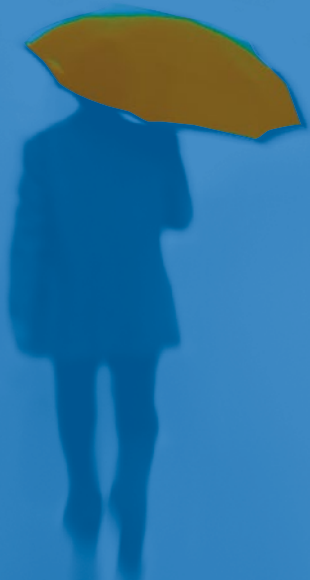


TRUST IN THE EUROPEAN UNION IN CHALLENGING TIMES

Interdisciplinary European Studies



EDITED BY

ANTONINA BAKARDJIEVA ENGELBREKT, NIKLAS BREMBERG,
ANNA MICHALSKI AND LARS OXELHEIM



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Trust in the European Union: What Is It and How Does It Matter?

*Antonina Bakardjieva Engelbrekt, Niklas Bremberg,
Anna Michalski, and Lars Oxelheim*

Trust is an elusive concept. We can have it without being able to see or touch it. It takes a long time to build up, but it can be demolished in an instant. The paradoxical thing about trust is that it can be said to be present as long as we take it for granted, but as soon as we need to demonstrate its existence, it tends to disappear. The motto of President Ronald Reagan regarding relations between the US and the Soviet Union during the Cold War—that they ought to be based on the principle of ‘trust, but

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verify’—illustrates this paradox rather well. Yet many of the institutions of society—not least the judiciary, the market, and the welfare state—cannot function without a certain measure of ‘unverified trust’.¹ This means that trust is one of the main ingredients of a system of democratic majority rule, wherein representatives are chosen from a set of political parties in general elections to form a government and lead the country and in that capacity rule in the name of all.

Not least for its role in facilitating collective action has trust figured centrally in the European project, often as an unspoken but virtually unattainable precondition for integrating different states, political systems, and peoples in Europe (cf. Haas, 1958). One scholar who took an interest in European integration early on, political scientist Karl W. Deutsch, envisaged that trust would play a decisive role in the process. He believed that if citizens of the different member states started to see themselves as belonging to the same community, and came to trust and understand the citizens of the other member states to essentially the same degree that they trust and understand the citizens of their own country, the prospects for successful integration would be greatly enhanced (Deutsch et al., 1957).

This is the first book in the Interdisciplinary European Studies series. It is published at a time when the project of European integration is facing many serious crises. The unity of Europe is put under stress by the migrant and refugee crisis, the lingering euro crisis, a multitude of security crises, and not least ‘Brexit’. It must also be acknowledged that the US administration under President Donald Trump has taken a much more critical stance towards the European Union than under any of his predecessors and the level of trust in transatlantic relations is at a record low. Recent studies on euroscepticism and populism in Europe have highlighted the role of popular distrust of elites in order to explain the high level of social contestation of the EU in many member states (see e.g. Abts, Heerwegh, & Swyngedouw, 2009; Harteveld, Meer & Vries, 2013; Hobolt & Tilley, 2016; Kriesi, 2014; Scharpf, 2014). In contrast, transnational trust among political leaders, civil servants, and officials is often assumed to be of great importance for the EU’s ability to respond to current challenges. Despite the importance of trust in complex political and social systems, there are few works in the field of EU studies that address comprehensively the issue of trust in the light of recent developments. This book, therefore, contributes to fill this void by investigating through an interdisciplinary perspective the importance of trust for the EU in meeting the internal and external challenges it is facing.

When EU leaders must find solutions to difficult problems, trust among them is central in their capacity to reach an agreement and make decisions. This can be seen when the Union's ability to act must be strengthened to improve the implementation of common policies; trust between officials in different national and European agencies is invaluable. This is because trust and consensus, particularly between the member states and their representatives in the EU's institutions, is in many ways the glue that enables the EU to hold together and its policy processes to work. Similarly, democracy in the Union will remain incomplete, unless and until the question of solidarity among the peoples of Europe is addressed which in itself is dependent on a degree of mutual trust among the citizens of different EU member states taking hold as this is a basic precondition for common democratic processes.

