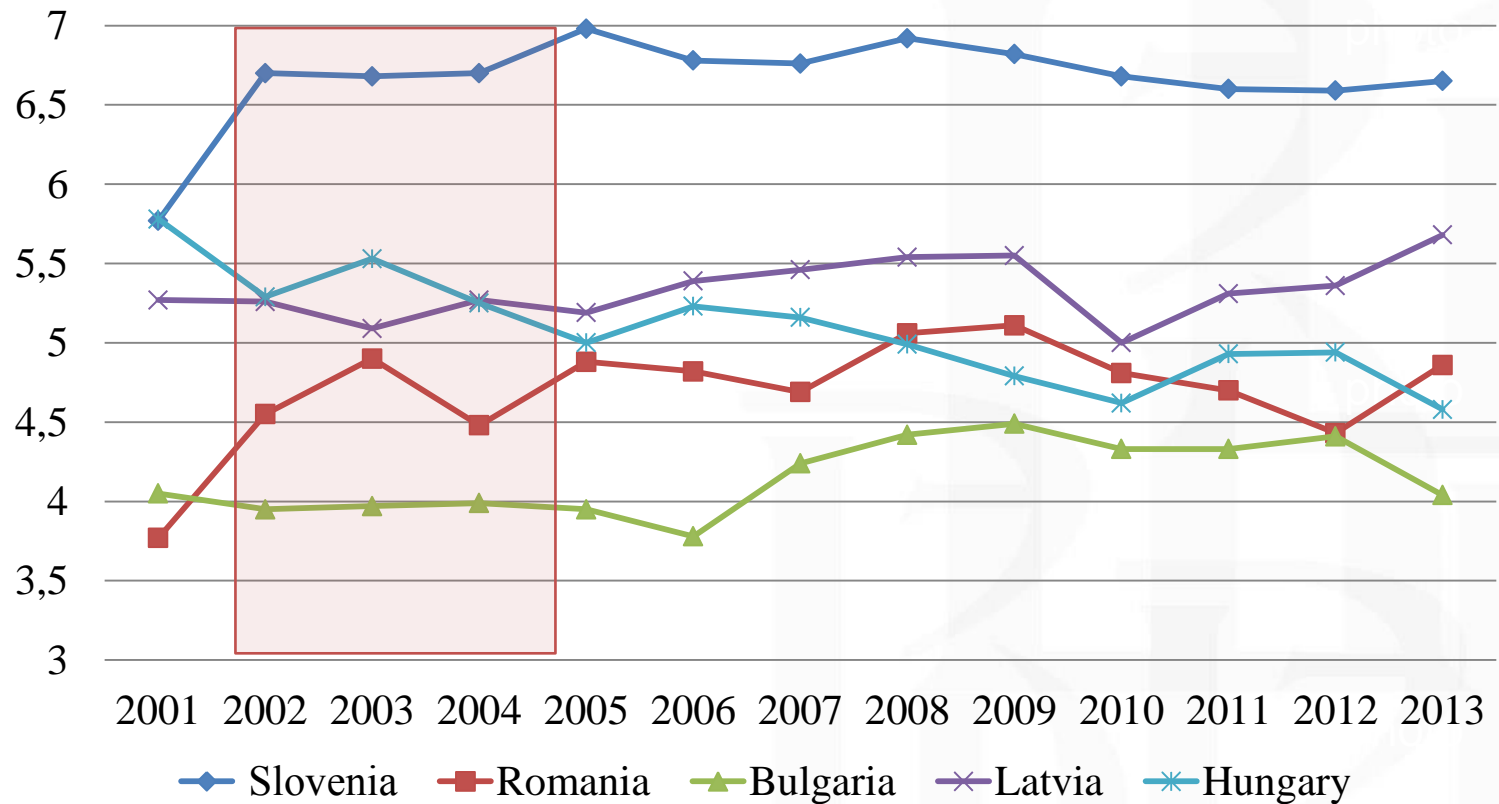




# Happiness in new EU members (1)

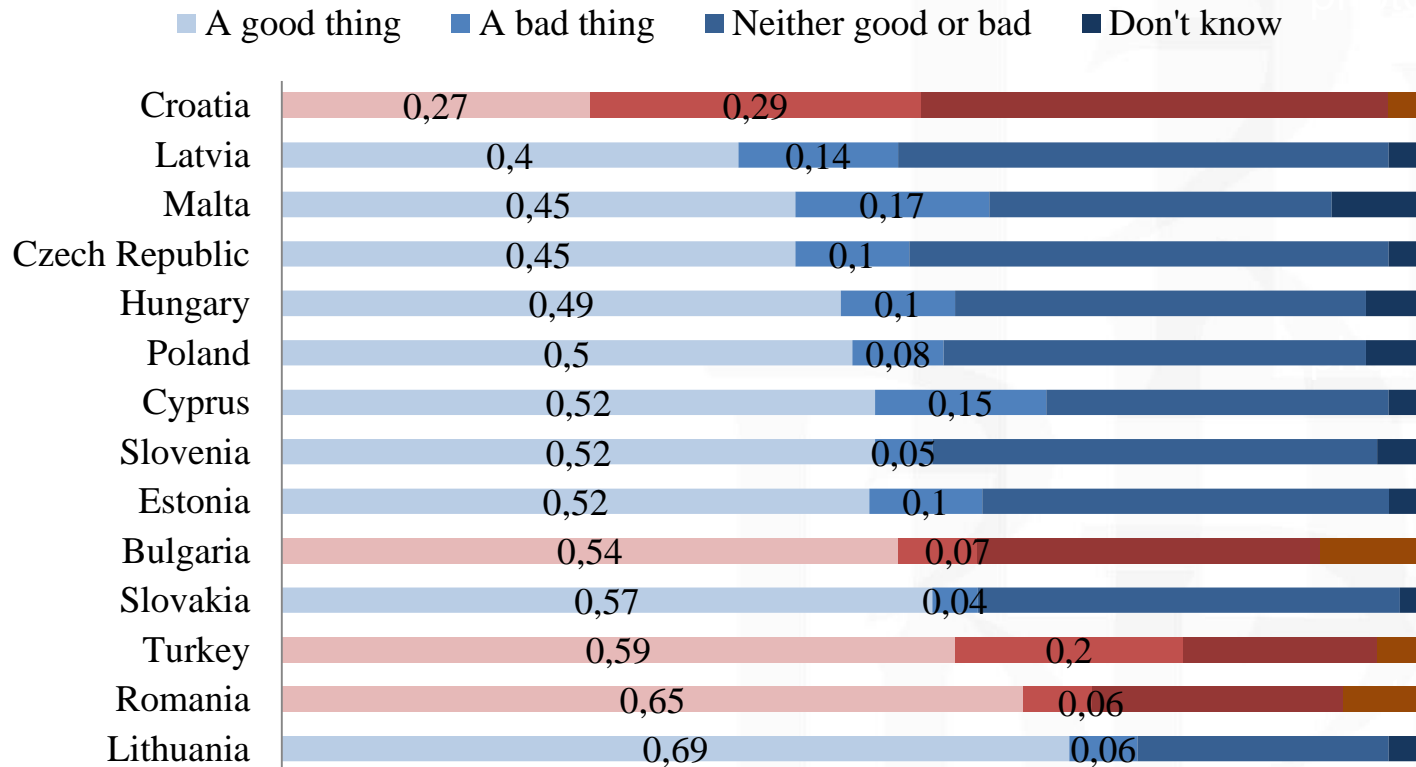


# Happiness in new EU members (2)



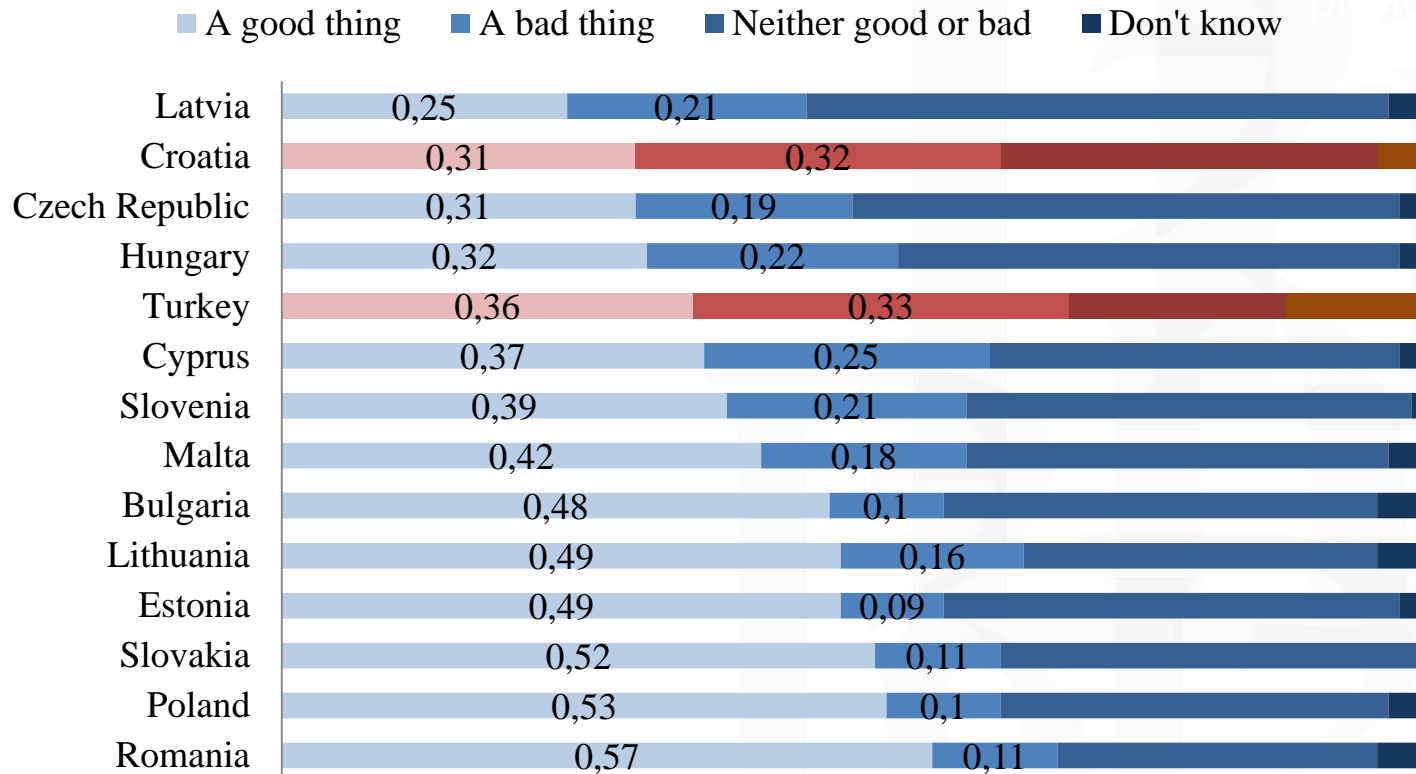
# Where does the EU go? (1)

Generally speaking, do you think that (your country's) membership of the European Union ...? in 2002



# Where does the EU go? (2)

Generally speaking, do you think that (your country's) membership of the European Union ...? in 2012



# Multilevel model

	<b>Model 1</b>	<b>Model 2</b>
EU	0,096*** (0,005)	0,029*** (0,005)
Development	1,226*** (0,024)	-0,903*** (0,073)
Inflation		0,152*** (0,017)
Unemployment		-0,012*** (0,004)
Citizenship		-0,411*** (0,067)
Socio-demographic characteristics		included
Social capital		included
constant	5,747*** (0,033)	0,904*** (0,188)
Adjusted R-squared	0,08	0,32

# Research challenges

1. Theoretical frameworks
2. Expand the empirical analysis (2002-2004)
3. Problem of casual linkage between happiness and euro-skepticism



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Thank you  
for your attention!

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<https://lcsr.hse.ru/seminar2016>