

# The Single Market and Accountability

Citizens' Awareness, Assessment, and Attribution of European Internal-Market Governance Compared to the United States



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Sep 12th 2019

# The economic policy at the heart of Europe is creaking

Briefing | An unconscious uncoupling

anachronistic. In theory, at least viewed from Brussels, the EU's 500m citizens live in a single economic zone much like America, with nothing to impede the free movement of goods, services, people and capital.

This single-market policy has underpinned Europe's continued, if somewhat diminishing, importance to the global economy. But three decades after it was dreamed up, Europe's commercial unification is creaking. In parts it is incomplete and in others actively going backwards. At a time when Britain is attempting to leave the EU and trade wars loom, this is worrying. The health of the single market is vital to Europe's economy.

May 18th 2023

Business | Schumpeter

# America's culture wars threaten its single market

But it is not unique in wanting to go its own way. Across America, a mishmash of regulations from state to state differ on everything from how to manufacture lifts and how to produce liquor to how to run a bank. *In theory that is all well and good. Regulatory experimentation can be healthy. In practice it creates a minefield.* Every American state border is festooned with so much red tape that it costs businesses an arm and a leg.

For a columnist from Britain, this is strange. Having grown so accustomed to hearing about the shortcomings of the European Union's single market, it is a shock to realise that America's interstate equivalent is no paradise, despite being bigger, constitutionally protected and far more rooted in history than the EU's.

# The SINGLEMARKETS survey (with IPSOS)

- Roughly 15-minute online survey on issues relating to single-market governance
- 26,000 responses: representative samples of 4,000 Americans and 2,000 Europeans in each of 11 countries
  - EU countries: Germany, France, Italy, Spain, Poland, Romania, Austria, Ireland
  - (Also surveyed but not presented here: Norway, Switzerland, UK)

# How much citizen-level accountability do we see in EU and US single market governance?

- Borrowing from American political scientists (Lerman & Trachtman 2020): democratic accountability is healthier the more citizens exhibit:
  - *Awareness*: knowledge of policies (existing single market rules)
  - *Assessment*: support for policy goals (for single market agenda)
  - *Attribution*: support for certain governing institutions to pursue those goals

# Theoretical expectations

- General conditions that should favor citizens' ability to play these roles:
  - Salient electoral competition for central-institutional positions that mobilizes citizens to pay attention to central policies
  - Central fiscal resources that matter for citizens and encourage them to orient politically toward central institutions
  - Shared identity that encourages citizens to see themselves as a group to whom policy-making institutions could be accountable
  - Shared language, culture and media that allow citizens to communicate easily with each other and actors in central institutions
  - Economic integration in greater flows of exchange and mobility across internal borders, which raises the costs and salience of interstate impediments

# Hypotheses and some subgroup issues

- Americans should be:
  - more aware of their internal-market rules
  - assess internal-market openness more positively
  - and be more likely to support federal[EU] action for them
- While controlling for composition effects within these populations:
  - People in jobs related to cross-border business might be more positive (more in the US)
  - ?? People from poorer/more peripheral subunits might be more negative (skewed in our selected EU countries)
  - ?? Regulatory skeptics might be more negative about federal/EU action (more in the US)