Scholars have described how trust and the ability to solve problems have grown at the elite level in the EU as a result of years of more or less constant negotiation (see e.g. Checkel & Katzenstein, 2009; Favell, 2011; Fligstein, 2008). However, it is also clear that nothing similar has taken place among the broader population, whose sense of European identity is often weak. Undoubtedly, the ongoing crises and myriad challenges are eroding, rather than building up, trust among the EU's member states, public agencies, economic and social actors, and populations. Therefore, the importance of trust seen from different perspectives urgently needs to be discussed in depth in relation to the EU as well as European cooperation more broadly.

Trust, as noted above, is an elusive concept, and this is reflected also in the research that focuses on the matter. In part this has to do with how trust is conceptualized: as a condition among actors; as a notion held by one person about the behaviour and actions of another; or as an independent factor facilitating collaboration, exchange, and joint decision-making. It also has in part to do with where we look to find trust: at the interpersonal level; within institutions, systems, and procedures; or at the interchange between peoples and states. The contributors to this book analyse the prevalence of trust from the vantage point of law, economic, and political science, and they consider the consequences for the EU at both the national and European levels when trust is lacking. In this introduction, therefore, we set out to discuss the importance of trust within the EU as a constantly evolving political system and to shed light on where and when trust plays a critical role in managing this multi-level system with an uneven distribution of competences and without a sense of self-evident legitimacy.

TRUST WITHIN THE EU IN HISTORICAL PERSPECTIVE

In light of the ongoing crises in the EU, it is worth emphasizing that, historically, the emergence of European integration and the creation of the EU's predecessors in the 1950s were something remarkable from the standpoint of trust.² The European Coal and Steel Community (ECSC) was founded in 1952, followed by the European Economic Community (EEC) in 1958. This begs the questions how six West European states were able to create these institutions so soon after the Second World War, when trust between political elites must have been at an absolute low in Europe? The literature on European integration often highlights the heroic efforts of far-sighted political leaders, working together with high-level civil servants. To be sure, the convictions of leading politicians, based on their personal experience of one or often two world wars, were critical in this context. Central figures here included Robert Schuman, French Foreign Minister; Konrad Adenauer, German Chancellor; Jean Monnet, President of the High Authority of the ECSC; Paul-Henri Spaak, Belgian Prime Minister; and Altiero Spinelli, prominent leader of European federalism. Still more important for the integration effort was the capacity of these individuals to see beyond selfish nationalism and destructive competition between neighbouring countries. It is clear, however, that such qualities would never have sufficed had a number of background conditions not been present at the time the EEC was created. These conditions played a decisive role in enabling trust to be created among political elites, and in making it possible for a broad albeit vague support among the peoples of the member states to be mobilized.

Among these external conditions, American hegemony was extraordinarily important. The US aided economic reconstruction and supported the democratic consolidation of weak political regimes in Western Europe that were threatened by communist takeover and revanchist forces. A further factor, and at least as important, was the overarching security umbrella which the Americans provided through the North Atlantic Treaty Organization (NATO), which furnished protection against external powers and embedded the remilitarization of (West) Germany in joint structures. The emerging liberal order and US support for reconstruction laid the foundation for intra-European free trade. The rules governing the disbursement of Marshall Plan aid forced the Western Europeans to trade with each other without erecting undue trade barriers. In various ways, then, the economic interchange among the countries in question, together with the military and security cooperation in NATO, made it possible to create a security

community in Western Europe.³ The different political elites learned to work together to overcome real barriers through negotiation and compromise, rather than by issuing threats or resorting to coercion. Furthermore, the opportunities for mobility and exchange which the internal market afforded to economic actors (companies, investors, and workers) reinforced the feeling of belonging to a security community. The ground rules established for interaction among the member states, and the perception that war was henceforth impossible between them, strengthened trust and promoted confidence, ensuring development along democratic and market-based lines.

A further precondition for the West European experiment in building a political order based on voluntary integration was the long period of economic growth following the Second World War. Without rising prosperity in the West, it would have been much more difficult to carry out the structural changes required for modernization of the economy and it would not have been possible to gain widespread acceptance for far-reaching free trade. The association of the EEC, in the minds of people in most of the member states, with social and economic progress and with greater material wealth laid a foundation for trust and helped to ensure popular support.

The internal conditions for European integration were based on the arrangements that political elites in the original six member states laid down for the EEC. These regulated relations of power between the participating states on the institutional, economic, and political level. It was established early on that, despite their differences in terms of geographic area, economic scale, and population size, the member states would be regarded as functionally equal in the treaties. Later, after decision-making by majority vote was introduced through the adoption of a weighted system for voting in the EU, the smaller member states still held a disproportionately large share of the votes. In addition, a supranational body, the European Commission, was set up and tasked with presenting legislative proposals, further protecting the smaller countries from dominance by the larger ones. These arrangements helped endow the EU, in comparison with other international organizations, with a stronger capacity for action but without jeopardizing the interests of its smaller members.

Where economic integration was concerned, necessary structural reforms were embedded in an agreement between the member states on shared costs, in exchange for free trade and the dismantling of non-tariff barriers to trade. The EEC thus promoted economic modernization, helped to equalize the costs entailed, and held out the promise of prosperity based on market integration (without, however, establishing a common

economic policy). It was in this context of close cooperation and rising trust among political, economic, and bureaucratic elites that the term ‘permissive consensus’ was coined, to describe the confidence felt by the peoples of the member states in the efforts of the European elite to achieve integration (cf. Hooghe & Marks, 2009).

THE STATE OF TRUST IN THE EU AT CHALLENGING TIMES

A great deal has happened, of course, in Europe and the world since the second half of the twentieth century. The conditions reviewed above, however, long remained the linchpin for dealings between the Union’s member states and between them and the EU’s institutions. Nonetheless, it cannot be denied that the situation in the Union 2018 is different and that the habitual patterns of cooperation have changed. The crises of recent years serve to highlight several ways in which trust within the EU has eroded. In September 2016, in his annual address to the European Parliament in Strasbourg, the President of the European Commission, Jean-Claude Juncker, vented his frustration:

I have witnessed several decades of EU integration. There were many strong moments. Of course, there were many difficult times too, and times of crisis. But never before have I seen such little common ground between our Member States. So few areas where they agree to work together. (Juncker, 2016)

The President of the European Council, Donald Tusk, spoke along similar lines in May 2016, on the 40th anniversary of the founding of the Conservative Party group (the European People’s Party) in the EP:

Obsessed with the idea of instant and total integration, we failed to notice that ordinary people, the citizens of Europe do not share our Euro-enthusiasm. Disillusioned with the great visions of the future, they demand that we cope with the present reality better than we have been doing until now... [t]he spectre of a break-up is haunting Europe and a vision of a federation doesn’t seem to me like the best answer to it. (Tusk, 2016)

Between the two of them, Junker and Tusk paint a picture of a serious shortage of mutual trust between the elites of the different member states as well as of public trust in the EU today. The euro crisis, especially the way the Greek debt crisis was handled, offers a particularly illustrative

example. The eurozone debt crisis is often thought to encapsulate an insurmountable ideological conflict between North and South, between lenders and borrowers, and between German ‘ordoliberalism’ and Greek ‘neo-Marxism’. But as Christopher Bickerton points out, the ideological conflicts in this case are easily exaggerated. There was and is in fact a far-reaching consensus, in terms of both objectives (keeping Greece in the euro) and means (loans plus de facto debt forgiveness, in exchange for tough economic reforms). What was seen as unacceptable, however, was the way in which Yanis Varoufakis, the Greek Finance Minister, openly criticized his peers, thereby breaking the informal norms and rules by which the Eurogroup operates (Bickerton, 2015). This highlights the crucial role that expectations of proper behaviour still play among elites in the EU. At the same time, it lays bare the problems to which an approach of this kind gives rise when the legitimacy of decisions is being challenged by significant parts of the population.