# Independent variable of interest: market “effects”

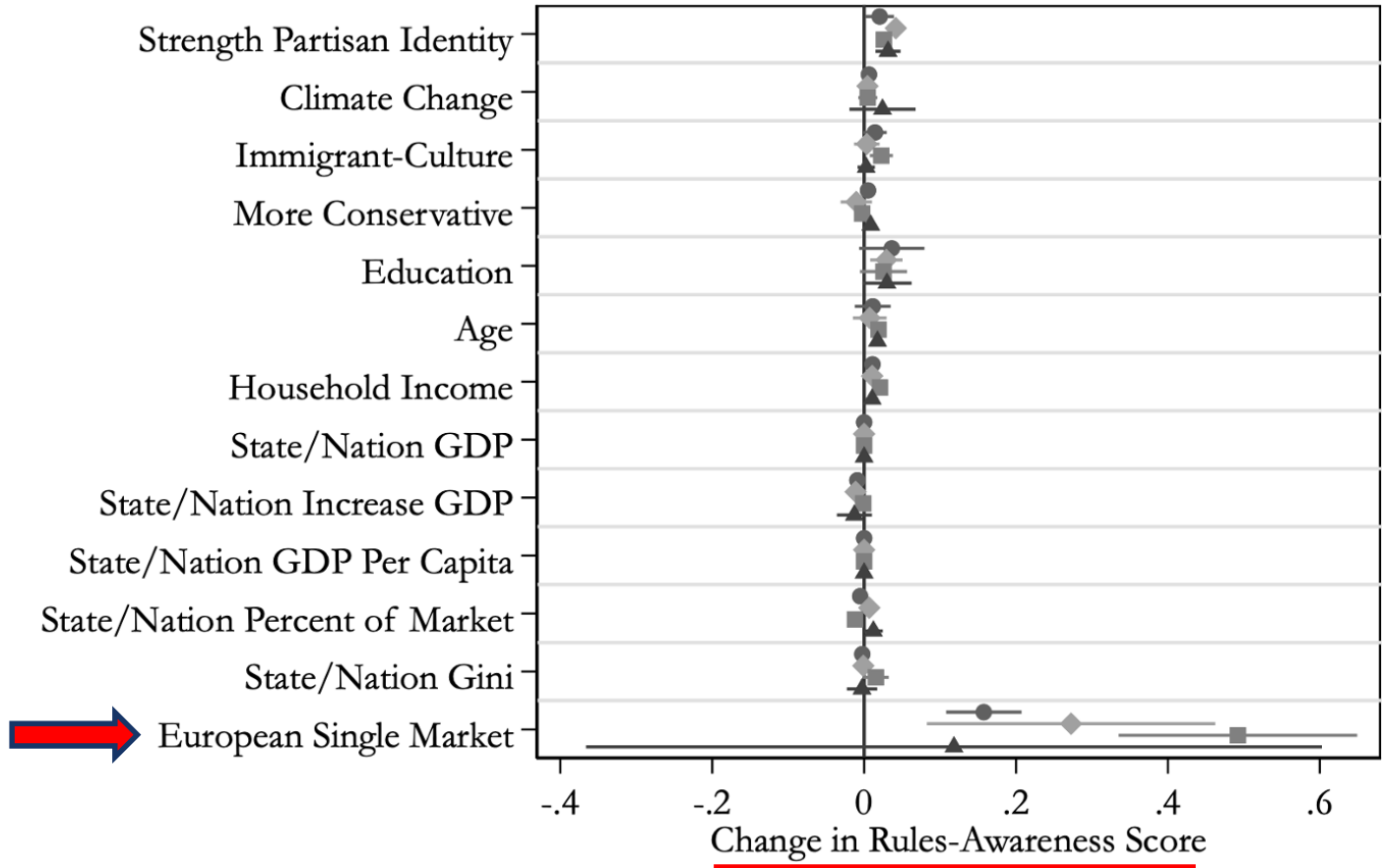
## *Mixed Effects Hierarchical Model:*

$$Y_{ijk} = \beta X_{ij} + \gamma S_j + \delta M_k + \delta Z_k + \epsilon_{ijk}$$

- $Y_{ijk}$  - Outcome for individual  $i$  in state/country  $j$  within market  $k$  (e.g., attitudes supportive of democratically responsive processes).
- $M_k$  - Market-level variable (e.g., residing within the ESM or U.S. market).
- $X_{ij}$  - Vector of individual-level control variables (e.g., partisanship strength, attitudes towards climate change and immigration).
- $S_j$  - State/country-level control variables.
- $Z_k$  - Vector of other market-level control variables (e.g., education, age, income pegged to country's distribution).
- $\beta, \gamma, \delta$  - Coefficients for individual, state/country, and market-level variables respectively.
- $\epsilon_{ijk}$  - Random error term.



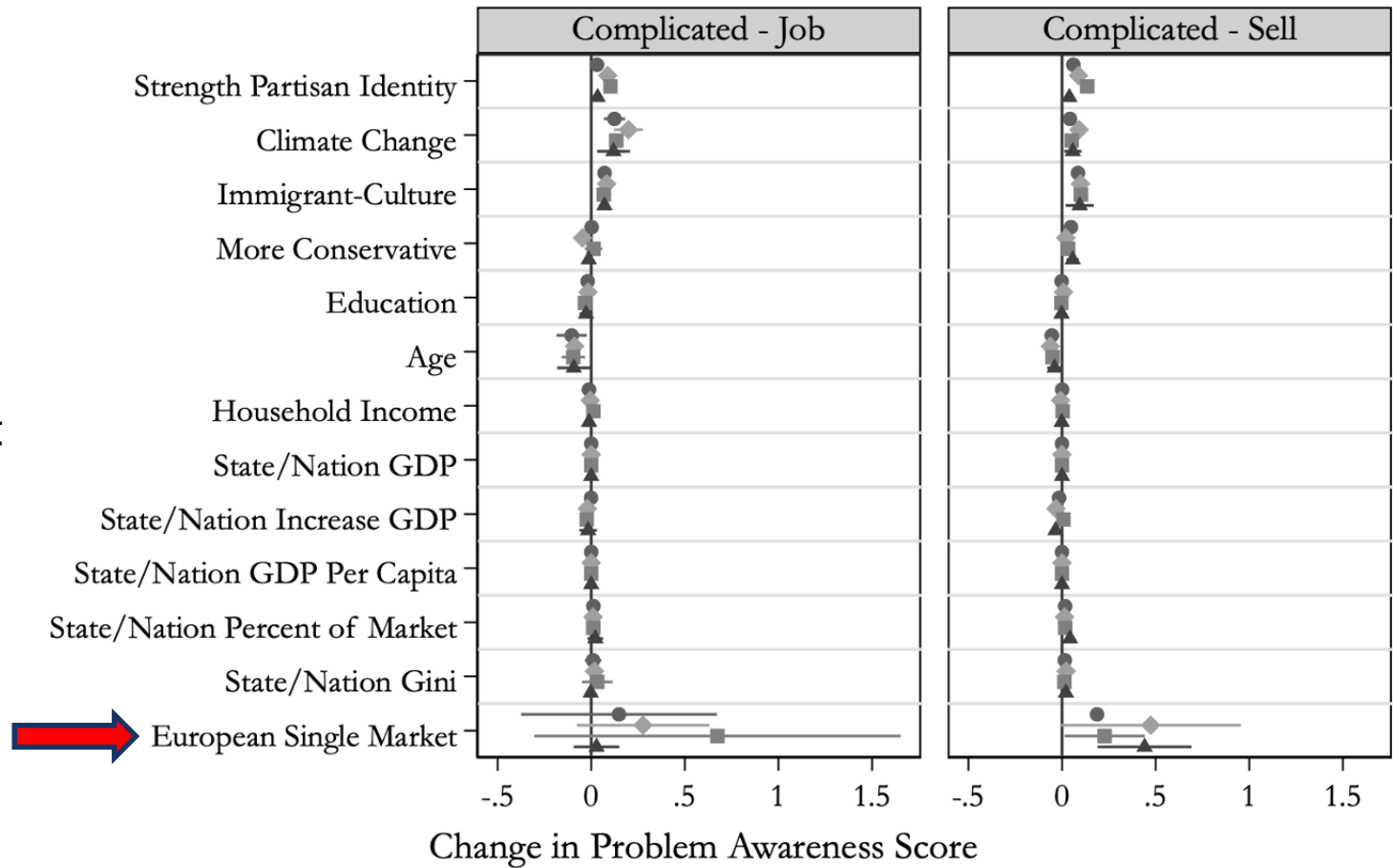
Objective awareness:  
 whether individuals know rules governing the single market



Awareness (1)

- All Respondents
- ◆ Regulatory Skeptics
- Engaged in SM
- ▲ Poor State

Subjective awareness:  
whether individuals perceive single market issues as problematic