The refugee situation in Europe and its neighbourhood is another indicator of the lack of trust among EU elites today. In 2015, as the number of refugees arriving in Europe was sharply increasing, the European Commission proposed a quota system for the number of refugees that each member state would take in, based on a range of indicators such as the size, population, and economy of the country in question (European Commission, 2015). On this basis, in September, a majority on the Council of Ministers decided—in the face of opposition from several Central and East European states—to reassign 120,000 refugees who had come to Italy and Greece and to other member states. Among others, Viktor Orbán, the Prime Minister of Hungary, refused to accept the decision which had been taken by the majority. This demonstrated the profound differences in views between the member states and showed how collective decisions within the Union are undermined when portions of the political elite fail to respect the common rules of the game. When member states act in a self-willed fashion and call into question decisions made to address common problems, it is a very serious matter. Such behaviour is more to be regretted if the historian Hartmut Kaelble is correct in his contention that EU citizens, while displaying but a weak European identity, increasingly expect the Union to find solutions to common challenges in regard to, for example, security policy, foreign affairs, and climate change (Kaelble, 2009).

‘Brexit’ too has sharply posed the issue of trust between member states, as has the question of the terms for the UK’s withdrawal. Negative

perceptions of EU membership have been a regular feature in British debate for a number of years. They were accentuated during the government of David Cameron, culminating among other things in a symbolic but substantively meaningless renegotiation of British participation in the EU's arrangement for the free movement of labour and the role of national parliaments. Harsh and uncompromising rhetoric filled the air as the referendum of June 2016 approached, further undermining prospects for an objective examination of the merits and drawbacks of British membership of the EU. The debate also demonstrated, with salutary clarity, the belief among advocates of British withdrawal in the possibility of securing an agreement on unhindered access to the internal market, coincident with an end to the free movement of labour (notwithstanding repeated declarations by European political leaders that such a settlement will never be allowed).

Over one year into the negotiations between Britain and the remaining 27 member states, it is something of a truism to state that trust between the two sides has reached a record low. The negotiations have been severely delayed due to a lack of common appreciation of the ground rules for a member state leaving the EU. With the British government being under the illusion that the terms of 'Brexit' are negotiable and the remaining 27 refusing to give any ground before the British accept the principles on financial compensation, the UK-Irish border, and the status of EU nationals in the UK, the talks are stalling. This does not bode well for the EU and the UK to move on to discussions about the future relationship between them. Various extreme scenarios, such as the UK crashing out of the EU, are obviously to the detriment of both sides, but with the Brexiteers refusing to fully understand the implications for the UK and the EU of Britain leaving the Union without working arrangements, there is virtually no fertile ground in the circumstances of early 2018 to build fruitful future relations between the two.

HOW DOES TRUST MATTER WITHIN THE EU?

Political scientists have long taken an interest in situations where sovereign states voluntarily relinquish formal decision-making power to a political union, wherein decisions are made together with other states with the help of independent institutions (see e.g. Milward, 1992; Rosamund, 2000; Tallberg, 2004). In particular, the issue of the autonomy of the member states and their need to protect their national interest have stood at centre.

Several explanations have been advanced: that the states of Europe, due to their vulnerability and small size, have had no other choice than to seek out common solutions to challenges and cross-border threats; that recurrent negotiations give rise to a logic of give and take, because ‘the shadow of the future’ rewards those who play by common rules and who look to more than just their self-interest; and that the EU’s supranational institutions have served to even out the informational asymmetry that normally besets efforts at international cooperation. Social-psychological theories have also been cited to explain such outcomes (Haas, 1992). These fasten on the tendency among officials and experts not only to form knowledge communities on the premise that threats and challenges are best confronted jointly but also to form common conceptions on appropriate solutions. Consensus thus arises, and new forms of trust and loyalty emerge—as do common notions of appropriate behaviour and shared ideas about how political problems ought to be addressed (Lewis, 2005).

Predictability, a shared worldview, and a knowledge of national conditions create the kind of trust the EU needs to be able to make necessary decisions on a daily basis. This dimension, which encompasses the executive direction of the Union, is important, but it can no longer contain the tensions which the EU’s deepening and enlargement have entailed. Efforts to democratize the EU have enhanced the position of the European Parliament, but without strengthening either the parliamentary or the party-political dimension of the Union. Political parties are still mainly anchored in national arenas, and transnational ties between them are relatively weak. National parliaments show no interest in cooperating more closely with the EP within the framework of a multi-level parliamentary system. The diversity of political values and experiences has increased as a result of the EU’s enlargement to the east. Increased politicization has taken place, but the multi-level political system that distinguishes the Union has not put down robust roots. The executive direction of the member states at the Union level has been strengthened, but stronger bonds have not been established either with national parliaments or with the various national populations. At the popular level, finally, the permissive consensus, a kind of passive confidence in the Union among the public, has given way to a growing mistrust of the exercise of power at European level, nourishing a rising populism both nationally and centrally.