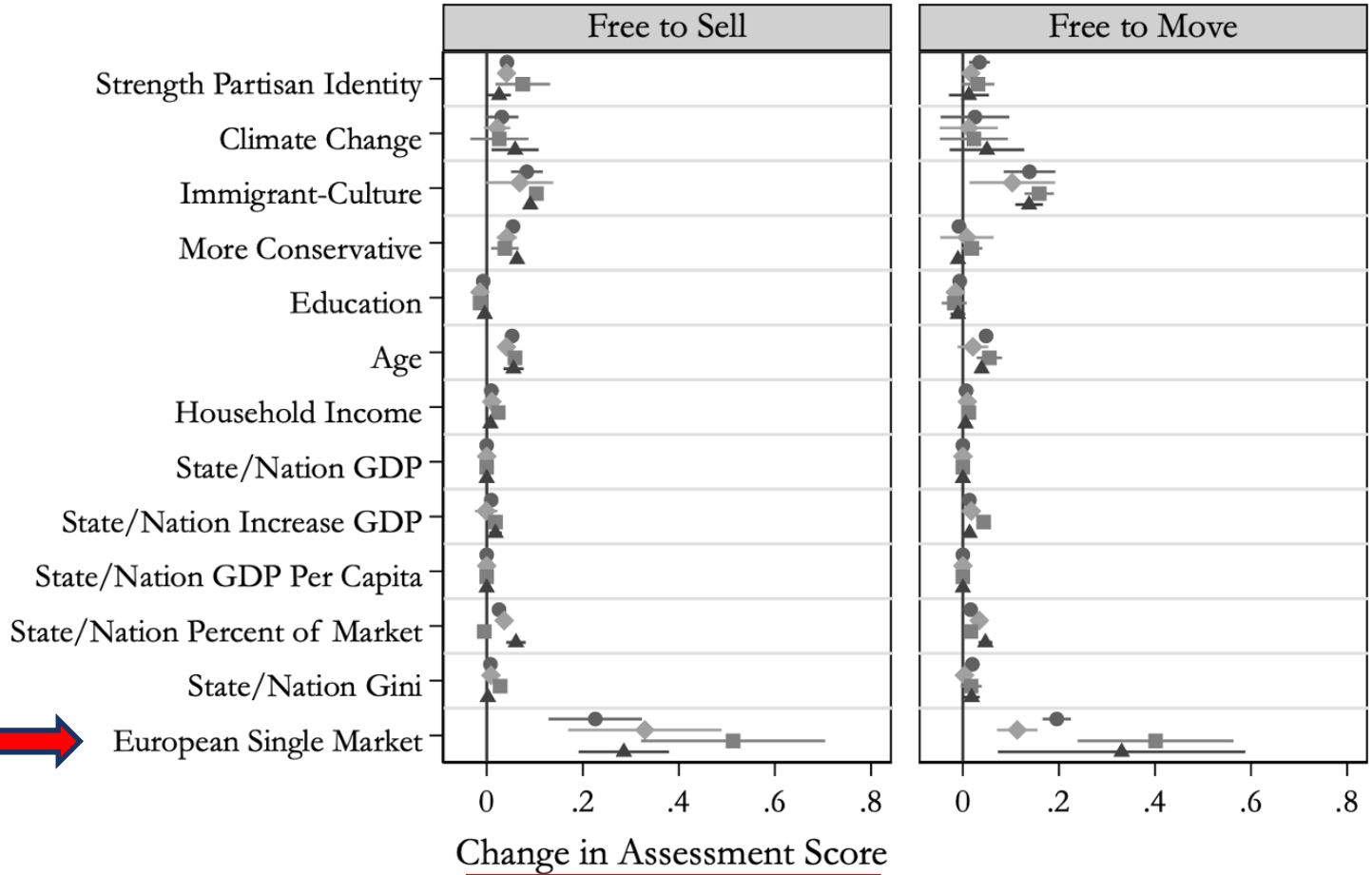


## Awareness (2)

- All Respondents
- Engaged in SM
- ◆ Regulatory Skeptics
- ▲ Poor State

“To have a thriving economy, firms must be allowed do business freely across the U.S./EU”

“...people must be allowed to move freely across the U.S./EU”