One key dimension of trust in the Union is the assumption that its legal order is based on the rule of law. Under the treaties, the member states are

obliged to grant EU law precedence in the event of a conflict with national law. This does not alter the fact, however, that the EU system is based essentially on international law. In the end, therefore, it is up to the government of each member state to choose a posture towards the Union and up to the national courts to interpret national law in conformity with EU law. This underscores the vulnerability of the Union from the standpoint of the rule of law. A member state may decide, namely, not to apply EU legislation, either on account of political considerations or because it opposes the precedence of EU law in principle. In either case, trust in the Union is undermined. If political considerations are allowed to trump solidarity with the other member states, the effect will be to destroy the trust upon which effective EU action is based: trust that agreements will be followed, that EU law will be respected, and that the member states will act together to uphold the Union's legal order. A strict adherence to principles of national sovereignty, self-determination, and defence of the national interest comes at the expense of the common interest. Trust must therefore be seen by all member states as a common asset, which each of them has the responsibility to maintain.

The principle of 'sincere cooperation' has been enshrined in the EU treaties since 2009, when the Treaty of Lisbon entered into force (Article 4(3) TEU). Principles for the conduct of state administration are often regarded as a national competence, although there are relatively well-developed common legal principles of good administration which are applied by the European Court of Justice. But a lack of trust between national agencies undermines prospects for cooperation, reduces the interest of member states in agreeing on common policies, and ultimately erodes the confidence of the larger population in the Union as a collective actor. Trust between the member states at the administrative level is therefore of crucial importance for the EU. The underlying reason for this is that, notwithstanding its adoption of a great many laws and regulations, the Union as an organization has virtually no administrative resources to implement and enforce them. In a vast number of policy areas, the implementation of EU laws and regulations is therefore directly dependent on the expertise of national agencies, their financial and human resources, and their willingness to implement the provisions in question. Yet uniform implementation would seem to be a fundamental condition for the maintenance of fair competition on the internal market and ultimately a prerequisite for the rule of law within the Union. The problem is accentuated by the fact that there are relatively few guidelines for cooperation between

agencies in the different member states. This despite the fact that coordination between national policies, for example, in the economic field, is being recommended more and more.

DIFFERENT DIMENSION OF TRUST AND HOW TO ACHIEVE IT

The following chapters in this book consider the importance of trust for the EU in a variety of ways. How, for example, is trust in the Union as a political system affected by the fundamental conflict of values expressed in the debate over the EU's handling of the refugee crisis? How has confidence in the Union's institutions evolved over time in the different member states? How has interpersonal trust been affected by migration within the Union and by the influx of people from outside its bounds? What sort of regulatory framework for economic affairs promotes confidence in European cooperation in currency and banking? Can we presume that national bodies in the area of civil and criminal law have confidence in their counterparts in other EU countries? These are some of the issues addressed in this book.

In the second chapter, Joakim Nergelius considers various crises and challenges facing the Union: the refugee crisis, Britain's imminent withdrawal, the risk of state bankruptcy in Greece, and the lack of clarity over sanctions against Russia. These crises ought not to be seen, Nergelius argues, as just political in nature: they are eminently constitutional as well. This is evident not least from the conflict of values which has been exacerbated of late by the actions of the Hungarian and Polish governments. Why have these problems and crises emerged in recent years? One reason emphatically stressed by the author is that the Union has taken its requirements for membership, and its criteria for admission to various cooperative arrangements, too lightly. States which are already members of the Union need closer oversight as well, particularly where the protection of rights is concerned. Another basic cause highlighted by the author is the distrust of the entire EU project evinced by large portions of the population in several member countries.