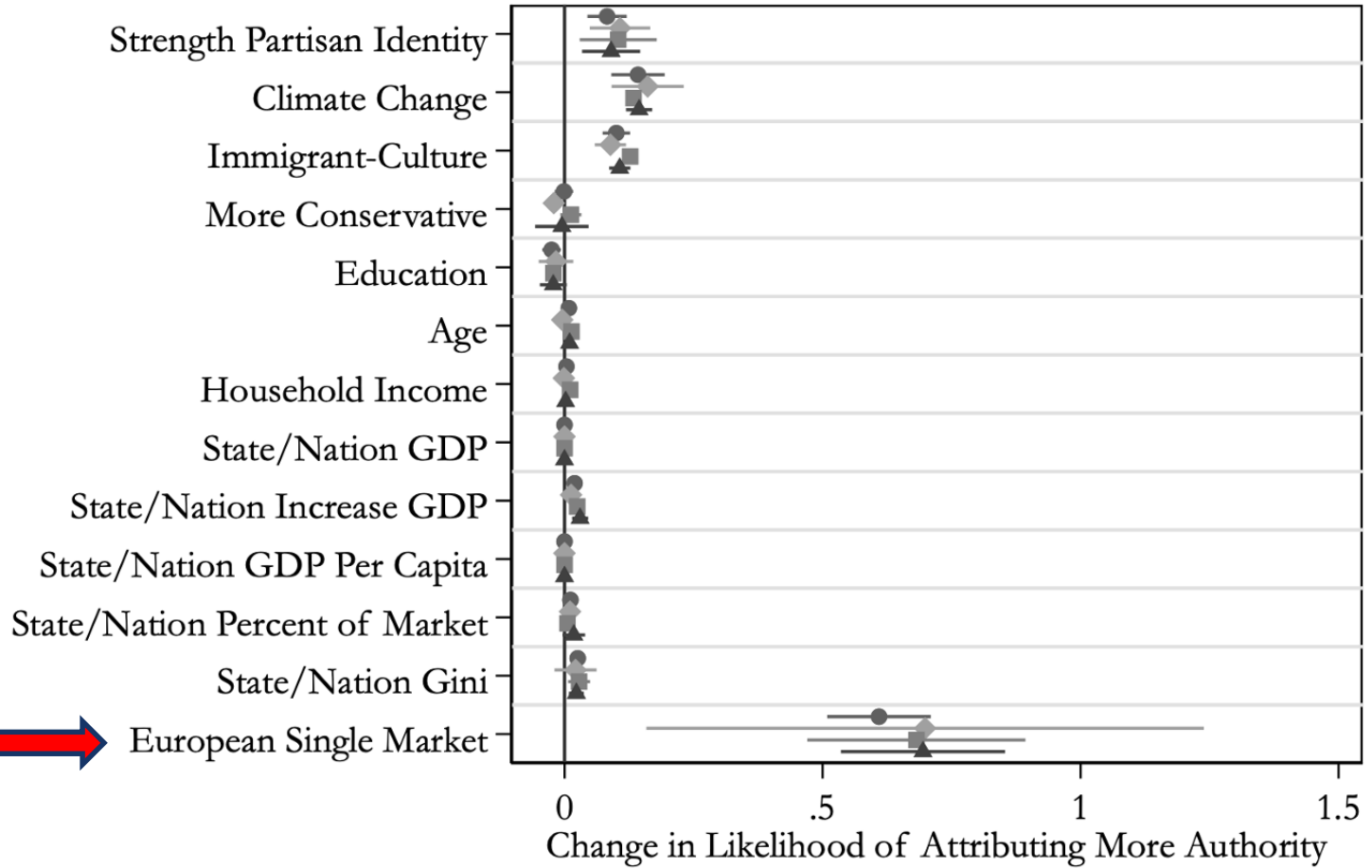
## Assessment

- All Respondents
- ◆ Regulatory Skeptics
- Engaged in SM
- ▲ Poor State

“The EU/U.S. federal government should do more to make trade easier across the EU/U.S.”



European Single Market



Change in Likelihood of Attributing More Authority

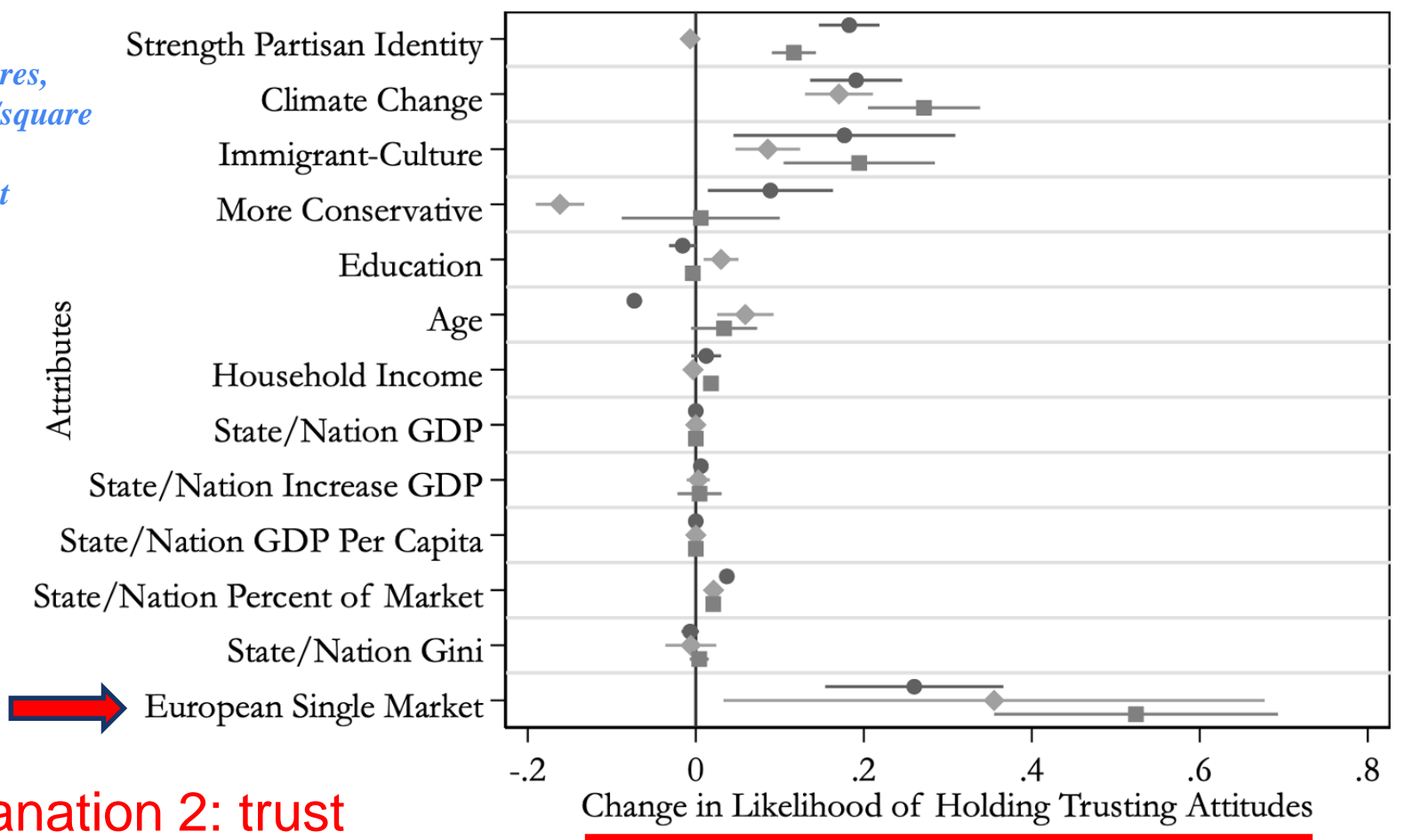
- All Respondents
- ◆ Regulatory Skeptics
- Engaged in SM
- ▲ Poor State

Attribution

# How do we explain this “Europe effect”?

- Summary finding: there is a large, positive “Europe effect” on awareness, assessment, and attribution about single-market governance
- Explanation 1: institutions!
  - European agents have been drawing attention to Single Market issues for 70 years
  - In modern US, nobody’s job to identify and address interstate barriers
- Validating a strong theoretical tradition in both EU and US politics
  - Neofunctionalism: building European institutions will cultivate support for integration
  - US giants Ted Lowi, E.E. Schattschneider, Suzanne Mettler: “policies determine politics”

*(note: unlike previous figures, dot/diamond/square are distinct questions, not subgroups)*



**Explanation 2: trust in central authority**

- Can Influence EU/US
- ◆ EU/US Makes Things Better
- EU/US Has Good Intentions