In large parts of the Union, we may now speak of an ongoing conflict of values between a liberal model of society and various conservative, authoritarian, and nationalist ideals that were long thought to be obsolete. Nationalist parties in a number of European countries are exploiting the lack of trust in the EU within broad sections of the population. Here, Nergelius contends, we can identify both a popular suspicion of political

elites in general and a distrust of the essentially supranational, cosmopolitan, and rule of law-based EU project as such. This conflict of values was exacerbated by the refugee crisis in 2015, which opened up a gulf between (North)Western Europe and most of the Eastern member states, which have refused to accept refugees from Africa and the Middle East. Moreover, the EU's agreement with Turkey in March 2016—on returning refugees from Greece—is problematic in several ways, both juridically and politically. As of 2017, however, a fundamentally liberal majority of the EU's member states are calling continuously—as are the European Commission and the European Parliament—for a continued acceptance of refugees, assuming the question of their distribution can be solved. The more liberal states, the author argues, should make use of the mechanisms set out in the treaties to force recalcitrant states to adopt more liberal policies on refugees, on rights and freedoms, and on matters of tolerance generally.

In the third chapter, Bo Petersson looks back at the great eastward enlargement of 2004. Ten countries joined the Union in that year, eight of them located in Central and Eastern Europe. Enlargement was seen at the time as a huge gain for Western liberalism and democracy, even if certain problems were anticipated, primarily in connection with labour markets and social safety nets. It has since become clear, however, that enlargement has led to tensions within the Union—and in a way that few predicted. The EU incorporated states whose political life and civil society were marked by the experience of the Cold War and of long-term membership in the Soviet-dominated Eastern bloc. This has given rise to serious tensions. Over the course of the last decade, governments have taken power in Central Europe which have their own notions of what the core values of the Union consist of. These governments, particularly those of Hungary and Poland, seem most inclined to heed the siren call of authoritarian powers outside the Union. A serious challenge has been mounted to the interpretation of the Copenhagen criteria (regarding democracy, human rights, and the rule of law) which had earlier been taken for granted. This has badly undermined trust and confidence in the Union.

The growing public support for populist parties across the Union poses another serious challenge to the EU's core values, Petersson points out. A good many voters find simple solutions to complex problems attractive. This is taking place as the EU shows increasing signs of weakness on both economic and identity-related issues. The repeated and long-standing economic crises from 2007 onwards is testimony to this, as is the imminent withdrawal of Britain from the Union. A unifying vision and a common

identity are needed to give the member states and their populations the motivation to keep moving forward together. A common identity based on shared values is essential for trust within the Union and for the EU's influence and reputation in the world. For such a thing to be possible, there must be internal unity on the interpretation and implementation of core values. Democracy, human rights, and the rule of law must never become beautiful phrases without concrete content.

In the fourth chapter, Linda Berg looks at trust between citizens on the one hand and the EU's political system on the other. Her chapter deals in part with people's general attitude towards the EU and in part with their trust and confidence in the Union's institutions. She discusses various models for explaining the variation in levels of trust between countries and between people. On the one hand, the results show relative stability over time in people's general attitude towards the Union or in their views on the desirability of their country's membership therein. The years of crisis have seen a certain decline in this regard, but public opinion is still supportive overall. On the other hand, trust in the EU's institutions more specifically has fallen sharply during the crisis years. This accords with what we might expect, that is, that attitudes of a more specific type (e.g. regarding EU institutions) will change more rapidly than attitudes of a more general kind (e.g. regarding the EU as a whole).

A closer look at variations between countries and over time reveals a similar pattern. A majority of citizens in most member states remain well disposed to the Union, even after the years of crisis. The exceptions here are Greece, Cyprus, and Austria. When it comes to confidence in the EU's institutions, on the other hand, the variation between countries is greater. Confidence is greatest in countries that are politically and economically stable or where the comparison with domestic political institutions comes out in the Union's favour. Variations of this kind, according to Berg, can be understood on the basis of such factors as the following: self-interest; the influence of different national political actors; political and economic developments (both in the EU and in the country in question); and perceptions of how EU membership has affected the country and its identity. While feelings of affiliation with Europe remain important for trust in the EU, Berg's chapter shows that such feelings today—in the wake of the recent crises—are not able to the same extent as before to offset opposing views and feelings of dissatisfaction. In light of this, Berg argues, basic civics training in all member states must be devoted to deepening the public's understanding of how the Union works as a multi-level system,

how decisions within it are made, and how citizens can influence the policies pursued.

In the fifth chapter, Andreas Bergh discusses the relationship between migration and interpersonal trust in the Union. Interpersonal trust, Bergh avers, is an important foundation for a well-functioning society. A society where people trust each other works better—economically, politically, and socially. The research shows, moreover, that variations in trust are great within the EU, both between different member states and within the same country. Trust between people is high in the Nordic member states and low in such countries as Poland, Portugal, and Hungary. But no clear trend up or down is apparent; the proclivity to trust people (or not to) seems in general to be stable over time. The challenge for Europe in coming years will be to make the most of the opportunities arising from increased migration, both between member states and from outside the Union.

One central issue in this context is how interpersonal trust is affected by increased migration between countries with differing levels of trust. New research shows that migrants from low-trust countries who move to high-trust ones tend to show higher trust than those who remain in the former lands. Their trust is not as high, however, as that displayed by persons who have always lived in countries with higher trust. Bergh also considers the reverse question: what happens to the trust shown by emigrants from a high-trust country when they have lived for several years in a low-trust one (with high levels of corruption, for instance)? Reviewing research on trust shown by Swedish expatriates, Bergh notes that the high-trust level seems very robust, except to some degree in the case of persons who were younger than 30 when they moved to a low-trust country. Trust is an attitude, research shows, which is largely shaped by the influence of parents and the impact of events during youth and which remains very stable throughout the later stages of life. Thus, while corruption and defects in the rule of law in Europe need not have an immediate negative impact on trust, today's crises in the EU can nonetheless—by affecting trust in the younger generations adversely—cause damage in this area which will be very difficult to repair later. It is therefore of utmost importance, Bergh contends, that the Union continue to act to strengthen the rule of law and that it makes greater efforts to combat economic and social inequality as well.

The sixth chapter, authored by Clas Wihlborg, concerns the EU's common currency and banking union. The question here is whether greater institutional flexibility would strengthen confidence in the Union's common efforts in these areas. In the matter of currency, Wihlborg notes,

EU member states which are outside the Economic and Monetary Union (EMU) already enjoy considerable flexibility; by contrast, the states taking part in the common currency have no discretion in monetary matters. As for banking, the regulatory framework for it was flexible and nationally oriented until the debt crisis broke out in the eurozone in 2010. Banks were allowed to operate throughout the Union with a ‘single licence’, while supervision and regulation were mainly the responsibility of national agencies. This, Wihlborg claims, made for institutional competition, which was reinforced by the mobility of services, capital, and labour. The EU’s banking union was created in order to strengthen confidence in the monetary union. The idea was that harmonizing supervision, crisis management, and deposit insurance would break the link between the sovereign debt crisis and the banking crisis. Other financial activities in the EU would still be carried out on the basis of a ‘single licence’. This is the background to the controversial question of whether British financial firms will be able to continue operating in the EU on the same terms after ‘Brexit’.

In his chapter, Wihlborg highlights the costs and benefits of harmonization as compared with those arising in a system of competing national regulatory frameworks. He attaches particular importance to analysing the conditions under which institutional competition would result in an improvement in member states’ regulatory systems over time. One conclusion highlighted in his chapter is that greater trust requires either that a number of EU member states abandon the euro as their currency or that they affect far-reaching structural reforms. For political reasons, the author believes, it may be advantageous to divide up the eurozone into two different currency areas. As to the EU’s banking union, Wihlborg contends that a high degree of market discipline with regard to banks’ risk-taking will be necessary if institutional competition is to produce an improvement in national regulatory frameworks over time. Mutual recognition between different national supervisory authorities thus requires a degree of harmonization in terms of effective rules for dealing with troubled banks. Finally, Wihlborg argues, harmonization on such a basis will be necessary if conditions for increased flexibility are to be created for other aspects of banking regulation and supervision as well.

In the seventh chapter, Ester Herlin-Karnell discusses the importance of trust for cooperation within the Union in the area of criminal justice. The Treaty of Lisbon, she points out, holds out the creation of an area of ‘freedom, security and justice’ in Europe. What, she asks, does this